



Finance Committee Charter

I. Purpose

The Finance Committee (the "Committee") of the Board of Directors (the "Board") of Xylem Inc. (the "Company") has been appointed to assist with Board oversight of the Company's financial position, strategy and activities, investment policies and matters relating to its financial condition.

II. Responsibilities

Finance Responsibilities

- A. Annually review the Company's capital allocation strategies, including share repurchase and dividend policies and activities, and balance between organic and inorganic capital deployment.
- B. Annually review the Company's capital spending plan, including information technology.
- C. Annually review the financial performance of capital expenditures in excess of \$25M and acquisitions in excess of \$50M, in the expenditure year plus for the following two calendar years.
- D. Annually review the Company's financing strategy, capital structure, liquidity, credit rating, debt covenant compliance and leverage targets.
- E. Recommend to the Board approval of capital expenditures in excess of \$25M, as appropriate.
- F. Review the impact of significant acquisitions on the Company's capital deployment, capital structure and credit ratings, as appropriate.
- G. Review and recommend to the Board, as appropriate, approval of changes to the Company's capital structure, financing plans and programs proposed by management.
- H. Periodically review the Company's financial commitment approval policy, including delegation to the Chief Executive Officer; recommend changes to the Board for approval, as appropriate.

Reports, Performance Evaluation & Charter

- I. Report regularly to the Board on its activities, including matters coming to its attention which may have a significant impact on the financial condition or affairs of the Company.
- J. Review and assess the Committee's performance on an annual basis.
- K. Review its 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 and Organization

- A. The Committee shall be comprised of no fewer than three members. A majority of the Committee members shall be independent directors as defined by the New York Stock Exchange. All of the Committee members shall be financially literate.
- B. The members 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 Chairperson of the Committee shall be designated by the Board. The Board will consider the rotation of the Chairperson on a periodic basis.
- D. The Chairperson 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 Chairperson shall preside at meetings of the Committee.
- E. The Secretary or Assistant Secretary of the Company shall be the Secretary of the Committee unless the Committee designates otherwise.
- F. The Committee shall meet as often as may be deemed necessary or appropriate. 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, oversee and terminate any advisors, consultants and other outside counsel, as needed, to provide advice to the Committee. The Committee has sole authority to approve the advisor's 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 obtained by the Committee.
- H. The Committee may delegate authority to act on specific matters within determined parameters to a subcommittee consistent with the delegation of such powers to the Committee by the Board.

