

xylem
Let's Solve Water

INVESTOR DAY
SEPTEMBER 24, 2015

Agenda

9:00 – 9:05	Welcome	Phil De Sousa
9:05 – 9:40	Xylem Overview	Patrick Decker
9:40 – 9:55	Emerging Markets	Steve Leung
9:55 – 10:10	Continuous Improvement	Tony Milando
10:10 – 10:20	Financial Targets	Patrick Decker
10:20 – 10:40	Q & A	
10:40 – 10:55	Break	
10:55 – 11:10	Transport	Tomas Brannemo
11:10 – 11:25	Dewatering	David Flinton
11:25 – 11:40	Analytics and Treatment	Colin Sabol
11:40 – 11:55	Applied Water	Ken Napolitano
11:55 – 12:15	Closing Remarks	Patrick Decker
12:15	Light Lunch with Management*	

Forward-Looking Statements

This presentation 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,” “forecast,” “believe,” “target,” “will,” “could,” “would,” “should” 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 statements about the capitalization of Xylem Inc. (the “Company”), the Company’s restructuring and realignment, future strategic plans and other statements that describe the Company’s business strategy, outlook, objectives, plans, intentions or goals. All statements that address operating or financial performance, events or developments that we expect or anticipate will occur in the future — including statements relating to orders, revenues, operating margins and earnings per share growth, and statements expressing general views about future operating results — are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such forward-looking statements.

Factors that could cause results to differ materially from those anticipated include: overall economic and business conditions, political and other risks associated with our international operations, including military actions, economic sanctions or trade embargoes that could affect customer markets, and non-compliance with laws, including foreign corrupt practice laws, export and import laws and competition laws; potential for unexpected cancellations or delays of customer orders in our reported backlog; our exposure to fluctuations in foreign currency exchange rates; competition and pricing pressures in the markets we serve; the strength of housing and related markets; ability to retain and attract key members of management; our relationship with and the performance of our channel partners; our ability to borrow or to refinance our existing indebtedness and availability of liquidity sufficient to meet our needs; changes in the value of goodwill or intangible assets; risks relating to product defects, product liability and recalls; governmental investigations; security breaches or other disruptions of our information technology systems; litigation and contingent liabilities; and other factors set forth in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014, and those described from time to time in subsequent reports filed with the Securities and Exchange Commission.

All forward-looking statements made herein are based on information currently available to the Company. 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.

Key Notes For Today's Presentation

- **All 2015 references represent our 2015 full year expected results.**
- **All 2018 and 2020 references represent our longer-term targets.**
- **Unless otherwise noted, all market size and growth estimates are based on our internal analysis.**
- **All references to financial performance metrics are on an adjusted basis to exclude restructuring & realignment costs, other special non-recurring items, and the impacts of foreign currency fluctuations.**



Xylem Overview

Patrick Decker, President & CEO

SEPTEMBER 24, 2015

Investment Thesis

WE WILL BENEFIT FROM A FAVORABLE MACRO OUTLOOK

Well positioned in key end markets with sustainable growth profiles for the next 5 years



MARKET-PLUS GROWTH DRIVEN BY FOCUSED STRATEGIES

Increased investment in faster-growth regions and innovation



RUNWAY FOR FURTHER MARGIN EXPANSION

Multi-year plan continues to create value → 300 to 400 bps over next 5 years



ACCELERATING CAPITAL DEPLOYMENT TO CREATE VALUE

Strong cash flow generation and capital structure enables significant value creation



Xylem Overview



UNIQUELY POSITIONED TO OUTPERFORM

- **~ \$4B Focused Water Play**
- **Leading Market Positions in Highly Fragmented Industry**
- **Fortress Brands and World Class Distribution**
- **Diverse Geographic and End Market Exposure**
- **Large Installed Base: ~40% Recurring Revenue**
- **Strong Cash Flow Generation and Financial Position**

2020 Objectives

MARKET LEADER

Faster Than Market Growth

INCREASING SHAREHOLDER VALUE

High Teens EPS Growth Driven by
Accelerated Capital Deployment

MORE GLOBAL

Emerging Market
>25% of Total Revenue

MORE INNOVATIVE

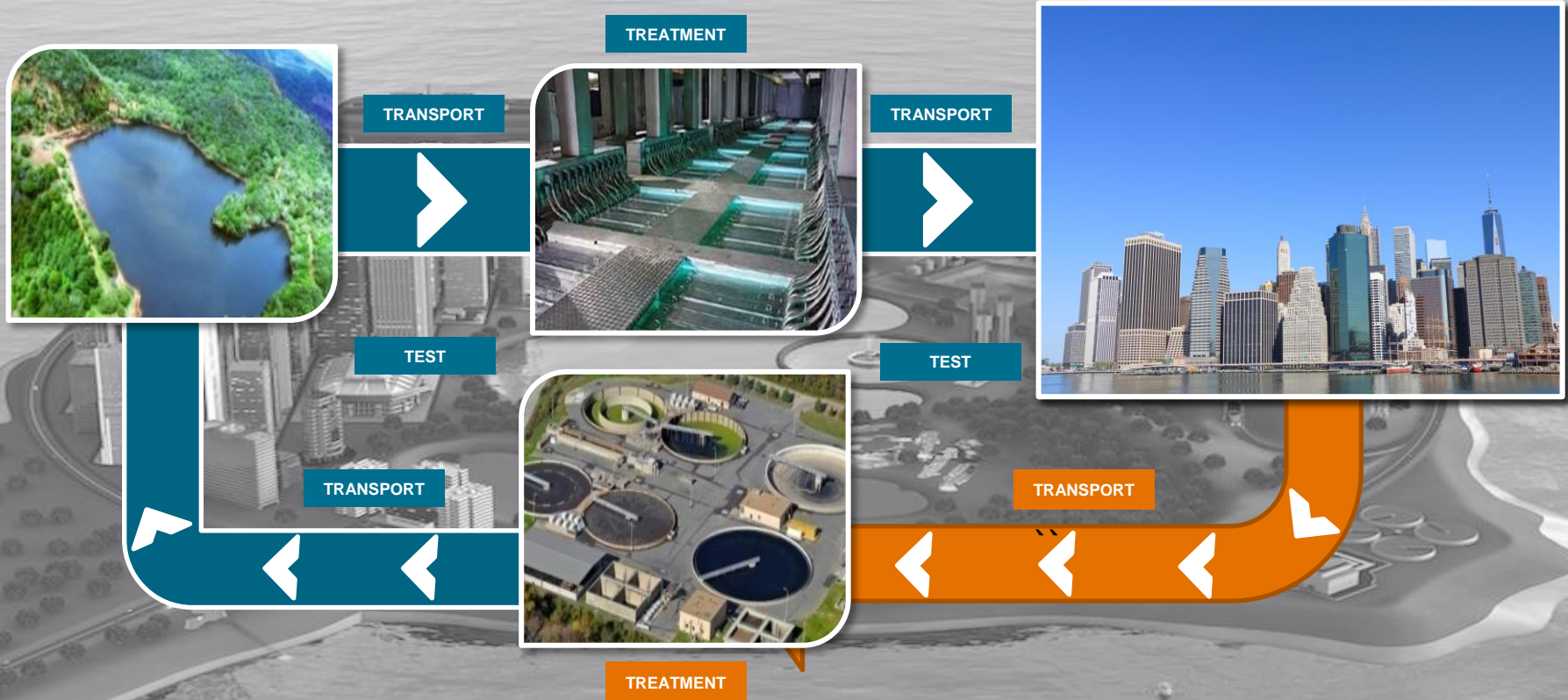
>25% Vitality Index

MORE EFFICIENT

17% Operating Margin



We Address Customer Challenges Across the Water Cycle



Segment Overview

WATER INFRASTRUCTURE

2015E
REVENUE: **\$2.3B**

2015E OP
MARGIN: **~14.5%**

A Leading Global Provider
of Water and Wastewater
Equipment Technologies and
Specialty Services

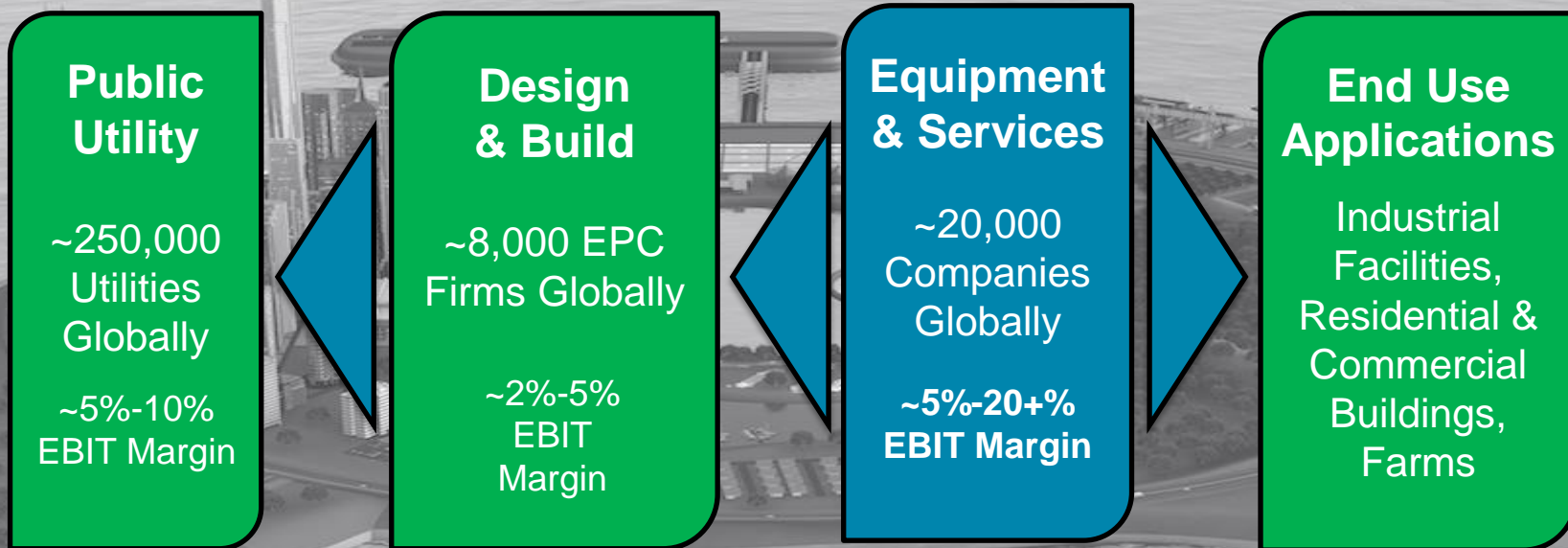
APPLIED WATER

2015E
REVENUE: **\$1.4B**

2015E OP
MARGIN: **~14.5%**

A Leading Global Provider of
Building Services and Industrial
Water Technologies

Global Water Industry >\$550B : Value Chain View



Xylem Focused On Sweet Spots of Equipment & Services

Leading Global Provider of Water Solutions & Specialty Services

- Higher Value Equipment
- Differentiated Solutions
- Knowledge-Based Services

OUR
ADDRESSABLE MARKET
\$37 Billion

We Have Leading Positions in Attractive Market Segments

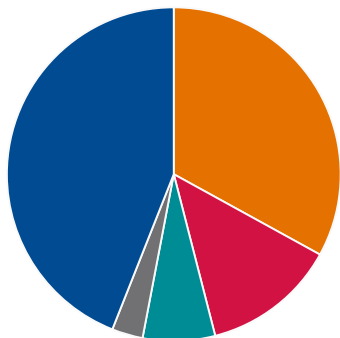
Solid Foundation With Clear Path to Continued Value Creation







Positioned to Accelerate Performance

Serving Customers in Diverse and Growing Markets

2014 Revenue Profile



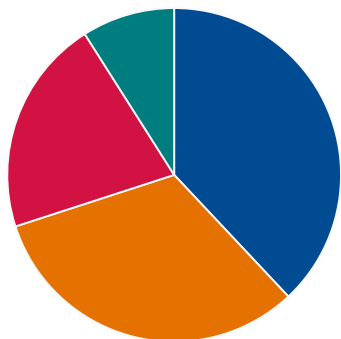
■ Industrial	44%
■ Public Utility	33%
■ Commercial	13%
■ Residential	7%
■ Agriculture	3%

		2020 5 YEAR CAGR	
INDUSTRIAL		MKT GROWTH	XYL GROWTH
	<ul style="list-style-type: none"> Sustainability focus / water efficiency Shifting burden of infrastructure 	2% - 3%	3% - 5%
PUBLIC UTILITY			
	<ul style="list-style-type: none"> Aging infrastructure / pent-up demand Emerging market build-out 	3% - 5%	4% - 7%
COMMERCIAL			
	<ul style="list-style-type: none"> Increasing efficiency regulation Sustainability focus / "smart" buildings 	2% - 4%	3% - 5%
RESIDENTIAL			
	<ul style="list-style-type: none"> Increasing efficiency regulation Strong replacement 	2% - 3%	2% - 3%





Positioned to Deliver Organic Growth of 3% to 5%

Our Balanced Market Coverage Drives Sustainable Growth

2014 Revenue Profile



 United States	38%
 Western Europe	32%
 Emerging Markets	21%
 Rest of World	9%

		2020 5 YEAR CAGR	
UNITED STATES		MKT GROWTH	XYL GROWTH
	<ul style="list-style-type: none"> Increased investment in infrastructure Stable non-res construction markets 	2% - 3%	3% - 4%
WESTERN EUROPE			
	<ul style="list-style-type: none"> Recovering economic growth Improving outlook for public utilities 	1% - 3%	2% - 4%
EMERGING MARKETS			
	<ul style="list-style-type: none"> Continued investment in infrastructure Need for efficient technologies 	4% - 7%	7% - 10%
REST OF WORLD			
	<ul style="list-style-type: none"> Stable economies Commodity pressures 	1% - 2%	1% - 2%

Positioned to Deliver Organic Growth of 3% to 5%

Favorable Regulatory and Macro Conditions Create Upside Potential

REGULATORY



- Environmental focus
- Quality standards
- Energy efficiency

DEMOGRAPHICS



- Population growth
- Urbanization
- Increasing middle class in emerging markets

INFRASTRUCTURE NEEDS



- Aging infrastructure
- Water scarcity
- Resilience to extreme weather

Macro Trends Elevate Three Central Customer Needs



PRODUCTIVITY



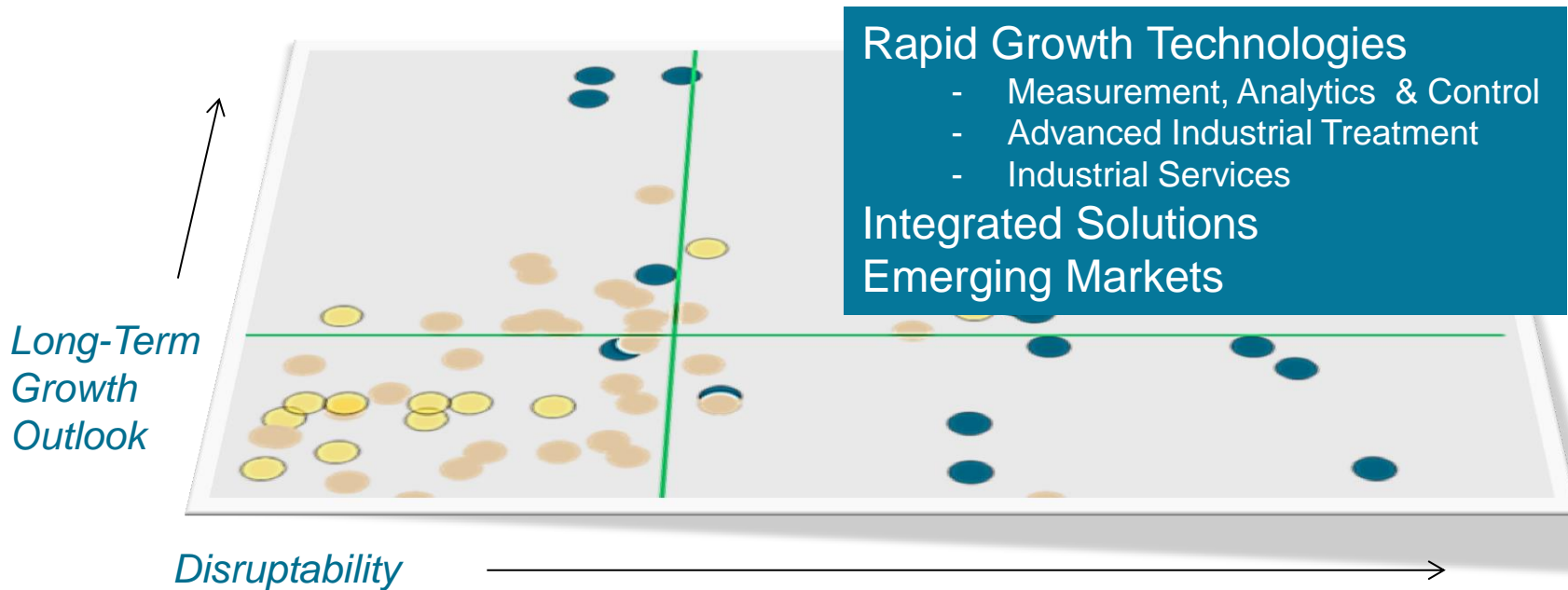
QUALITY



RESILIENCE

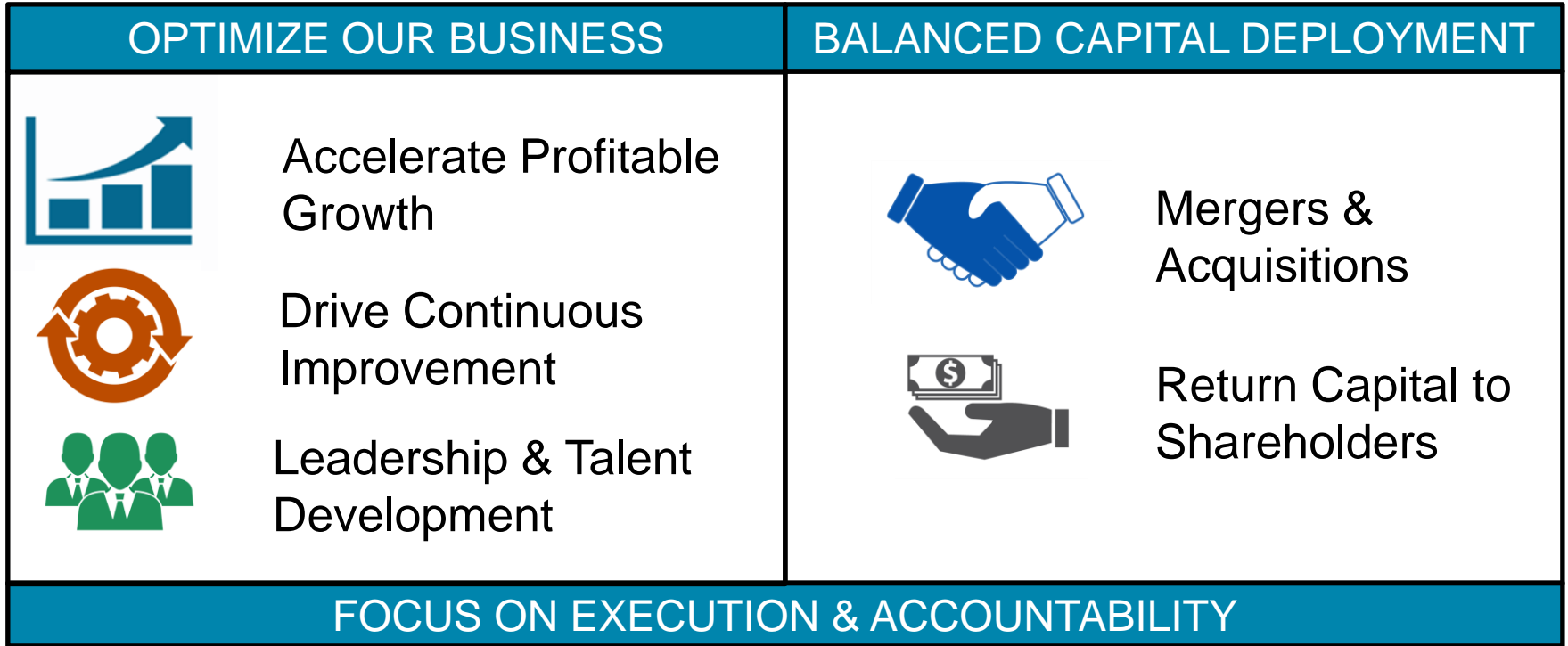
These
Customer
Needs Drive
Commercial
Opportunities

Value Mapping the Water Management Needs of Our Customers



Focusing on the Most Attractive Areas of the Sector

Xylem's Value Creation Roadmap



Xylem Management Team



Patrick Decker
CEO & President

Operational Leaders



Colin Sabol
President
Analytics & Treatment *



Ken Napolitano
President
Applied Water



Dave Flinton
President
Dewatering *



Tomas Brannemo
President
Transport



Joe Vesey
President
North America



Steve Leung
President
Emerging Markets



Christian Blanc
President
Europe

Functional Leaders



Shashank Patel
Interim Chief
Financial Officer



Kairus Tarapore
Chief Human
Resources
Officer



Nick Colisto
Chief Information
Officer



Claudia Toussaint
General Counsel &
Corporate
Secretary



Jay Iyengar
Chief Innovation &
Technology Officer



Tony Milando
Continuous
Improvement &
Business
Transformation

Our Top Strategic Priorities



Accelerate
Profitable
Growth

- Innovation & Technology
- Commercial Leadership
- Emerging Markets
- Mergers & Acquisitions



Drive
Continuous
Improvement

- Business Simplification
- Lean & Six Sigma
- Global Procurement

Our Top Strategic Priorities



Accelerate
Profitable
Growth

- Innovation & Technology
- Commercial Leadership
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INNOVATION &
TECHNOLOGY

Demonstrated Innovation and Industry Leadership

Strengths

- Superior products with leading performance
- Product breadth across the water cycle
- Deep application knowledge and expertise
- Extensive portfolio of patented intellectual property



Revolutionary
1st Submersible Pump



Introduction of
N-Pump Technology



Industry's 1st
"Smart" Pump



Advanced Monitoring &
Control Capability

Leveraging Our Strengths to Innovate the Solutions of Tomorrow

Focused on Moving up the Technology Curve

DEVELOPING NEW CAPABILITIES & TECHNOLOGIES

Product Solutions



Systems Solutions



Digital Solutions



Case Studies: Partnerships in Sweden and Singapore



Partners:

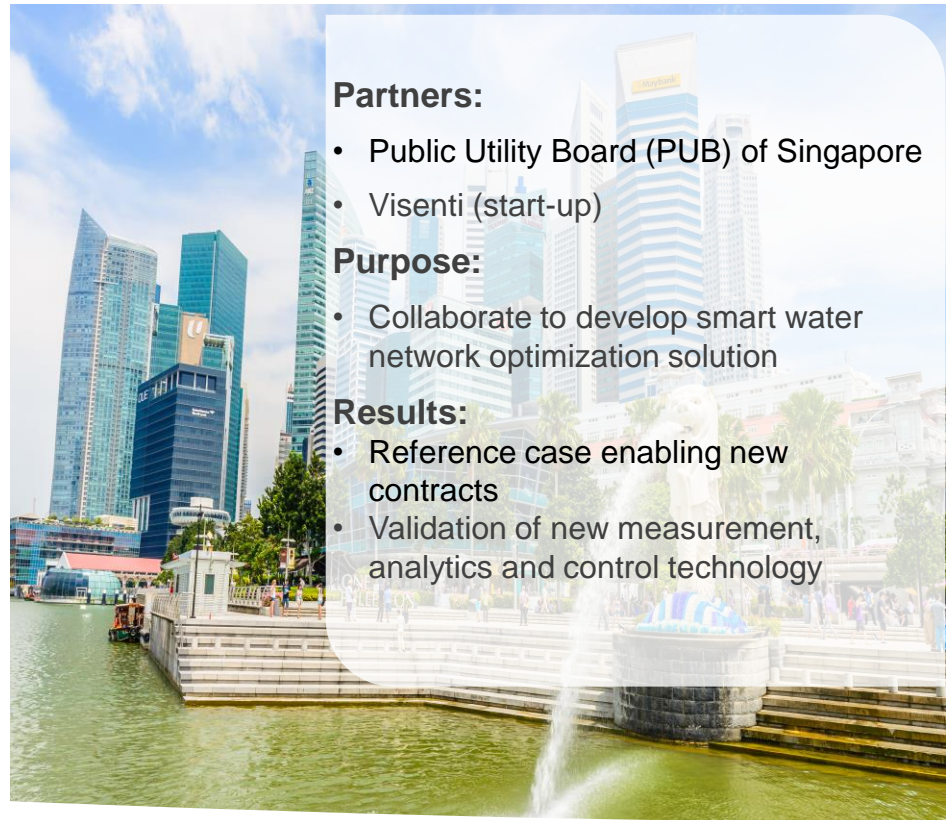
- Hammarby Sjöstadsverk (Sweden) water utility research facility
- Swedish Environmental Research Institute & Royal Institute of Technology

Purpose:

- Develop and field test efficient wastewater treatment and reuse systems

Results:

- Differentiated breakthrough water reuse system solutions



Partners:

- Public Utility Board (PUB) of Singapore
- Visenti (start-up)

Purpose:

- Collaborate to develop smart water network optimization solution

Results:

- Reference case enabling new contracts
- Validation of new measurement, analytics and control technology

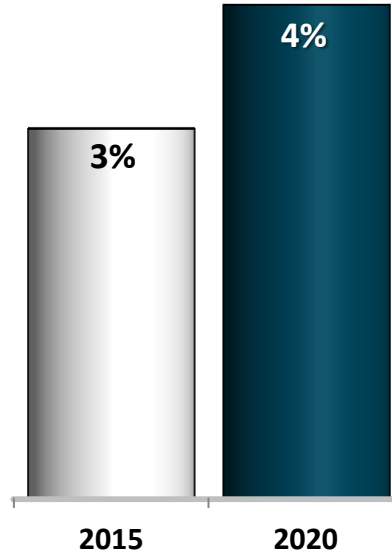
Innovation & Technology in Numbers

Accelerating Innovation

- Emerging market localization
- “Smart” technologies
- M&A is part of our R&D strategy
- External partnerships

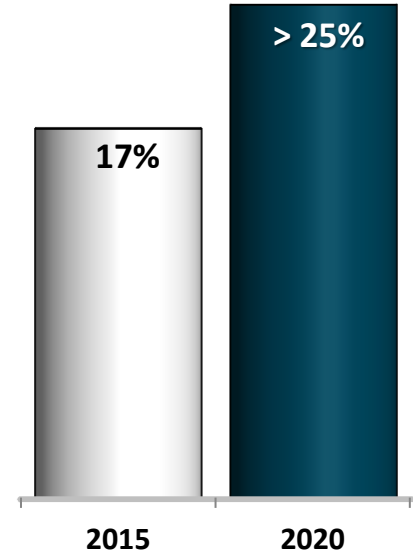
RESEARCH & DEVELOPMENT

(% OF REVENUE)



VITALITY INDEX*

(% OF REVENUE)



~\$1 Billion in New Product Revenue by 2020

* Defined as the % of revenue from new products launched over the past five years

Our Top Strategic Priorities



Accelerate
Profitable
Growth

- Innovation & Technology
- Commercial Leadership
- Emerging Markets
- Mergers & Acquisitions

COMMERCIAL
LEADERSHIP

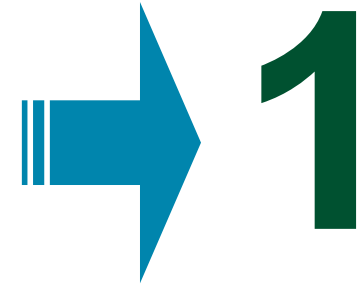
Improving the Customer Journey



200
Websites

120
Price Quote Tool

9
CRMs



Improving the Customer Experience Creates Value for Xylem

Making it Easier and Faster for Customers to Do Business with Us

Xylem Online

- **Accelerates** and **simplifies** the transaction process
- **Leverages** our broad portfolio offering
- **Integrates** the manufacturing processes with commercial transactions



CRM Provides Speed and Cross-Selling Opportunities



Customer: Large U.S. Municipality

Challenge:

- Design-Build plant expansion with accelerated project delivery schedule

Xylem value:

- Broad offering and single point of contact to the design-build firm simplifies and speeds project
- Single customer interface is enabled and supported by our integrated CRM tool
- Our CRM process enabled add-on opportunities outside the original scope of the project

Delivering Customer Value

Our Top Strategic Priorities



Accelerate
Profitable
Growth

- Innovation & Technology
- Commercial Leadership
- Emerging Markets
- Mergers & Acquisitions

EMERGING
MARKETS



Emerging Markets

Steve Leung, President

SEPTEMBER 24, 2015

Emerging Markets Key Messages

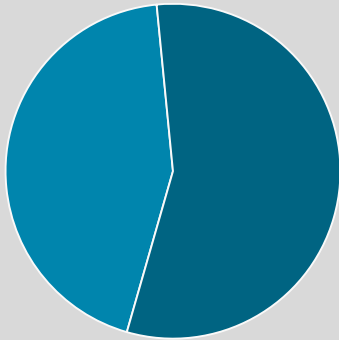
Clear Prioritization and Focused Investments in China, Middle East, and India Drives Greater Market Penetration

Product Localization Drives Increased Sales Opportunities and Lower Product and Distribution Costs

Continued Investment in Local Talent; Building Capabilities to Drive Greater Market Penetration

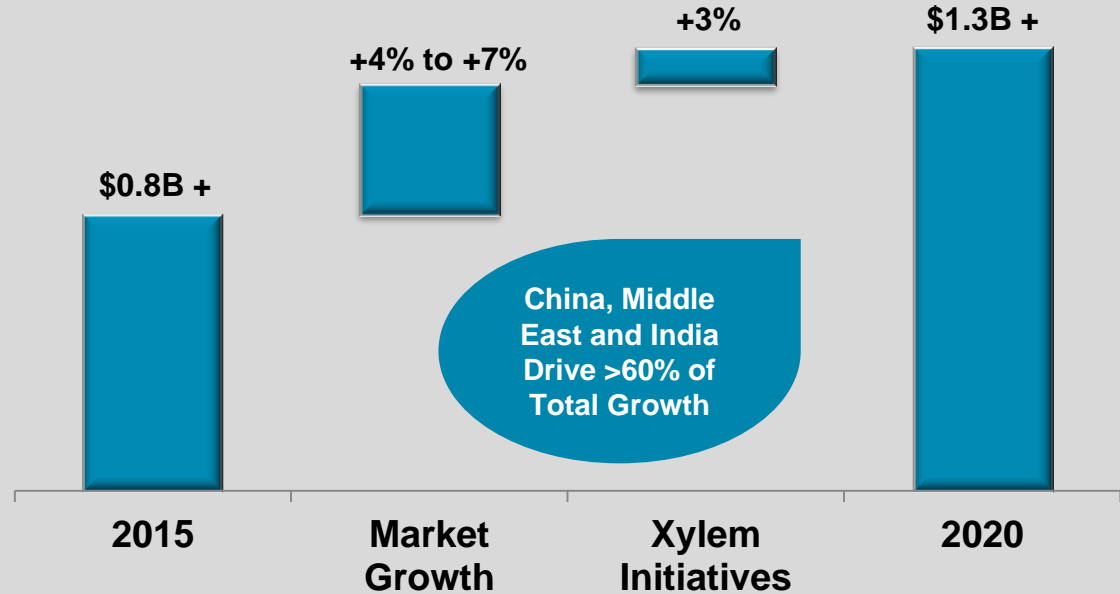
Emerging Markets in Numbers

Revenue



2014 Emerging Market Profile

- China, Middle East and India 41%
- Other Emerging Markets 59%



Focused Investment Drives Market-Plus Growth

Key Emerging Market Dynamics



China

- Established local presence
- Further localizing products and solutions
- Building product management and development capability



Middle East

- Footprint investment to realize full potential
- Localizing manufacturing and supply chain
- Extending and building regional sales capabilities



India

- Established manufacturing and test facilities
- Leveraging engineering capability and supply chain
- Product localization and expanding regional sales channel



China Market Overview



MARKET SIZE & GROWTH

Served
Market Size
\$1.4B

2015E
XYL Revenue
~\$190M

XYL 5 YR
CAGR
~12%

MACRO TRENDS

- Economic growth outpacing developed regions
- Increased urbanization demands more water in cities
- New regulations for water treatment and pollution control

KEY STRATEGIC INITIATIVES

- Shift from pump sales to solution sales
- Accelerate localization
- Expand industrial and aftermarket

Positioned to Capitalize on Significant Growth Opportunities



- > 400 cities suffer from water shortage
- 280 million people lack safe drinking water
- Recent government mandate focused on water pollution, protection and control
- Ministry of Environmental Protection estimates > \$230 billion spend for water treatment and related services

Xylem Recognized Locally as a Water Technology Leader

Case Study: Delivering Customer Value



Customer: Beijing Drainage Group Co., LTD (BDG)

Background:

- Primary supplier of public utility services in Beijing
- Responsible for wastewater transport, treatment and reuse for China's capital city

Xylem value:

- Equipment supplied to numerous wastewater treatment plants and pump stations operated by BDG
- Xylem products installed in more than 80% of BDG-owned treatment facilities and pump stations

Growth Opportunity Through Key Account Management

Building a Greater Local Presence to Accelerate Growth

SHENYANG FACTORY EXPANSION



3X
Capacity



**Modest Capital Investment
Required To Drive Long-Term Returns**

PRODUCT LOCALIZATION



- Locally designed integrated pump station for new wastewater infrastructure
- 300% revenue increase projected this year

**Localized Solutions Address
Immediate Market Demand**

Middle East Market Overview



MARKET SIZE & GROWTH

Served
Market Size

\$1.7B

2015E
XYL Revenue

~\$120M

XYL 5 YR
CAGR

~15%

MACRO TRENDS

- Wealthy, high-growth economies
- Population growth, industrialization, water scarcity
- Growing water reuse demand
- Energy efficiency requirements

KEY STRATEGIC INITIATIVES

- Accelerate localization of product assembly
- Expand sales offices
- Deploy engineering, product and aftermarket resources

Building a Greater Local Presence to Accelerate Growth



Xylem in the Middle East Today:

- Four offices, one JV
- 89% indirect sales through 30+ distributors

Planned Expansion

- Four new offices by 2016
- Sales, manufacturing, assembly and support

\$25 Million Investment to Deliver ~\$250M of Revenue by 2020

Case Study: Delivering Customer Value

Customer: Bahrain Ministry of Works

Challenge:

- Water scarcity requires reliable and efficient reuse technology to meet local water supply and irrigation demands

Xylem value:

- Reuse application expertise
- Ozone technology installation increases capacity by 20%

India Market Overview



MARKET SIZE & GROWTH

Served Market Size	2015E XYL Revenue	XYL 5 YR CAGR
\$0.5B	~\$35M	~15 - 20%

MACRO TRENDS

- Economic growth outpacing developed regions
- Government focus on water quality and infrastructure
- Increased urbanization, network build-up, smart cities
- Structural opportunity from infrastructure build-out

KEY STRATEGIC INITIATIVES

- Customer engagement/awareness as thought leader
- Localization and customization of products
- Treatment solutions for river cleaning and smart cities

Case Study: Delivering Customer Value



Customer: Sardar Sarovar Narmada Nigam Ltd.

Challenge:

- Plan for world's largest lift irrigation system
- Providing critical water supply to over 3,000 villages

Xylem value:

- Reliable and energy efficient hydraulic pump design
- Application expertise and support service

\$32M Project Win Highlights
Significant Growth Potential in India

Emerging Markets Key Messages

Clear Prioritization and Focused Investments in China, Middle East, and India Drives Greater Market Penetration

Product Localization Drives Increased Sales Opportunities and Lower Product and Distribution Costs

Continued Investment in Local Talent; Building Capabilities to Drive Greater Market Penetration

Our Top Strategic Priorities



Drive Continuous Improvement





Continuous Improvement

Optimizing Core Value

Anthony Milando, Senior Vice President

SEPTEMBER 24, 2015

Continuous Improvement Key Messages

Business Simplification

Eliminating structural, process and product complexity

Breakthrough Procurement

Expanding capabilities and leveraging scale to drive “top quartile” productivity

Elevating Our Lean Game

Creating a step change improvement through revamped training and expanding our focus beyond the “4-walls” of manufacturing

Continuous Improvement Initiatives Optimize Core Value

Cost savings drive ~300+ basis points of Operating Margin expansion by 2020

Continuous Improvement Initiatives Optimize Core Value

(Dollars In Millions)

Year 2020 Targets

**Global
Procurement**

**Lean &
Six Sigma**

\$125 - \$145
Annual Rate Savings

*Top Quartile
Performance*

5+%

Productivity

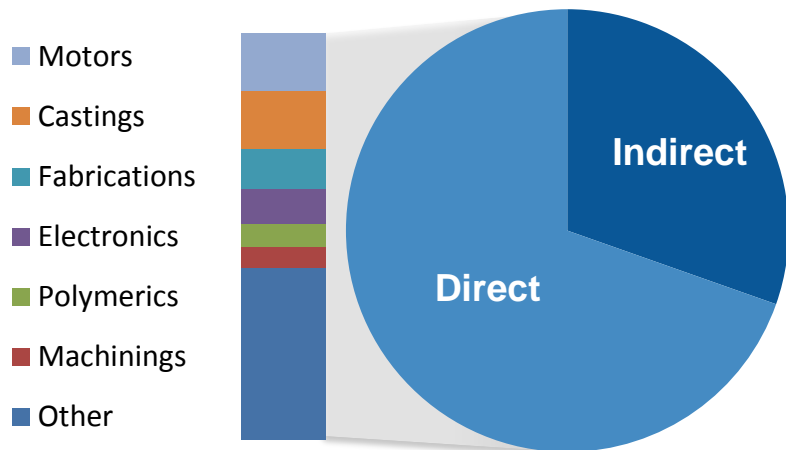
**Business
Simplification**

\$60 - \$75
1x Cost Reduction

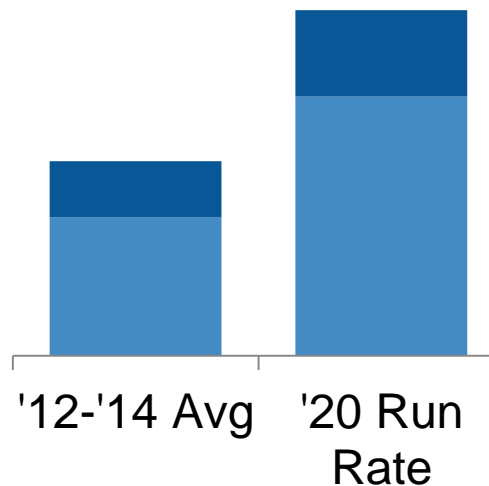
Cost Savings Drive ~300+ Basis Points of Operating Margin Expansion

Breakthrough Procurement

Annual Spend: \$1.8B



Initiatives Driving
Top Quartile Productivity



5+%
Run Rate
Savings By
2020

Significant Opportunity to Leverage Global Scale

Breakthrough Procurement *Indirect Spend*

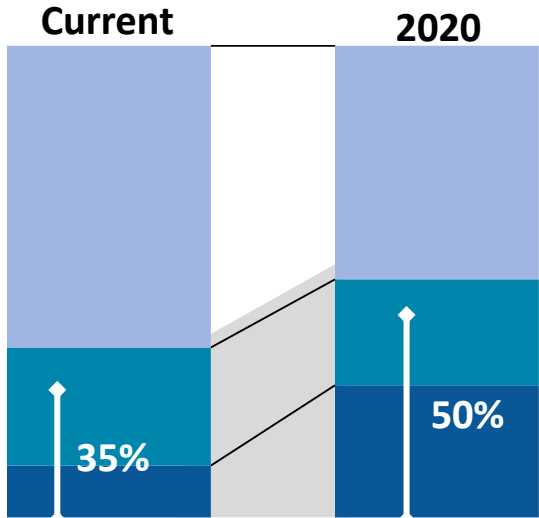


10%
Savings Target

Indirect Spend Represents a Significant Opportunity

Breakthrough Procurement *Value Engineered Redesign*

SOURCE OF SAVINGS



■ Value Eng. ■ Resource ■ Negotiation

HOW WE GET THERE

- | | | |
|-------------------------------|-------------------------------|--------------------------------|
| 1
Voice of Customer | 2
Supplier Insights | 3
Design Perspective |
|-------------------------------|-------------------------------|--------------------------------|

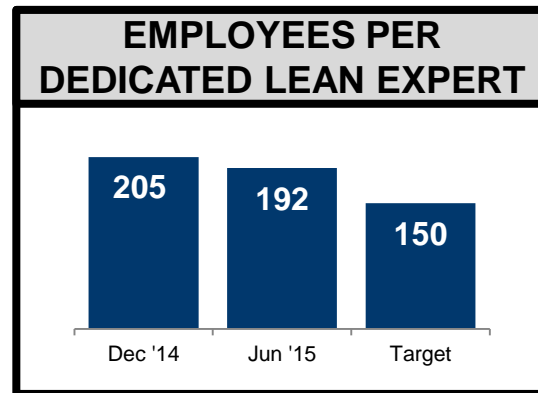
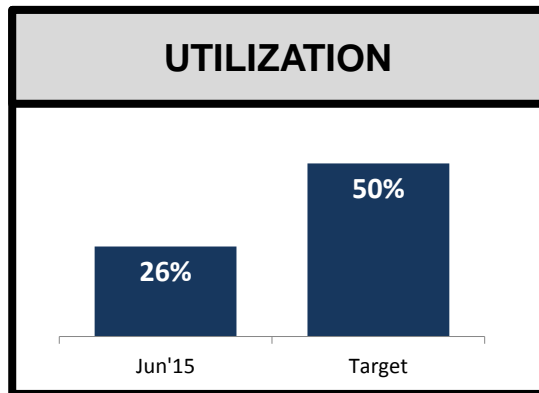
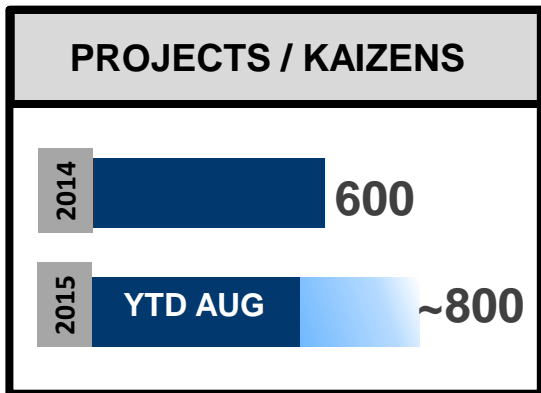
..... Initial Pilot



15%
Cost Savings Identified

Shifting Productivity Mix For Sustainable Cost Reduction

Elevating Our “Lean” Game



CURRENT CAPABILITIES

Lean Deployed in Factories

Large # of Trained People

Standard Associate Training

OPPORTUNITIES

Lean in the Office

Increased Deployment

Executive Training

Increasing the Level of Impact

Case Study: Elevating Our “Lean” Game *Application*

IN THE FACTORY – AUBURN, NY

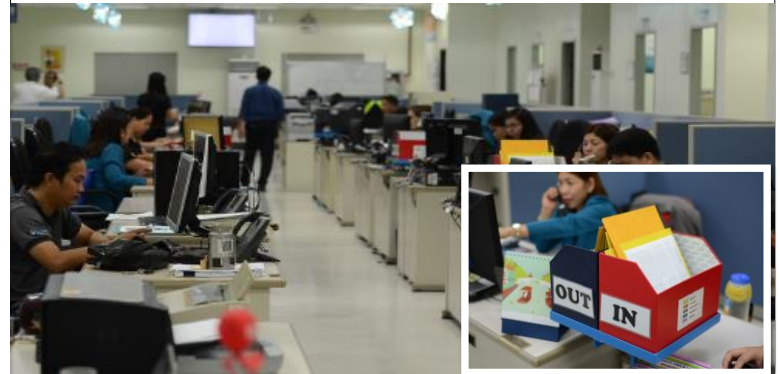
	Before	After	Chg
Job Safety Analysis	24.9	3.8	-85%
Cycle Time (sec / unit)	506	318	-37%
Footprint (sq ft)	1,472	600	-59%



IN THE OFFICE - PHILIPPINES

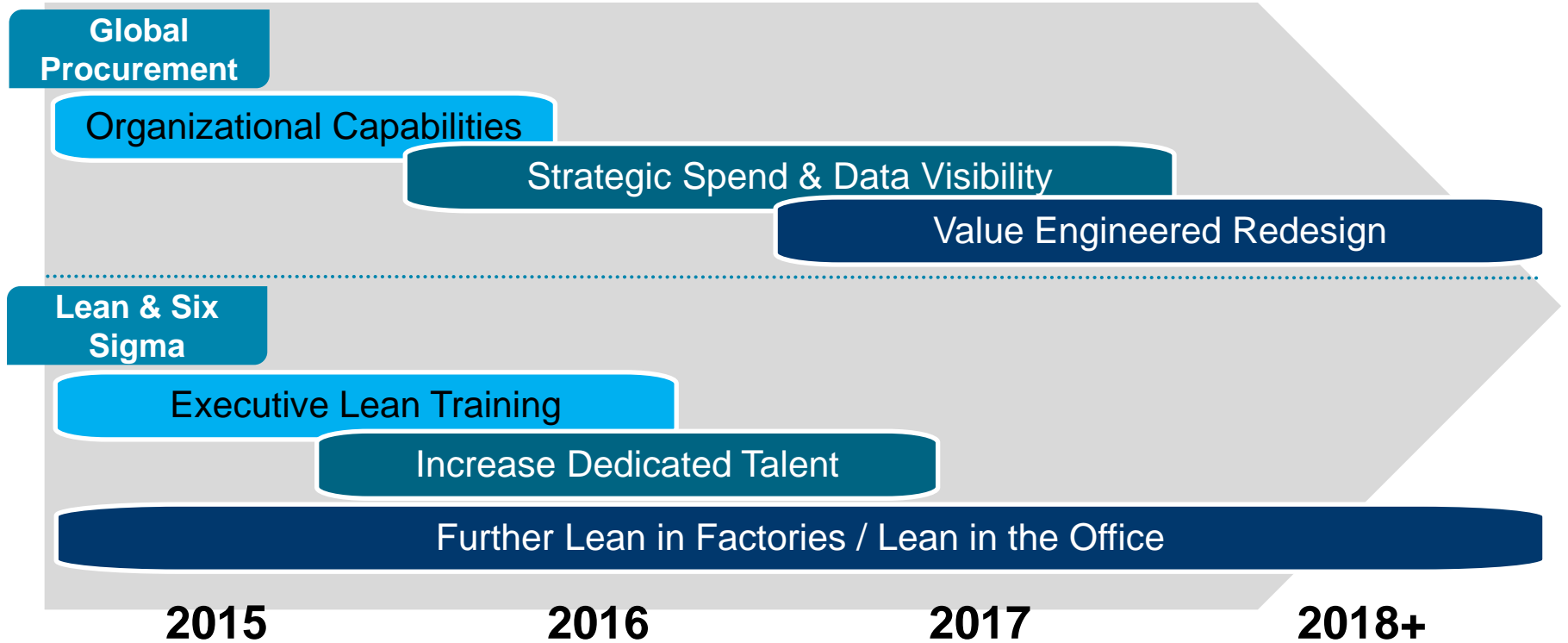
	Before	After	Chg
Order Processing (Days)	5+	<1	-85%

- “Single Piece” Flow Customer Service
- Visual monitoring of Bottlenecks



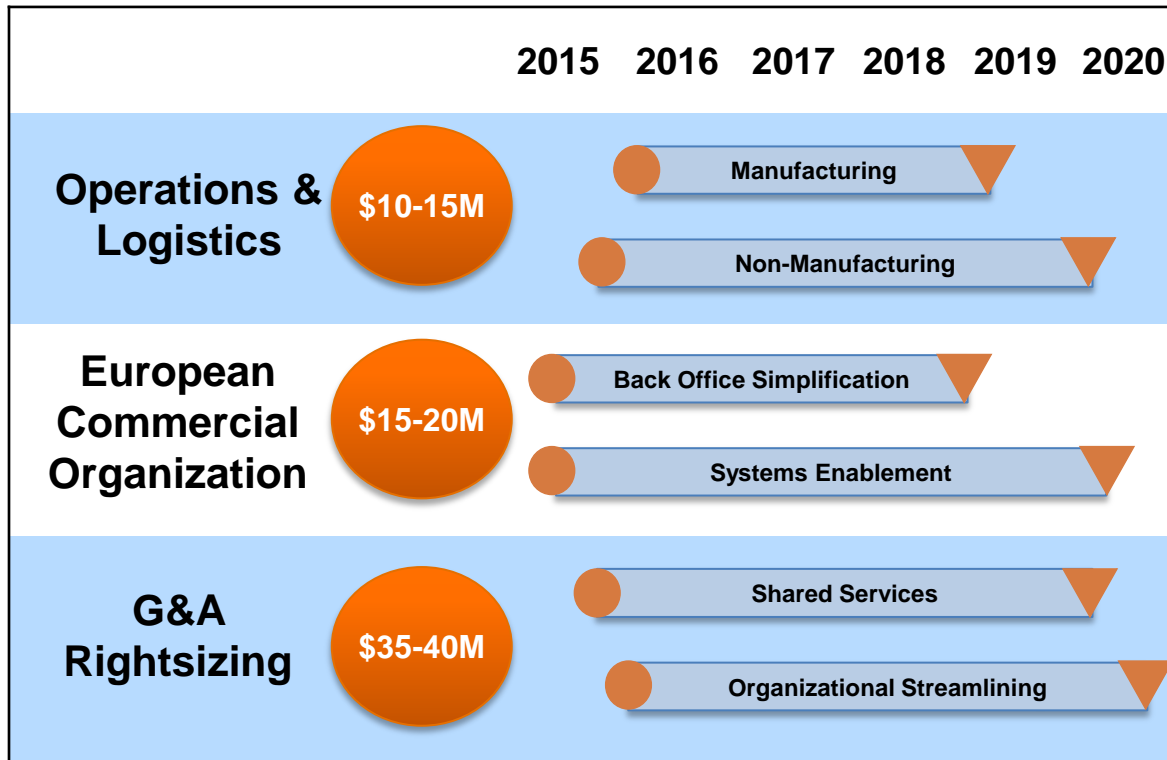
Driving Improvements Everyday

Breakthrough Procurement *Long-Term Roadmap*



Procurement & Lean Maturity Drive Multi-Year Returns

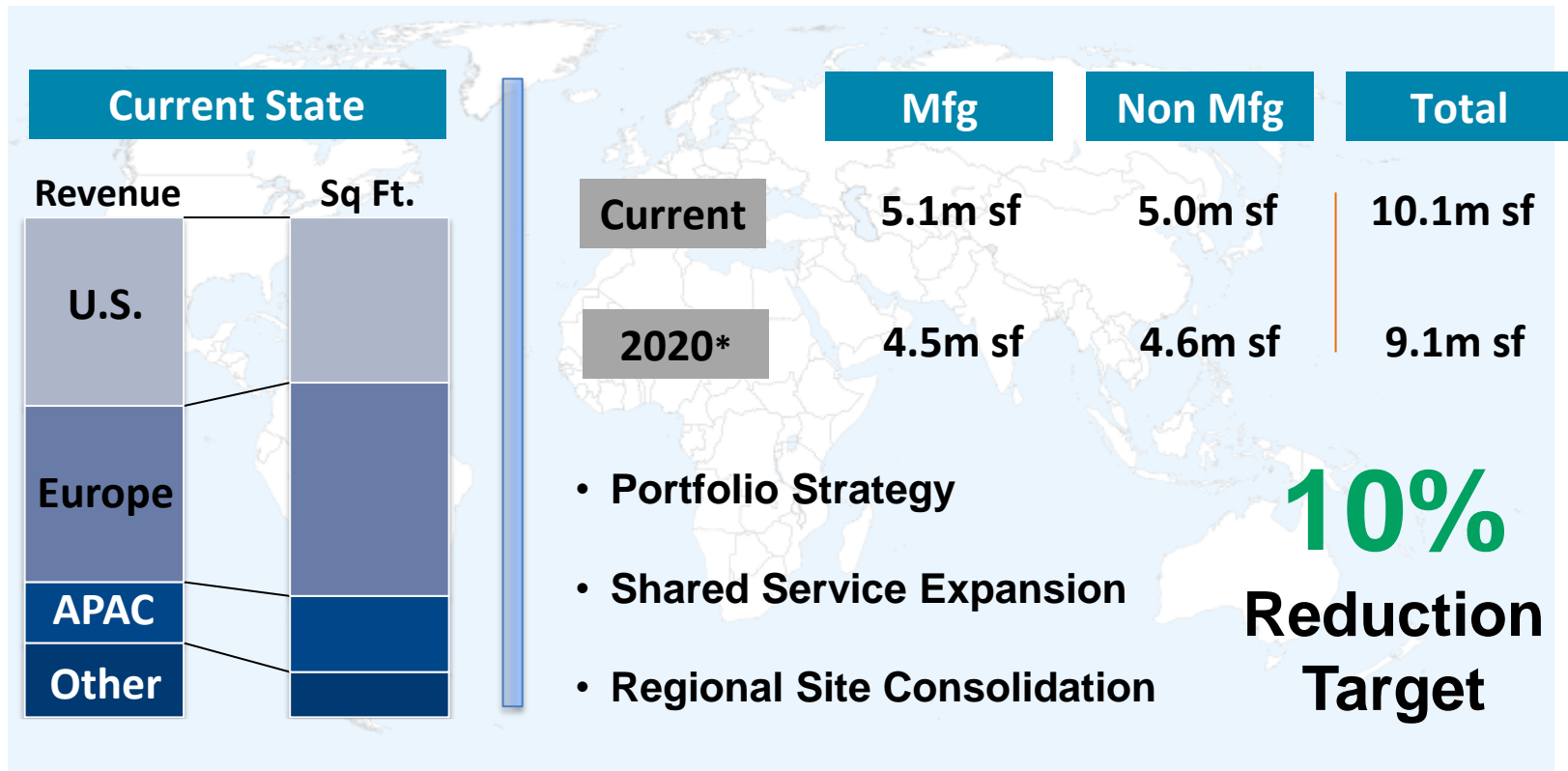
Business Simplification Roadmap



Initiatives to drive
cost savings of
\$60-\$75M
by 2020

Business Streamlining Benefits Begin in 2016

Business Simplification *Operations / Logistics*



Business Simplification *European Commercial Organization*

Objectives:

- Reduce business complexity
- Increase sales force efficiency & customer-facing opportunity
- Leverage full portfolio
- Standardize systems to increase shared services capabilities



Increasing Customer Satisfaction While Driving Profitable Growth

Continuous Improvement Key Messages

Business Simplification

Eliminating structural, process and product complexity

Breakthrough Procurement

Expanding capabilities and leveraging scale to drive “top quartile” productivity

Elevating Our Lean Game






Creating a step change improvement through revamped training and expanding our focus beyond the “4-walls” of manufacturing

Continuous Improvement Initiatives Optimize Core Value

Cost savings drive ~300+ basis points of Operating Margin expansion by 2020

Xylem's Value Creation Roadmap

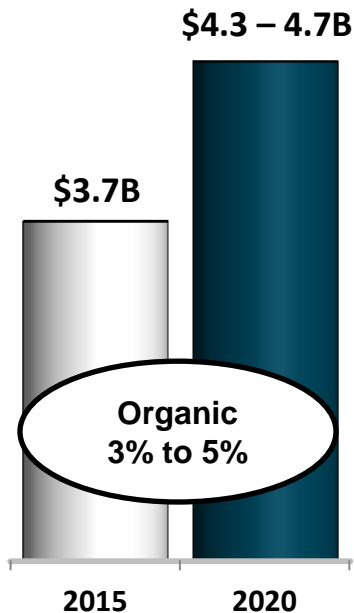


OPTIMIZE OUR BUSINESS	BALANCED CAPITAL DEPLOYMENT
 <p>Accelerate Profitable Growth</p>  <p>Drive Continuous Improvement</p>  <p>Leadership & Talent Development</p>	 <p>Mergers & Acquisitions</p>  <p>Return Capital to Shareholders</p>
FOCUS ON EXECUTION & ACCOUNTABILITY	

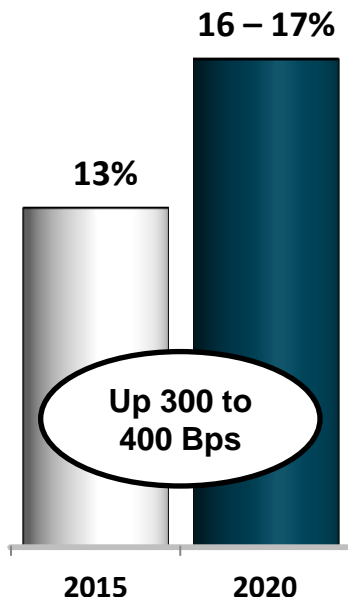
2020 Targets

Aggressive But Achievable Organic 2020 Targets

REVENUE



OP MARGIN



Highlights & Assumptions

- **Strategic Initiatives Drive Above Market Growth**
 - Total organic growth 3% to 5%
 - End market growth 2% to 3%
- **Op Margin Expands 300 to 400 bps**
 - Strong conversion drives 120 to 220 bps
 - Continuous Improvement drives ~300+ bps
 - Increased R&D Investment ~100 bps
- **Other P&L Highlights/Assumptions**
 - Gross Margin range of 42% to 43%
 - G&A cost reduction of ~200 bps
 - Share Count Flat / ~21% Tax Rate

Disciplined Financial Policy Delivers Value and Upside

MANAGE LEVERAGE

- Intend to maintain **investment grade** Credit Rating
- Leverage today: **2.8x**
- Target leverage ratio **2.5-3.0x** EBITDA

INVEST IN GROWTH

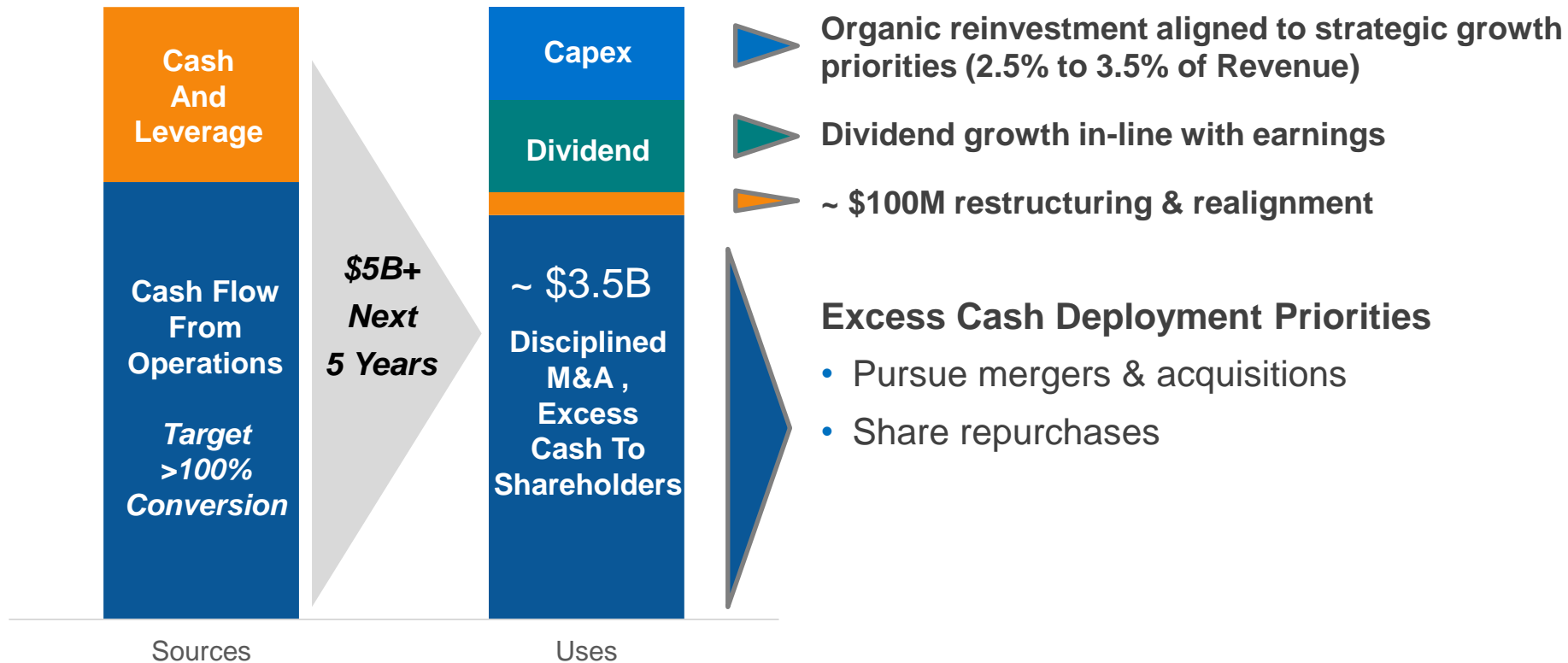
- **High ROI organic investments** to support growth and productivity
- **Disciplined M&A to accelerate** growth

RETURN CASH TO SHAREHOLDERS

- **Grow dividends** in-line with earnings
- Excess cash **enhances returns**
- **Opportunistic share repurchase**

Financial Flexibility to Drive Disciplined Growth Strategy & Enhance Return of Capital to Shareholders

Strong Cash Flow and Capital Structure Enables Balanced Capital Deployment



M&A Overview

- Strategic Platforms
 - Measurement, Analytics and Control
 - Advanced Treatment
 - Industrial Water Services
 - Defend the Core
- Disciplined Criteria

Strategic
Fit

IRR > Cost
of Capital

ROIC >
Cost of
Capital in 3
to 5 Years

EPS
Accretive
After 1st
Year

2020 Target Roadmap → Pace Accelerates

	2015 Baseline	To 2018	To 2020
Revenue / CAGR	\$3.6 to \$3.7B	3 to 4%	3 to 5%
Op Margin	13.0 to 13.2%	14% to 15%	16% to 17%
Organic EPS (Flat Share Count)	\$1.82 to \$1.87	8% to 10%	8% to 12%

High-Teens EPS Growth Driven by Accelerated Capital Deployment

2020 Objectives

MARKET LEADER

Faster Than Market Growth

INCREASING SHAREHOLDER VALUE

High Teens EPS Growth Driven by
Accelerated Capital Deployment

MORE GLOBAL

Emerging Market
>25% of Total Revenue

MORE INNOVATIVE

>25% Vitality Index

MORE EFFICIENT

17% Operating Margin





Transport

Tomas Brannemo, President

SEPTEMBER 24, 2015

Transport Key Messages

Well-Positioned Ahead of Public Utility Market Recovery in Developed Regions

Innovative Smart Technologies Strengthen Market Leading Portfolio

Emerging Market Localization Provides New Growth Opportunities and Improved Profitability

Powerful Combination of Large Installed Base and Aftermarket Services Provides Sustainable Growth

Transport Overview



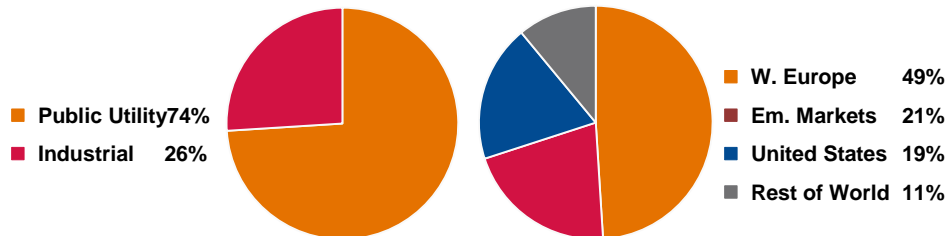
PROFILE

Served Market Size	2015E XYL Revenue	XYL 5 YR CAGR
\$7B	\$1B	Mid-Single Digits



- Global leader in highly engineered wastewater pump technologies and services
- World-class application expertise
- Unrivaled sales and service footprint

2014 REVENUE PROFILE



Innovative Smart Technologies Strengthen Market Leading Portfolio

FOCUSED ON NEW CAPABILITIES & TECHNOLOGIES

Product
Solutions



Systems
Solutions

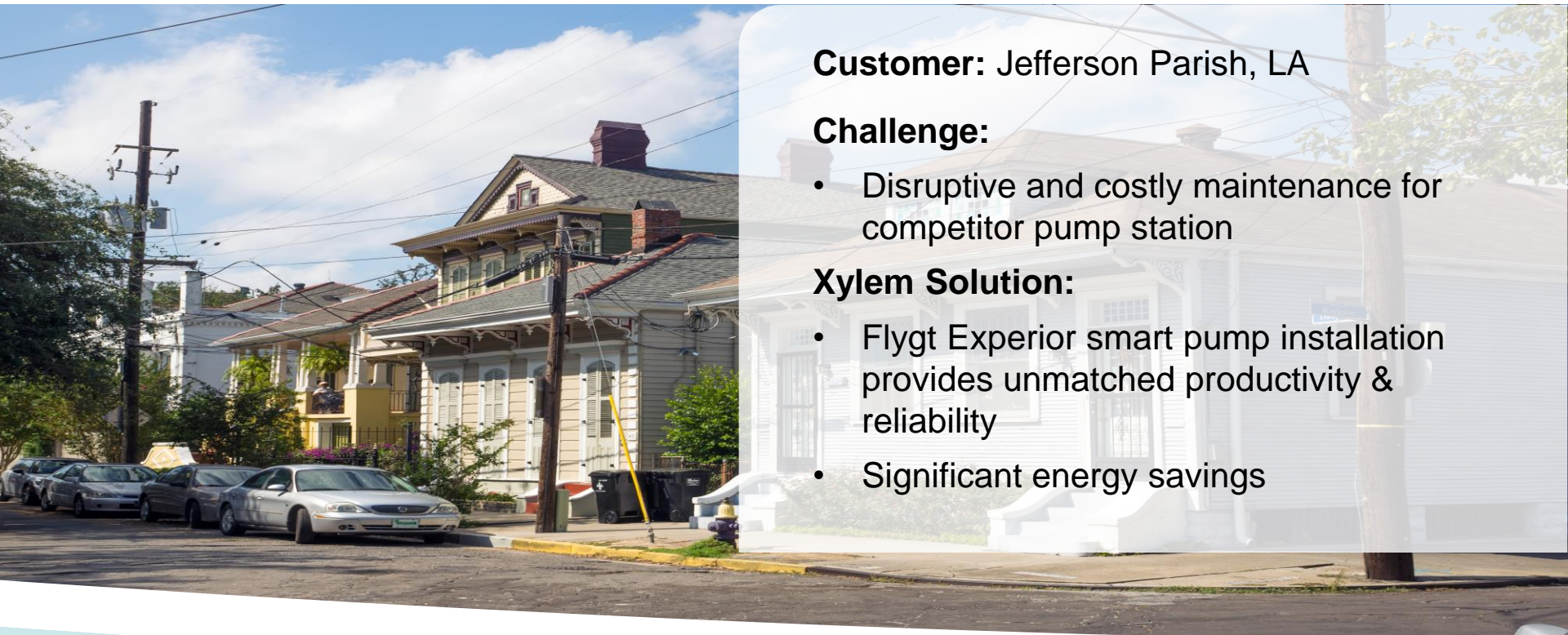


Digital
Solutions



~25% Vitality Index by 2020

Delivering Customer Value



Customer: Jefferson Parish, LA

Challenge:

- Disruptive and costly maintenance for competitor pump station

Xylem Solution:

- Flygt Experior smart pump installation provides unmatched productivity & reliability
- Significant energy savings

Smart Infrastructure Enabled By Monitoring & Controls



How it Creates Value:

- Automation maximizes performance
- Minimizes costly emergency maintenance calls
- Provides remote and real-time monitoring and alerts
- Enables preventative maintenance for maximized equipment run-time

Accelerating Growth Through Innovation

Case Study: Success of M&C in the Netherlands



Customer Challenge:

- Wide-spread network of unintegrated pump stations
- Lack of infrastructure visibility leading to operating inefficiencies

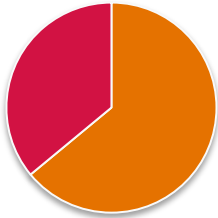
Xylem Solution:

- Cloud technology provides for real-time remote monitoring
- Provides automation to maximize pump station efficiency

Provides Significant Revenue Upside to our Portfolio and Delivers Customer Value

Powerful Combination of Large Installed Base and Aftermarket Services Provides Sustainable Growth

XYLEM TOTALCARE SERVICES OFFERING



- Equipment Sales 64%
- Aftermarket P&S 36%



- 140 Service Centers, across 30 countries
- Largest installed base of wastewater pumps
- Opportunity to grow advanced services offering

Attractive Growth Opportunity



Transport Key Messages

Well-Positioned Ahead of Public Utility Market Recovery in Developed Regions

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Dewatering

Dave Flinton, President

SEPTEMBER 24, 2015

Dewatering Key Messages



Climate Volatility Provides Upside to Our Strong Position in Growing Construction and Public Utility Markets

Opportunity to Accelerate Growth in Europe and Emerging Markets Leveraging Existing Footprint

Branch Standardization and Improved Asset Utilization Further Enhances Attractive Return Profile

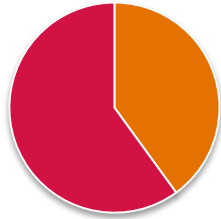
Dewatering Overview



PROFILE		
Served Market Size	2015E XYL Revenue	XYL 5 YR CAGR
\$4B	\$640M	Low-to-Mid Single Digits
 	<ul style="list-style-type: none"> • Established market leader • Broad market and applications knowledge • 24/7 customized specialty rental services 	
2014 REVENUE PROFILE		
<ul style="list-style-type: none"> ■ Industrial 80% ■ Public Utility 20% 		<ul style="list-style-type: none"> ■ United States 49% ■ Em. Markets 18% ■ W. Europe 17% ■ Rest of World 16%

Powerful Combination of Sales and Customized Specialty Rental

HYBRID BUSINESS MODEL



- **Rental Services** 40%
- **Equipment Sales** 60%

- Strong customer focus
- High quality products and value-added services
- Application engineering support
- Unparalleled 24/7 capabilities

A DIVERSIFIED RENTAL OFFERING

INDUSTRIAL **80%**



PUBLIC UTILITY **20%**



Delivering Customer Value *Application Expertise*



Customer: Panama Canal

Challenge:

- Time sensitive project deadline with complex, logistics, engineering and application requirements

Xylem solution:

- Turnkey service, logistics and engineering support to deliver specialty dewatering equipment

Unmatched Reliability and Service Capability

Delivering Customer Value *Emergency Response*



Customer: NYC DEP

Challenge:

- Emergency bypass for infrastructure failures;
- Long-term solution to support urban resilience program

Xylem solution:

- Specialty rental and sales offering
- Application expertise and 24/7 emergency response capability

Unmatched Reliability and Service Capability

Innovation: Rental Business Model Deployment

GEOGRAPHIC EXPANSION TO ACCELERATE GROWTH

- Strong brands and application knowledge
- Building on proven Dewatering platform
- Leveraging the breadth of Xylem's Commercial Teams
- Expanding through “hub & spoke” model
- Standardizing branch operations to drive ROIC

Footprint Expansion Plans:
10+ branches annually
\$150M+
incremental
revenue by 2020

Dewatering Key Messages

Climate Volatility Provides Upside to Our Strong Position in Growing Construction and Public Utility Markets

Opportunity to Accelerate Growth in Europe and Emerging Markets Leveraging Existing Footprint

Branch Standardization and Improved Asset Utilization Further Enhances Attractive Return Profile



Analytics and Treatment

Colin Sabol, President

SEPTEMBER 24, 2015

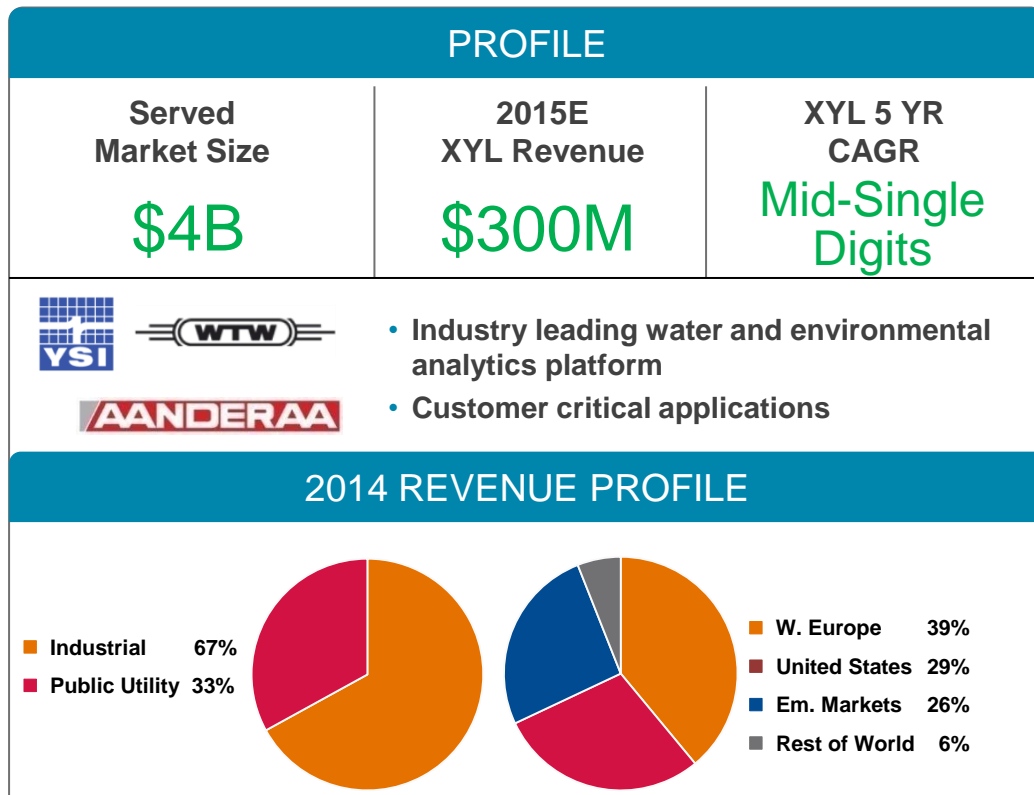
Analytics and Treatment Key Messages

Heightened Environmental Focus and More Stringent Regulatory Standards Create New Growth Opportunities

Innovation to Meet Increasing Demand for More Efficient, Effective and Smarter Infrastructure

Leveraging Customer Relationships of Other Xylem Businesses To Capture Market Share

Analytics Overview



Treatment Overview



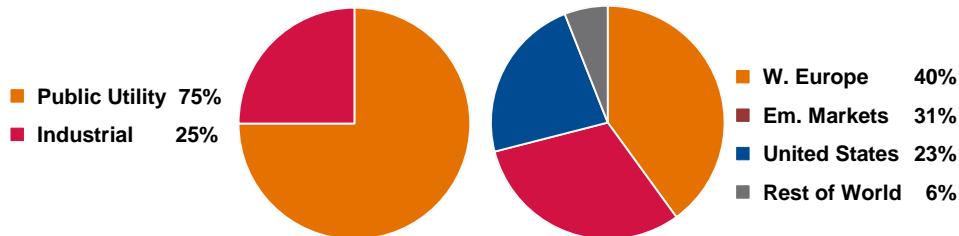
PROFILE

Served Market Size	2015E XYL Revenue	XYL 5 YR CAGR
\$6B	\$320M	Mid-to-High Single Digits



- Highly engineered products expertise and systems capability
- Broad portfolio of filtration, biological and disinfection technologies

2014 REVENUE PROFILE



Delivering Value for Customers



Customer: City of San Diego, CA

Customer challenge:

- Water scarcity and extreme drought have significantly strained resources
- Provide quality water at a lower life-cycle cost than that of developing a new water supply

Xylem solution:

- A pilot treatment system for water reuse prior to investing in a full-scale treatment solution
- Broad range of technologies for a custom engineered solution designed to local wastewater treatment standards

Innovation to Meet Increasing Demand for More Efficient, Effective and Smarter Infrastructure

FOCUSED ON NEW CAPABILITIES & TECHNOLOGIES

Product Solutions



Systems Solutions



Digital Solutions



~ 30% Vitality Index

Addressing The Most Stringent Environmental Needs For Industrial Customers



Customer: Shenhua Ningxia Coal Industry Group Co., China

Customer Challenge:

- Achieving a water quality level that allows for water reuse
- Increasing regulatory focus and enforcement for industrial wastewater

Xylem solution:

- Highly engineered ozone disinfection system to treat water so it can be reused in process cooling application

Ensuring Water Quality Through Remote Data Monitoring



Customer: NYC DEP

Customer Challenge:

- Provide daily monitoring of reservoir network for NYC drinking water to provide data and predictive intelligence

Xylem solution:

- Provided profiler and buoy systems to optimize water intake depths and provide data to manage and treat algae blooms as well as other water quality parameters

Analytics and Treatment Key Messages

Heightened Environmental Focus and More Stringent Regulatory Standards Create New Growth Opportunities

Innovation to Meet Increasing Demand for More Efficient, Effective and Smarter Infrastructure

Leveraging Customer Relationships of Other Xylem Businesses To Capture Market Share



Applied Water Systems

Ken Napolitano, President

SEPTEMBER 24, 2015

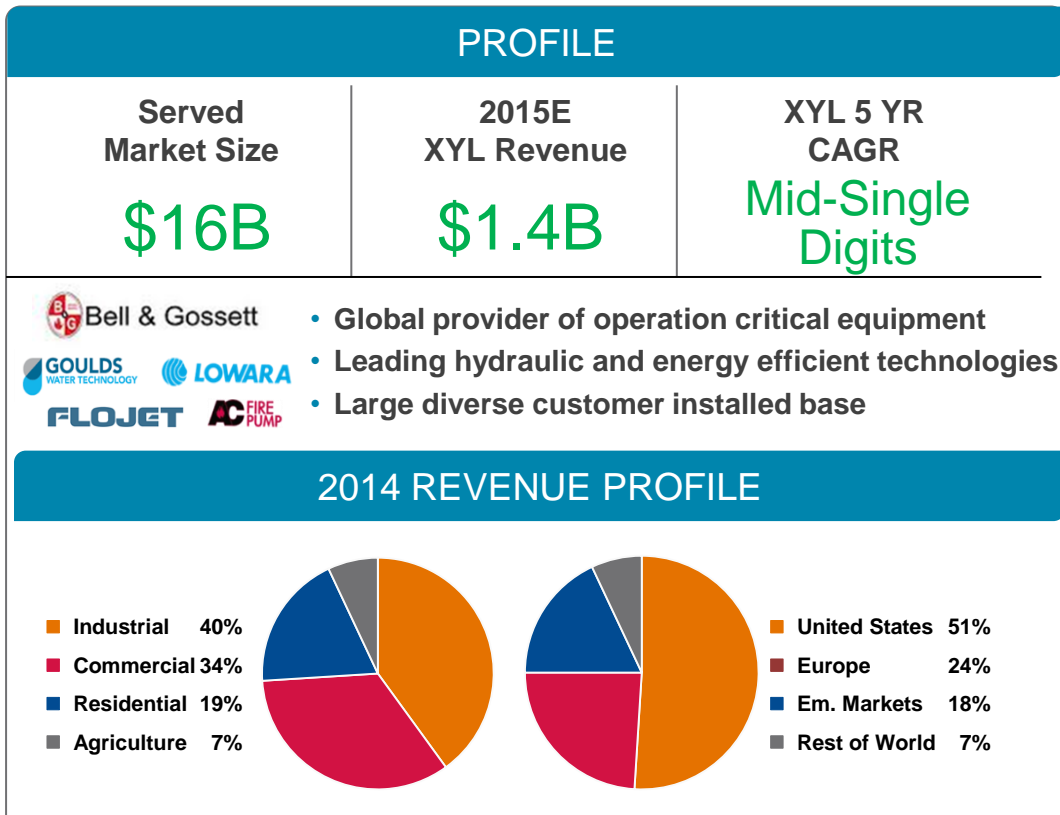
Applied Water Systems Key Messages

Innovation Drives Differentiated “Smart” and Digital Technologies ... Global Water Platforms Accelerate Growth and Streamline Operations

New Regulation Increases Demand For More Energy Efficient Technologies in Developed Regions

Emerging Market Localization to Increase Share in Faster Growth Regions

Applied Water Systems Overview



Delivering Customer Value



Customer: National Renewable Energy Laboratory,
US Dept. of Energy

Customer Challenge:

- Efficient cooling and heating of large supercomputer data center with stringent energy use regulations

Xylem solution:

- Commercial HVAC expertise coupled with premium performance pumps and heat exchangers to enable an unmatched energy-efficient hydronic system solution

New Regulation Increases Demand For More Energy Efficient Technologies in Developed Regions



Phase 1 – 2013

Phase 2 – 2015

Phase 3 – 2020



**New Regulation
Implementation
Expected in 2020**



We Are Well-Positioned to Benefit From New Requirements

Innovation Drives Differentiated “Smart” and Digital Technologies ... New Product Launches Accelerate Growth

FOCUSED ON NEW CAPABILITIES & TECHNOLOGIES

Product Solutions



Systems Solutions



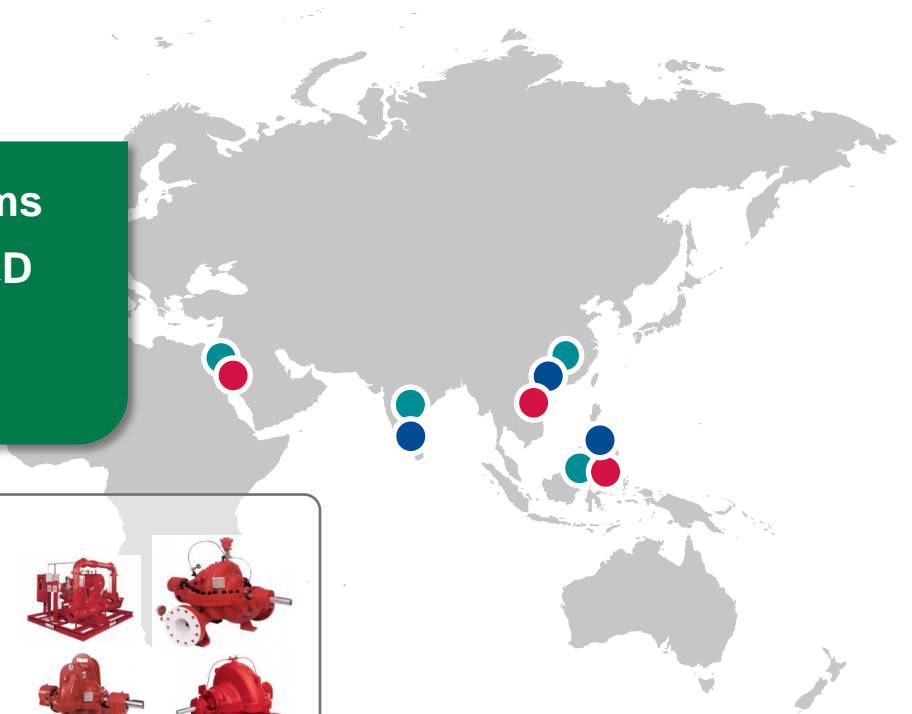
Intelligent Solutions



~25% Vitality Index by 2020

Emerging Market Localization to Increase Share in Faster Growth Regions

- Portfolio Redesign to Global Water Platforms
- Localized Investment in Manufacturing, R&D and Support Capabilities
- Leveraging Footprint



Applied Water Systems Key Messages

Innovation Drives Differentiated “Smart” and Digital Technologies ... Global Water Platforms Accelerate Growth and Streamline Operations

New Regulation Increases Demand For More Energy Efficient Technologies in Developed Regions

Emerging Market Localization to Increase Share in Faster Growth Regions

Investment Thesis

WE WILL BENEFIT FROM A FAVORABLE MACRO OUTLOOK

Well positioned in key end markets with sustainable growth profiles for the next 5 years



MARKET-PLUS GROWTH DRIVEN BY FOCUSED STRATEGIES

Increased investment in faster-growth regions and innovation



RUNWAY FOR FURTHER MARGIN EXPANSION

Multi-year plan continues to create value → 300 to 400 bps over next 5 years



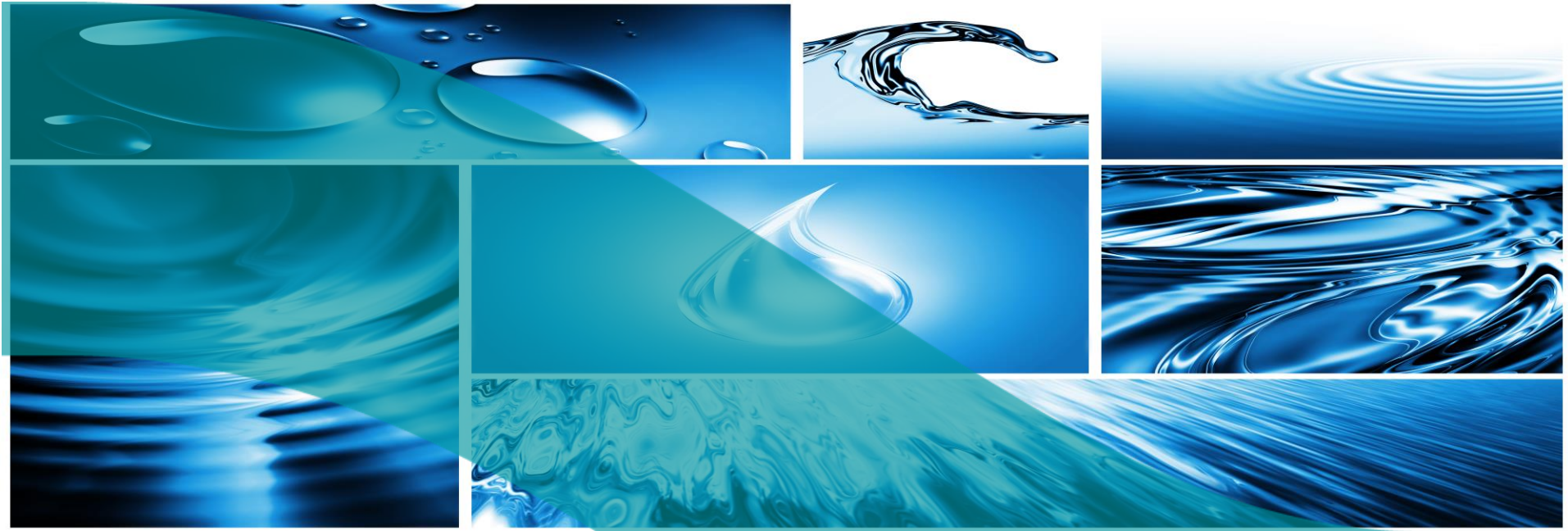
ACCELERATING CAPITAL DEPLOYMENT TO CREATE VALUE

Strong cash flow generation and capital structure enables significant value creation



xylem

Let's Solve Water



Executive Leadership

Patrick K. Decker

President and Chief Executive Officer



Mr. Decker was named President and Chief Executive Officer of Xylem in March 2014. He also serves as a Director on the Board.

He joined Xylem from Harsco Corporation, a global industrial services company where he was President and Chief Executive Officer since 2012. Prior to that, he served in a number of leadership roles at Tyco International's Flow Control business, ultimately serving as President of Tyco Flow Control, a \$4 billion leader in industrial flow control solutions. At Tyco, he led the effort that resulted in the separation of the Flow Control business from the parent company.

Earlier in his career, Decker held a number of progressively responsible financial leadership positions at Bristol-Myers Squibb Company, including nine years of service in Latin America and Asia. He started his career as an auditor for Price Waterhouse LLP, now PricewaterhouseCoopers, LLP.

He currently serves on the advisory council for the Dean of the Kelley School of Business at Indiana University. He earned a Bachelor of Science degree in accounting and finance from Indiana University in Bloomington, Indiana

Tomas Brannemo

Senior Vice President and President, Transport and President, Xylem Europe GmbH



As President of Xylem's Transport business, Tomas is responsible for all aspects of global operations including strategy, sales and marketing, product development, manufacturing, and supply chain for the strong product-focused brands in this business, including its market-leading Flygt brand serving the municipal and industrial wastewater markets. As President of Xylem Europe GmbH, he is responsible for Xylem's European headquarters operations in Schaffhausen, Switzerland, where he is based. In this role, he oversees all of the key functions for the region.

Prior to his current role, Mr. Brannemo served as Vice President and Director, Aftermarket and Service for Xylem's water and wastewater business. Before that, he held various marketing, sales and engineering leadership positions with Volvo Construction Equipment. Earlier in his career, he held a number of increasingly responsible positions with ABB Automation Products.

Mr. Brannemo received a Master of Science degree in Electrical Engineering from the Royal Institute of Technology in Stockholm, and a Master of Business Administration from Uppsala University in Sweden.

Nicholas R. Colisto

Senior Vice President and Chief Information Officer



Nicholas Colisto is responsible for ensuring that Xylem's information technology (IT) strategy and staffing support Xylem's global business. He oversees the company's integrated systems management as well as the implementation of its technological strategy to increase information accessibility.

Prior to joining Xylem, he served in executive IT positions at Hovnanian Enterprises and was subsequently appointed to Vice President and CIO. Mr. Colisto was also an Executive Director of IT at Boehringer Ingelheim Pharmaceuticals. Earlier in his career, he served in a number of IT positions at Priceline.com, Hyperion Solutions, Pepsi-Cola and Bayer.

Mr. Colisto is the author of *The CIO Playbook: Strategies and Best Practices for IT Leaders to Deliver Value*. He serves on the academic advisory board at Rutgers University in New Jersey and formerly served on the foundation board of trustees for Bayshore Community Hospital, part of the Meridian Health Network.

Mr. Colisto graduated from Pace University in New York with both a Bachelor of Business Administration in Management Information Systems and a Master of Science in Information Systems

David Flinton

Senior Vice President and President, Dewatering*



Dave Flinton was named Senior Vice President and President of Xylem's Dewatering business in September 2015. He is responsible for all aspects of global operations including strategy, sales and marketing, product development, manufacturing, and supply chain. Xylem is a world leader in tough, reliable portable pumps for dewatering, bypass and drainage applications delivered to customers through two distinct business models: Rentals, and Sales and Service. Xylem's dewatering offerings are delivered under the brands Godwin, Flygt and Grindex.

Prior to his current role, Mr. Flinton served as Vice President, Engineering and Marketing for Xylem's Applied Water Systems (AWS) division since 2013, where he was responsible for the Company's three AWS business units, as well as marketing communications, business intelligence, engineering services, innovation and technology, and e-business. Previously, he served as Vice President, Global Product Management for AWS and Vice President, Strategy and IMS for the Company's former Water Solutions division in Sundbyberg, Sweden. Mr. Flinton joined ITT in 1997 and spent 10 years in a series of increasingly responsible positions in the company's Industrial Products group. Prior to joining the company, he held various engineering positions for Procter & Gamble and Werner Pump.

Mr. Flinton earned a Bachelor of Science degree in mechanical engineering from Worcester Polytechnic Institute in Worcester, Mass., and an MBA from the University of Rochester William E. Simon School of Business.

Jayanthi Iyengar

Senior Vice President and Chief Innovation and Technology Officer



Jayanthi (Jay) Iyengar joined Xylem in 2015 and is responsible for leading the Company's global R&D, technology and innovation activities as well as evaluating the technological landscape and accelerating the Company's customer-driven innovation agenda.

Prior to her current role, Ms. Iyengar served as Group Vice President, Engineering and Technology and Chief Technology Officer for the Eaton Corporations' Aerospace Group. Previously, she held a series of increasingly responsible leadership roles over 15 years at Chrysler Group, including Global Director, Electrified Powertrain and Senior Manager and Chief Engineer, Hybrid Development Center.

Ms. Iyengar received a Bachelor's degree in Mechanical Engineering from Mysore University in Karnataka, India, a Master of Science in Mechanical Engineering from Indian Institute of Technology in Mumbai, and a Master of Science in Mechanical Engineering from Wayne State University in Detroit, Michigan. She has also served on the board of the IEEE (Institute of Electrical & Electronics Engineers) Vehicular Technology Society.

Steven Leung

Senior Vice President and President, Emerging Markets



Steven Leung is responsible for leading Xylem's commercial operations across the emerging markets, including China, Greater Asia, India, the Middle East, Africa and Latin America, as well as Australia and New Zealand. He was named Senior Vice President and President, Emerging Markets in April 2015.

Prior to joining Xylem, Mr. Leung served as Vice President, Global Sales for Pentair's Valves and Controls business where he led the global commercial services function. Earlier in his career, he held senior executive roles at Tyco International, including Vice President and General Manager of Global Process Industry Vertical and President of its Flow Control business in Asia. He also held executive positions at Agilent Technologies and General Electric.

Leung earned undergraduate degrees in management and electronic engineering from Hong Kong Polytechnic, as well as a Master of Business Administration degree from Oklahoma City University

Anthony Milando

Senior Vice President of Continuous Process Improvement and Business Transformation



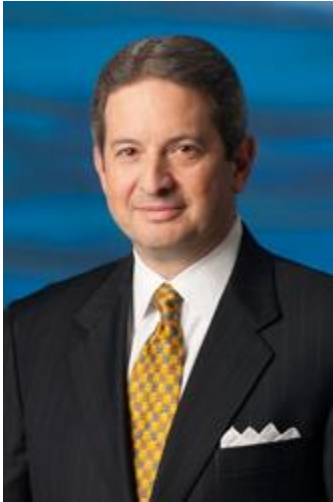
Tony Milando joined Xylem in 2015 and is responsible for driving operational excellence and process simplification across the organization. His key focus areas include building the vision and roadmap for the Company's continuous improvement initiatives, implementing robust tools and measurement methodologies such as Lean and Six Sigma, and leading the Company toward best-in-class status in operations, procurement and supply chain.

Prior to his current role Mr. Milando held several senior executive roles at the Stanley Black & Decker Corporation, including Vice President Corporate Growth and Vice President, Global Operations. Prior to that, he served in a series of increasingly responsible leadership roles in the consumer and industrial businesses for the Black & Decker Corporation prior to its merger with Stanley Works, including Vice President, Worldwide Operations and Vice President, Global Sourcing.

Mr. Milando earned a Bachelor of Science in Accounting and Business Administration from Towson University in Maryland and a Master of Business Administration with a concentration in finance from Loyola University Maryland.

Ken Napolitano

Senior Vice President and President, Applied Water Systems



Ken Napolitano is Senior Vice President and President of Xylem's Applied Water Systems business, whose market-leading brands — such as Goulds Water Technology, Bell & Gossett, Flowtronex, A-C Fire and Lowara — provide products and services that deliver comfort and convenience and save energy through the efficient movement of water. Additionally, he is responsible for brands such as Jabsco, Rule and Flojet, which produce low-flow pumps, valves and membrane filters used in everything from beverage processing and dispensing to leisure boats.

Prior to running Xylem's Applied Water Systems business, Mr. Napolitano was President of the Industrial Process business at ITT Corporation, from which Xylem was separated in 2011. He held other senior roles within the company, including Vice President of the Americas Sales and Service organization and General Manager of ITT Monitoring and Controls, where he focused on the development of advanced technologies. Mr. Napolitano joined ITT in 1980 as an intern.

He graduated from Clarkson University in New York with a Bachelor of Science degree in Interdisciplinary Engineering & Management.

Shashank Patel

Interim Chief Financial Officer



Shashank Patel is responsible for the financial planning, accounting, controls, treasury, M&A activity, investor relations and strategy of Xylem Inc. and for the various business units that constitute this global water technology leader.

Mr. Patel was named Interim Chief Financial Officer of Xylem in July 2015. Previously, he served as Vice President and Controller of Xylem's Applied Water Solutions division, the Company's largest business, where he was responsible for driving financial performance, planning and analysis as well as partnering closely with the business. Mr. Patel joined ITT, from which Xylem was separated in 2011, in 1996 and has held a series of leadership roles in finance, operations and engineering, including Vice President, Finance of both Residential Commercial Water and Interconnect Solutions, and General Manager of Vertical Products Operations.

Prior to joining ITT, Mr. Patel held auditor positions in both the Los Angeles and London offices of Ernst & Young.

Mr. Patel graduated from the University of London with a Bachelor of Science in chemical engineering and received an M.B.A. from the Peter Drucker School of Management at Claremont Graduate University in California.

He is also a California Certified Public Accountant and a U.K. Chartered Accountant.

Colin Sabol

Senior Vice President and President, Analytics and Treatment*



Colin Sabol is Senior Vice President and President of Xylem's Analytics and Treatment businesses. He is responsible for all aspects of global operations including strategy, sales and marketing, product development, manufacturing, and supply chain for these businesses. Xylem's market-leading analytics brands — including YSI, WTW, SI Analytics, OI Analytical, Aanderaa, ebro, Bellingham & Stanley, SonTek and MJK Automation — deliver precise measurement for water and wastewater, environmental, medical, industrial, and food and beverage applications. Xylem's treatment business provides integrated efficient solutions under the Wedeco, Leopold, and Sanitaire brands that make the reuse of water and wastewater possible for customers all over the world. Prior to his current role, Mr. Sabol served as Chief Strategy and Growth Officer of Xylem. He was named to this position when the company was formed from the spinoff of the water businesses of ITT Corporation in 2011. He joined ITT in 2006 and served as Vice President, Marketing and Business Development for Fluid and Motion Control, where he was responsible for the group's strategy, marketing, business planning, mergers and acquisitions, product development and organic growth initiatives.

Before joining ITT, Mr. Sabol held a variety of managerial positions over 17 years at General Electric, including Chief Financial Officer for GE Energy Services and Vice President, Mergers & Acquisitions for GE Corporate. He led the acquisitions of the companies that became GE Water, and in 2002 was named Chief Marketing Officer of that business.

Mr. Sabol is Chairman of Xylem Watermark, Xylem's corporate citizenship and social investment program, and Chairman of the Board of Faradyne Motors (a joint-venture between Xylem and Pentair Ltd).

Mr. Sabol graduated from Alfred University in New York with a Bachelor of Science degree in materials engineering.

* Effective October 1, 2015

Kairus Tarapore

Senior Vice President and Chief Human Resources Officer



Kairus Tarapore leads the development and execution of the Company's human resources strategy in support of Xylem's business goals and strategic priorities. Specifically, Mr. Tarapore oversees the areas of leadership and talent development, talent acquisition, performance management, HR technology strategy, and global compensation and rewards. He was named Senior Vice President and Chief Human Resources Officer in July 2015.

Prior to joining Xylem, Mr. Tarapore served as Senior Vice President and Chief Administrative Officer for Babcock & Wilcox Company, a global provider of energy products and services and a defense contractor. He previously was Executive Vice President, Human Resources, for Ceridian Corporation, a global human resources and payment solutions company, and Mr. Tarapore also held various management positions at General Electric, including Senior Vice President, Global Quality for GE Fleet Services, and Vice President, Human Resources, for GE Auto Financial Services. He also served in the human resources and marketing departments of RPG Enterprises and Wipro Corporation in India.

Mr. Tarapore earned a Bachelor of Science degree in accounting/business from Sydenham College at the University of Bombay in India, and a Master's degree in personnel management and industrial relations from the XLRI School of Business and Human Resources in Jamshedpur, India

Claudia S. Toussaint

Senior Vice President, General Counsel and Corporate Secretary



Claudia Toussaint is responsible for the legal, compliance and environmental, health & safety functions at Xylem. She was named Senior Vice President, General Counsel and Corporate Secretary of Xylem in October 2014.

Prior to joining Xylem, Ms. Toussaint served as Senior Vice President, General Counsel and Secretary of the Barnes Group Inc., an international industrial and aerospace manufacturer and service provider for more than 4 years. She also served as General Counsel, Corporate Secretary and Chief Ethics Officer for Embarq Corporation, a telecommunications company that was spun-off from Sprint Nextel. Previously, she held several positions of increasing responsibility at Sprint Nextel's predecessor companies. She started her career as an attorney at Morrison & Forrester LLP, an international law firm.

Ms. Toussaint received her Bachelor of Arts in Economics from the University of California, Los Angeles, and her Juris Doctor degree from University of California, Hastings College of the Law, in San Francisco.

Joseph P. Vesey

Senior Vice President and Chief Marketing Officer



Joe Vesey is responsible for the Company's marketing function, focusing on the unique needs of customers in specific industry verticals, expanding digital marketing efforts, building commercial excellence and further developing key account management capabilities and integrated IT efforts to accelerate commercial excellence. Joe also oversees Global Public Affairs and Branding, as well as a key leadership role in the Xylem Watermark program and corporate citizenship activities.

In addition, he leads the North America Commercial team where he drives continued emphasis on growth and profitability, while also preparing for further integration of the customer-facing functions of Xylem Growth Centers into the North America Commercial team.

Vesey joined ITT in 2008 as Director, Strategy & Business Development. In Nov 2009, Vesey was named Director, Commercial Excellence, running a transformational sales and marketing change program.

Prior to joining Xylem, Mr. Vesey worked at General Electric for ten years in a number of commercial positions of increasing responsibility, including Vice President of Access GE (a commercial consulting role), Global Product Manager (GE Water), Global Product Manager for Lexan Sheet, Industry Leader and Regional Sales Leader (GE Plastics).

Vesey earned a Bachelor of Science degree in Chemical Engineering from Lehigh University and a Masters of Business Administration (MBA) from Boston University.

xylem

Let's Solve Water

NYSE: XYL

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