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Leadership Development & Compensation Committee Charter

I. Purpose

The purpose of the Leadership Development & Compensation Committee (the "Committee") is to provide oversight of executive compensation, benefits, policies, development and succession for Executive Officers (as defined below), as well as review of certain human capital management initiatives of Xylem Inc. (the "Company"). The Committee evaluates and makes regular reports to the Board of Directors (the "Board") on matters concerning Executive Officer performance, compensation, policies and plans, including management development and succession plans, talent management, and certain human capital management matters delegated to the Committee by the Board. It approves Chief Executive Officer and other Executive Officer compensation, policies and benefit programs. It also oversees administration of the Company's executive compensation programs. For purposes of this Charter, "Executive Officer" means the employees of the Company that are determined by the Board to be officers under Rule 16a-1(f) or Rule 10D-1 of the Securities Exchange Act of 1934, as amended, and/or Executive Vice Presidents (Band A executives).

II. Responsibilities

Compensation, Benefits and Policies for Chief Executive Officer, Other Executive Officers and Executives

A. Review and approve compensation matters for a proposed or for the current Chief Executive Officer and other proposed or current Executive Officers of the Company, including:

- Review the effectiveness of the overall compensation philosophy and peer companies on an annual basis.
- Following review and concurrence by the Board's independent directors, the Committee will approve annual performance goals and objectives for the Chief Executive Officer.
- Annually, the Board's independent directors will evaluate the performance of the Chief Executive Officer with respect to his/her/their performance against the approved annual goals and objectives and consider the compensation of the Chief Executive Officer. The Committee will approve the compensation level of the Chief Executive Officer that will reflect, as appropriate, the results of the independent directors' performance evaluation.
- Approve individual compensation actions for all Executive Officers, taking into account recommendations from the Chief Executive Officer.
- Provide an annual review of any such matters above with the full Board.

B. Oversee the establishment and administration of the Company's Executive Officer benefit programs, compensation recoupment ("clawback") policy and severance policies, including review and approval of Executive Officer benefit plans, employment agreements, and change-in-control provisions.

C. Approve and oversee the administration of the Company's executive compensation program, including annual incentive compensation plans, as well as long-term incentive compensation plans and all equity-based compensation plans pursuant to the Company's Omnibus Incentive Plan.

D. Review and discuss with management, on at least an annual basis, management's assessment of whether risks arising from the Company's compensation policies, practices and benefit programs for all employees, including non-executive employees, are reasonably likely to have a material adverse effect on the Company.

E. Consider the results of shareholder advisory votes on executive compensation and the frequency of such votes.

Board of Directors Compensation

F. Evaluate and recommend, as appropriate, compensation for non-employee directors for the Board's approval.

Leadership Development, Succession Planning and Human Capital Management

G. Oversee, review and administer the leadership development process and succession plans for all Executive Officer positions. The leadership development process and the internal succession plan for the role of the Chief Executive Officer will be reviewed with the full Board.

H. Review the approach to human capital management, including related to talent management and development, workplace respect and environment, and other relevant matters at the direction of the Board.

Reports, Performance Evaluation, Outside Advisors and Charter

I. Report regularly to the Board on its activities.

J. Review and discuss with management the Compensation Discussion and Analysis, Summary Compensation Table ("SCT") and Pay-Versus-Performance Table ("PVP") required to be included in the Company's annual proxy statement, and, based on such review and discussion, recommend to the Board that these items be included in the proxy statement, as appropriate.

K. Prepare and approve the Report of the Committee required by the Securities and Exchange Commission to be included in the Company's annual proxy statement.

L. Review and assess the Committee's performance on an annual basis.

M. Review and assess outside consultants' performance and independence on an

annual basis (e.g., compensation and benefits consultants, outside counsel, etc.).

N. Review this Charter at least annually and make recommendations to the Board for approval and adoption of the Charter, including any additions, deletions or modifications, as may be deemed appropriate.

III. Membership, Organization and Meetings

A. The Committee shall be composed of no fewer than three members or a majority of the full Board, whichever is less, all of whom must be independent directors in accordance with (a) the listing standards of the New York Stock Exchange and the Company's Corporate Governance Principles, and (b) the relevant requirements established pursuant to regulations under Section 16(b) of the Securities and Exchange Act of 1934.

B. Each member of the Committee shall be designated by the Board annually and shall serve until such member's successor is duly designated or until such member's earlier resignation or removal. Any member of the Committee may be removed from the Committee, with or without cause, by a majority vote of the Board.

C. The Chair of the Committee shall be designated by the Board. The Board will consider the rotation of the Chair of the Committee on a periodic basis.

D. The Chair of the Committee shall be responsible for scheduling all meetings of the Committee and providing the Committee with a written agenda for each meeting. The Chair shall preside at meetings of the Committee.

E. The Corporate Secretary or Assistant Corporate Secretary of the Corporation shall be the Secretary of the Committee unless the Committee designates otherwise. Written minutes of the Committee meetings and actions approved by written consent shall be maintained by the Corporate Secretary.

F. The Committee shall meet as often as may be deemed necessary or appropriate, but no fewer than four times annually. The Committee may ask members of management or others to attend meetings or to provide relevant information. The Committee shall periodically meet in executive session absent management.

G. The Committee has sole authority to select, retain, oversee and terminate any compensation and benefits advisors, other consultants and outside legal counsel, as needed, to provide independent advice to the Committee with respect to the Company's current and proposed Executive Officer and executive compensation, and Executive Officer benefit programs. The Committee has sole authority to approve any such advisors fees and other retention terms. The Company will provide the Committee with appropriate funding, as determined by the Committee, for the payment of reasonable compensation to any such advisors retained by the Committee. Prior to selecting any advisor, the Committee shall take into consideration all factors relevant to the independence of such advisor from the Company's management to the extent required by applicable laws, regulations and listing standards of the New York Stock Exchange, as well as any other factors the Committee deems

relevant. The Committee has sole authority to engage the compensation consultant or its affiliate for non-executive compensation consulting services as appropriate.

H. The Committee may form subcommittees consisting of one or more members and delegate authority to a subcommittee to act upon specific matters within determined parameters, when appropriate and consistent with the delegation of such powers to the Committee by the Board.