

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 21, 2013

XYLEM INC.

(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction
of incorporation)

001-35229
(Commission
File Number)

45-2080495
(IRS Employer
Identification No.)

1133 Westchester Avenue, Suite N200
White Plains, New York
(Address of principal executive offices)

10604
(Zip Code)

(914) 323-5700
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure

The following information is furnished pursuant to Item 7.01 Regulation FD Disclosure. This information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing. Company executives will present an overview of the Company at the Electrical Products Group Conference on May 21, 2013. The presentation slides will be posted on the Company's website and is attached and incorporated herein by reference as Exhibit 99.1.

Caution Concerning Forward Looking Statements

This document contains information that may constitute "forward-looking statements." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Generally, the words "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target" and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking.

These forward-looking statements include, but are not limited to, statements about the separation of Xylem Inc. (the "Company") from ITT Corporation in 2011, capitalization of the Company, future strategic plans and other statements that describe the Company's business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future operating or financial performance. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to orders, sales, operating margins and earnings per share growth, and statements expressing general views about future operating results — are forward-looking statements.

Caution should be taken not to place undue reliance on any such forward-looking statements because they involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the Company's historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those set forth in Item 1A of our Annual Report on Form 10-K, and those described from time to time in subsequent reports filed with the Securities and Exchange Commission.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Presentation posted by Xylem Inc. on May 21, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

XYLEM INC.

Date: May 21, 2013

By: /s/ Michael T. Speetzen

Michael T. Speetzen
Senior Vice President & Chief Financial Officer
(Authorized Officer of Registrant)

EXHIBIT INDEX

Exhibit No.	Description
99.1	Presentation posted by Xylem Inc. on May 21, 2013.

XYLEM INC.

ELECTRICAL PRODUCTS GROUP CONFERENCE

MAY 21, 2013



xylem
Let's Solve Water

FORWARD-LOOKING STATEMENTS

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WHAT MAKES XYLEM UNIQUE?

GLOBAL LEADER IN WATER APPLICATION SOLUTIONS

\$3.8B

- Pure Water Play
- Leading Market Positions
- Fortress Brands & World Class Distribution
- Diverse Geographic & End Market Exposure
- Large Installed Base - Recurring Revenue ~37%
- Strong Cash Flow Generation



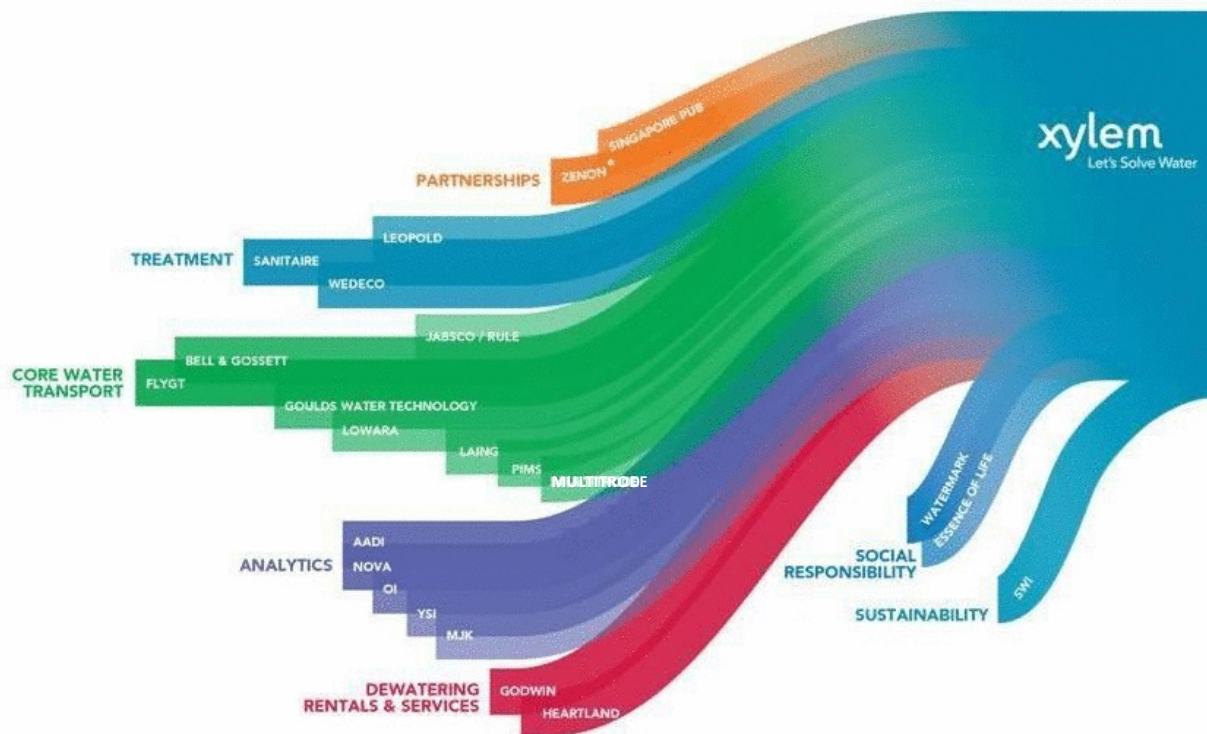
ABILITY TO DELIVER CONSISTENT FINANCIAL PERFORMANCE

WATER IS ONE OF THE MOST COMPLEX, CHALLENGING AND INCREASINGLY VISIBLE ISSUES FACING SOCIETY



UNIQUELY POSITIONED TO SOLVE THE WORLD'S GROWING WATER CHALLENGES

EVOLUTION TO A LEADING GLOBAL WATER TECHNOLOGY PROVIDER



* Zenon is a registered trademark of GE

SPECIALIZED BREADTH IN THE WATER CYCLE



WE WORK TO ANTICIPATE OUR CUSTOMERS' NEEDS WITH OUR BROAD PRODUCT OFFERING & OUR APPLICATIONS EXPERTISE

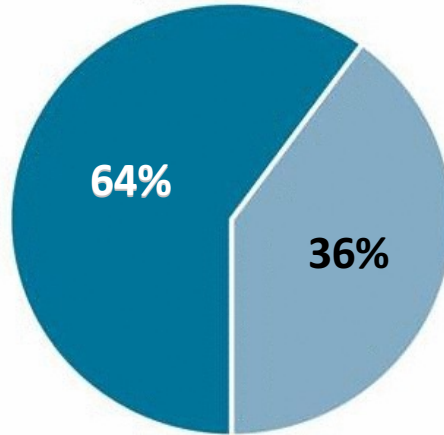
SEGMENT OVERVIEW

WATER INFRASTRUCTURE

Market Size: \$20B
 2012 Revenues: \$2.4B
 2012 Op Margin*: 15.1%

- World's Largest Waste Water Pump & Dewatering Services Provider
- Broad Portfolio of Filtration, Biological and Disinfection Technologies
- Industry-Leading Water & Environment Analytics Platform

Segment Split



APPLIED WATER

Market Size: \$15B
 2012 Revenues: \$1.4B
 2011 Op Margin*: 12.4%

- Leading Global Provider of a Broad Range of Energy-Efficient Solutions with a Large & Diverse Customer Base
- U.S. Leader in Building Services Equipment & Solutions
- U.S. Leader in Industrial Water Technologies



UNIQUE PORTFOLIO PROVIDES FOR INNOVATIVE SOLUTIONS

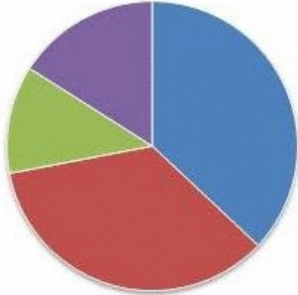


BROAD PRODUCT PORTFOLIO BACKED BY APPLICATION EXPERTISE

BALANCED PORTFOLIO

(2012 Revenue)

GLOBAL MARKET BALANCE

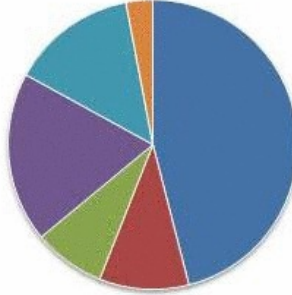


BY GEOGRAPHY

United States	37%
Europe	35%
Asia Pac	12%
Rest of World	16%

A Growing Emerging Market Presence ... Today ~20%

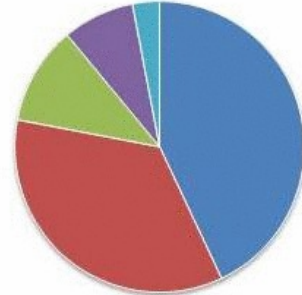
SERVING CRITICAL NEEDS



BY APPLICATION

Transport	46%
Treatment	10%
Test	8%
Building Svcs	19%
Industrial Water	14%
Irrigation	3%

DIVERSE CUSTOMER BASE



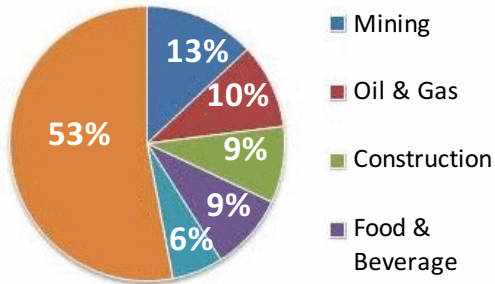
BY END MARKET

Industrial	43%
Public Utility	35%
Commercial	11%
Residential	8%
Agriculture	3%

KEY END MARKETS

INDUSTRIAL

Xylem 2012 Revenue: \$1.6B



- Strong Brands
- Deep Application Knowledge
- Broad Product Portfolio
- Improving Vitality Index
- Expansion of Existing Products in Adjacent Markets

DIVERSE MARKET DRIVERS

MINING

- Commodity Demand

OIL & GAS

- Natural Gas Fracking Activity

CONSTRUCTION

- Commercial & Residential Construction
- Weather

FOOD & BEVERAGE

- Changing Dietary Habits
- Emergence of Middle Class in EM

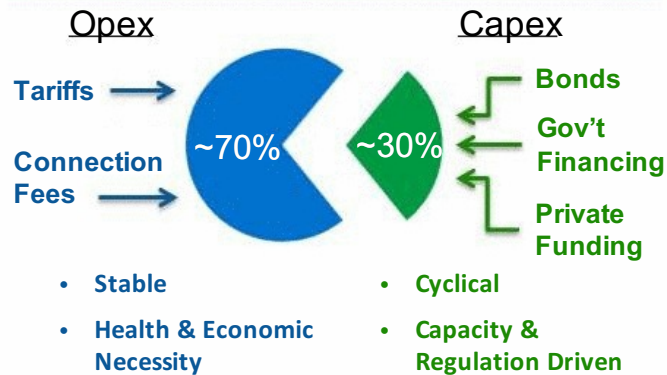
GENERAL INDUSTRY

- Paper
- Power
- Manufacturing
- Chemicals
- Pharma

KEY END MARKETS

PUBLIC UTILITY

PUBLIC UTILITY DYNAMICS

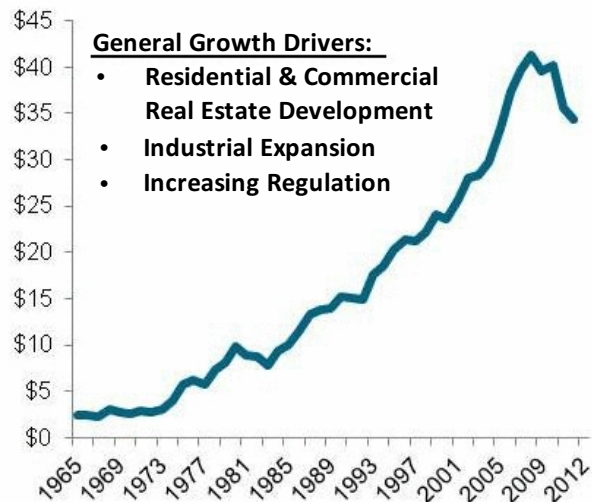


Source: Strategic Analytics Inc.

- Large Installed Base with Loyal Customers
- Consistent Tariff Increases
- 70-80% of Revenues from Opex
- Capex Spending Below Historical Levels but Bid Activity Remains Strong

U.S. CAPEX SPENDING

U.S. Water and Sewer Construction Spending - \$B



Source: U.S. Census Bureau (April 2013)

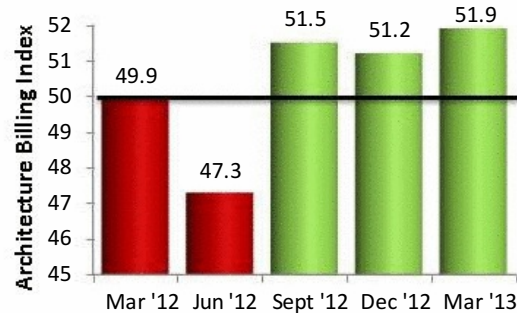
KEY END MARKETS

COMMERCIAL BUILDINGS

INTEGRATED SOLUTIONS



ARCHITECTURE BILLING INDEX



Source: AIA. Index Value of 50=No change from previous period.

- Products for the Heating, Cooling and Protection of Commercial Buildings
- Broadest Offering Allows for Optimizing Interaction of Key Building Components
- Demand for Energy Efficient Solutions has Driven Retrofit Activity During the Recent Multi-Year New Building Construction Slowdown
- Application Expertise Makes Xylem a Strong Partner for Specifying Engineers

OUR STRATEGIC FRAMEWORK



DISCIPLINE TO ACHIEVE KEY OBJECTIVES AND INCREASE SHAREHOLDER VALUE

DELIVER CUSTOMER VALUE

ENHANCING AFTERMARKET CAPABILITIES

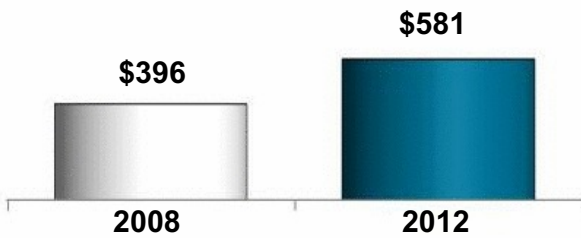


INSTALLED BASE DRIVES REPLACEMENT SALES

- Brand Loyalty Driven
- Like-for-Like Replacement
- Opportunity for Upgrades
- Next-Generation Installations

GROWING AFTERMARKET PARTS & SERVICES

\$M



~37% RECURRING REVENUE BASE

INTRODUCING XYLEM TOTALCARE

- Comprehensive Integrated Services Portfolio
- Systems Knowledge & Application Expertise
- Leverages World's Largest Installed Base
- Provides Customers with Operational Security, Cost Savings Opportunities, and Improved Operating Efficiencies

ACCELERATING OPPORTUNITIES THROUGH ACQUISITIONS



INCREASING PROFITABLE AFTERMARKET OPPORTUNITIES

DRIVE PROFITABLE GROWTH

EXECUTING ACQUISITION STRATEGY



	ANALYTICS	DEWATERING
Revenue (2012)	\$298M	\$659M
Capital Deployed*	\$732M	\$614M
Key Brands		
Opportunity	<ul style="list-style-type: none"> • Products have Higher Market Growth Rates and Margins • Fill Product or Technology Gaps and Sell Through Existing Channels • Drive Sustainable Water Projects • International Expansion 	<ul style="list-style-type: none"> • High ROIC Business When Operating With Scale Advantage • Leverage Xylem's Footprint and Replicate 24/7 Service Expertise • International Expansion
Recent Transactions		<ul style="list-style-type: none"> • Heartland Pump

IMPROVE BUSINESS SUSTAINABILITY

OPTIMIZING OUR COST STRUCTURE



EUROPEAN REALIGNMENT

SUMMARY

- Unified Xylem in Europe – Growth & Cost Synergies
 - HQ: Schaffhausen, Switzerland

- Efficient Tax Structure

2013 FINANCIAL IMPACTS*

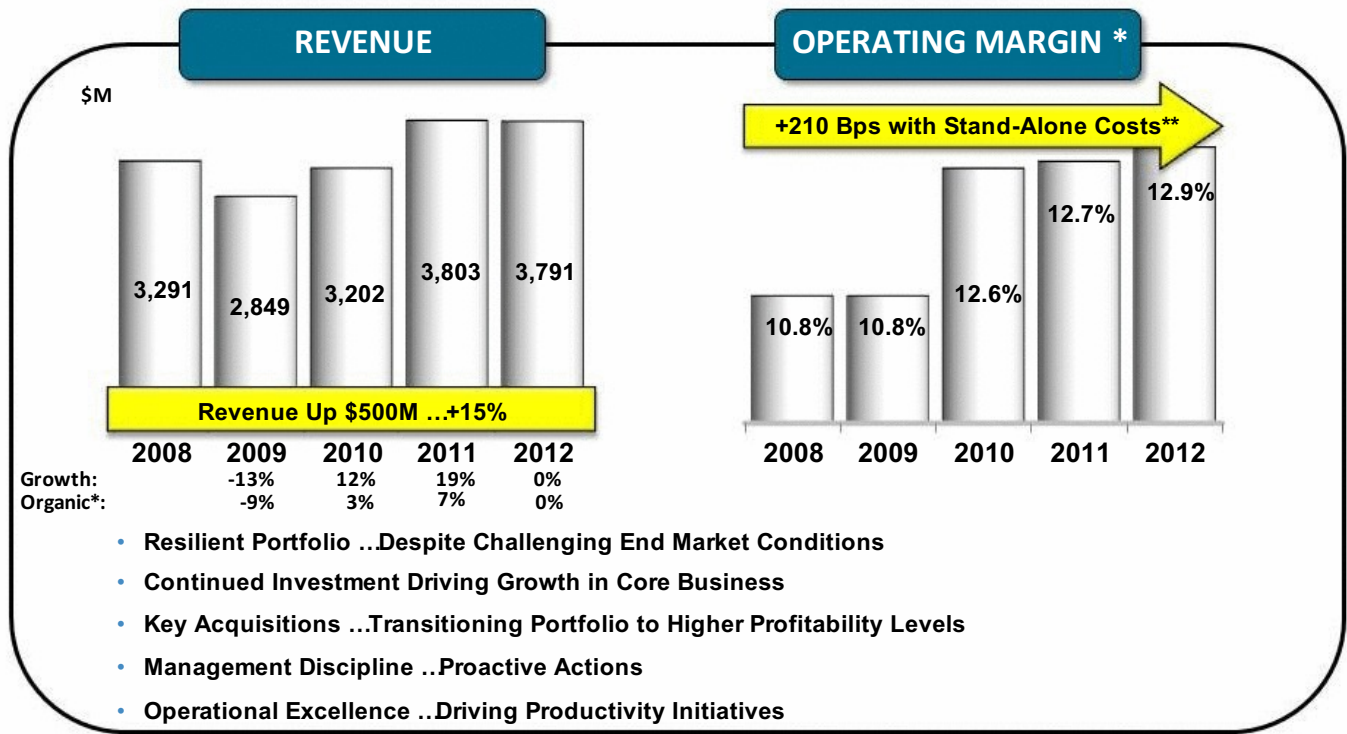
- Restructuring & Realignment Costs of \$60M to \$70M Primarily Focused on Europe
 - Restructuring Savings of \$13M to \$15M
 - Additional Net EPS Impact of \$0.03 From Realignment



ENABLING

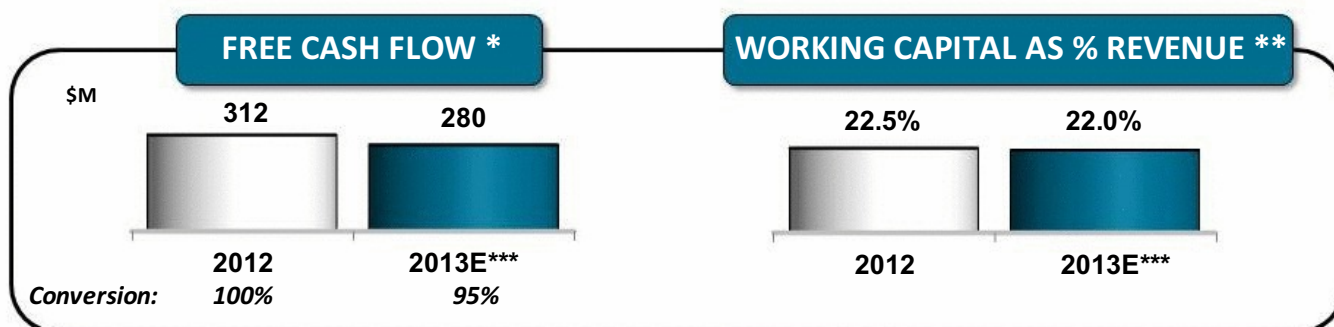
- Vertical Market Alignment
 - Sales Synergies & Future Growth Opportunities
- Sales Office Consolidations
- Sales Administrative and Functional Back-Office Standardization & Synergies
- Factory Realignments
- Shared Services & Centers of Excellence

XYLEM FINANCIAL SUMMARY



STRONG TRACK RECORD OF FINANCIAL PERFORMANCE

FINANCIAL POSITION

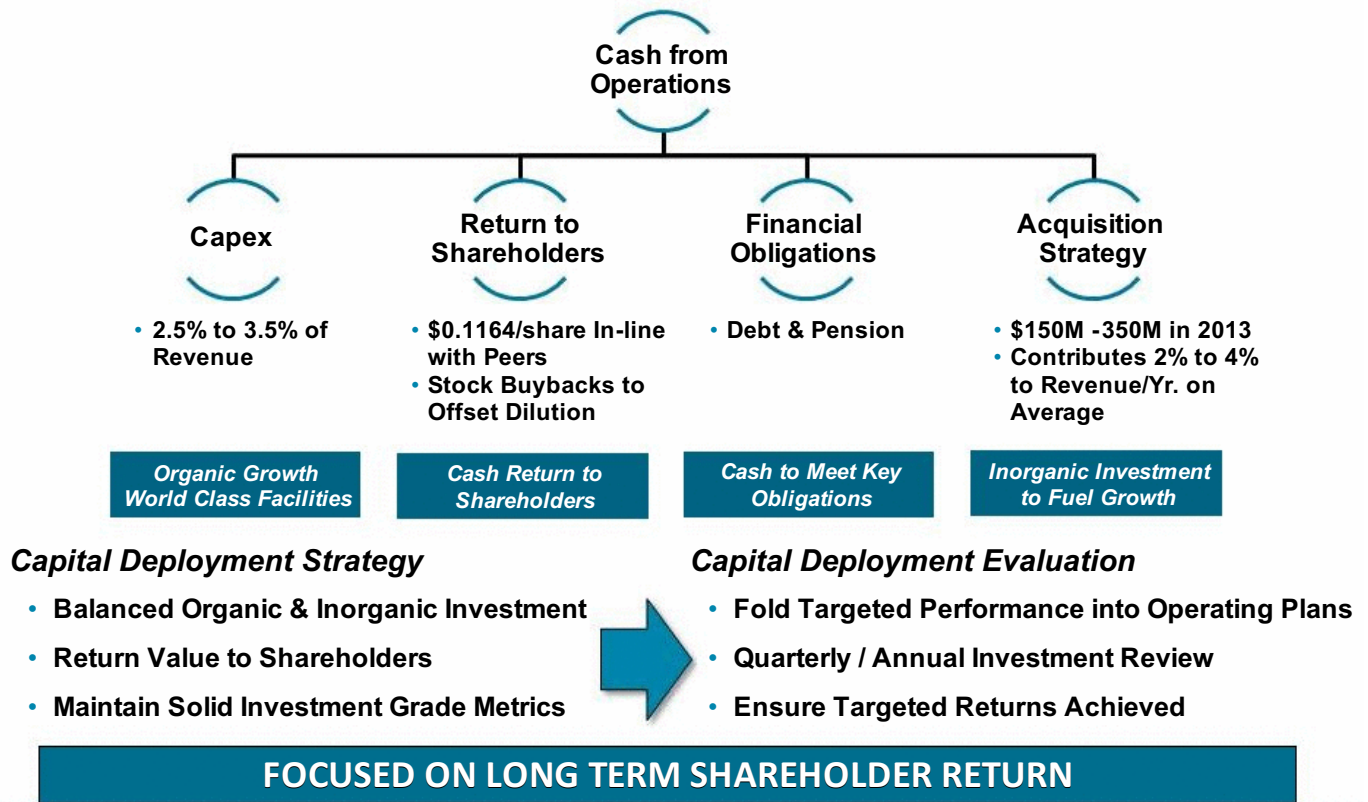


CAPITAL SUMMARY/LIQUIDITY

March 31, 2013		(Dollars, In Millions)
Cash		375
Debt		1,205
Net Debt		830
Shareholders' Equity		2,040
Net Capital		2,870
Net Debt to Net Capital		29%

- Strong Cash Position
 - No Significant Debt Maturities Until 2016
- 1.3x Net Debt/Adj. TTM EBITDA
- \$600M Revolving Credit Facility - Unutilized
- Access to Commercial Paper - Unutilized

DISCIPLINED CAPITAL DEPLOYMENT



KEY FINANCIAL PROJECTIONS

	2013 FY Guidance As of April 30, 2013 *	2017 Long-Term Targets **
Revenues	~\$3.925B (mid-point)	\$4.7B to \$5.5B
Op. Margin*	12.2% to 12.7%	14% to 15%
EPS*	\$1.79 to \$1.89	\$2.50 to \$3.40

2013 KEY OBJECTIVES

- Execution of Acquisition Strategy Targeting Deployment of \$150M to \$350M
- Continuing to Invest in New Product Launches
- Restructuring Actions Drive \$26M to \$30M in Annual Cost Savings (\$13M to \$15M in 2013)
- European Realignment Actions to Best Position for Recovery ... \$0.03 Net EPS Benefit in '13 ... Tax Rate Reduction to 21%
- Strong Free Cash Flow (95% Conversion)

LONG-TERM PERFORMANCE TARGETS**

- 2013-2017 Revenue CAGR of 5-9%
- Core Operating Margin Expands 50-75 Bps/Yr Partially Offset by 1x Acquisition Impacts
- 2013-2017 EPS CAGR of 7-14%
- Strong Free Cash Flow (100% Conversion)
- Disciplined Capital Deployment
- ROIC Accelerates from 10.8% in 2012 to 13% - 14% by 2017

CLOSING REMARKS



THANK YOU FOR YOUR INTEREST

xylem
Let's Solve Water

APPENDIX








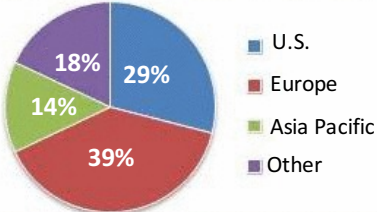
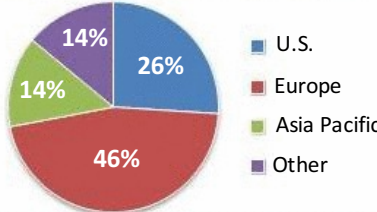
xylem
Let's Solve Water

2013 FINANCIAL GUIDANCE SUMMARY

	2013 FY Guidance As of April 30, 2013	Growth 2013E vs. 2012			
		Total Growth	Organic	Acquisition	FX
Revenue	(Mid-Point)				
Xylem Consolidated	~\$3,925M	~3 to 4%	0 to 1%	2%	1%
Water Infrastructure	~\$2,540M	~4 to 5%	0 to 1%	3%	1%
Applied Water	~\$1,450M	~1 to 2%	0 to 1%	0%	1%
Segment Margin *	13.7% - 14.2%	-60 bps to -10 bps			
Operating Margin *	12.2% - 12.7%	-70 bps to -20 bps			
EPS *	\$1.79 - \$1.89	\$1.84 Mid Point			
Free Cash Flow Conversion	~95%	Restructuring Payments, Realignment Capex, & CHQ Relocation			
Guidance Assumptions:					
Operating Tax Rate	~21%	1H'13 Rate: ~22%; 2H'13 Rate: ~20%			
Share Count	~186.4M	Share Repurchase Program to Maintain Current Share Count			
Items Excluded from EPS:					
Restructuring & Realignment Costs	~\$60M - \$70M	Restructuring Costs: ~\$40M to \$50M			

WATER INFRASTRUCTURE

BUSINESS OVERVIEW

	TRANSPORT	TREATMENT
Market Size:	\$11B	\$5B
2012 Revenues:	\$1,745M	\$366M
Key Products & Services:	Waste Water Pumps Dewatering (Sales & Rentals) Aftermarket Parts & Services	Biological U.V. and Ozone Disinfection Filtration
Key Brands:	 	  
Key Facilities:	Emmaboda, Sweden; Baroda, India; Shenyang, China; Bridgeport, NJ	Herford, Germany; Brown Deer, WI; Zelienople, PA
2012 Revenues by Geography:		

WATER INFRASTRUCTURE

BUSINESS OVERVIEW

DEWATERING

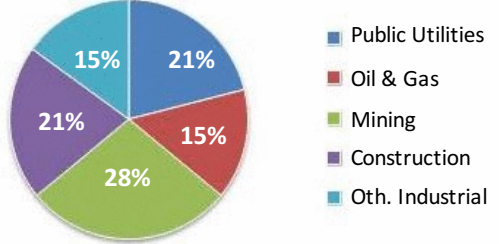
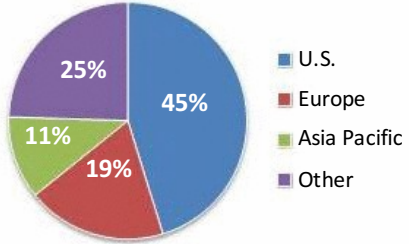
Market Size: \$3B
 2012 Revenues: \$659M

Key Products & Services: Sales & Rentals
 Dry Prime, Submersible & Slurry Pumps
 Aftermarket Parts & Services

Key Brands:  

Key Facilities: Bridgeport, NJ; Emmaboda, Sweden;
 Quenington, UK

2012 Revenues by Geography & End Market:



- 24/7 Service Capabilities
- Leverages Xylem's Footprint
- High ROIC Business When Operating with Scale Advantage
- Diverse End Markets
- ~40% Rental Revenue

WATER INFRASTRUCTURE

BUSINESS OVERVIEW

TEST

Market Size:
2012 Revenues:

\$4B
\$298M

Key Products
& Services:

Field, Online, and Laboratory Analytical Instrumentation
Meters, Sensors, Spectrophotometers, and Refractometers
Temperature, Data Loggers, Doppler and Level Measurement
Water Quality and Environmental Monitoring Systems

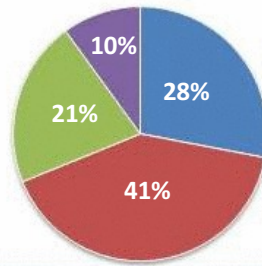
Key Brands:



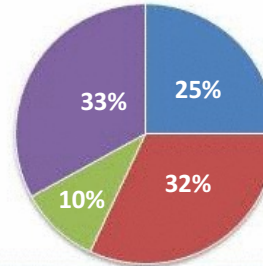
Key Facilities:

Yellow Springs, OH; Weilheim, Germany; Bergen, Norway

2012 Revenues
by Geography &
Segment:



■ U.S.
■ Europe
■ Asia Pacific
■ Other



■ Field Sampling
■ Field Monitoring
■ Online
■ Lab

APPLIED WATER SYSTEMS

BUSINESS OVERVIEW

	BUILDING SERVICES	INDUSTRIAL WATER	IRRIGATION
Market Size:	\$9B	\$4B	\$2B
2012 Revenues:	\$736M	\$550M	\$96M
Key Products & Services:	HVAC Pumps, Valves & Heat Exchangers, Drives & Controls, Waste Water Pumps, Pressure Boosters, Fire Protection	Pumps & Pumping Systems, Heat Exchangers, Drives & Controls, Membrane Filtration, Fire Protection	Groundwater & Surface Pumps, Packaged Systems, Drives & Controls

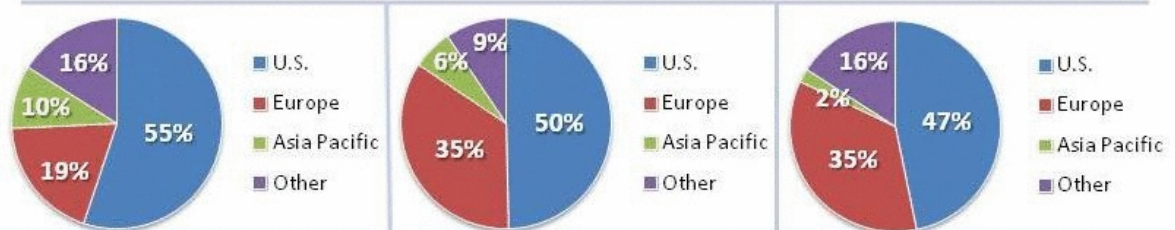
Key Brands:



Key Facilities:

Auburn, NY; Buffalo, NY; Cegled, Hungary; Chihuahua, Mexico; Dallas, TX; Hoddesdon, UK; Montecchio, Italy; Morton Grove, IL; Nanjing, China; Stockerau, Austria; Strzelin, Poland; Wolverhampton, UK

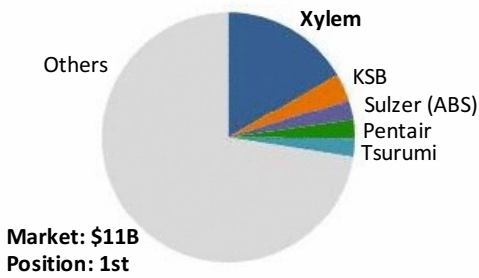
2012 Revenues by Geography:



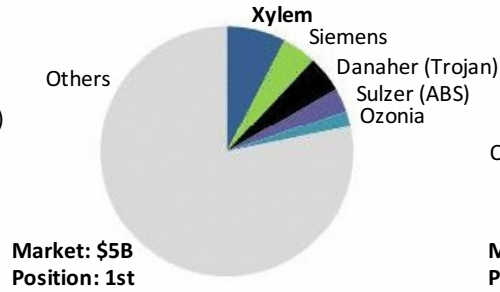
COMPETITIVE LANDSCAPE

LEADING POSITIONS IN KEY APPLICATIONS

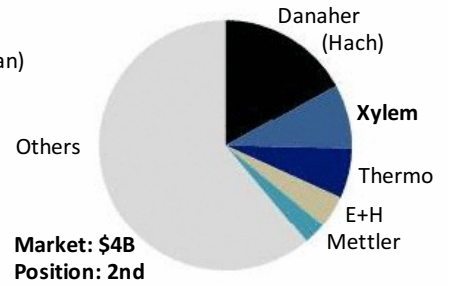
TRANSPORT



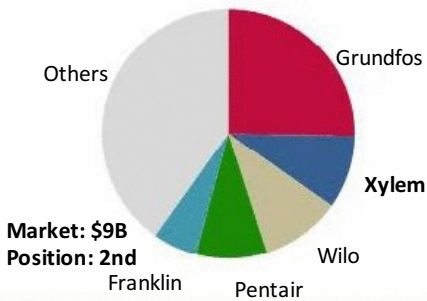
TREATMENT



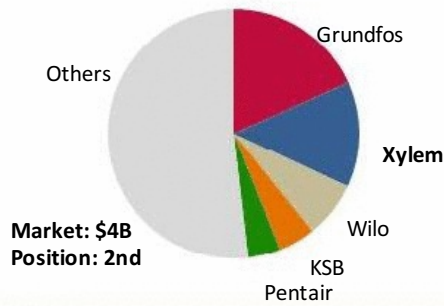
TEST



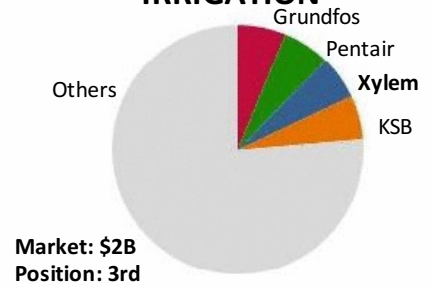
BUILDING SERVICES



INDUSTRIAL WATER

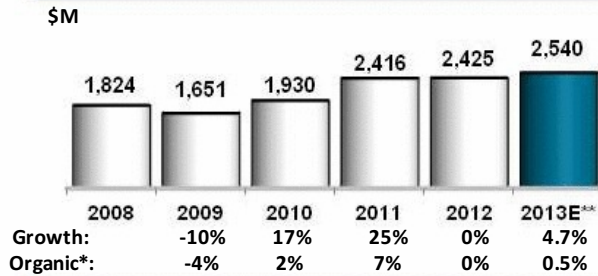


IRRIGATION

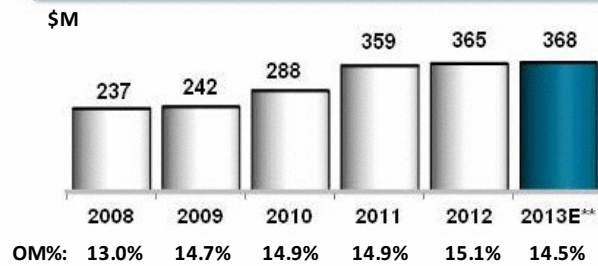


WATER INFRASTRUCTURE

REVENUE



OP INCOME & MARGIN*



HIGHLIGHTS

'08-'12 Revenue up 33%; 7% CAGR

- Resilient Through the Downturn
- Growth Driven by Acquisitions, Emerging Markets & Product Launches
- Public Utility CAPEX Slowdown
- European Crisis

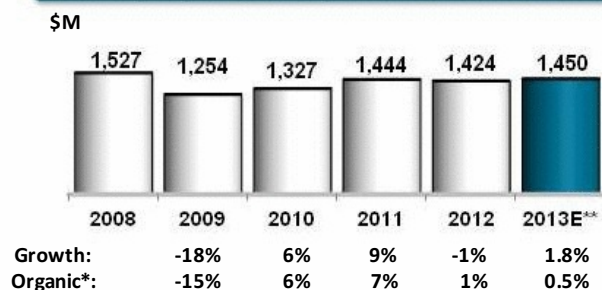
Strong Operating Margin Expansion

- Operating Productivity Funds
Incremental Strategic Investments
- '13 Margin Impacts
 - European Realignment
 - FX/Acquisition Impact

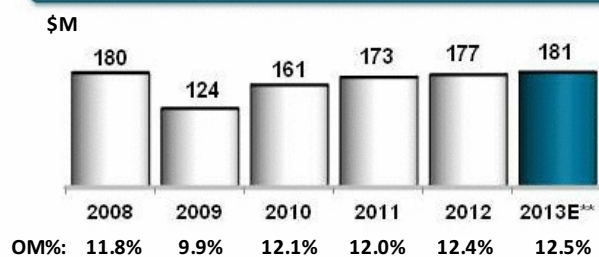
STRONG TOP LINE GROWTH, OP MARGIN +210 BPS

APPLIED WATER

REVENUE



OP INCOME & MARGIN*



HIGHLIGHTS

'08-'12 Revenue Down 7%

- Residential & Commercial Building Decline
- Growth Driven By New Product Launches
 - Energy-Efficient Solutions
 - Emerging Markets Penetration

Strong Operating Performance

- Margin Expansion Driven by Customer & Operational Excellence Initiatives
- Continued to Fund Future Growth Investments

STRONG OPERATING PERFORMANCE

ACQUISITION SCORECARD

✓ Completed ✗ Not Achieved
● On Track

Acquisition	Invested \$M	Year Completed	Strategic Fit	Gross Margin Accretive	IRR > Risk Adj. Cost of Capital	Mid-Teens ROIC	Cash Return 7-9 Years	EPS Accretive After Yr 1
Laing	\$30	2009	✓	✗	✓	✓	✗	✗
Nova	\$384	2010	✓	✓	✓	●	●	✓
Godwin	\$585	2010	✓	✓	✓	●	●	✓
OI	\$25	2010	✓	✓	✓	●	●	✓
YSI	\$310	2011	✓	✓	✓	●	●	✓
Through 2012				Added ~200 Bps				Added ~\$0.45
MJK	\$13	2012	✓	●	●	●	●	●
Heartland	\$29	2012	✓	●	●	●	●	●
PIMS	\$57	2013	✓	RECENTLY ACQUIRED				
MultiTrode	\$26	2013	✓					

NON-GAAP MEASURES

Management views key performance indicators including revenue, gross margins, segment operating income and margins, orders growth, free cash flow, working capital, and backlog, among others. In addition, we consider certain measures to be useful to management and investors evaluating our operating performance for the periods presented, and provide a tool for evaluating our ongoing operations, liquidity and management of assets. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives. These metrics, however, are not measures of financial performance under GAAP and should not be considered a substitute for revenue, operating income, net income, earnings per share (basic and diluted) or net cash from operations as determined in accordance with GAAP. We consider the following non-GAAP measures, which may not be comparable to similarly titled measures reported by other companies, to be key performance indicators:

“Organic revenue” and “Organic orders” defined as revenue and orders, respectively, excluding the impact of foreign currency fluctuations, intercompany transactions, and contributions from acquisitions and divestitures. Divestitures include sales of portions of our business that did not meet the criteria for classification as a discontinued operation or insignificant portions of our business that we did not classify as a discontinued operation. The period-over-period change resulting from foreign currency fluctuations assumes no change in exchange rates from the prior period.

“Constant currency” defined as financial results adjusted for currency translation impacts by translating current period and prior period activity using the same currency conversion rate. This approach is used for countries whose functional currency is not the U.S. dollar.

“EBITDA” defined as earnings before interest, taxes, depreciation, amortization expense, and share-based compensation. **“Adjusted EBITDA”** reflects the adjustment to EBITDA to exclude for non-recurring separation costs associated with the Xylem spin-off from ITT Corporation (not excluded for 2013) as well as non-recurring restructuring and realignment costs.

“Adjusted Operating Income”, “Adjusted Segment Operating Income”, and “Adjusted EPS” defined as operating income and earnings per share, adjusted to exclude non-recurring separation costs associated with the Xylem spin-off from ITT Corporation (not excluded for 2013), non-recurring restructuring and realignment costs and tax-related special items.

“Free Cash Flow” defined as net cash from operating activities, as reported in the Statement of Cash Flow, less capital expenditures as well as adjustments for other significant items that impact current results which management believes are not related to our ongoing operations and performance. Our definition of free cash flows does not consider non-discretionary cash payments, such as debt.

Xylem Inc. Non-GAAP Reconciliation
Reported vs. Organic & Constant Currency Revenue
(\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)					Constant Currency
	(A)		(B)		(C)	(D)	(E)	(F) = B+C+D+E	(G) = F/A	(H) = (B + D) / A
	Revenue	Revenue	Change	% Change	Acquisitions /	FX Contribution	Eliminations	Change	% Change	
Current Year	Prior Year	CY v. PY	CY v. PY	Divestitures			Adj. CY v. PY	Adj. CY v. PY		
Year Ended December 31, 2012										
Xylem Inc.	3,791	3,803	(12)	-0.3%	(94)	108	-	2	0.1%	2.5%
Water infrastructure	2,425	2,416	9	0.4%	(94)	80	(1)	(6)	-0.2%	3.7%
Applied Water	1,424	1,444	(20)	-1.4%	-	32	(3)	9	0.6%	0.8%
Year Ended December 31, 2011										
Xylem Inc.	3,803	3,202	601	18.8%	(264)	(111)	-	226	7.1%	15.3%
Water Infrastructure	2,416	1,930	486	25.2%	(264)	(87)	2	137	7.1%	20.7%
Applied Water	1,444	1,327	117	8.8%	-	(28)	(1)	88	6.6%	6.7%
Year Ended December 31, 2010										
Xylem Inc.	3,202	2,849	353	12.4%	(263)	6	-	96	3.4%	12.6%
Water infrastructure	1,930	1,651	279	16.9%	(247)	(8)	-	24	1.5%	16.4%
Applied Water	1,327	1,254	73	5.8%	(16)	15	-	72	5.7%	7.0%
Year Ended December 31, 2009										
Xylem Inc.	2,849	3,291	(442)	-13.4%	(7)	158	-	(291)	-8.8%	-8.6%
Water infrastructure	1,651	1,824	(173)	-9.5%	-	109	(1)	(65)	-3.6%	-3.5%
Applied Water	1,254	1,527	(273)	-17.9%	(7)	53	-	(227)	-14.9%	-14.4%

Note: Due to rounding the sum of segment amounts may not agree to Xylem totals.

Xylem Inc. Non-GAAP Reconciliation
Adjusted Operating Income
(\$ Millions)

	2008	2009	2010	2011	2012	Mid Point Guidance 2013E
Revenue	3,291	2,849	3,202	3,803	3,791	3,925
Operating Income	315	276	388	395	443	425
<i>Operating Margin</i>	9.6%	9.7%	12.1%	10.4%	11.7%	10.8%
Restructuring & Realignment Separation Costs	41 -	31 -	15 -	- 87	24 22	65 -
Adjusted Operating Income	356	307	403	482	489	490
<i>Adjusted Operating Margin</i>	10.8%	10.8%	12.6%	12.7%	12.9%	12.5%
Standalone Costs	-	-	-	5	28	-
Adj. Operating Income, excl. Standalone Costs	356	307	403	487	517	490
<i>Adjusted Operating Margin, excl. Standalone Costs</i>	10.8%	10.8%	12.6%	12.8%	13.6%	12.5%

Xylem Inc. Non-GAAP Reconciliation
Adjusted Operating Income
(\$ Millions)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Revenue						
• Total Xylem	3,925	3,791	3,803	3,202	2,849	3,291
• Water Infrastructure	2,540	2,425	2,416	1,930	1,651	1,824
• Applied Water	1,450	1,424	1,444	1,327	1,254	1,527
Operating Income						
• Total Xylem	425	443	395	388	276	315
• Water Infrastructure	318	342	343	276	227	220
• Applied Water	166	170	160	158	109	162
Operating Margin						
• Total Xylem	10.8%	11.7%	10.4%	12.1%	9.7%	9.6%
• Water Infrastructure	12.5%	14.1%	14.2%	14.3%	13.7%	12.1%
• Applied Water	11.4%	11.9%	11.1%	11.9%	8.7%	10.6%
Separation Costs						
• Total Xylem	-	22	87	-	-	-
• Water Infrastructure	-	4	16	-	-	-
• Applied Water	-	2	13	-	-	-
Restructuring & Realignment Costs						
• Total Xylem	65	24	-	15	31	41
• Water Infrastructure	50	19	-	12	15	17
• Applied Water	15	5	-	3	15	18
Adjusted Operating Income*						
• Total Xylem	490	489	482	403	307	356
• Water Infrastructure	368	365	359	288	242	237
• Applied Water	181	177	173	161	124	180
Adjusted Operating Margin*						
• Total Xylem	12.5%	12.9%	12.7%	12.6%	10.8%	10.8%
• Water Infrastructure	14.5%	15.1%	14.9%	14.9%	14.7%	13.0%
• Applied Water	12.5%	12.4%	12.0%	12.1%	9.9%	11.8%

*Adjusted Operating Income excludes non-recurring separation, restructuring & realignment costs

Xylem Inc. Non-GAAP Reconciliation
EBITDA and Adjusted EBITDA by Quarter
(\$ Millions)

	Q1	Q2	2013 Q3	Q4	Total
Pre-Tax Net Income	51				
Interest Expense (Income), net	12				
Depreciation	25				
Amortization	12				
Stock Compensation	6				
EBITDA	106				
Restructuring & Realignment	12				
Adjusted EBITDA	118				
Revenues	879				
Adjusted EBITDA Margin	13.4%				
	Q1	Q2	2012 Q3	Q4	Total
Pre-Tax Net Income	84	115	100	89	388
Interest Expense (Income), net	13	13	12	13	51
Depreciation	23	21	24	26	94
Amortization	11	12	12	13	48
Stock Compensation	5	5	6	6	22
EBITDA	136	166	154	147	603
Separation Costs	5	6	4	7	22
Restructuring & Realignment	-	-	5	19	24
Adjusted EBITDA	141	172	163	173	649
Revenues	925	966	931	969	3,791
Adjusted EBITDA Margin	15.2%	17.8%	17.5%	17.9%	17.1%

Xylem Inc. Non-GAAP Reconciliation
Guidance
(\$ Millions, except per share amounts)

2013 Guidance

Illustration of Mid Point Guidance

	FY '12			FY '13		
	As Reported	Adjustments	Adjusted	As Projected	Adjustments	Adjusted
Total Revenue	3,791		3,791	3,925		3,925
Segment Operating Income	512	30 a	542	484	65 d	549
Segment Operating Margin	13.5%		14.3%	12.3%		14.0%
Corporate Expense	69	(16) b	53	59	-	59
Operating Income	443	46	489	425	65	490
Operating Margin	11.7%		12.9%	10.8%		12.5%
Interest Expense	(55)		(55)	(55)		(55)
Other Non-Operating Income (Expense)	-		-	(2)		(2)
Income before Taxes	388	46	434	368	65	433
Provision for Income Taxes	(91)	(13) c	(104)	(72)	(19) c	(91)
Net Income	297	33	330	296	46	342
Diluted Shares	186.2		186.2	186.4		186.4
Diluted EPS	\$ 1.59	\$ 0.18	\$ 1.77	\$ 1.59	\$ 0.25	\$ 1.84

- a One time separation, restructuring and realignment costs incurred at the segment level
b One time separation, restructuring and realignment costs incurred at the corporate level
c Net tax impact of above items, plus the addition of special tax items
d Restructuring and realignment costs incurred at the segment level

Xylem Inc. Non-GAAP Reconciliation
Net Cash - Operating Activities vs. Free Cash Flow
(\$ Millions)

	Year Ended	
	2013E	2012
Net Cash - Operating Activities	410	396
Capital Expenditures	(130)	(112)
Free Cash Flow, including separation costs	<u>280</u>	<u>284</u>
Cash Paid for Separation Costs (incl. Capex)	-	28
Free Cash Flow, excluding separation costs	<u>280</u>	<u>312</u>
Net Income	296	297
Separation Costs, net of tax (incl. tax friction)	-	16
Net Income, excluding separation costs	<u>296</u>	<u>313</u>
Free Cash Flow Conversion	<u>95%</u>	<u>100%</u>

xylem

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