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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-35229

Xylem Inc.

(Exact name of registrant as specified in its charter)

Indiana	**45-2080495**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification Number)*

1133 Westchester Avenue, Suite N200, White Plains, NY 10604
(Address of principal executive office)

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

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☑

Indicate by check mark whether the registrant has submitted electronically and posted on its web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of November 1, 2011, there were 184,570,429 outstanding shares of common stock ($0.01 par value per share) of the registrant.

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PART I. FINANCIAL INFORMATION

Item 1. CONDENSED COMBINED FINANCIAL STATEMENTS

THE WATER EQUIPMENT AND SERVICES BUSINESSES OF ITT CORPORATION
CONDENSED COMBINED INCOME STATEMENTS (UNAUDITED)
(IN MILLIONS)

	Three Months		Nine Months	
FOR THE PERIODS ENDED SEPTEMBER 30	**2011**	2010	**2011**	2010
Revenue	**$ 939**	$ 806	**$ 2,800**	$ 2,267
Costs of revenue	**574**	497	**1,719**	1,412
Gross profit	**365**	309	**1,081**	855
Selling, general and administrative expenses	**215**	183	**643**	517
Research and development expenses	**23**	18	**73**	53
Separation costs	**46**	—	**67**	—
Restructuring and asset impairment charges, net	**2**	1	**2**	8
Operating income	**79**	107	**296**	277
Interest expense	**1**	—	**2**	—
Non-operating income, net	**4**	3	**5**	—
Income before income tax expense	**82**	110	**299**	277
Income tax expense	**5**	19	**72**	45
Net Income	**$ 77**	$ 91	**$ 227**	$ 232

The accompanying notes are an integral part of the condensed combined financial statements.

THE WATER EQUIPMENT AND SERVICES BUSINESSES OF ITT CORPORATION
CONDENSED COMBINED BALANCE SHEETS
(IN MILLIONS)

	September 30, 2011 (Unaudited)	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	**$ 184**	$ 131
Receivables, less allowance for discounts and doubtful accounts of $33 and $32 for 2011 and 2010, respectively	**753**	690
Inventories, net	**437**	389
Prepaid expenses	**50**	79
Other current assets	**56**	47
Total current assets	**1,480**	1,336
Plant, property and equipment, net	**442**	454
Goodwill	**1,633**	1,437
Other intangible assets, net	**519**	416
Other non-current assets	**77**	92
Total assets	**$ 4,151**	$ 3,735
Liabilities and Parent Company Equity		
Current liabilities:		
Accounts payable	**$ 283**	$ 309
Accrued and other current liabilities	**381**	340
Short-term borrowings and current maturities of long-term debt	**5**	—
Total current liabilities	**669**	649
Long-term debt	**1,202**	4
Accrued postretirement benefits	**163**	163
Deferred income tax liability	**77**	99
Other non-current liabilities	**89**	101
Total liabilities	**2,200**	1,016
Parent company equity:		
Parent company investment	**1,649**	2,361
Accumulated other comprehensive income	**302**	358
Total parent company equity	**1,951**	2,719
Total liabilities and parent company equity	**$ 4,151**	$ 3,735

The accompanying notes are an integral part of the condensed combined financial statements.

THE WATER EQUIPMENT AND SERVICES BUSINESSES OF ITT CORPORATION
CONDENSED COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN MILLIONS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30	2011	2010
Operating Activities		
Net income	**$ 227**	$ 232
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	**104**	67
Share-based compensation	**7**	7
Non-cash separation costs	**8**	—
Loss on impairment of assets	**2**	—
Restructuring charges, net	**—**	8
Payments for restructuring	**(7)**	(19)
Changes in assets and liabilities (net of acquisitions):		
Change in receivables	**(58)**	(42)
Change in inventories	**(40)**	(35)
Change in accounts payable	**(31)**	10
Change in accrued liabilities	**14**	(5)
Change in accrued taxes	**4**	(14)
Net changes in other assets and liabilities	**22**	17
Net Cash – Operating activities	**252**	226
Investing Activities		
Capital expenditures	**(79)**	(44)
Acquisitions, net of cash acquired	**(309)**	(981)
Proceeds from the sale of assets	**9**	1
Other, net	**2**	—
Net Cash – Investing activities	**(377)**	(1,024)
Financing Activities		
Net transfer (to)/from parent	**(1,012)**	841
Issuance of short term debt	**5**	—
Issuance of senior notes, net of discount	**1,198**	—
Payment of debt issuance costs	**(9)**	—
Net Cash – Financing activities	**182**	841
Exchange rate effects on cash and cash equivalents	**(4)**	3
Net change in cash and cash equivalents	**53**	46
Cash and cash equivalents – beginning of year	**131**	81
Cash and Cash Equivalents – End of Period	**$ 184**	$ 127
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Income taxes (net of refunds received)	**$ 37**	$ 76

The accompanying notes are an integral part of the condensed combined financial statements.

THE WATER EQUIPMENT AND SERVICES BUSINESSES OF ITT CORPORATION
CONDENSED COMBINED STATEMENT OF PARENT COMPANY EQUITY (UNAUDITED)
(IN MILLIONS)

NINE MONTHS ENDED SEPTEMBER 30	Parent Company Investment	Accumulated Other Comprehensive Income	Total Parent Company Equity
Balance at December 31, 2010	$ 2,361	$ 358	$ 2,719
Change in parent company investment	**(939)**		**(939)**
Comprehensive Income:			
Net Income	**227**		**227**
Net change in postretirement benefit plans		**1**	**1**
Foreign currency translation adjustment		**(57)**	**(57)**
Total comprehensive income			**171**
Balance at September 30, 2011	**$ 1,649**	**$ 302**	**1,951**

The accompanying notes are an integral part of the condensed combined financial statements.

THE WATER EQUIPMENT AND SERVICES BUSINESSES OF ITT CORPORATION
NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 BACKGROUND AND BASIS OF PRESENTATION

Xylem Inc. ("Xylem" or the "Company") is a leading equipment and service provider for water and wastewater applications with a broad portfolio of products and services addressing the full cycle of water, from collection, distribution and use to the return of water to the environment. Xylem operates in two segments, Water Infrastructure and Applied Water. The Water Infrastructure segment focuses on the transportation, treatment and testing of water, offering a range of products including water and wastewater pumps, treatment and testing equipment, and controls and systems. The Applied Water segment encompasses all the uses of water and focuses on the residential, commercial, industrial and agricultural markets. The segment's major products include pumps, valves, heat exchangers, controls and dispensing equipment. Xylem Inc. (f/k/a ITT WCO, Inc.) was incorporated in Indiana on May 4, 2011. The name of the Company was changed from ITT WCO, Inc. to Xylem Inc. on July 14, 2011.

On October 31, 2011, ITT Corporation ("ITT") completed the previously announced spin-off (the "Spin-off") of Xylem, formerly ITT's water equipment and services businesses. Effective as of 12:01 a.m., Eastern time on October 31, 2011 (the "Distribution Date"), the common stock of Xylem was distributed, on a pro rata basis, to ITT's shareholders of record as of the close of business on October 17, 2011 (the "Record Date"). On the Distribution Date, each of the shareholders of ITT received one share of Xylem common stock for every one share of common stock of ITT held on the Record Date. The Spin-off was completed pursuant to the Distribution Agreement, dated as of October 25, 2011, among ITT, Exelis Inc. ("Exelis") and Xylem. After the Distribution Date, ITT does not beneficially own any shares of Xylem common stock and, following such date, financial results of Xylem will not be consolidated in ITT's financial reporting. Xylem's Registration Statement on Form 10 filed with the U.S. Securities and Exchange Commission ("SEC") was declared effective on October 6, 2011. Xylem's common stock began "regular-way" trading on the New York Stock Exchange on November 1, 2011 under the symbol "XYL".

Hereinafter, except as otherwise indicated or unless the context otherwise requires, "Xylem," "we," "us," "our" and "the Company" refer to Xylem Inc. and its subsidiaries. References in the notes to the condensed combined financial statements to "ITT" or "parent" refers to ITT Corporation and its consolidated subsidiaries (other than Xylem Inc.).

Carve-out Basis of Presentation

The interim condensed combined financial statements presented herein, and discussed below, have been prepared on a standalone basis and are derived from the consolidated financial statements and accounting records of the water equipment and services businesses of ITT. The accompanying unaudited interim condensed combined financial statements reflect our financial position, results of operations and cash flows, as historically managed, in conformity with accounting principles generally accepted in the United States of America ("GAAP"). All intracompany transactions between our businesses have been eliminated. All intercompany transactions between us and ITT have been included in these interim condensed combined financial statements and when the underlying transaction is to be settled in cash with ITT it is considered to be effectively settled for cash in the condensed combined financial statements at

the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the Condensed Combined Statements of Cash Flow as a financing activity and in the Condensed Combined Balance Sheets as "Parent company investment."

Our interim condensed combined financial statements include expense allocations for (i) certain corporate functions historically provided by ITT, including, but not limited to, finance, legal, information technology, human resources, communications, ethics and compliance, and shared services, (ii) employee benefits and incentives, and (iii) share-based compensation. These expenses have been allocated to us on the basis of direct usage when identifiable, with the remainder allocated on the basis of revenue, headcount or other measures. Both we and ITT consider the basis on which the expenses have been allocated to be a reasonable reflection of the utilization of services provided to or the benefit received by us during the periods presented. The allocations may not, however, reflect the expense we would have incurred as an independent, publicly traded company for the periods presented. Actual costs that may have been incurred if we had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. Following the Spin-off, we will perform these functions using our own resources or purchased services, certain of which may be provided by ITT under the transition services agreement that is expected to extend for a period of 3 to 24 months in most circumstances.

On a historical basis, ITT used a centralized approach to cash management and financing of its operations, excluding debt where we are the legal obligor. Prior to the Spin-off, the majority of our cash was transferred to ITT daily and ITT funded our operating and investing activities as needed. Cash transfers to and from ITT's cash management accounts are reflected in "Parent company investment."

The interim condensed combined financial statements include certain assets and liabilities that have historically been held at the ITT corporate level but are specifically identifiable or otherwise allocable to us. The cash and cash equivalents held by ITT at the corporate level are not specifically identifiable to Xylem and therefore were not allocated to us for any of the periods presented. Cash and cash equivalents in our Condensed Combined Balance Sheets primarily represent cash held locally by entities included in our condensed combined financial statements. Except for debt issued directly by Xylem, ITT third-party debt, and the related interest expense has not been allocated to us for any of the periods presented as we were not the legal obligor of the debt and the ITT borrowings were not directly attributable to our business.

The interim condensed combined financial statements exclude the allocation of liabilities, assets, and costs reported by ITT related to asbestos product liability matters. These matters were not allocated to us for any period presented as ITT will continue as the legal obligor for those liabilities, subject to limited exceptions. ITT is expected to pay any associated settlements, judgments, or legal defense costs, subject to limited exceptions with respect to certain employee claims.

The unaudited interim condensed combined financial statements have been prepared pursuant to the rules and regulations of the SEC and, in the opinion of management, reflect all adjustments (which include normal recurring adjustments) considered necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented have been included. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of

America have been condensed or omitted pursuant to such SEC rules. We believe that the disclosures made are adequate to make the information presented not misleading. We consistently applied the accounting policies described in the Information Statement filed as Exhibit 99.1 to our Registration Statement on Form 10 filed with the SEC on October 5, 2011 (the "Information Statement"), in preparing these unaudited financial statements, with the exception of accounting standard updates described in Note 2 adopted on January 1, 2011. These financial statements should be read in conjunction with the combined financial statements and notes thereto as of December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010, included in the Registration Statement, filed with the Securities and Exchange Commission on October 5, 2011 as Exhibit 99.1 to our Registration Statement on Form 10.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the interim condensed combined financial statements and accompanying notes. Such estimates include, but are not limited to, allowance for doubtful accounts, inventory valuation, warranty accrual, goodwill and intangible asset impairment, postretirement benefits, income taxes and the allocation of purchase price to the assets acquired and liabilities assumed in a business combination. Estimates are revised as additional information becomes available. Additionally, our interim condensed combined financial statements may not be indicative of our future performance and do not necessarily reflect what the results of operations, financial position and cash flows would have been had we operated as an independent, publicly traded company during the periods presented.

Our quarterly financial periods end on the Saturday closest to the last day of the calendar quarter, except for the fourth quarter which ends on December 31st. For ease of presentation, the quarterly financial statements included herein are described as ending on the last day of the calendar quarter.

Certain prior period amounts in the condensed combined financial statements and related notes have been reclassified to conform to the current period presentation.

Pro Forma Earnings Per Share

On October 31, 2011, the Spin-off was completed through a tax-free stock dividend to ITT's shareholders. ITT shareholders received one share of Xylem common stock for each share of ITT common stock. As a result on October 31, 2011, we had 184,570,429 shares of common stock outstanding and this share amount is being utilized to calculate pro forma earnings per share for all periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share data)	**2011**	2010	**2011**	2010
Net Income	**$ 77**	$ 91	**$ 227**	$ 232
Pro forma shares outstanding	**184.6**	184.6	**184.6**	184.6
Pro forma earnings per share	**$ 0.42**	$ 0.49	**$ 1.23**	$ 1.26

No diluted earnings per share is presented in the table above as no common stock of Xylem was traded in a "regular way" basis prior to November 1, 2011 and the conversion of ITT share-based compensation awards to Xylem awards occurred at separation and are only considered outstanding as of October 31, 2011. See Note 16, Subsequent Events for further details.

NOTE 2 RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Pronouncements

In December 2010, the Financial Accounting Standards Board ("FASB") issued additional guidance applicable to the testing of goodwill for potential impairment. Specifically, for reporting units with zero or negative carrying amounts, an entity is required to perform the second step of the goodwill impairment test (a comparison between the carrying amount of a reporting unit's goodwill to its implied fair value) if it is more likely than not that a goodwill impairment exists, considering any adverse qualitative factors. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. As of the date of our most recent goodwill impairment test, none of our reporting units would have been affected by the application of this guidance as each reporting unit had a carrying amount that exceeded zero.

In April 2010, the FASB issued authoritative guidance permitting use of the milestone method of revenue recognition for research or development arrangements that contain payment provisions or consideration contingent on the achievement of specified events. On January 1, 2011, we adopted the new guidance on a prospective basis. The adoption of this guidance did not have a material impact on our financial condition, results of operations or cash flows.

In October 2009, the FASB issued amended guidance on the accounting for revenue arrangements that contain multiple elements by eliminating the criteria that objective and reliable evidence of fair value for undelivered products or services needs to exist in order to be able to account separately for deliverables and eliminating the use of the residual method of allocating arrangement consideration. The amendments establish a hierarchy for determining the selling price of a deliverable and will allow for the separation of products and services in more instances than previously permitted.

We adopted the new multiple element guidance effective January 1, 2011 for new arrangements entered into or arrangements materially modified on or after that date on a prospective basis. In connection with the adoption of the revised multiple element arrangement guidance, we revised our revenue recognition accounting policies. For multiple deliverable arrangements entered into or materially modified on or after January 1, 2011, we recognize revenue for a delivered element based on the relative selling price if the deliverable has stand-alone value to the customer and, in arrangements that include a general right of return relative to the delivered element, performance of the undelivered element is considered probable and substantially in the Company's control. The selling price for a deliverable is based on vendor-specific objective evidence of selling price ("VSOE"), if available, third-party evidence of selling price ("TPE"), if VSOE is not available, or best estimated selling price ("BESP"), if neither VSOE nor TPE is available.

The deliverables in our arrangements with multiple elements include various products and may include related services, such as installation and start-up services. For multiple element arrangements entered into or materially modified after adoption of the revised multiple element arrangement guidance, we allocate arrangement consideration based on the relative selling prices of the separate units of accounting determined in accordance with the hierarchy described above. For deliverables that are sold separately, we establish VSOE based on the price when the deliverable is sold separately. We establish TPE, generally for services, based on prices similarly situated customers pay for similar services from third party vendors. For those deliverables for which we are unable to establish VSOE or TPE, we estimate the selling price considering various

factors including market and pricing trends, geography, product customization, and profit objectives. Revenue allocated to products and services is generally recognized as the products are delivered and the services are performed, provided all other revenue recognition criteria have been satisfied. The adoption of the new multiple element guidance did not result in a material change in either the units of accounting or the pattern or timing of revenue recognition. Additionally, the adoption of the revised multiple element arrangement guidance did not have a material impact on our financial condition, results of operations or cash flows.

Pronouncements Not Yet Adopted

In September 2011, the FASB provided companies with the option to make an initial qualitative evaluation, based on the entity's events and circumstances, to determine the likelihood of goodwill impairment. The results of this qualitative assessment determine whether it is necessary to perform the currently required two-step impairment test. If it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a company would be required to perform the two-step impairment test. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company could apply the option to any goodwill impairment test performed after December 31, 2011. The amendments are not expected to have any effect on the Company's consolidated financial statements.

In May 2011, the FASB issued guidance intended to achieve common fair value measurements and related disclosures between U.S. GAAP and international accounting standards. The amendments primarily clarify existing fair value guidance and are not intended to change the application of existing fair value measurement guidance. However, the amendments include certain instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This guidance is effective for the periods beginning after December 15, 2011 and early application is prohibited. We will adopt these amendments on January 1, 2012; however, the requirements are not expected to have a material effect on the Company's consolidated financial statements.

NOTE 3 ACQUISITIONS

On September 1, 2011, we acquired 100% of the outstanding shares of YSI Incorporated ("YSI") for a purchase price of $309 million, net of cash acquired. YSI, which reported 2010 revenue of $101 million, is a leading developer and manufacturer of sensors, instruments, software, and data collection platforms for environmental water monitoring. YSI employs 390 people at facilities in the United States, Europe and Asia. Our financial statements include YSI's results of operations and cash flows prospectively from September 1, 2011 within the Water Infrastructure segment; however, the acquisition was not material to results of operations for the three or nine months ended September 30, 2011 and accordingly, pro forma results of operations reflecting YSI's results prior to acquisition have not been presented.

The purchase price for YSI was allocated to the net tangible and intangible assets acquired and liabilities assumed based on their preliminary fair values as of September 1, 2011. The excess of the purchase price over the preliminary assets acquired and liabilities assumed was recorded as goodwill. The purchase price allocation is based upon a preliminary valuation and our estimates and assumptions are subject to change within the measurement period. The primary areas of the purchase price allocation that are not yet finalized relate to the fair values of certain

environmental matters, intangible assets, income taxes, working capital balances, and residual goodwill. A charge in the amount of $3 million is included in selling, general and administrative expense related to acquisition-related costs.

The following table presents the allocation of the purchase price to the assets acquired and liabilities assumed, based on their fair values (in millions):

Purchase Price		$309
Assets acquired and liabilities assumed:		
Accounts Receivable	15	
Inventory	15	
Property, plant and equipment	9	
Goodwill	192	
Intangible Assets	124	
Other current and non-current assets	17	
Other current and non-current liabilities	(63)	
Net assets acquired		$309

Goodwill of $192 million arising from the acquisition consists largely of the planned expansion of YSI to new geographic markets, synergies and economies of scale is not expected to be deductible for income tax purposes. In addition, of the $124 million that was allocated to intangible assets, $40 million was assigned to customer relationships and will be amortized on a straight line basis over the estimated useful life of 19 years; $35 million was assigned to proprietary technology and will be amortized on a straight line basis over the weighted average useful life of 19 years; and the remaining $49 million of acquired intangible assets was assigned to trademarks, which is not subject to amortization as they were determined to have indefinite useful lives.

During the first six months of 2010, we spent $391 million, net of cash acquired. The substantial majority of the first six months of 2010 aggregate purchase price pertained to the acquisition of Nova Analytics Corporation (“Nova”) on March 23, 2010 for $385 million. Nova provides us with analytical instrumentation brands and technologies and was combined with the Water & Waste Water Division of the Water Infrastructure segment.

Additionally, in the third quarter of 2010, we completed the acquisitions of Godwin Pumps of America, Inc. and Godwin Holdings Limited (collectively referred to as Godwin) for $580 million. Godwin is a supplier and servicer of automatic self-priming and on-demand pumping solutions serving the global industrial, construction, mining, municipal, oil and gas dewatering markets. The Godwin acquisition expands our dewatering market presence in the United States. The results of operations and cash flows from our 2010 acquisitions have been included in our Condensed Combined Financial Statements prospectively from their date of acquisition.

NOTE 4 SEPARATION COSTS

During the three and nine months ended September 30, 2011, we recognized pre-tax expense of $46 million and $67 million, respectively, related to the Spin-off. The components of separation costs incurred during these periods are presented below.

	Three Months	Nine Months
	(in millions)	
Non-cash asset impairments (a)	$ 8	$ 8
Advisory fees	9	18
IT costs	10	17
Employee Retention	4	8
Other	15	16
Total separation costs in operating income	46	67
Tax-related separation (benefit) costs (b)	(9)	5
Income tax benefit	(12)	(18)
Total separation costs, net of tax	$ 25	$ 54

(a) During the third quarter, we recorded an impairment charge of $8 million on one of our facilities in China within our Applied Water segment. Prior to the separation this was a shared facility among certain Xylem and ITT businesses and in connection with the separation, the removal of certain ITT operations triggered an impairment evaluation. The fair value of the applicable assets was calculated using the cost approach.

(b) In the third quarter of 2011, we revised our estimate of certain tax-related separation costs to be incurred. This adjustment resulted in a $9 million net credit (income) for tax-related separation costs during the third quarter of 2011.

Our current estimate of the after-tax cash impact of the remaining activities associated with the separation ranges from approximately $30 million to $50 million, primarily attributable to tax, accounting, and other professional advisory fees, and information technology costs

NOTE 5 INCOME TAXES

Effective Tax Rate

Our quarterly provision for income taxes is measured using an estimated annual effective tax rate, adjusted for discrete items within periods presented. The comparison of our effective tax rate between periods is significantly impacted by the level and mix of earnings and losses by tax jurisdiction, foreign income tax rate differentials and amount of permanent book-to-tax differences.

The income tax provision for the three months ended September 30, 2011 was $5 million or 6.3% of income before taxes, compared to $19 million or 16.7% for the three months ended September 30, 2010. The decrease in the third quarter of 2011 tax provision is primarily due to the effective settlement of an international tax examination and a reduction in tax separation costs offset, in part, by separation costs and a deferred tax adjustment recognized during the three months ended September 30, 2011. The tax provision for the third quarter of 2010 was favorably impacted by a tax benefit resulting from the repatriation of foreign earnings net of foreign tax credits.

For the nine months ended September 30, 2011, we recorded an income tax provision of $72 million at an effective tax rate of 24.0% compared to $45 million at an effective tax rate of 16.2% for the

nine months ended September 30, 2010. The 2011 effective tax rate was decreased by the effective settlement of an international tax examination and more than offset by tax separation costs, separation costs, and deferred tax adjustments. The 2010 effective tax rate was favorably impacted by a tax benefit resulting from the repatriation of foreign earnings net of foreign tax credits.

Uncertain Tax Positions

We recognize a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. As of September 30, 2011 and December 31, 2010, we recorded $30 million and $43 million of total unrecognized tax benefits principally all of which would affect the effective tax rate.

As agreed upon as part of the separation, ITT is primarily liable for all income taxes up to a certain amount for all pre- separation period combined or consolidated income tax returns, and, as such, approximately $27 million of our unrecognized tax benefits will be assumed by ITT at the time of the separation. Related interest will be reduced accordingly.

We classify interest relating to tax matters as a component of interest expense and tax penalties as a component of income tax expense in our Combined Condensed Income Statement. We had $4 million of interest accrued for tax matters as of September 30, 2011 and $5 million as of December 31, 2010.

NOTE 6 INVENTORIES, NET

	September 30, 2011	December 31, 2010
	(in millions)	
Finished Goods	**$ 177**	$ 166
Work in process	**37**	32
Raw materials	**223**	191
Inventories, net	**$ 437**	$ 389

NOTE 7 PLANT, PROPERTY AND EQUIPMENT, NET

	September 30, 2011	December 31, 2010
	(in millions)	
Land and improvements	**$ 21**	$ 20
Buildings and improvements	**205**	200
Machinery and equipment	**585**	567
Equipment held for lease or rental	**149**	129
Furniture, fixtures and office equipment	**80**	81
Construction work in progress	**48**	51
Other	**20**	15
Plant, property and equipment, gross	**1,108**	1,063
Less — accumulated depreciation	**(666)**	(609)
Plant, property and equipment, net	**$ 442**	$ 454

Depreciation expense of $25 million and $72 million was recognized in the three and nine months periods ended September 30, 2011, respectively and $20 million and $48 million for the three and nine month periods ended September 30, 2010, respectively.

NOTE 8 GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill

Changes in the carrying amount of goodwill for the nine months ended September 30, 2011 by business segment are as follows (in millions):

	Water Infrastructure	Applied Water	Total
Goodwill — 12/31/2010	$ 873	$ 564	$ 1,437
Goodwill acquired	192	—	192
Foreign currency and other	5	(1)	4
Goodwill — 9/30/2011	**$ 1,070**	**$ 563**	**$ 1,633**

In connection with the YSI acquisition, the excess of the preliminary purchase price over the fair value of net assets acquired was $192 million (which is not expected to be deductible for income tax purposes). The goodwill arising from the acquisition consists largely of the planned expansion of the YSI footprint to new geographic markets, synergies and economies of scale.

Based on the results of our annual impairment tests, we determined that no impairment of goodwill existed as of our measurement date in 2010. However, future goodwill impairment tests could result in a charge to earnings. We will continue to evaluate goodwill on an annual basis as of the beginning of our fourth fiscal quarter and whenever events and changes in circumstances indicate there may be a potential impairment.

Other Intangible Assets

Information regarding our other intangible assets is as follows (in millions):

	September 30, 2011			December 31, 2010		
	Gross Carrying Amount	Gross Accumulated Amortization	Net Intangibles	Carrying Amount	Accumulated Amortization	Net Intangibles
Customer and distributor relationships	**$ 312**	**$ (45)**	**$ 267**	$ 270	$ (29)	$ 241
Proprietary technology	**102**	**(21)**	**81**	68	(18)	50
Trademarks	**33**	**(11)**	**22**	33	(9)	24
Patents and other	**21**	**(15)**	**6**	21	(13)	8
Indefinite-lived intangibles	**143**	**—**	**143**	93	—	93
Other intangibles	**$ 611**	**$ (92)**	**$ 519**	$ 485	$ (69)	$ 416

In connection with the YSI acquisition, $124 million was allocated to intangible assets, of which $40 million was assigned to customer relationships and will be amortized on a straight line basis over the estimated useful life of 19 years; $35 million was assigned to proprietary technology and will be amortized on a straight line basis over the weighted average useful life of 19 years; and

the remaining $49 million of acquired intangible assets was assigned to trademarks which were determined to have indefinite useful lives and therefore are not subject to amortization.

Based on the results of our annual impairment tests, we determined that no impairment of the indefinite-lived intangibles existed as of our measurement date in 2010. However, future impairment tests could result in a charge to earnings. We will continue to evaluate the indefinite-lived intangible assets on an annual basis as of the beginning of our fourth fiscal quarter and whenever events and changes in circumstances indicate there may be a potential impairment.

Amortization expense related to finite-lived intangible assets for the nine months ended September 30, 2011 and 2010 was $23 million and $14 million, respectively. Estimated amortization expense for the remaining three months of 2011 and each of the five succeeding years is as follows (in millions):

Remaining 2011	$ 9
2012	33
2013	33
2014	31
2015	31
2016	29

NOTE 9 ACCRUED AND OTHER CURRENT LIABILITIES

	September 30, 2011	December 31, 2010
	(in millions)	
Compensation and other employee-benefits	**$ 182**	$ 175
Customer-related liabilities	**42**	37
Accrued warranty costs	**35**	38
Accrued taxes	**47**	21
Deferred income tax liability	**13**	12
Other	**62**	57
Total accrued and other liabilities	**$ 381**	$ 340

We have adjusted certain balances in the above table as of December 31, 2010 by immaterial amounts to reflect them within the appropriate categories.

NOTE 10 CREDIT FACILITIES AND LONG-TERM DEBT

	September 30, 2011	December 31, 2010
	(in millions)	
Short-term borrowings and current maturities of long-term debt	**$ 5**	$ —
Senior Notes due 2016, 3.55% (a)	**600**	—
Senior Notes due 2021, 4.875% (a)	**600**	—
Other	**4**	4
Unamortized discount (b)	**(2)**	—
Long-term debt	**1,202**	4
Total Debt	**$ 1,207**	$ 4

(a) The fair value of our Senior Notes was primarily determined using prices for the identical security obtained from an external pricing service, which is considered a Level 2 input. As of September 30, 2011, the fair value of our Senior Notes due 2016 was $611 million and the fair value of our Senior Notes due 2021 was $604 million.

(b) At September 30, 2011, the unamortized discount is recognized as a reduction in the carrying value of the Senior Notes in the Condensed Combined Balance Sheets and is being amortized to interest expense in our Condensed Combined Income Statements over the expected remaining terms of the Senior Notes.

Senior Notes

On September 20, 2011, we issued 3.55% Senior Notes of $600 million aggregate principal amount due September 2016 and 4.875% Senior Notes of $600 million aggregate principal amount due October 2021 (together, the "Senior Notes"). The issuance resulted in gross proceeds of $1.2 billion, offset by $9 million in debt issuance costs which were capitalized and are included within other assets. The Senior Notes include covenants which restrict our ability, subject to exceptions, to incur debt secured by liens and engage in sale and lease-back transactions as well as provide for customary events of default (subject, in certain cases, to receipt of notice of default and/or customary grace and cure periods), including but not limited to, (i) failure to pay interest for 30 days, (ii) failure to pay principal when due, (iii) failure to perform any other covenant for 90 days after receipt of notice from the trustee or from holders of 25% of the outstanding principal amount and (iv) certain events of bankruptcy, insolvency or reorganization. We may redeem the Senior Notes, as applicable, in whole or in part, at any time at a redemption price equal to the principal amount of the Senior Notes to be redeemed, plus a make-whole premium. As of September 30, 2011, we were in compliance with all covenants. If a change of control triggering event occurs, we will be required to make an offer to purchase the Senior Notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase.

Interest on the Senior Notes accrues from September 20, 2011. Interest on the 2016 Notes is payable on March 20 and September 20 of each year, commencing on March 20, 2012. Interest on the 2021 Notes is payable on April 1 and October 1 of each year, commencing on April 1, 2012.

The net proceeds received from the offering of the Senior Notes was used to pay a special cash dividend to ITT, to repay indebtedness incurred to fund the Company's acquisition of YSI and for general corporate purposes.

On September 20, 2011, ITT and Xylem entered into a registration rights agreement with respect to the Senior Notes ("the Xylem Registration Rights Agreement"). ITT and Xylem agreed to (i) file a registration statement on an appropriate registration form with respect to a registered offer to exchange the Senior Notes for new notes, with terms substantially identical in all material respects and (ii) cause the registration statement to be declared effective under the Securities Act.

If the exchange offer is not completed within 365 days after the issue date, we will use our reasonable best efforts to file and to have declared effective a shelf registration statement relating to the resale of the Senior Notes.

If we fail to satisfy this obligation (a registration default) under the Xylem Registration Rights Agreement, the annual interest rate on the Senior Notes will increase by 0.25% and increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.00% per year. If the registration default is corrected, the applicable interest rate will revert to the original level.

In the event that we must pay additional interest, it will pay to the holders of the Senior Notes in cash on the same dates that it makes other interest payments on the Senior Notes until the registration default is corrected.

Four Year Competitive Advance and Revolving Credit Facility

Effective October 31, 2011, Xylem and its subsidiaries entered into a Four Year Competitive Advance and Revolving Credit Facility (the "Credit Facility") with JPMorgan Chase Bank, N.A., as agent, and a syndicate of lenders. Refer to Note 16, Subsequent Events for further details.

NOTE 11 POSTRETIREMENT BENEFIT PLANS

The following table provides the components of net periodic benefit cost for pension plans, disaggregated by U.S. and international plans, and other employee-related benefit plans for the three and nine months ended September 30, 2011 and 2010.

Three Months Ended September 30
(in millions)

	2011					2010				
	U.S.	Int'l	Total Pension	Other Benefits	Total	U.S.	Int'l	Total Pension	Other Benefits	Total
Net periodic benefit cost										
Service cost	$ —	$ 1	$ 1	$ —	$ 1	$ —	$ 1	$ 1	$ —	$ 1
Interest cost	1	2	3	—	3	1	2	3	—	3
Expected return on plan assets	(1)	(1)	(2)	—	(2)	(1)	—	(1)	—	(1)
Amortization of prior service cost	1	—	1	—	1	—	—	—	—	—
Amortization of net actuarial loss	—	—	—	—	—	—	—	—	—	—
Net periodic benefit cost	$ 1	$ 2	$ 3	$ —	$ 3	$ —	$ 3	$ 3	$ —	$ 3

Nine Months Ended September 30
(in millions)

	2011					2010				
	U.S.	Int'l	Total Pension	Other Benefits	Total	U.S.	Int'l	Total Pension	Other Benefits	Total
Net periodic benefit cost										
Service cost	$ 1	$ 3	$ 4	$ —	$ 4	$ 1	$ 2	$ 3	$ —	$ 3
Interest cost	3	6	9	—	9	3	5	8	—	8
Expected return on plan assets	(3)	(1)	(4)	—	(4)	(3)	—	(3)	—	(3)
Amortization of prior service cost	1	—	1	—	1	—	—	—	—	—
Amortization of net actuarial loss	—	—	—	—	—	—	1	1	—	1
Net periodic benefit cost	$ 2	$ 8	$ 10	$ —	$ 10	$ 1	$ 8	$ 9	$ —	$ 9

We contributed approximately $6 million and $1 million to our various plans during the nine months ended September 30, 2011 and 2010, respectively. Additional contributions ranging between $6 million and $8 million are expected during the remainder of 2011.

Certain company employees participate in defined benefit pension and other postretirement benefit plans sponsored by ITT, which include participants of other ITT subsidiaries. We recorded approximately $19 million and $15 million of expense related to such plans during the nine months ended September 30, 2011 and 2010, respectively.

NOTE 12 SHARE-BASED PAYMENTS

ITT maintained several share-based and long term incentive plans for the benefit of certain officers, directors, and employees, including Xylem employees. Share-based awards issued to employees include non-qualified stock options, restricted stock awards and a target cash award. Nonqualified stock options ("NQO") and equity-settled restricted stock awards are accounted for as equity-based compensation. The target cash award and certain restricted stock awards are cash settled and accounted for as liability-based compensation. These compensation costs are recognized primarily within selling, general and administrative expenses.

As of September 30, 2011, there were approximately 0.6 million NQO and 0.2 million restricted stock shares outstanding related to Xylem specific employees. Total share-based compensation and long-term incentive plan costs recognized was $7 million and $5 million for the nine months ended September 30 2011, and 2010, respectively. A significant component of these charges relates to costs allocated to Xylem for ITT employees as well as other ITT employees not solely dedicated to Xylem. These awards and related amounts are not necessarily indicative of awards and amounts that would have been granted if we were an independent, publicly traded company for the periods presented. Refer to Note 16, Subsequent Events for further details. The following table provides further detail related to share-based compensation expense.

Three Months Ended September 30,
(in millions)

	2011			2010		
	Employees	Other Employee Allocations	2011 Total	Employees	Other Employee Allocations	2010 Total
Equity-based awards	$ 1	$ 1	$ 2	$ 1	$ 1	$ 2
Liability-based awards	—	(1)	(1)	—	(2)	(2)
Total compensation cost	$ 1	$ —	$ 1	$ 1	$ (1)	$ —

Nine Months Ended September 30,
(in millions)

	2011			2010		
	Employees	Other Employee Allocations	2011 Total	Employees	Other Employee Allocations	2010 Total
Equity-based awards	$ 3	$ 4	$ 7	$ 3	$ 4	$ 7
Liability-based awards	—	—	—	—	(2)	(2)
Total compensation cost	$ 3	$ 4	$ 7	$ 3	$ 2	$ 5

NOTE 13 RELATED PARTY TRANSACTIONS

The interim condensed combined financial statements have been prepared on a standalone basis and are derived from the consolidated financial statements and accounting records of ITT.

During the nine months ended September 30, 2011 and 2010, we sold inventory to other ITT businesses in the aggregate amount of $9 million and $6 million, respectively which is included in revenue in our Condensed Combined Income Statement.

We also purchase inventories from other ITT businesses. During each of the nine months ended September 30, 2011 and 2010, we recognized cost of revenue from the inventory purchased from ITT of $8 million. The aggregate inventory on hand of purchases from other ITT businesses as of September 30, 2011 and December 31, 2010 was not significant.

Allocation of General Corporate Expenses

The condensed combined financial statements include expense allocations for certain functions provided by ITT as well as other ITT employees not solely dedicated to Xylem, including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, communications, ethics and compliance, shared services, employee benefits and incentives, and share-based compensation. These expenses have been allocated to us on the basis of direct usage when identifiable, with the remainder allocated on the basis of revenue, headcount or other measure. We were allocated $43 million and $107 million of general corporate expenses incurred by ITT which is included within selling, general and administrative expenses in the Condensed Combined Income Statements for the three and nine months period ended September 30, 2011, respectively, and $28 million and $80 million for the comparable periods in 2010.

The expense allocations have been determined on a basis that we consider to be a reasonable reflection of the utilization of services provided or the benefit received by us during the periods presented. The allocations may not, however, reflect the expense we would have incurred as an independent, publicly traded company for the periods presented. Actual costs that may have been incurred if we had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Parent Company Equity

On a historical basis, ITT used a centralized approach to cash management and financing of its operations, excluding debt directly incurred by any of its businesses, such as debt assumed in an acquisition. The majority of our domestic cash is transferred to ITT daily and ITT funds our operating and investing activities as needed. The condensed combined financial statements also include the push down of certain assets and liabilities that have historically been held at the ITT corporate level but which are specifically identifiable or otherwise allocable to us. The cash and cash equivalents held by ITT at the corporate level were not allocated to us for any of the periods presented. Cash and equivalents in our combined balance sheets primarily represent cash held locally by entities included in our combined financial statements. Transfers of cash to and from ITT's cash management system are reflected as a component of Parent company investment on the combined balance sheets.

All significant intercompany transactions between us and ITT have been included in these condensed combined financial statements and are considered to be effectively settled for cash in the combined financial statements at the time the transaction is recorded when the underlying transaction is to be settled in cash by ITT. The total net effect of the settlement of these intercompany transactions is reflected in the combined statements of cash flow as a financing activity and in the combined balance sheets as parent company investment.

NOTE 14 SEGMENT INFORMATION

Our business is organized into two segments: Water Infrastructure and Applied Water. The Water Infrastructure segment focuses on the transportation, treatment and testing of water, offering a range of products including water and wastewater pumps, treatment and testing equipment, and controls and systems. The Applied Water segment encompasses all the uses of water and focuses on the residential, commercial, industrial and agricultural markets. Corporate and Other consists of

corporate office expenses including compensation, benefits, occupancy, depreciation, and other administrative costs, as well as charges related to certain matters, such as the Spin-off and environmental matters that are managed at a corporate level and are not included in the business segments in evaluating performance or allocating resources.

Three Months Ended September 30

(in millions)	Revenue		Operating Income		Operating Margin	
	2011	2010	**2011**	2010	**2011**	2010
Water Infrastructure	**$ 584**	$ 488	**$ 87**	$ 73	**14.9%**	14.9%
Applied Water	**368**	331	**37**	$ 40	**10.0%**	12.0%
Eliminations	**(13)**	(13)	**—**	—	**—**	—
Corporate and Other	**—**	—	**(45)**	(6)	**—**	—
Total	**$ 939**	$ 806	**$ 79**	$ 107	**8.4%**	13.3%

Nine Months Ended September 30

(in millions)	Revenue		Operating Income		Operating Margin	
	2011	2010	**2011**	2010	**2011**	2010
Water Infrastructure	**$ 1,737**	$ 1,308	**$ 245**	$ 175	**14.1%**	13.4%
Applied Water	**1,108**	1,000	**133**	132	**12.0%**	13.2%
Eliminations	**(45)**	(41)	**—**	—	**—**	—
Corporate and Other	**—**	—	**(82)**	(30)	**—**	—
Total	**$ 2,800**	$ 2,267	**$ 296**	$ 277	**10.6%**	12.2%

	Capital Expenditures		Depreciation and Amortization	
	2011	2010	**2011**	2010
Water Infrastructure	**$ 60**	$ 25	**$ 80**	$ 43
Applied Water	**16**	17	**23**	24
Corporate and Other	**3**	2	**1**	—
Total	**$ 79**	$ 44	**$ 104**	$ 67

	Total Assets	
	Sept 30, 2011	Dec 31, 2010
Water Infrastructure	**$ 2,774**	$ 2,377
Applied Water	**1,274**	1,209
Corporate and Other	**103**	149
Total	**$ 4,151**	$ 3,735

NOTE 15 CONTINGENCIES AND OTHER LEGAL MATTERS

General

From time to time we are involved in legal proceedings that are incidental to the operation of our businesses. Some of these proceedings seek remedies relating to environmental matters, product liability, personal injury claims, employment and pension matters, and commercial or contractual

disputes, sometimes related to acquisitions or divestitures. We will continue to defend vigorously against all claims.

While no claims have been asserted against Xylem alleging injury caused by our products resulting from asbestos exposure, it is possible that claims could be filed in the future. Should asbestos product liability claims be asserted against Xylem in the future, we believe there are numerous legal defenses available and would defend ourselves vigorously against such a claim. As part of the separation, ITT will indemnify Xylem for asbestos product liability matters, subject to limited exceptions with respect to certain employee claims, including settlements, judgments, and legal defense costs associated with all pending and future claims that may arise from past revenue of ITT's legacy products. We believe ITT remains a substantive entity with sufficient financial resources to honor its obligations to us.

Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including our assessment of the merits of the particular claim, we do not expect that any asserted or unasserted legal claims or proceedings, individually or in the aggregate, will have a material adverse effect on our cash flow, results of operations, or financial condition.

Indemnifications

As part of the Spin-off, ITT, Exelis and Xylem will indemnify each of the other parties with respect to such parties' assumed or retained liabilities under the Distribution Agreement and breaches of the Distribution Agreement or related spin agreements. ITT's indemnification obligations include asserted and unasserted asbestos and silica liability claims that relate to the presence or alleged presence of asbestos or silica in products manufactured, repaired or sold prior to the Distribution Date, subject to limited exceptions with respect to certain employee claims, or in the structure or material of any building or facility, subject to exceptions with respect to employee claims relating to Xylem buildings or facilities. The indemnifications are absolute in accordance with their terms and indefinite. The indemnification associated with pending and future asbestos claims does not expire. Xylem has not recorded a liability for matters for which we will be indemnified by ITT or Exelis through the Distribution Agreement and we are not aware of any claims or other circumstances that would give rise to material payments from us under such indemnifications.

Environmental

In the ordinary course of business, we are subject to federal, state, local, and foreign environmental laws and regulations. We are responsible, or are alleged to be responsible, for ongoing environmental investigation and remediation of sites in various countries. These sites are in various stages of investigation and/or remediation and in many of these proceedings our liability is considered de minimis. We have received notification from the U.S. Environmental Protection Agency, and from similar state and foreign environmental agencies, that a number of sites formerly or currently owned and/or operated by Xylem and other properties or water supplies that may be or have been impacted from those operations, contain disposed or recycled materials or wastes and require environmental investigation and/or remediation. These sites include instances where we have been identified as a potentially responsible party under federal and state environmental laws and regulations.

Accruals for environmental matters are recorded on a site by site basis when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based on current law and existing technologies. Our accrued liabilities for these environmental matters

represent the best estimates related to the investigation and remediation of environmental media such as water, soil, soil vapor, air and structures, as well as related legal fees. These estimates, and related accruals, are reviewed quarterly and updated for progress of investigation and remediation efforts and changes in facts and legal circumstances. Liabilities for these environmental expenditures are recorded on an undiscounted basis. We have estimated and accrued $10 million and $8 million as of September 30, 2011 and December 2010, respectively, for environmental matters.

It is difficult to estimate the final costs of investigation and remediation due to various factors, including incomplete information regarding particular sites and other potentially responsible parties, uncertainty regarding the extent of investigation or remediation and our share, if any, of liability for such conditions, the selection of alternative remedial approaches, and changes in environmental standards and regulatory requirements. In our opinion, the total amount accrued is reasonable based on existing facts and circumstances.

As of September 30, 2011, our estimate of reasonably possible losses in excess of amounts accrued for environmental and legal matters was approximately $23 million.

Warranties

We warrant numerous products, the terms of which vary widely. In general, we warrant products against defect and specific non-performance. The table below provides the changes in our product warranty accrual:

	Nine Months Ended September 30,	
	2011	2010
	(in millions)	
Warranty accrual — 1/1	**$ 38**	$ 34
Net changes for product warranties in the period	**21**	26
Settlement of warranty claims	**(25)**	(19)
Other	**1**	2
Warranty accrual — 9/30	**$ 35**	$ 43

NOTE 16 SUBSEQUENT EVENTS

Consummation of the Spin-Off and Issuance of Stock of Xylem Inc.

On October 31, 2011, ITT completed the spin-off of Xylem Inc. through a tax-free stock dividend to ITT's shareholders. ITT shareholders received one share of our common stock for each share of ITT common stock of record as of October 17, 2011, the record date. As a result of the Spin-off, we issued 184,570,429 shares of our common stock, par value $0.01.

Upon consummation of the Spin-off, Xylem converted awards held by ITT employees that joined Xylem with the number and exercise price systematically determined to preserve the intrinsic value of the previously held securities of ITT. As such, Xylem converted approximately 1,150,000 stock options and 500,000 restricted stock units of ITT securities to approximately 2,045,000 stock options and 885,000 restricted stock units of Xylem securities, respectively.

In addition, Xylem converted approximately 1.3 million stock options and 65,000 restricted stock units held by ITT Board members to an equivalent number of Xylem securities.

Impact of Assets and Liabilities Contributed by ITT Corporation

As of October 31, 2011, the Distribution Date, ITT transferred to Xylem Inc. certain assets and liabilities with a total net liability of approximately $29 million, primarily consisting of certain defined benefit pension and other postretirement benefit plans offset by adjustments to deferred income taxes. As the newly designated plan sponsor, we assumed all assets and liabilities associated with such plans. The net liabilities associated with such plans assumed were approximately $85 million, excluding net deferred tax assets of approximately $22 million.

The final parent net investment is subject to customary closing adjustments based upon the Distribution Agreement through October 31, 2011. We currently estimate that ITT's final parent net investment will be approximately $1.7 billion.

Also in connection with the Spin-off, the Board of Directors agreed to award options and restricted stock grants pursuant to the Xylem Inc. 2011 Omnibus Incentive Plan of approximately 1.3 million options and 425,000 restricted stock to certain employees and directors of the Company.

Agreements with ITT and Exelis Related to the Separation

On October 25, 2011, ITT, Exelis, and Xylem executed the various agreements that will govern the ongoing relationships between the three companies after the distribution and provide for the allocation of employee benefits, income taxes, and certain other liabilities and obligations attributable to periods prior to the Distribution. The executed agreements include the Distribution Agreement, Benefits and Compensation Matters Agreement, Tax Matters Agreement, and Master Transition Services Agreement and a number of on-going commercial relationships. The Distribution Agreement also provides for certain indemnifications and cross-indemnifications among ITT, Exelis, and Xylem. The indemnifications address a variety of subjects, including asserted and unasserted product liability matters (e.g., asbestos claims, product warranties), which relate to products sold prior to the Distribution Date. The indemnifications are absolute in accordance with their terms and indefinite. The indemnification associated with pending and future asbestos claims does not expire. Effective upon the Distribution, certain intercompany work orders and/or informal intercompany commercial arrangements are being converted into third-party contracts based on standard business terms and conditions.

Four Year Competitive Advance and Revolving Credit Facility

Effective October 31, 2011, Xylem and its subsidiaries entered into a Four Year Competitive Advance and Revolving Credit Facility (the "Credit Facility") with JPMorgan Chase Bank, N.A., as agent, and a syndicate of lenders. The credit facility provides for an aggregate principal amount of up to $600 million of (i) a competitive advance borrowing option which will be provided on an uncommitted competitive advance basis through an auction mechanism (the "competitive loans"), (ii) revolving extensions of credit (the "revolving loans") outstanding at any time and (iii) the issuance of letters of credits in a face amount not in excess of $100 million outstanding at any time.

At our election, the interest rate per annum applicable to the competitive advances will be based on either (i) a Eurodollar rate determined by reference to LIBOR, plus an applicable margin offered by the lender making such loans and accepted by us or (ii) a fixed percentage rate per annum specified by the lender making such loans. At our election, interest rate per annum applicable to the revolving loans will be based on either (i) a Eurodollar rate determined by reference to LIBOR, adjusted for statutory reserve requirements, plus an applicable margin or (ii) a fluctuating rate of interest

determined by reference to the greatest of (a) the prime rate of JPMorgan Chase Bank, N.A., (b) the federal funds effective rate plus half of 1% or (c) the Eurodollar rate determined by reference to LIBOR, adjusted for statutory reserve requirements, in each case, plus an applicable margin.

In accordance with the terms, we may not exceed a maximum leverage ratio of 3.50 (based on a ratio of total debt to EBITDA) throughout the term. The Credit Facility also contains limitations on, among other things, incurring debt, granting liens, and entering sale and leaseback transactions. In addition, the Credit Facility contains other terms and conditions such as customary representations and warranties, additional covenants and customary events of default.

Board Declares Fourth Quarter Dividend

On November 2, 2011, the Board of Directors of Xylem declared a fourth quarter dividend of $0.1012 per share to shareholders of record on November 16, 2011. The cash dividend will be payable December 31, 2011.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Report contains forward-looking statements made pursuant to the safe harbor within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act") relating to our operations, results of operations and other matters. Forward-looking statements in this Report are indicated by words such as "anticipates," "expects," "believes," "intends," "plans," "estimates," "projects" and similar expressions. These statements represent our expectations based on current information and assumptions and are inherently subject to risks and uncertainties. Our actual results could differ materially from those which are anticipated or projected as a result of certain risks and uncertainties, including, but not limited to, our significant leverage; economic and market conditions (including access to credit and financial markets); the performance of the aftermarket and original equipment service markets; changes in business relationships with our major customers and in the timing, size and continuation of our customers' programs; changes in the product mix and distribution channel mix; the ability of our customers to achieve their projected revenue; competitive product and pricing pressures; increases in production or material costs that cannot be recouped in product pricing; successful integration of acquired businesses; our ability to achieve cost savings from our restructuring initiatives; product liability and environmental matters; as well as other risks and uncertainties. For a more detailed discussion of these factors, see the information under the heading "Risk Factors" in our Registration Statement on Form 10 and with other filings we make with the SEC. Forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, historical information should not be considered as an indicator of future performance.

The following discussion should be read in conjunction with the unaudited consolidated financial statements, including the notes thereto, included elsewhere in this Report. Except as otherwise indicated or unless the context otherwise requires, "Xylem," "we," "us," "our" and "the Company" refer to Xylem Inc. and its subsidiaries. References to the condensed combined financial statements to "ITT" or "parent" refers to ITT Corporation and its consolidated subsidiaries (other than Xylem Inc.).

Separation from ITT Corporation

On October 31, 2011, ITT Corporation ("ITT") completed the previously announced spin-off (the "Spin-off") of Xylem, formerly ITT's water equipment and services businesses. Effective as of 12:01 a.m., Eastern time on October 31, 2011 (the "Distribution Date"), the common stock of Xylem was distributed, on a pro rata basis, to ITT's shareholders of record as of the close of business on October 17, 2011 (the "Record Date"). On the Distribution Date, each of the shareholders of ITT received one share of Xylem common stock for every one share of common stock of ITT held on the Record Date. The Spin-off was completed pursuant to the Distribution Agreement, dated as of October 25, 2011, among ITT, Exelis Inc. and Xylem. After the Distribution Date, ITT does not beneficially own any shares of Xylem common stock and, following such date, financial results of Xylem will not be consolidated in ITT's financial reporting. Xylem's Registration Statement on Form 10 filed with U.S. Securities and Exchange Commission was declared effective on October 6, 2011. Xylem's common stock began "regular-way" trading on the New York Stock Exchange on November 1, 2011 under the symbol "XYL".

Business Overview

Our Company is a world leader in the design, manufacturing, and application of highly engineered technologies for the water industry. We are a leading equipment and service provider for water and wastewater applications with a broad portfolio of products and services addressing the full cycle of water, from collection, distribution and use to the return of water to the environment, and we have leading market positions among equipment and service providers in the core application areas of the water equipment industry: transport, treatment, test, building services, industrial processing and irrigation. Our Company's brands, such as Bell & Gossett and Flygt, are well known throughout the industry and have served the water market for many years. Over the years, we have leveraged our heritage strength in wastewater pumping technologies to expand into wastewater treatment, and later into clean water treatment and water quality analysis. We believe we are strongly positioned to use our deep applications expertise and offer our customers a full spectrum of service offerings in the transportation, treatment and testing of water.

We operate in two segments, Water Infrastructure and Applied Water. The Water Infrastructure segment focuses on the transportation, treatment and testing of water, offering a range of products including water and wastewater pumps, treatment and testing equipment, and controls and systems. Key brands in this segment include Flygt, Wedeco, Godwin Pumps, WTW, Sanitaire, AADI and Leopold. The Applied Water segment encompasses all the uses of water and focuses on the residential, commercial, industrial and agricultural markets. The segment's major products include pumps, valves, heat exchangers, controls and dispensing equipment. Key brands in this segment include Goulds Water Technology, Bell & Gossett, AC Fire, Standard, Flojet, Lowara, Jabsco and Flowtronex. In both our segments, we benefit from a large and growing installed base of products driving growth in aftermarket revenue for replacement parts and services.

We serve a global customer base across diverse end markets while offering localized expertise. We sell our products in more than 150 countries through a balanced distribution network consisting of our direct sales force and independent channel partners.

Executive Summary

Xylem reported revenue for the third quarter 2011 of $939 million, an increase of 16.5% compared to $806 million during the comparable quarter in 2010, primarily due to strong dewatering performance in our Water Infrastructure segment and strength in light industrial, agricultural and residential markets in our Applied Water segment. Operating income for the third quarter of 2011, excluding costs of $46 million incurred in connection with the Spin-off, was $125 million, reflecting an increase of $18 million or 16.8% compared to $107 million in the third quarter of 2010.

Additional highlights for the third quarter of 2011 include the following:

- Order growth of 19.3% over the prior year; organic orders were up 9.0%
- Revenue increase of 16.5% from 2010; organic revenue was up 6.5%
- Completion of the YSI Incorporated ("YSI") acquisition, which contributed approximately $10 million of revenue to the Water Infrastructure segment results.

- Adjusted net income of $102 million, an increase of $11 million from 2010
- Free cash flow generation of $235 million, up $53 million from 2010

Known Trends and Uncertainties

There has been no material change in the information concerning known trends and uncertainties in our Information Statement.

Key Performance Indicators and Non-GAAP Measures

Management reviews key performance indicators including revenue, segment operating income and margins, earnings per share, orders growth, 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, including, but not limited to, dividends, acquisitions, share repurchases and debt repayment. These metrics, however, are not measures of financial performance under accounting principles generally accepted in the United States of America ("GAAP") and should not be considered a substitute for revenue, operating income, income from continuing operations, income from continuing operations per diluted share or net cash from continuing 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 revenue of insignificant portions of our business that did not meet the criteria for classification as a discontinued operation. The period-over-period change resulting from foreign currency fluctuations assumes no change in exchange rates from the prior period.
- "adjusted net income" defined as net income, adjusted to exclude items that may include, but are not limited to, significant charges or credits that impact current results but are not related to our ongoing operations, unusual and infrequent non-operating items and non-operating tax settlements or adjustments. A reconciliation of adjusted net income is provided below.

(in millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	**2011**	2010
Net income	**$ 77**	$ 91	**$ 227**	$ 232
Separation costs, net of tax	**25**	—	**54**	—
Adjusted net income	**$ 102**	$ 91	**$ 281**	$ 232
Pro forma adjusted net income per share (a)	**$ 0.55**	$ 0.49	**$ 1.52**	$ 1.26

(a) As a result on October 31, 2011, we had 184,570,429 shares of common stock outstanding and this share amount is being utilized to calculate pro forma earnings per share for all periods presented.

- "operating expenses excluding separation costs" defined as operating expenses, adjusted to exclude costs incurred in connection with the separation.

- "adjusted segment operating income" defined as segment operating income, adjusted to exclude costs incurred in connection with the separation and "adjusted segment operating margin" defined as adjusted segment operating income divided by total segment revenue.

- "free cash flow" defined as net cash provided by operating activities less capital expenditures and other significant items that impact current results which management believes are not related to our ongoing operations and performance. Our definition of free cash flow does not consider certain non-discretionary cash payments, such as debt. The following table provides a reconciliation of free cash flow for the nine months ended September 30, 2011 and 2010.

(in millions)	2011	2010
Net cash provided by operating activities	**$ 252**	$ 226
Capital expenditures	**(72)** (a)	(44)
Separation cash payments	**55** (b)	—
Free cash flow	**$ 235**	$ 182

(a) Represents capital expenditures as reported in the Statement of Cash Flows, less capital expenditures associated with the separation of $7 million for the nine months ended September 30, 2011.

(b) Separation costs allocated by ITT have been treated as though they were settled in cash.

Results of Operations:

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2011	2010	Change	**2011**	2010	Change
Revenue	**$ 939**	$ 806	16.5%	**$ 2,800**	$ 2,267	23.5%
Gross profit	**365**	309	18.1%	**1,081**	855	26.4%
Gross margin	**38.9%**	38.3%	60bp	**38.6%**	37.7%	90bp
Operating expenses excluding separation costs	**240**	202	18.8%	**718**	578	24.2%
Expense to revenue ratio	**25.6%**	25.1%	50bp	**25.6%**	25.5%	10bp
Separation costs	**46**	—	—	**67**	—	—
Total operating expenses	**286**	202	41.6%	**785**	578	35.8%
Operating income	**79**	107	(26.2)%	**296**	277	6.9%
Operating margin	**8.4%**	13.3%	(490)bp	**10.6%**	12.2%	(160)bp
Interest and other non-operating expense, net	**3**	3	0.0%	**3**	—	—
Income tax expense	**5**	19	(73.7)%	**72**	45	60.0%
Tax rate	**6.3%**	16.7%	(1040)bp	**24.0%**	16.2%	780bp
Net income	**$ 77**	$ 91	(15.4)%	**$ 227**	$ 232	(2.2)%

Revenue

Revenue generated during the three and nine months ended September 30, 2011 was $939 million and $2,800 million respectively, reflecting an increase of $133 million or 16.5% and $533 million or 23.5%, respectively, as compared to the same prior year periods.

The following table illustrates the impact from organic revenue growth, recent acquisitions, and fluctuations in foreign currency, in relation to revenue during the three and nine months ended September 30, 2011.

	Three Months Ended September 30		Nine Months Ended September 30	
	$ Change	% Change	$ Change	% Change
2010 Revenue	$ 806		$ 2,267	
Organic revenue growth	52	6.5%	179	7.9%
Acquisitions/(Divestitures)	42	5.2%	237	10.4%
Foreign currency translation	39	4.8%	117	5.2%
Total change in revenue	133	16.5%	533	23.5%
2011 Revenue	$ 939		$ 2,800	

The following table summarizes revenue by segment for the three and nine months ended September 30, 2011 and 2010:

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2011	2010	Change	**2011**	2010	Change
Water Infrastructure	**$ 584**	$ 488	19.7%	**$ 1,737**	$ 1,308	32.8%
Applied Water	**368**	331	11.2%	**1,108**	1,000	10.8%
Eliminations	**(13)**	(13)		**(45)**	(41)	
Total	**$ 939**	$ 806	16.5%	**$ 2,800**	$2,267	23.5%

Water Infrastructure

Water Infrastructure's revenue increased $96 million, or 19.7% for the third quarter of 2011 and $429 million, or 32.8% for the nine months ended September 30, 2011 compared to the respective 2010 periods due to benefits from acquisitions, organic growth and impact of foreign currency translation adjustments.

Incremental revenue from acquisitions, including Godwin and Nova in 2010 and YSI in September 2011, contributed, in the aggregate, $42 million and $237 million for the three and nine months ended September 30, 2011, respectively, as compared to the same respective periods in 2010. Godwin was particularly strong driven by increasing dewatering demands from natural gas extraction projects and new international business development.

Organic revenue growth of $25 million or 5.1% during the third quarter was driven by increased dewatering equipment volume from natural gas extraction projects and flood support within the United States, and the mining industry in Australia. The quarter-to-date results also reflect increased sales volume in Northern Europe and strong performance in Latin America from treatment and transport sales into the public utility markets, partially offset by decreased volume in Southern Europe which continues to present challenging conditions.

Organic revenue growth of $101 million or 7.7% for the nine month period was primarily attributable to increased volume of dewatering equipment utilized in the Australian mining industry, and includes benefits from a large Middle Eastern wastewater treatment project and an

Australian municipal treatment project. Additionally, stabilizing financial conditions in various regions, including Northern Europe and emerging markets, drove public utility investment in new projects and the general maintenance of existing infrastructure.

Foreign exchange translation was favorable by $30 million and $92 million for the three and nine months ended September 30, 2011, as compared to the same prior year period, respectively.

Applied Water

Applied Water's revenue increased $37 million, or 11.2% for the third quarter of 2011 and $108 million or 10.8% for the nine months ended September 30, 2011 compared to the respective 2010 periods, driven by organic revenue growth of $28 million or 8.5% for the third quarter of 2011 and $79 million or 7.9% during the first nine months of 2011. Organic growth over these periods was primarily due to increased volume in light industrial, and residential and commercial building service markets as a result of new products such as e-SV, a high efficiency vertical multi-stage pump, and increased volume in the agricultural irrigation markets in the United States as a result of favorable weather conditions. In addition, the growth was positively impacted by an increase in volumes of actuation valves and increased distribution of beverage processing equipment which offset the decline in our marine market due to fully stocked distribution channels and the negative impact of weather on the boating season. Pricing initiatives executed throughout the period also contributed to the revenue growth.

Foreign exchange translation was favorable by $10 million and $29 million for the three and nine months ended September 30, 2011, respectively, as compared to the same prior year periods.

Orders / Backlog

Orders received during the third quarter of 2011 increased by $156 million, or 19.3% to $966 million, including benefits of $41 million from acquisitions and $42 million from foreign currency translation adjustments. Orders received during the nine months of 2011 increased by $541 million, or 22.5% to $2,942 million, including benefits of $248 million from acquisitions and $125 million from foreign currency translation adjustments. Organic order growth was 9.0% for the quarter and 7.0% for the nine months ended September 30, 2011.

The Water Infrastructure segment generated order growth of $117, or 23.2% to $621 million, including $41 million and $33 million from acquisitions and favorable foreign currency, respectively, as well as significant order performance in both transport and treatment in various geographic markets. Applied Water generated order growth of $36 million or 11.2% to $358 million, including $10 million from favorable foreign currency translation, primarily due to increasing activity in the United States, Asia Pacific, Africa, Middle East and Latin America regions, which more than offset softness in Europe.

Delivery schedules vary from customer to customer based upon their requirements. Typically, large projects require longer lead production cycles and delays can occur from time to time. Total backlog was $754 million at September 30, 2011 an increase of $33 million or 4.6% compared to $721 million at September 30, 2010. We expect the backlog of $754 million at September 30, 2011 to produce revenue of approximately $500 million in the remainder of 2011.

Gross Margin

Gross margins as a percentage of revenue, increased to 38.9% for the quarter ended and 38.6% for the nine months ended September 30, 2011 compared to 38.3% and 37.7%, respectively, in the comparable periods of 2010. The increase in both periods is attributable to higher revenue including incremental revenue from recent acquisitions, benefits from productivity, and price realization initiatives offset, in part, by rising commodity costs, and higher labor and overhead costs due to increased spending related to additional volume.

Operating Expenses excluding Separation Costs

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2011	2010	Change	**2011**	2010	Change
Selling, General and Administrative (SG&A)	**$ 215**	$ 183	17.5%	**$ 643**	$ 517	24.4%
SG&A as a % of revenue	**22.9%**	22.7%	20bp	**23.0%**	22.8%	20bp
Research and Development (R&D)	**23**	18	27.8%	**73**	53	37.7%
R&D as a % of revenue	**2.4%**	2.2%	20bp	**2.6%**	2.3%	30bp
Restructuring and asset impairment charges, net	**2**	1	100%	**2**	8	(75.0)%
Operating expenses excluding separation costs	**240**	202	18.8%	**718**	578	24.2%
Expense to revenue ratio	**25.6%**	25.1%	50bp	**25.6%**	25.5%	10bp

Selling, General and Administrative Expenses

SG&A increased by $32 million to $215 million or 22.9% of revenue in the third quarter of 2011, as compared to $183 million or 22.7% of revenue in the third quarter of 2010; and increased by $126 million to $643 million or 23.0% of revenue in the nine months ended September 30, 2011, as compared to $517 million or 22.8% of revenue in 2010. The increase in SG&A expenses is principally due to sales volume related increases in selling, marketing and distribution expenses, including the impact of recent acquisitions.

Research and Development Expenses

R&D spending increased $5 million to $23 million or 2.4% of revenue, for the third quarter of 2011 as compared to $18 million or 2.2% of revenue in the third quarter of 2010; and increased by $20 million to $73 million or 2.6% of revenue for the nine months ended September 30, 2011 as compared to $53 million or 2.3% of revenue in 2010. These increases were primarily due to new programs as we continued to invest in new product developments. As a result, we have launched several new products in 2011 with the expectation that our new product pipeline will continue to yield additional new product launches in the fourth quarter and in 2012.

Restructuring and Asset Impairment Charges, net

During the third quarter and nine months ended September 30, 2011, we incurred a $2 million charge related to the impairment of a facility in our Applied Water segment. During the nine months ended September 30, 2010 we recognized restructuring charges totaling $8 million as part of an initiative to improve effectiveness and efficiency of operations. As of September 30, 2011, we consider the majority of our restructuring initiatives to be completed, with a remaining liability of $1 million.

Separation Costs

We had separation costs of $46 million and $67 million during the three and nine months ended September 30, 2011, respectively, primarily attributable to tax, accounting and other professional advisory fees, and information technology costs. The components of separation costs incurred during these periods are presented below.

	Three Months	Nine Months
	(in millions)	
Non-cash asset impairments (a)	$ 8	$ 8
Advisory fees	9	18
IT costs	10	17
Employee Retention	4	8
Other	15	16
Total separation costs in operating income	46	67
Tax-related separation (benefit) costs	(9)	5
Income tax benefit	(12)	(18)
Total separation costs, net of tax	$ 25	$ 54

(a) During the third quarter, we recorded an impairment charge of $8 million on one of our facilities in China within our Applied Water segment. Prior to the separation this was a shared facility among certain Xylem and ITT businesses and as such, in connection with the separation, the removal of certain ITT operations triggered an impairment evaluation. The fair value of the applicable assets were calculated using the cost approach.

(b) In the third quarter of 2011, we revised our estimate of certain costs to be incurred related to tax-related separation costs. This adjustment resulted in a $9 million net credit (income) for tax-related separation costs during the third quarter of 2011.

Operating Income

Operating income was $79 million in the third quarter of 2011, a decrease of $28 million as compared to $107 million in the third quarter of 2010; and $296 million in the nine months ended September 30, 2011, an increase of $19 million compared to $277 million in 2010. These results include non-recurring separation costs of $46 million and $67 million for the three and nine months ended September 30, 2011, respectively. The following table illustrates operating income results of our business segments, including operating margin result for the three and nine months ended September 30, 2011.

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2011	2010	Change	**2011**	2010	Change
Water Infrastructure	**$ 87**	$ 73	19.2%	**$ 245**	$ 175	40.0%
Applied Water	**37**	40	(7.5)%	**133**	132	0.8%
Segment operating income	**124**	113	9.7%	**378**	307	23.1%
Corporate and Other	**(45)**	(6)		**(82)**	(30)	
Total operating Income	**$ 79**	$ 107	(26.2)%	**$ 296**	$ 277	6.9%

The table included below provides a reconciliation from segment operating income to adjusted operating income, and a calculation of the corresponding adjusted operating margin.

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2011	2010	Change	**2011**	2010	Change
Water Infrastructure						
Operating Income	**$ 87**	$ 73	19.2%	**$ 245**	$ 175	40.0%
Separation costs	**8**	—		**10**	—	
Adjusted operating Income	**$ 95**	$ 73	30.1%	**$ 255**	$ 175	45.7%
Adjusted operating margin	***16.3%***	*14.9%*	*140bp*	***14.7%***	*13.4%*	*130bp*
Applied Water						
Operating Income	**$ 37**	$ 40	(7.5)%	**$ 133**	$ 132	0.8%
Separation costs	**9**	—		**9**	—	
Adjusted operating Income	**$ 46**	$ 40	15.0%	**$ 142**	$ 132	7.6%
Adjusted operating margin	***12.5%***	*12.0%*	*50bp*	***12.8%***	*13.2%*	*(40)bp*

Water Infrastructure

Operating income for our Water Infrastructure segment increased $14 million or 19.2% ($22 million or 30.1% excluding separation costs) for the quarter ended September 30, 2011 compared with the prior year quarter. The increase was due to higher sales volumes, as well as productivity gains and material costs savings initiatives.

Operating income for our Water Infrastructure segment increased $70 million or 40.0% ($80 million or 45.7% excluding separation costs) for the nine months ended September 30, 2011 compared with the prior year period. This increase is led by incremental operating income of $42 million from acquisitions over the same period. Also contributing to the increase were higher sales volumes, lower restructuring expense and benefits from productivity and material costs savings initiatives, partially offset by higher labor and overhead costs, material inflation and unfavorable mix.

Applied Water

Operating income for our Applied Water segment decreased $3 million or 7.5% (increased $6 million or 15.0% excluding separation costs) for the quarter ended September 30, 2011 compared with the prior year quarter. This decrease was due to separation costs, a facility impairment charge, rising commodity costs and unfavorable customer and product mix, partially offset by higher sales volumes, incremental price realization and favorable foreign currency impacts.

Operating income for our Applied Water segment increased $1 million or 0.8% ($10 million or 7.6% excluding separation costs) for the nine months ended September 30, 2011 compared to the prior year period as higher sales volume and price realization was largely offset by increased spending on research and development and the unfavorable impacts of inflation, and customer and product mix.

Interest Expense

Interest expense was $1 million for the three and nine months ended September 30, 2011, reflecting interest related to the issuance of $1.2 billion aggregate principal amount of Senior Notes in September. Refer to Note 10, Credit Facilities and Long-Term Debt for further details.

Income Tax Expense

The income tax provision for the three months ended September 30, 2011 was $5 million or 6.3% of income before taxes, compared to $19 million or 16.7% for the three months ended September 30, 2010. The decrease in the third quarter of 2011 tax provision is primarily due to the effective settlement of an international tax examination and a reduction in tax separation costs offset, in part, by separation costs and a deferred tax adjustment recognized during the three months ended September 30, 2011. The tax provision for the third quarter of 2010 was favorably impacted by a tax benefit resulting from the repatriation of foreign earnings net of foreign tax credits.

For the nine months ended September 30, 2011, we recorded an income tax provision of $72 million at an effective tax rate of 24.0% compared to $45 million at an effective tax rate of 16.2% for the nine months ended September 30, 2010. The 2011 effective tax rate was decreased by the effective settlement of an international tax examination and more than offset by tax separation costs, separation costs, and deferred tax adjustments. The 2010 effective tax rate was favorably impacted by a tax benefit resulting from the repatriation of foreign earnings net of foreign tax credits.

Liquidity and Capital Resources

	Nine Months Ended September 30	
	2011	**2010**
	(in millions)	
Operating activities	**$ 252**	$ 226
Investing activities	**(377)**	(1,024)
Financing activities	**182**	841
Foreign exchange	**(4)**	3
Net cash flow	**$ 53**	$ 46

Sources and Uses of Liquidity

Net cash provided by operating activities increased by $26 million to $252 million for the nine months ended September 30, 2011 as compared to the comparable 2010 period. The year-over-year increase is primarily the result of a $42 million increase in net income, excluding non-cash increases in depreciation and amortization, non-cash separation costs and impairment of assets, as well as lower tax payments. This increase was partially offset by net increased uses of cash in working capital driven by spending to support increased sales volumes.

Cash used in investing activities was $377 million for the nine months ended September 30, 2011, compared to $1,024 million for the nine months ended September 30, 2010. Investing activities in 2011 included the acquisition of YSI for $309 million and capital expenditures of $79 million. Investing activities in 2010 included cash payments of $385 million and $580 million related to the

acquisitions of Nova and Godwin Pumps, respectively, and capital expenditures of $44 million. The $35 million year-over-year increase to capital expenditures is primarily due to the expansion of the Godwin business and investments to increase productivity.

Cash provided by financing activities was $182 million for the nine months ended September 30, 2011, compared to $841 million for the same period of 2010. The decline is due to transfers to our parent, ITT, as the net proceeds from the issuance of $1.2 billion in Senior Notes funded a net cash transfer to ITT that included the repayment of funds used in the acquisition of YSI. In general, the components of net transfers include: (i) cash transfers from the Company to parent, (ii) cash investments from our parent used to fund operations, capital expenditures and acquisitions, (iii) charges (benefits) for income taxes, and (iv) allocations of the parent company's corporate expenses described in Note 13.

Funding and Liquidity Strategy

Prior to the Spin-off, the majority of our operations participated in U.S. and international cash management and funding arrangements managed by ITT where cash was swept from our balance sheet daily, and cash to meet our operating and investing needs was provided as needed from ITT. Transfers of cash both to and from these arrangements are reflected as a component of "Parent company investment" within "Parent company equity" in the Condensed Combined Balance Sheets. The cash presented on our balance sheet consists primarily of U.S. and international cash from subsidiaries that do not participate in these arrangements.

As a result of the separation, our capital structure and sources of liquidity will change significantly. We will no longer participate in cash management and funding arrangements with ITT. Instead, our ability to fund our capital needs will depend on our ongoing ability to generate cash from operations, and access to the bank and capital markets. Subsequent to the separation, we will have approximately $200 million in cash and cash equivalents, which together with the cash generated by our ongoing operations, we believe will provide us with sufficient liquidity and capital resources to meet our liquidity and capital needs in both the United States and outside of the United States over the next twelve months.

Historically, we have generated operating cash flow sufficient to fund our primary cash needs centered on operating activities, working capital, capital expenditures, financing requirements, and strategic investments. Subsequent to the separation, while our ability to forecast future cash flows is more limited, we expect to fund our ongoing working capital, capital expenditures and financing requirements through cash flows from operations via access to cash on hand and capital markets. If our cash flows from operations are less than we expect, we may need to incur debt or issue equity. From time to time we may need to access the long-term and short-term capital markets to obtain financing. Our access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including: (i) our credit ratings or absence of a credit rating, (ii) the liquidity of the overall capital markets, and (iii) the current state of the economy. There can be no assurance that we will continue to have access to the capital markets on terms acceptable to us. We cannot assure that such financing will be available to us on acceptable terms or that such financing will be available at all.

On September 20, 2011, we issued $1.2 billion aggregate principal amount of Senior Notes, of which $600 million aggregate principal amount of 3.55% Senior Notes will mature on September 20, 2016 and $600 million aggregate principal amount of 4.875% Senior Notes will

mature on October 1, 2021, the net proceeds of which have funded a net cash transfer to ITT with the balance used and for general corporate purposes. The Senior Notes are our senior unsecured obligations and rank equally with all our existing and future senior unsecured indebtedness. The notes were initially guaranteed on a senior unsecured basis by ITT. The guarantee terminated and was automatically and unconditionally released upon the distribution of the common stock of Xylem to the holders of ITT's common stock in connection with the separation.

Our credit ratings as of November 21, 2011 are as follows:

Rating Agency	Short-Term Ratings	Long-Term Ratings
Standard & Poor's	A-2	BBB
Moody's Investors Service	P-2	Baa2
Fitch Ratings	F-2	BBB

In connection with the Spin-off, as of October 31, 2011, Xylem and its subsidiaries entered into a Four Year Competitive Advance and Revolving Credit Facility with JPMorgan Chase Bank, N.A., as agent, and a syndicate of lenders. The credit facility provides for an aggregate principal amount of up to $600 million of (i) a competitive advance borrowing option which will be provided on an uncommitted competitive advance basis through an auction mechanism (the "competitive loans"), (ii) revolving extensions of credit (the "revolving loans") outstanding at any time and (iii) the issuance of letters of credits in a face amount not in excess of $100 million outstanding at any time. As of October 31, 2011, there were no borrowings under the Credit Facility.

As of September 30, 2011, we have not made a provision for U.S. or additional foreign withholding taxes on the excess of financial reporting over the tax basis of investments in certain foreign subsidiaries because we plan to reinvest such amounts indefinitely outside the United States. Generally, such amounts become subject to U.S. taxation upon the remittance of dividends and under certain other circumstances.

For the year ended 2010 and for the nine months ended September 30, 2011, we generated approximately 62% and 64%, respectively, of our revenue from non-U.S. operations. As we continue to grow our operations in the emerging markets and elsewhere outside of the United States, we expect to continue to generate significant revenue from non-U.S. operations and, we expect our cash will be predominately held by our foreign subsidiaries. We expect to manage our worldwide cash requirements considering available funds among the many subsidiaries through which we conduct business and the cost effectiveness with which those funds can be accessed. We may transfer cash from certain international subsidiaries to the U.S. and other international subsidiaries when it is cost effective to do so. Our intent is to indefinitely reinvest these funds outside of the United States. However, we are reviewing our domestic and foreign cash profile, expected future cash generation and investment opportunities which support our current designation of these funds as being indefinitely reinvested and reassessing whether there is a demonstrated need to repatriate funds held internationally to support our U.S. operations. If, as a result of our review, it is determined that all or a portion of the funds may be needed for our operations in the United States, we would be required to accrue U.S. taxes related to future tax payments associated with the repatriation of these funds. On or about the time of the distribution, the Company's foreign subsidiaries were holding approximately $180 million in cash or marketable securities.

Contractual Obligations

The Company's commitment to make future payments under long-term contractual obligations was as follows, as of December 31, 2010:

	PAYMENTS DUE BY PERIOD				
CONTRACTUAL OBLIGATIONS(1)	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	5 YEARS+
Operating leases	*$ 176*	*$ 48*	*$ 67*	*$ 32*	*$ 29*
Purchase obligations	*67*	*64*	*3*	*—*	*—*
Other long-term obligations reflected on balance sheet	*42*	*3*	*9*	*5*	*25*
Total	*$ 285*	*$ 115*	*$ 79*	*$ 37*	*$ 54*

(1) In connection with the Spin-off, on September 20, 2011 the Company issued $600 million aggregate principal amount of 3.55% Senior Notes that will mature on September 20, 2016 and $600 million aggregate principal amount of 4.875% Senior Notes that will mature on October 1, 2021. Interest on the notes accrues from September 20, 2011. Interest on the 3.55% Senior Notes is payable on March 20 and September 20 of each year, commencing on March 20, 2012. Interest on the 4.875% Senior Notes is payable on April 1 and October 1 of each year, commencing on April 1, 2012. In addition, on the Distribution Date, a revolving credit facility that provides for the availability of $600 million through 2015 became effective.

With respect to our defined benefit pension plans, we intend to contribute annually not less than the minimum required by applicable laws or regulations. Funding requirements under IRS rules are a major consideration in making contributions to our U.S. defined benefit pension plans. We contributed $6 million to our other postretirement benefit plans during the first nine months of 2011 and anticipate making further contributions in the range of $6 million to $8 million during the remainder of 2011.

Critical Accounting Estimates

Our discussion and analysis of our results of operations and capital revenues are based on our condensed combined financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States. The preparation of these combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. We believe the most complex and sensitive judgments, because of their significance to the consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis of Financial Condition and Results of Operations in the Information Statement, describes the critical accounting estimates used in preparation of the condensed combined financial statements. Actual results in these areas could differ from management's estimates. There have been no significant changes in the information concerning our critical accounting estimates as stated in the Information Statement.

New Accounting Pronouncements

See Note 2, Recent Accounting Pronouncements, in the Notes to the condensed combined financial statements for a complete discussion of recent accounting pronouncements. There were no new pronouncements that we expect to have a material impact on our financial condition and results of operations in future periods.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material change in the information concerning market risk as stated in our Information Statement.

ITEM 4. CONTROLS AND PROCEDURES

Our management, with the Chief Executive Officer and Chief Financial Officer of the Company, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this report the Company's disclosure controls and procedures are effective at the reasonable assurance level.

There have been no changes in our internal control over financial reporting during the fiscal quarter covered by this report that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. Legal Proceedings

From time to time, we are involved in legal proceedings that are incidental to the operation of our businesses. Some of these proceedings allege damages relating to environmental exposures, intellectual property matters, copyright infringement, personal injury claims, employment and pension matters, government contract issues and commercial or contractual disputes, sometimes related to acquisitions or divestitures. We will continue to defend vigorously against all claims.

ITEM 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our Registration Statement, filed with the Securities and Exchange Commission on October 5, 2011 as Exhibit 99.1 to our Registration Statement on Form 10.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable

ITEM 3. Defaults Upon Senior Security

None

ITEM 4. (Removed and Reserved)

ITEM 5. Other Information

Mine Safety Disclosure

Pursuant to the reporting requirements under Section 1503(a) of the Dodd-Frank Act, the Company is providing the following information: one facility owned and operated by ITT Water and Wastewater Leopold, Inc. is regulated by the Federal Mine Health and Safety Act (MSHA). This facility is a coal processing facility located in Watsontown, Pennsylvania. In December 2010, the Watsontown facility was inspected by the MSHA and was issued a minor citation. Corrective actions have been taken and this citation has been terminated by the MSHA inspector.

ITEM 6. EXHIBITS

See Exhibit Index

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, thereunto duly authorized.

Xylem Inc.

(Registrant)

Date: November 21, 2011

/s/ John P. Connolly

John P. Connolly
Vice President and Chief Accounting Officer
(Principal accounting officer)

XYLEM INC.

EXHIBIT INDEX

Exhibit Number	Description	Location
(3.1)	Amended and Restated Articles of Incorporation of Xylem Inc.	Incorporated by reference to Exhibit 3.1 of Xylem Inc.'s Form 8-K Current Report filed on October 13, 2011 (CIK No. 1524472, File No. 1-35229).
(3.2)	By-laws of Xylem Inc.	Incorporated by reference to Exhibit 3.2 of Xylem Inc.'s Form 8-K Current Report filed on October 13, 2011 (CIK No. 1524472, File No. 1-35229).
(4.1)	Indenture, dated as of September 20, 2011, between Xylem Inc., ITT Corporation, as initial guarantor, and Union Bank, N.A., as trustee	Incorporated by reference to Exhibit 4.2 of ITT Corporation's Form 8-K Current Report filed on September 21, 2011 (CIK No. 216228, File No. 1-5672).
(4.2)	Form of Xylem Inc. 3.550% Senior Notes due 2016	Incorporated by reference to Exhibit 4.5 of ITT Corporation's Form 8-K Current Report filed on September 21, 2011 (CIK No. 216228, File No. 1-5672).
(4.3)	Form of Xylem Inc. 4.875% Senior Notes due 2021	Incorporated by reference to Exhibit 4.6 of ITT Corporation's Form 8-K Current Report filed on September 21, 2011 (CIK No. 216228, File No. 1-5672).
(4.4)	Registration Rights Agreement, dated as of September 20, 2011, between Xylem Inc., ITT Corporation and J.P. Morgan Securities LLC, RBS Securities Inc. and Wells Fargo Securities, LLC as representatives of the Initial Purchasers	Incorporated by reference to Exhibit 4.8 of ITT Corporation's Form 8-K Current Report filed on September 21, 2011 (CIK No. 216228, File No. 1-5672).
(10.1)	Distribution Agreement, dated as of October 25, 2011, among ITT Corporation, Exelis Inc. and Xylem Inc.	Incorporated by reference to Exhibit 10.1 of ITT Corporation's Form 10-Q Quarterly Report filed on October 28, 2011 (CIK No. 216228, File No. 1-5672).
(10.2)	Benefits and Compensation Matters Agreement, dated as of October 25, 2011, among ITT Corporation, Exelis Inc. and Xylem Inc.	Incorporated by reference to Exhibit 10.2 of ITT Corporation's Form 10-Q Quarterly Report filed on October 28, 2011 (CIK No. 216228, File No. 1-5672).
(10.3)	Tax Matters Agreement, dated as of October 25, 2011, among ITT Corporation, Exelis Inc. and Xylem Inc.	Incorporated by reference to Exhibit 10.3 of ITT Corporation's Form 10-Q Quarterly Report filed on October 28, 2011 (CIK No. 216228, File No. 1-5672).
(10.4)	Master Transition Services Agreement, dated as of October 25, 2011, among ITT Corporation, Exelis Inc. and Xylem Inc.	Incorporated by reference to Exhibit 10.4 of ITT Corporation's Form 10-Q Quarterly Report filed on October 28, 2011 (CIK No. 216228, File No. 1-5672).

Exhibit Number	Description	Location
(10.5)	Four-Year Competitive Advance and Revolving Credit Facility Agreement, dated as of October 25, 2011, among Xylem Inc., the Lenders Named Therein, J.P. Morgan Chase Bank, N.A., as Administrative Agent and Citibank, N.A., as Syndication Agent.	Filed herewith.
(10.6)	Xylem 2011 Omnibus Incentive Plan	Incorporated by reference to Exhibit 4.3 of Xylem Inc.'s Registration Statement on Form S-8 filed on October 28, 2011 (CIK No. 1524472, File No. 333-177607).
(10.7)	Xylem 1997 Long-Term Incentive Plan	Filed herewith.
(10.8)	Xylem 1997 Annual Incentive Plan	Filed herewith.
(10.9)	Xylem Annual Incentive Plan for Executive Officers	Filed herewith.
(10.10)	Xylem Retirement Savings Plan for Salaried Employees	Incorporated by reference to Exhibit 4.4 of Xylem Inc.'s Registration Statement on Form S-8 filed on October 28, 2011 (CIK No. 1524472, File No. 333-177607).
(10.11)	Xylem Supplemental Retirement Savings Plan for Salaried Employees	Filed herewith.
(10.12)	Xylem Deferred Compensation Plan	Incorporated by reference to Exhibit 4.5 of Xylem Inc.'s Registration Statement on Form S-8 filed on October 28, 2011 (CIK No. 1524472, File No. 333-177607).
(10.13)	Xylem Deferred Compensation Plan for Non-Employee Directors	Filed herewith.
(10.14)	Xylem Enhanced Severance Pay Plan	Filed herewith.
(10.15)	Xylem Special Senior Executive Severance Pay Plan	Filed herewith.
(10.16)	Xylem Senior Executive Severance Pay Plan	Filed herewith.
(10.17)	Form of Xylem 2011 Omnibus Incentive Plan 2011 Non-Qualified Stock Option Award Agreement — Founders Grant	Filed herewith.
(10.18)	Form of Xylem 2011 Omnibus Incentive Plan Non-Qualified Stock Option Award Agreement — General Grant	Filed herewith.
(10.19)	Form of Xylem 2011 Omnibus Incentive Plan Restricted Stock Unit Agreement — 2010 TSR Replacement	Filed herewith.

Exhibit Number	Description	Location
(10.20)	Form of Xylem 2011 Omnibus Incentive Plan Restricted Stock Unit Agreement — 2011 TSR Replacement	Filed herewith.
(10.21)	Form of Xylem 2011 Omnibus Incentive Plan Restricted Stock Unit Agreement — Founders Grant	Filed herewith.
(10.22)	Form of Xylem 2011 Omnibus Incentive Plan Restricted Stock Unit Agreement — General Grant	Filed herewith.
(10.23)	Form of Xylem 2011 Omnibus Incentive Plan Restricted Stock Unit Award Agreement — Non-Employee Director	Filed herewith.
(10.24)	Form of Director's Indemnification Agreement	Filed herewith.
(31.1)	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
(31.2)	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
(32.1)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	This Exhibit is intended to be furnished in accordance with Regulation S-K Item 601(b) (32) (ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference.
(32.2)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	This Exhibit is intended to be furnished in accordance with Regulation S-K Item 601(b) (32) (ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference.

Exhibit Number	Description	Location
(101)	The following materials from Xylem Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) Combined Condensed Income Statements, (ii) Combined Condensed Statements of Comprehensive Income, (iii) Combined Condensed Balance Sheets, (iv) Combined Condensed Statements of Cash Flows and (v) Notes to Combined Condensed Financial Statements	Submitted electronically with this report.

Exhibit 10.5

FOUR-YEAR COMPETITIVE ADVANCE AND REVOLVING

CREDIT FACILITY AGREEMENT

Dated as of October 25, 2011

among

XYLEM INC.

THE LENDERS NAMED HEREIN,

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent

and

CITIBANK, N.A.,

as Syndication Agent

BARCLAYS BANK PLC

SOCIÉTÉ GÉNÉRALE

THE ROYAL BANK OF SCOTLAND PLC

U.S. BANK NATIONAL ASSOCIATION

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. and

WELLS FARGO BANK N.A.,

as Documentation Agents

J.P. MORGAN SECURITIES LLC

CITIGROUP GLOBAL MARKETS INC.,

BARCLAYS CAPITAL and

SG AMERICAS SECURITIES, LLC,

as Lead Arrangers and Joint Bookrunners

[CS&M Ref. No. 6701-895]

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FOUR-YEAR COMPETITIVE ADVANCE AND REVOLVING CREDIT FACILITY AGREEMENT (as it may be amended, supplemented or otherwise modified, the "*Agreement*") dated as of October 25, 2011, among XYLEM INC., an Indiana corporation (the " *Company*"); each Borrowing Subsidiary party hereto; the lenders listed in Schedule 2.01 (together with their successors and permitted assigns, the " *Lenders*"); and JPMORGAN CHASE BANK, N.A., as administrative agent for the Lenders (in such capacity, the " *Administrative Agent*").

The Lenders have been requested to extend credit to the Borrowers (such term and each other capitalized term used but not otherwise defined herein having the meaning assigned to it in Article I) to enable the Borrowers (a) to borrow on a standby revolving credit basis on and after the date hereof and at any time and from time to time prior to the Maturity Date a principal amount not in excess of $600,000,000 at any time outstanding and (b) to request the issuance of Letters of Credit for the accounts of the Borrowers in a face amount not in excess of $100,000,000 at any time outstanding. The Lenders have also been requested to provide procedures pursuant to which the Borrowers may invite the Lenders to bid on an uncommitted basis on short-term borrowings by the Borrowers. The proceeds of such borrowings are to be used for working capital and other general corporate purposes (including, without limitation, commercial paper backup). The Letters of Credit shall support payment obligations incurred in the ordinary course of business by the Borrowers. The Lenders are willing to extend credit on the terms and subject to the conditions herein set forth.

Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. *Defined Terms.* As used in this Agreement, the following terms shall have the meanings specified below:

"*ABR Borrowing*" shall mean a Revolving Borrowing comprised of ABR Loans.

"*ABR Loan*" shall mean any Revolving Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"*Accession Agreement*" shall have the meaning assigned to such term in Section 2.12(e).

"*Administrative Fees*" shall have the meaning assigned to such term in Section 2.07(b).

"*Adjusted LIBO Rate*" means, with respect to any Eurocurrency Borrowing (including any notional Eurocurrency Borrowing of one month referred to in

the definition of the term "Alternate Base Rate") for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"*Administrative Questionnaire*" shall mean an Administrative Questionnaire in the form supplied by the Administrative Agent.

"*Affiliate*" shall mean, when used with respect to a specified Person, another Person that directly or indirectly controls or is controlled by or is under common control with the Person specified.

"*Aggregate Credit Exposure*" shall mean the aggregate amount of all the Lenders' Credit Exposures.

"*Agreement Currency*" shall have the meaning assigned to such term in Section 10.16(b).

"*Alternate Base Rate*" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate (which, for the avoidance of doubt, shall not include the Applicable Percentage with respect to Eurocurrency Loans) on such day (or if such day is not a Business Day, the immediately preceding Business Day) for a deposit in dollars with a maturity of one month plus 1%. For purposes hereof, " *Prime Rate*" shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective. " *Federal Funds Effective Rate*" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as released on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so released for any day which is a Business Day, the arithmetic average (rounded upwards to the next 1/100th of 1%), as determined by the Administrative Agent, of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Effective Rate, or the Adjusted LIBO Rate, respectively.

"*Applicable Percentage*" shall mean on any date, with respect to Eurocurrency Loans, ABR Loans, the Facility Fee or the L/C Participation Fee, as the case may be, the applicable percentage set forth below under the caption "Eurocurrency

Spread," "Alternate Base Rate Spread", "Facility Fee Percentage" or "L/C Participation Fee Percentage," as the case may be, based upon the Ratings in effect on such date:

	Eurocurrency Spread	Alternate Base Rate Spread	Facility Fee Percentage	L/C Participation Fee Percentage
Category 1 **A3 or higher by Moody's;** **A- or higher by S&P;** **A- or higher by Fitch**	**0.900%**	**0.000%**	**0.1000%**	**0.900%**
Category 2 **Baa1 or higher by Moody's;** **BBB+ or higher by S&P;** **BBB+ or higher by Fitch**	**1.000%**	**0.000%**	**0.1250%**	**1.000%**
Category 3 **Baa2 by Moody's;** **BBB by S&P;** **BBB by Fitch**	**1.100%**	**0.100%**	**0.150%**	**1.100%**
Category 4 **Baa3 by Moody's;** **BBB- by S&P;** **BBB- by Fitch**	**1.300%**	**0.300%**	**0.200%**	**1.300%**
Category 5 **Lower than Baa3 by Moody's;** **Lower than BBB- by S&P;** **Lower than BBB- by Fitch**	**1.475%**	**0.475%**	**0.275%**	**1.475%**

For purposes of the foregoing: (a) if any Rating Agency shall merge with or into or be acquired by another Rating Agency, or shall cease to be in the business of rating corporate debt obligations, or shall otherwise cease to have a Rating in effect notwithstanding the Company's use of commercially reasonable efforts to cause such a Rating to be maintained in effect, then the Eurocurrency Spread, Alternate Base Rate Spread, Facility Fee Percentage and L/C Participation Fee Percentage shall be determined by reference to the Rating or Ratings remaining available or deemed to be available as provided below; (b) if any Rating Agency shall not have a Rating in effect for a reason other than one of the reasons set forth in the preceding clause (a), such Rating Agency shall be deemed to have a Rating available and such Rating shall be deemed to be in Category 5; (c) if the Ratings available or deemed to be available shall fall in different Categories, then (i) if Ratings are available or deemed to be available from all three Rating Agencies, the Eurocurrency Spread, Alternate Base Rate Spread, Facility Fee Percentage and L/C Participation Fee Percentage shall be determined by reference to the highest Category achieved or exceeded by at least two of the three Ratings, (ii) if Ratings are available or deemed to be available from only two Rating Agencies, the Eurocurrency Spread, Alternate Base Rate Spread, Facility Fee Percentage and L/C Participation Fee Percentage shall be determined by reference to the higher of the two Ratings or, if the Ratings differ by more than one Category, the Category one level below that corresponding to the higher of the two Ratings and (iii) if a Rating is available or deemed to be available from only one Rating Agency, the Eurocurrency Spread, Alternate Base

Rate Spread, Facility Fee Percentage and L/C Participation Fee Percentage shall be determined by reference to that Rating; and (d) if any Rating shall be changed (other than as a result of a change in the rating system of the applicable Rating Agency), such change shall be effective as of the date on which it is first announced by the Rating Agency making such change. Each change in the Applicable Percentage shall apply to all outstanding Eurocurrency Loans and ABR Loans and to L/C Participation Fees and Facility Fees accruing during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of any Rating Agency shall change, the parties hereto shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system and, pending the effectiveness of any such amendment, the Applicable Percentage shall be determined by reference to the Rating most recently in effect from such Rating Agency prior to such change.

"*Applicable Share*" of any Lender at any time shall mean the percentage of the Total Commitment represented by such Lender's Commitment; *provided* that in the case of Section 2.22 when a Defaulting Lender shall exist, "Applicable Share" shall mean the percentage of the Total Commitments (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment. If the Commitments shall be terminated pursuant to Article VII, the Applicable Shares of the Lenders shall be based upon the Commitments in effect, giving effect to any assignments and to any Revolving Lender's status as a Defaulting Lender at the time of determination.

"*Approved Fund*" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in commercial loans and similar extensions of credit in the ordinary course and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"*Assignment and Assumption*" shall mean an Assignment and Assumption entered into by a Lender and an assignee in the form of Exhibit B.

"*Bankruptcy Event*" shall mean, with respect to any Person, that such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or in the good faith judgment of the Administrative Agent has consented to, approved of, or acquiesced in any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of (a) any ownership interest or the acquisition of any ownership interest in, or the exercise of control over, such Person by a Governmental Authority or instrumentality thereof or (b) in the case of a solvent Lender organized under the laws of The Netherlands, the precautionary appointment of an administrator, guardian, custodian or other similar official by a Governmental Authority or instrumentality thereof, under or based on the law of the country where such Lender is subject to home jurisdiction supervision, if applicable law requires that such appointment not be publicly disclosed, provided, further, in each such case, that such ownership interest or such action, as applicable, does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or

such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm its obligations hereunder.

"*Board*" shall mean the Board of Governors of the Federal Reserve System of the United States.

"*Board of Directors*" shall mean the Board of Directors of a Borrower or any duly authorized committee thereof.

"*Borrower*" shall mean the Company or any Borrowing Subsidiary.

"*Borrowing*" shall mean a group of Loans of a single Type made by the Lenders (or, in the case of a Competitive Borrowing, by the Lender or Lenders whose Competitive Bids have been accepted pursuant to Section 2.03) on a single date and as to which a single Interest Period is in effect.

"*Borrowing Date*" shall mean any date on which a Borrowing is made or a Letter of Credit issued hereunder.

"*Borrowing Subsidiary*" shall mean any Subsidiary which shall have become a Borrowing Subsidiary as provided in Section 10.15, other than any Subsidiary that shall have ceased to be a Borrowing Subsidiary as provided in Section 10.15.

"*Borrowing Subsidiary Agreement*" shall mean an agreement in the form of Exhibit D-1 hereto duly executed by the Company and a Subsidiary.

"*Borrowing Subsidiary Termination*" shall mean an agreement in the form of Exhibit D-2 hereto duly executed by the Company and a Borrowing Subsidiary.

"*Business Day*" shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; *provided*, *however*, that, when used in connection with a Eurocurrency Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in deposits in the applicable currency in the London interbank market, and, when used in connection with determining any date on which any amount is to be paid or made available in a Non-US Currency, the term "Business Day" shall also exclude any day on which commercial banks and foreign exchange markets are not open for business in the principal financial center in the country of such Non-US Currency or Frankfurt, Germany if such Non-US Currency is the Euro.

"*Capital Lease Obligations*" of any Person shall mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP; the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP, and the final maturity of such obligations shall be the date of the last payment of such or any other amounts due under such lease (or other arrangement) prior to the first date on which such lease (or other

arrangement) may be terminated by the lessee without payment of a premium or a penalty.

"*CFC*" shall mean (a) each Person that is a "controlled foreign corporation" for purposes of the Code and (b) each subsidiary of any such controlled foreign corporation.

A "*Change in Control*" shall be deemed to have occurred if (a) any Person or group of Persons shall have acquired beneficial ownership of more than 30% of the outstanding Voting Shares of the Company (within the meaning of Section 13(d) or 14(d) of the Exchange Act and the applicable rules and regulations thereunder), or (b) during any period of 12 consecutive months, commencing after the Effective Date, individuals who on the first day of such period were directors of the Company (together with any replacement or additional directors who were nominated or elected by a majority of directors then in office) cease to constitute a majority of the Board of Directors of the Company.

"*Change in Law*" shall mean the occurrence, after the date of this Agreement, of any change in applicable law or regulation or in the interpretation, promulgation, implementation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law); *provided* that, notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted, promulgated or issued.

"*Closing Date*" shall mean the date on which executed counterparts of this Agreement shall have been delivered by the parties hereto. In the event such executed counterparts shall be held under any escrow arrangement pending the effectiveness of this Agreement, the Closing Date shall be the date on which this Agreement, fully executed by the parties hereto, shall be delivered by the escrow or similar agent to the Company and the Administrative Agent.

"*Code*" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time, and the Treasury regulations promulgated thereunder.

"*Commitment*" shall mean, with respect to each Lender, the commitment of such Lender hereunder as set forth in Schedule 2.01 under the heading "Commitment" or in an Assignment and Assumption delivered by such Lender under Section 10.04, as such Commitment may be permanently terminated, reduced or increased from time to time pursuant to Section 2.12 or pursuant to one or more assignments under Section 10.04. The Commitment of each Lender shall automatically and permanently terminate on the Maturity Date if not terminated earlier pursuant to the terms hereof.

"*Competitive Bid*" shall mean an offer by a Lender to make a Competitive Loan pursuant to Section 2.03.

"*Competitive Bid Accept/Reject Letter*" shall mean a notification made by a Borrower pursuant to Section 2.03(d) in the form of Exhibit A-4.

"*Competitive Bid Rate*" shall mean, as to any Competitive Bid, (i) in the case of a Eurocurrency Loan, the Margin, and (ii) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Lender making such Competitive Bid.

"*Competitive Bid Request*" shall mean a request made pursuant to Section 2.03(a) in the form of Exhibit A-1.

"*Competitive Borrowing*" shall mean a Borrowing consisting of a Competitive Loan or concurrent Competitive Loans from the Lender or Lenders whose Competitive Bids for such Borrowing have been accepted under the bidding procedure described in Section 2.03.

"*Competitive Loan*" shall mean a Loan made pursuant to the bidding procedure described in Section 2.03. Each Competitive Loan shall be a Eurocurrency Competitive Loan or a Fixed Rate Loan and will be denominated in either Dollars or a Non-US Currency.

"*Competitive Loan Exposure*" shall mean, with respect to any Lender at any time, the sum of (a) the aggregate principal amount of all outstanding Competitive Loans denominated in Dollars made by such Lender and (b) the sum of the Dollar Equivalents of the principal amounts of all outstanding Competitive Loans denominated in Non-US Currencies made by such Lender, determined on the basis of the applicable Exchange Rates in effect on the respective dates of the Competitive Bid Requests pursuant to which such Competitive Loans were made.

"*Confidential Information Memorandum*" shall mean the Confidential Information Memorandum dated July 2011 related to the credit facilities established by this Agreement, the ITT Corporation Credit Agreement and the Exelis Credit Agreement.

"*Consenting Lender*" shall have the meaning assigned to such term in Section 2.12(d).

"*Consolidated EBITDA*" shall mean, for any period, Consolidated Net Income for such period, plus (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) Consolidated Interest Expense for such period, (ii) consolidated income tax expense for such period, (iii) all amounts attributable to depreciation for such period and amortization of intangible and capitalized assets for such period, (iv) any losses during such period attributable to the disposition of assets other than in the ordinary course of business, (v) any other extraordinary non-cash charges for such period, (vi) any non-cash expenses for such period resulting from the grant of stock options or other equity-based incentives to any director, officer or employee of the Company or any Subsidiary, (vii) any losses attributable to early extinguishment of Indebtedness or obligations under any Hedging Agreement, in each

case other than in connection with the Spin-Offs or the Transactions, (viii) any unrealized non-cash losses for such period attributable to accounting in respect of Hedging Agreements, (ix) the cumulative effect of changes in accounting principles and (x) any fees and expenses for such period relating to the Transactions or to the Spin-Offs, in an aggregate after tax amount for all periods not to exceed $100,000,000 and minus (b) without duplication and to the extent included in determining such Consolidated Net Income, (i) any gains during such period attributable to the disposition of assets other than in the ordinary course of business, (ii) any other extraordinary non-cash gains for such period, (iii) any gains attributable to the early extinguishment of Indebtedness or obligations under any Hedging Agreement, (iv) any unrealized non-cash gains for such period attributable to accounting in respect of Hedging Agreements, (v) the cumulative effect of changes in accounting principles and (vi) any cash payments made during such period with respect to noncash items added back (or that would have been added back had this Agreement been in effect) in computing Consolidated EBITDA for any prior period. For purposes of calculating Consolidated EBITDA for any period to determine the Leverage Ratio, if during such period the Company or any Subsidiary shall have consummated a Material Acquisition or a Material Disposition, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto in accordance with Section 1.03(b).

"*Consolidated Interest Expense*" shall mean, for any period, the interest expense (including imputed interest expense in respect of Capital Lease Obligations) of the Company and its consolidated Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP. Consolidated Interest Expense for any period during which the Company or any Subsidiary shall have consummated a Material Acquisition or a Material Disposition shall be calculated after giving pro forma effect thereto in accordance with Section 1.03(b).

"*Consolidated Net Income*" shall mean, for any period, the net income or loss of the Company and its consolidated Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"*Consolidated Net Tangible Assets*" shall mean at any time the total of all assets appearing on the most recent consolidated balance sheet of the Company and its Subsidiaries delivered under Section 5.03(a) or (b) (or, prior to the delivery of any such balance sheet, the most recent pro forma balance sheet referred to in Section 3.05(c)), less the sum of the following items as shown on such consolidated balance sheet:

(i) the book amount of all segregated intangible assets, including such items as good will, trademarks, trademark rights, trade names, trade name rights, copyrights, patents, patent rights and licenses and unamortized debt discount and expense less unamortized debt premium;

(ii) all depreciation, valuation and other reserves;

(iii) current liabilities;

(iv) any minority interest in the shares of stock (other than Preferred Stock) and surplus of Subsidiaries; and

(v) deferred income and deferred liabilities.

"*Consolidated Total Indebtedness*" shall mean, as of any date, the aggregate principal amount of Indebtedness of the Company and the Subsidiaries outstanding as of such date, determined on a consolidated basis in accordance with GAAP; *provided* that, for purposes of this definition, the term "Indebtedness" shall not include contingent obligations of the Company or any Subsidiary as an account party in respect of any letter of credit or letter of guaranty to the extent such letter of credit or letter of guaranty does not support Indebtedness.

"*Credit Exposure*" shall mean, with respect to any Lender at any time, the Dollar Equivalent of the aggregate principal amount at such time of all outstanding Loans of such Lender, *plus* the aggregate amount at such time of such Lender's L/C Exposure.

"*Credit Party*" shall mean the Administrative Agent, any Issuing Bank or any Lender.

"*Declining Lender*" shall have the meaning assigned to such term in Section 2.12(d).

"*Default*" shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

"*Defaulting Lender*" shall mean any Lender that (a) has failed, within three Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied or, in the case of clause (iii), such payment is the subject of a good faith dispute, (b) has notified the Company, any other Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by the Administrative Agent made in good faith to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, unless such Lender has notified the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent's receipt of such certification in form and substance reasonably satisfactory to it, or (d) has become the subject of a Bankruptcy Event.

"*Distribution Agreement*" shall mean the Distribution Agreement dated as of October 25, 2011, among the Company, ITT Corporation and Exelis Inc., pursuant to which ITT Corporation shall effect the Spin-Offs.

"*Dollar Equivalent*" shall mean, on any date of determination, with respect to any amount in any Non-US Currency, the equivalent in Dollars of such amount, determined using the Exchange Rate with respect to such Non-US Currency on such date.

"*Dollars*" or "*$*" shall mean lawful money of the United States of America.

"*Domestic Subsidiary*" shall mean any Subsidiary incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia, other than any Subsidiary that is a CFC.

"*Effective Date*" shall mean the first date on which the conditions set forth in Section 4.02 are satisfied.

"*Eligible Assignee*" means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund and (d) any other Person, other than, in each case, a natural person, the Company or any Affiliate of the Company.

"*Equity Interests*" shall mean shares of capital stock, partnership interests, membership interests, beneficial interests or other ownership interests, whether voting or nonvoting, in, or interests in the income or profits of, a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"*ERISA*" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"*ERISA Affiliate*" shall mean any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"*ERISA Event*" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan other than events for which the 30 days' notice period has been waived; (b) a failure by any Plan to meet the minimum funding standards (as defined in Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, in each instance, whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence of any liability under Title IV of ERISA with respect to the termination of any Plan or the withdrawal or partial withdrawal of the Company or any of its ERISA Affiliates from any Plan or Multiemployer Plan; (e) the receipt by the Company or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the receipt by the Company or any ERISA Affiliate of any notice, or the receipt by

any Multiemployer Plan from the Company or any ERISA Affiliate of any notice, that Withdrawal Liability is being imposed or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA or in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA); or (g) the occurrence of a "prohibited transaction" with respect to which the Company or any of its Subsidiaries is a "disqualified person" (within the meaning of Section 4975 of the Code), or with respect to which the Company or any such Subsidiary could otherwise be liable.

"*Euro*" shall mean the lawful currency of the member states of the European Union that have adopted a single currency in accordance with applicable law or treaty.

"*Eurocurrency Borrowing*" shall mean a Borrowing comprised of Eurocurrency Loans.

"*Eurocurrency Competitive Borrowing*" shall mean a Competitive Borrowing comprised of Eurocurrency Loans.

"*Eurocurrency Competitive Loan*" shall mean any Competitive Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"*Eurocurrency Loan*" shall mean any Eurocurrency Competitive Loan or Eurocurrency Revolving Loan.

"*Eurocurrency Revolving Borrowing*" shall mean a Revolving Borrowing comprised of Eurocurrency Loans.

"*Eurocurrency Revolving Loan*" shall mean any Revolving Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

"*Event of Default*" shall have the meaning assigned to such term in Article VII.

"*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended.

"*Exchange Rate*" shall mean, with respect to any Non-US Currency on a particular date, the rate at which such Non-US Currency may be exchanged into Dollars, as set forth on such date on the applicable Reuters currency page. In the event that such rate does not appear on any Reuters currency page, the Exchange Rate with respect to such Non-US Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Company or, in the absence of such agreement, such Exchange Rate shall instead be the Administrative Agent's spot rate of exchange in the London interbank market at or about 10:00 a.m., London time, on such date for the purchase of Dollars with such Non-US Currency, for delivery two Business Days later; *provided*, *however*, that if at the time

of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may use any reasonable method it deems applicable to determine such rate, and such determination shall be conclusive absent manifest error.

"*Excluded Taxes*" shall mean, with respect to any Credit Party (including any assignee of or successor to a Credit Party and any Participant) and any other recipient of any payment to be made by or on account of any obligation of a Borrower under this Agreement or any Loan Documents: (a) income or franchise Taxes imposed on (or measured by) net income or gain (however denominated) by the United States of America, or by the jurisdiction under the laws of which such Credit Party (including any assignee of or successor to such Credit Party and any Participant or other recipient) is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits Taxes imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which the Company is located, (c) any backup withholding Tax imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which the Company is located, (d) in the case of a Non-US Lender (other than an assignee pursuant to a request by a Borrower under Section 2.21(b)), any US Federal withholding Taxes resulting from any law in effect on the date such Non-US Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Non-US Lender's failure to comply with Section 2.20(f) (including as a result of any inaccurate or incomplete documentation), except to the extent that such Non-US Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from a Borrower with respect to such withholding Taxes pursuant to Section 2.20(a), and (e) any Taxes imposed with respect to the requirements of FATCA.

"*Exelis Credit Agreement*" shall mean the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011, among Exelis Inc., certain lenders and JPMorgan Chase Bank, N.A., as Administrative Agent.

"*Exelis Form 10*" shall mean the Form 10 Registration Statement filed by the Company with the Securities and Exchange Commission on July 11, 2011.

"*Existing Maturity Date*" shall have the meaning assigned to such term in Section 2.12(d).

"*Facility Fee*" shall have the meaning assigned to such term in Section 2.07(a).

"*FATCA*" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (including any regulations that are issued thereunder) and any official governmental interpretations thereof.

"*Fees*" shall mean the Facility Fee, the Administrative Fees, the L/C Participation Fees, the Ticking Fees and the Issuing Bank Fees.

"*Financial Officer*" of any Person shall mean the chief financial officer, principal accounting officer, controller, assistant controller, treasurer, associate or assistant treasurer or director of treasury services of such Person.

"*Fitch*" shall mean Fitch Ratings, a wholly owned subsidiary of Fimilac, S.A, or any of its successors.

"*Fixed Rate Borrowing*" shall mean a Borrowing comprised of Fixed Rate Loans.

"*Fixed Rate Loan*" shall mean any Competitive Loan bearing interest at a fixed percentage rate per annum (the " *Fixed Rate*") (expressed in the form of a decimal to no more than four decimal places) specified by the Lender making such Loan in its Competitive Bid.

"*Foreign Subsidiary*" shall mean any Subsidiary that is not a Domestic Subsidiary.

" *Form 10s*" shall mean the Exelis Form 10 and the Xylem Form 10.

"*GAAP*" shall mean United States generally accepted accounting principles, applied on a consistent basis.

"*Governmental Authority*" shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank).

"*Hedging Agreement*" means any agreement with respect to any swap, forward, future or derivative transaction, or any option or similar agreement, involving, or settled by reference to, one or more rates, currencies, commodities, prices of equity or debt securities or instruments, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value, or any similar transaction or combination of the foregoing transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Company or the Subsidiaries shall be a Hedging Agreement. The "amount" or "principal amount" of the obligations of the Company or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Company or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"*Increasing Lender*" shall have the meaning assigned to such term in Section 2.12(e).

"*Indebtedness*" of any Person shall mean all indebtedness representing money borrowed or the deferred purchase price of property (other than trade accounts payable) or any capitalized lease obligation, which in any case is created, assumed, incurred or guaranteed in any manner by such Person or for which such Person is responsible or liable (whether by agreement to purchase indebtedness of, or to supply funds to or invest in, others or otherwise). For the avoidance of doubt, the term Indebtedness shall not include obligations under Hedging Agreements.

"*Indemnified Taxes*" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by a Borrower under this Agreement and (b) Other Taxes.

"*Interest Payment Date*" shall mean (a) with respect to any ABR Loan, the last day of each March, June, September and December, (b) with respect to any Eurocurrency Loan or Fixed Rate Loan, the last day of each Interest Period applicable thereto, and with respect to a Eurocurrency Loan with an Interest Period of more than three months' duration or a Fixed Rate Loan with an Interest Period of more than 90 days' duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months' duration or 90 days' duration, as the case may be, been applicable to such Loan and (c) with respect to any Loan, the Maturity Date or the date of any prepayment of such Loan or conversion of such Loan to a Loan of a different Type.

"*Interest Period*" shall mean (a) as to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the applicable Borrower may elect and (b) as to any Fixed Rate Borrowing, the period commencing on the date of such Borrowing and ending on the date specified in the Competitive Bids in which the offers to make the Fixed Rate Loans comprising such Borrowing were extended, which shall not be earlier than seven days after the date of such Borrowing or later than 360 days after the date of such Borrowing; *provided*, *however*, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of Eurocurrency Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"*IRS*" shall mean the United States Internal Revenue Service.

"*Issuing Bank*" shall mean (a) JPMorgan Chase Bank, N.A., (b) Citibank N.A. , and (c) each Lender that shall have become an Issuing Bank hereunder as provided in Section 2.05(j) (other than any Person that shall have ceased to be an Issuing Bank as provided in Section 2.05(i)), each in its capacity as an issuer of Letters of Credit hereunder. Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such

Affiliate (it being agreed that such Issuing Bank shall, or shall cause such Affiliate to, comply with the requirements of Section 2.05 with respect to such Letters of Credit).

"*Issuing Bank Agreement*" shall mean an agreement in substantially the form of Exhibit E.

"*Issuing Bank Fees*" shall have the meaning assigned to such term in Section 2.07(c).

"*ITT Corporation Credit Agreement*" shall mean the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011, among ITT Corporation, certain lenders and JPMorgan Chase Bank, N.A., as Administrative Agent.

"*Judgment Currency*" shall have the meaning assigned to such term in Section 10.16(b).

"*L/C Disbursement*" shall mean a payment or disbursement made by an Issuing Bank pursuant to a Letter of Credit.

"*L/C Exposure*" shall mean at any time the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time *plus* (b) the aggregate principal amount of all L/C Disbursements that have not yet been reimbursed at such time. The L/C Exposure of any Lender at any time shall mean its Applicable Share of the aggregate L/C Exposure at such time.

"*L/C Participation Fee*" shall have the meaning assigned to such term in Section 2.07(c).

"*Lead Arrangers*" shall mean J.P. Morgan Securities LLC and Citigroup Global Markets Inc.

"*Letter of Credit*" shall mean any letter of credit issued pursuant to Section 2.05.

"*Lender Parent*" shall mean, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"*Leverage Ratio*" shall mean, at any time, the ratio of (a) Consolidated Total Indebtedness at such time to (b) Consolidated EBITDA for the most recently ended period of four consecutive fiscal quarters.

"*LIBO Rate*" shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, the rate appearing on the Reuters "LIBOR 01" screen displaying British Bankers' Association Interest Settlement Rates (or on any successor or substitute screen provided by Reuters, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such screen, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement

of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurocurrency Borrowing for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"*Lien*" shall mean, with respect to any property or asset, any mortgage, deed of trust, lien, pledge, security interest, charge or other encumbrance on, of, or in such property or asset.

"*Loan*" shall mean a Competitive Loan or a Revolving Loan, whether made as a Eurocurrency Loan, an ABR Loan or a Fixed Rate Loan, as permitted hereby.

"*Loan Documents*" shall mean this Agreement, the Letters of Credit, the Borrowing Subsidiary Agreements, any Issuing Bank Agreements, and promissory notes, if any, issued pursuant to Section 10.04(i).

"*Margin*" shall mean, as to any Eurocurrency Competitive Loan, the margin (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) to be added to or subtracted from the LIBO Rate in order to determine the interest rate applicable to such Loan, as specified in the Competitive Bid relating to such Loan.

"*Margin Regulations*" shall mean Regulations T, U and X of the Board as from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"*Margin Stock*" shall have the meaning given such term under Regulation U of the Board.

"*Material Acquisition*" shall mean any acquisition of (a) Equity Interests in any Person if, after giving effect thereto, such Person will become a Subsidiary or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; *provided* that the aggregate consideration therefor (including Indebtedness assumed in connection therewith, all obligations in respect of deferred purchase price (including obligations under any purchase price adjustment but excluding earnout or similar payments) and all other consideration payable in connection therewith (including payment obligations in respect of noncompetition agreements or other arrangements representing acquisition consideration)) exceeds $100,000,000.

"*Material Adverse Effect*" shall mean an event or condition that has resulted in a material adverse effect on (a) the business, assets, liabilities, operations or financial condition of the Company and its Subsidiaries, taken as a whole, (b) the ability of any Borrower to perform any of its material obligations under any Loan Document or (c) the enforceability of the Lenders' rights under any Loan Document.

"*Material Disposition*" shall mean any sale, transfer or other disposition of (a) all or substantially all the issued and outstanding Equity Interests in any Person that are owned by the Company or any Subsidiary or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; *provided* that the aggregate consideration therefor (including Indebtedness assumed by the transferee in connection therewith, all obligations in respect of deferred purchase price (including obligations under any purchase price adjustment but excluding earnout or similar payments) and all other consideration payable in connection therewith (including payment obligations in respect of noncompetition agreements or other arrangements representing acquisition consideration)) exceeds $100,000,000.

"*Material Indebtedness*" shall mean Indebtedness (other than the Loans, Letters of Credit and guarantees under the Loan Documents), or obligations in respect of one or more Hedging Agreements or Securitization Transactions, of any one or more of the Company and the Subsidiaries in an aggregate principal amount of $50,000,000 or more.

"*Maturity Date*" shall mean the fourth anniversary of the Closing Date, as such date may be extended pursuant to Section 2.12(d).

"*MNPI*" shall mean material information concerning the Company and the Subsidiaries and their securities that has not been disseminated in a manner making it available to investors generally, within the meaning of Regulation FD under the Securities Act and the Exchange Act.

"*Moody's*" shall mean Moody's Investors Service, Inc. or any of its successors.

"*Multiemployer Plan*" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"*Non-US Currency*" shall mean any currency other than Dollars that is freely transferable and convertible into Dollars in the London market and as to which an Exchange Rate and LIBO Rates may be determined.

"*Non-US Currency Loan*" shall mean any Competitive Loan denominated in a currency other than Dollars.

"*Non-US Lender*" shall mean a Lender that is not a US Person.

"*Notice of Competitive Bid Request*" shall mean a notification made pursuant to Section 2.03(a) in the form of Exhibit A-2.

"*Obligations*" means (a) the due and punctual payment of (i) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment

required to be made under this Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of L/C Disbursements, interest thereon and obligations to provide cash collateral, and (iii) all other monetary obligations of the Company or any Subsidiary under this Agreement and each other Loan Document, including obligations to pay fees, expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and (b) the due and punctual payment and performance of all other obligations of each Borrower under or pursuant to this Agreement and each of the other Loan Documents.

"*Other Taxes*" shall mean any present or future stamp, court, documentary, intangible, recording, filing or similar excise or property Taxes (other than Excluded Taxes) that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, or from the registration, receipt or perfection of a security interest under this Agreement or any other Loan Document.

"*Participant*" shall have the meaning assigned to such term in Section 10.04(f).

"*Participant Register*" has the meaning assigned to such term in Section 10.04(f).

"*PBGC*" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"*Permitted Encumbrances*" means:

(a) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 5.05;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law (other than any Lien imposed pursuant to Section 430(k) of the Code or Section 303(k) of ERISA or a violation of Section 436 of the Code), arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.05;

(c) pledges and deposits made (i) in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws and (ii) in respect of letters of credit, bank guarantees or similar instruments issued for the account of the Company or any Subsidiary in the ordinary course of business supporting obligations of the type set forth in the preceding clause (i);

(d) pledges and deposits made (i) to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of

business (but excluding obligations constituting Indebtedness) and (ii) in respect of letters of credit, bank guarantees or similar instruments issued for the account of the Company or any Subsidiary in the ordinary course of business supporting obligations described in clause (i) above;

(e) pledges or Liens necessary to secure a stay of any legal or equitable process in a proceeding to enforce a liability or obligation contested in good faith by the Company or a Subsidiary or required in connection with the institution by the Company or a Subsidiary of any legal or equitable proceeding to enforce a right or to obtain a remedy claimed in good faith by the Company or a Subsidiary, or required in connection with any order or decree in any such proceeding or in connection with any contest of any tax or other governmental charge; or the making of any deposit with or the giving of any form of security to any governmental agency or any body created or approved by law or governmental regulation in order to entitle the Company or a Subsidiary to maintain self-insurance or to participate in any fund in connection with workers' compensation, unemployment insurance, old age pensions or other social security or to share in any provisions or other benefits provided for companies participating in any such arrangement or for liability on insurance of credits or other risks;

(f) judgment liens in respect of judgments that do not constitute an Event of Default under clause (i) of Article VII;

(g) any Lien on property in favor of the United States of America, or of any agency, department or other instrumentality thereof, to secure partial, progress or advance payments pursuant to the provisions of any contract;

(h) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Company or any Subsidiary;

(i) banker's liens, rights of setoff or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with depository institutions or securities intermediaries; provided that such deposit accounts, securities accounts or funds are not established or deposited for the purpose of providing collateral for any Indebtedness and are not subject to restrictions on access by the Company or any Subsidiary in excess of those required by applicable banking or other regulations;

(j) Liens arising by virtue of Uniform Commercial Code financing statement filings (or similar filings under applicable law) regarding operating leases entered into by the Company and the Subsidiaries in the ordinary course of business;

(k) Liens representing any interest or title of a licensor, lessor or sublicensor or sublessor, or a licensee, lessee or sublicensee or sublessee, in the property subject to any lease, license or sublicense or concession agreement;

(l) any Lien affecting property of the Company or any Subsidiary securing Indebtedness of the United States of America or a State thereof (or any instrumentality or agency of either thereof) issued in connection with a pollution control or abatement program required in the opinion of the Company to meet environmental criteria with respect to manufacturing or processing operations of the Company or any Subsidiary and the proceeds of which Indebtedness have financed the cost of acquisition of such program, and renewals or extensions of any such Lien that do not extend to additional assets or increase the amount of the obligations secured thereby; and

(m) contractual rights of set-off not established to secure the payment of Indebtedness.

"*Person*" shall mean any natural person, corporation, limited liability company, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"*Plan*" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA sponsored, maintained or contributed to by the Company or any ERISA Affiliate.

"*Preferred Stock*" shall mean any capital stock entitled by its terms to a preference (a) as to dividends or (b) upon a distribution of assets.

"*Priority Indebtedness*" shall mean, without duplication, (a) all Indebtedness or obligations in respect of one or more Hedging Agreements of any Subsidiary and (b) (i) all Indebtedness of the Company or any Subsidiary, and all obligations in respect of one or more Hedging Agreements, secured by any Lien on any asset of the Company or any Subsidiary, (ii) all obligations of the Company or any Subsidiary under conditional sale or other title retention agreements relating to property acquired by the Company or such Subsidiary (excluding trade accounts payable incurred in the ordinary course of business), (iii) all Capital Lease Obligations of the Company or any Subsidiary, (iv) all Securitization Transactions of the Company or any Subsidiary and (v) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by the Company or any Subsidiary, whether or not the Indebtedness secured thereby has been assumed by the Company or such Subsidiary.

"*Rating Agencies*" shall mean Moody's, S&P and Fitch.

"*Ratings*" shall mean the ratings from time to time established by the Rating Agencies for senior, unsecured, non-credit-enhanced long-term debt of the Company.

"*Register*" shall have the meaning given such term in Section 10.04(d).

"*Regulation D*" shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"*Related Parties*" shall mean, with respect to any specified Person, such Person's Affiliates and the directors, officers, partners, trustees, employees, agents and advisors of such Person and of such Person's Affiliates.

"*Reportable Event*" shall mean any reportable event as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414).

"*Required Lenders*" shall mean, at any time, Lenders having Commitments representing more than 50% of the Total Commitment or, for purposes of acceleration pursuant to Article VII, Lenders holding Credit Exposures representing more than 50% of the Aggregate Credit Exposure.

"*Responsible Officer*" of any Person shall mean any executive officer or Financial Officer of such Person and any other officer or similar official thereof responsible for the administration of the obligations of such Person in respect of this Agreement.

"*Revolving Borrowing*" shall mean a Borrowing consisting of simultaneous Revolving Loans from each of the Lenders.

"*Revolving Borrowing Request*" shall mean a request made pursuant to Section 2.04 in the form of Exhibit A-5.

"*Revolving Credit Exposure*" shall mean, with respect to any Lender at any time, the aggregate principal amount at such time of all outstanding Revolving Loans of such Lender.

"*Revolving Loans*" shall mean the revolving loans made pursuant to Section 2.01 and 2.04. Each Revolving Loan shall be in Dollars and shall be a Eurocurrency Revolving Loan or an ABR Loan.

"*S&P*" shall mean Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or any of its successors.

"*SEC*" shall mean the Securities and Exchange Commission.

"*Securitization Transaction*" shall mean any transfer by the Company or any Subsidiary of accounts receivable or interests therein (a) to a trust, partnership, corporation, limited liability company or other entity, which transfer is funded in whole or in part, directly or indirectly, by the incurrence or issuance by the transferee or successor transferee of Indebtedness or other securities that are to receive payments from, or that represent interests in, the cash flow derived from such accounts receivable or interests therein, or (b) directly to one or more investors or other purchasers. The "amount" or "principal amount" of any Securitization Transaction shall be deemed at any time to be the aggregate principal or stated amount of the Indebtedness or other securities referred to in the first sentence of this definition or, if there shall be no such principal or stated amount, the uncollected amount of the accounts receivable or interests therein

transferred pursuant to such Securitization Transaction, net of any such accounts receivable or interests therein that have been written off as uncollectible.

"*Significant Subsidiary*" shall mean, at any time, each Borrower and each Subsidiary accounting for more than 5% of the consolidated revenues of the Company for the most recent period of four consecutive fiscal quarters for which pro forma financial statements of the Company are set forth in the Xylem Form 10 (as amended prior to the date hereof) or for the most recent period of four consecutive fiscal quarters of the Company for which historical financial statements of the Company have been delivered pursuant to Section 5.03(a) or 5.03(b), as applicable, or more than 5% of the consolidated total assets of the Company at the end of such applicable period; *provided* that if at the end of or for any such period of four consecutive fiscal quarters all Subsidiaries that are not Significant Subsidiaries shall account for more than 10% of the consolidated revenues of the Company or more than 10% of the consolidated total assets of the Company, the Company shall designate sufficient Subsidiaries as "Significant Subsidiaries" to eliminate such excess (or if the Company shall have failed to designate such Subsidiaries within 10 Business Days, Subsidiaries shall automatically be deemed designated as Significant Subsidiaries in descending order based on the amounts of their contributions to consolidated total assets until such excess shall have been eliminated), and the Subsidiaries so designated or deemed designated shall for all purposes of this Agreement constitute Significant Subsidiaries.

"*Spin-Offs*" shall mean (a) the spin off by ITT Corporation of its water infrastructure and applied water businesses through the transfer of such businesses to the Company and the distribution of all of the shares of common stock of the Company to the shareholders of ITT Corporation, as described in the Xylem Form 10 and (b) the spin off by ITT Corporation of its C4ISR (command, control, communications, computers, intelligence, surveillance and reconnaissance) electronics and systems, and informational and technical services businesses through the transfer of such businesses to Exelis Inc. and the distribution of all of the shares of common stock of Exelis Inc. to the shareholders of ITT Corporation, as described in the Exelis Form 10.

"*Statutory Reserve Rate*" shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves), expressed as a decimal, established by the Board to which the Administrative Agent is subject for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurocurrency Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"*subsidiary*" shall mean, with respect to any Person (the "*parent*"), any corporation, association or other business entity of which securities or other ownership interests representing more than 50% of the ordinary voting power are, at the time as of

which any determination is being made, owned or controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"*Subsidiary*" shall mean a subsidiary of the Company.

"*Taxes*" shall mean any present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"*Ticking Fee*" shall have the meaning assigned to such term in Section 2.07(d).

"*Total Commitment*" shall mean, at any time, the aggregate amount of Commitments of all the Lenders, as in effect at such time.

"*Transactions*" shall have the meaning assigned to such term in Section 3.02.

"*Type*", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, "*Rate*" shall include the LIBO Rate, the Alternate Base Rate, the Competitive Bid Rate and the Fixed Rate.

"*USA PATRIOT Act*" shall have the meaning assigned to such term in Section 3.13.

"*US Person*" shall mean a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"*US Tax Certificate*" has the meaning assigned to such term in Section 2.20(f)(ii)(D)(2).

"*Voting Shares*" shall mean, as to a particular corporation or other Person, outstanding shares of stock or other Equity Interests of any class of such Person entitled to vote in the election of directors, or otherwise to participate in the direction of the management and policies, of such Person, excluding shares or Equity Interests entitled so to vote or participate only upon the happening of some contingency.

"*Withdrawal Liability*" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"*Withholding Agent*" shall mean a Borrower and the Administrative Agent.

"*Xylem Form 10*" shall mean the Form 10 Registration Statement filed by the Company with the Securities and Exchange Commission on July 11, 2011.

"*Xylem Notes*" shall mean unsecured notes of the Company in an amount not to exceed $1,200,000,000 issued to provide funds for a cash transfer to ITT Corporation prior to the Spin-Offs, which notes shall not mature, and shall not be required to be repaid, prepaid, redeemed, repurchased or defeased, whether on one or more fixed dates, upon the occurrence of one or more events or at the option of any holder thereof (except, in each case, upon the occurrence of an event of default, a change in control or a similar event), prior to the date six months after the Maturity Date and shall not have the benefit of any guarantee or other credit enhancement provided by any Subsidiary.

SECTION 1.02. *Terms Generally*. The definitions of terms used herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all real and personal, tangible and intangible assets and properties, including cash, securities, accounts and contract rights. The word "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders, writs and decrees, of all Governmental Authorities. Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document (including this Agreement and the other Loan Documents) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement.

SECTION 1.03. *Accounting Terms; GAAP*. (a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature used herein shall be construed in accordance with GAAP as in effect from time to time; *provided* that if the Company, by notice to the Administrative Agent, shall request an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent or the Required Lenders, by notice to the Company, shall request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then

such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

(b) All pro forma computations required to be made hereunder giving effect to any Material Acquisition or Material Disposition shall be calculated after giving pro forma effect thereto as if such transaction had occurred on the first day of the period of four consecutive fiscal quarters ending with the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.03(a) or 5.03(b) (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter included in the pro forma financial statements referred to in Section 3.05(b)), and, to the extent applicable, to the historical earnings and cash flows associated with the assets acquired or disposed of and any related incurrence or reduction of Indebtedness, (i) in accordance with Article 11 of Regulation S-X under the Securities Act, if such Material Acquisition or Material Disposition would be required to be given pro forma effect in accordance with Regulation S-X for purposes of preparing the Company's annual and quarterly reports to the SEC, and (ii) in any event, on a reasonable basis consistent with accepted financial practice. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Agreement applicable to such Indebtedness if such Hedging Agreement has a remaining term in excess of 12 months).

ARTICLE II

THE CREDITS

SECTION 2.01. *Commitments*. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make Revolving Loans in Dollars to the Borrowers, at any time and from time to time on and after the date hereof and until the earlier of the Maturity Date and the termination of the Commitment of such Lender, in an amount that will not result in (a) the sum of the Revolving Credit Exposure and the L/C Exposure of such Lender exceeding such Lender's Commitment or (b) the Aggregate Credit Exposure exceeding the Total Commitment then in effect. Within the foregoing limits, the Borrowers may borrow, pay or prepay and reborrow Revolving Loans hereunder, on and after the Effective Date and prior to the Maturity Date, subject to the terms, conditions and limitations set forth herein.

SECTION 2.02. *Loans*. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments; *provided*, *however*, that the failure of any Lender to make any Revolving Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.03. The Loans comprising any Borrowing shall be (i) in the case of Competitive Loans, in an aggregate principal amount permitted under Section 2.03, and (ii) in the case of Revolving Loans, in an aggregate principal amount that is an

integral multiple of $5,000,000 and not less than $10,000,000 (or an aggregate principal amount equal to the remaining balance of the Commitments).

(b) Each Competitive Borrowing shall be comprised entirely of Eurocurrency Competitive Loans or Fixed Rate Loans, and each Revolving Borrowing shall be comprised entirely of Eurocurrency Revolving Loans or ABR Loans, as the applicable Borrower may request pursuant to Section 2.03 or 2.04, as applicable. Each Lender may at its option make any Loan by causing any domestic or foreign branch, agency or Affiliate of such Lender to make such Loan; *provided* that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement and such branch, agency or Affiliate shall, to the extent of any such loans made by it, have all the rights of such Lender hereunder. Borrowings of more than one Type may be outstanding at the same time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Subject to Section 2.06 and, in the case of any Borrowing denominated in a Non-US Currency, to any alternative procedures that the applicable Borrower, the applicable Lenders and the Administrative Agent may agree upon, each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent in New York, New York, not later than 1:00 p.m., New York City time, and the Administrative Agent shall by 3:00 p.m., New York City time, credit the amounts so received to the account or accounts specified from time to time in one or more notices delivered by the Company to the Administrative Agent or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, forthwith return the amounts so received to the respective Lenders. Competitive Loans shall be made by the Lender or Lenders whose Competitive Bids therefor are accepted pursuant to Section 2.03 in the amounts so accepted. Revolving Loans shall be made by the Lenders pro rata in accordance with their Applicable Shares. Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount in the required currency. If and to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and such Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon in such currency, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of such Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, a rate determined by the Administrative Agent to represent its cost of overnight funds. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(d) If any Issuing Bank shall not have received from a Borrower the payment required to be made by Section 2.05(e) within the time period set forth in Section 2.05(e), such Issuing Bank will promptly notify the Administrative Agent of the L/C Disbursement and the Administrative Agent will promptly notify each Lender of such L/C Disbursement and its Applicable Share thereof. Each Lender shall pay by wire transfer of immediately available funds to the Administrative Agent not later than 2:00 p.m., New York City time, on such date (or, if such Lender shall have received such notice later than 12:00 (noon), New York City time, on any day, not later than 10:00 a.m., New York City time, on the immediately following Business Day), an amount equal to such Lender's Applicable Share of such L/C Disbursement (it being understood that such amount shall be deemed to constitute an ABR Loan of such Lender and shall bear interest as provided herein), and the Administrative Agent will promptly pay to the Issuing Bank any amounts so received by it from the Lenders. The Administrative Agent will promptly pay to the Issuing Bank any amounts received by it from the Borrower pursuant to Section 2.05(e) prior to the time that any Lender makes any payment pursuant to this paragraph; any such amounts received by the Administrative Agent thereafter will be promptly remitted by the Administrative Agent to the Lenders that shall have made such payments and to the Issuing Bank, as their interests may appear. If any Lender shall not have made its Applicable Share of such L/C Disbursement available to the Administrative Agent as provided above, such Lender and the Borrowers severally agree to pay interest on such amount, for each day from and including the date such amount is required to be paid in accordance with this paragraph to but excluding the date such amount is paid, to the Administrative Agent at (i) in the case of the Borrowers, a rate per annum equal to the interest rate applicable to ABR Loans pursuant to Section 2.09, and (ii) in the case of such Lender, for the first such day, the Federal Funds Effective Rate, and for each day thereafter, the Alternate Base Rate.

SECTION 2.03. *Competitive Bid Procedure*. (a) In order to request Competitive Bids, a Borrower shall hand deliver or fax to the Administrative Agent a duly completed Competitive Bid Request in the form of Exhibit A-1 hereto, to be received by the Administrative Agent (i) in the case of a Eurocurrency Competitive Loan, not later than 10:00 a.m., New York City time, (A) four Business Days before a proposed Competitive Borrowing in the case of a Competitive Borrowing denominated in Dollars and (B) five Business Days before a proposed Competitive Borrowing in the case of a Competitive Borrowing denominated in a Non-US Currency and (ii) in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, (A) one Business Day before a proposed Competitive Borrowing in the case of a Competitive Borrowing denominated in Dollars and (B) two Business Days before a proposed Competitive Borrowing in the case of a Competitive Borrowing denominated in a Non-US Currency. No ABR Loan shall be requested in, or made pursuant to, a Competitive Bid Request. A Competitive Bid Request that does not conform substantially to the format of Exhibit A-1 may be rejected in the Administrative Agent's sole discretion, and the Administrative Agent shall promptly notify the applicable Borrower of such rejection by fax. Each Competitive Bid Request shall refer to this Agreement and specify (A) whether the Borrowing then being requested is to be a Eurocurrency Borrowing or a Fixed Rate Borrowing, (B) the date of such Borrowing (which shall be a Business Day), (C) the currency of the requested Borrowing (which shall be Dollars or a Non-US Currency), (D) the aggregate principal amount of the requested Borrowing (which shall be an integral

multiple of 1,000,000 units of the applicable currency with a Dollar Equivalent on the date of the applicable Competitive Bid Request of at least $10,000,000), and (E) the Interest Period with respect thereto (which may not end after the Maturity Date). Promptly after its receipt of a Competitive Bid Request that is not rejected as aforesaid, the Administrative Agent shall fax to the Lenders a Notice of Competitive Bid Request inviting the Lenders to bid, on the terms and conditions of this Agreement, to make Competitive Loans.

(b) Each Lender invited to bid may, in its sole discretion, make one or more Competitive Bids to the applicable Borrower responsive to such Borrower's Competitive Bid Request. Each Competitive Bid by a Lender must be received by the Administrative Agent by fax, in the form of Exhibit A-3 hereto, (i) in the case of a Eurocurrency Competitive Loan, not later than 9:30 a.m., New York City time, three Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 9:30 a.m., New York City time, on the day of a proposed Competitive Borrowing. A Lender may submit multiple bids to the Administrative Agent. Competitive Bids that do not conform substantially to the format of Exhibit A-3 may be rejected by the Administrative Agent, and the Administrative Agent shall notify the Lender making such nonconforming bid of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement and specify (x) the principal amount (which shall be an integral multiple of 1,000,000 units of the applicable currency and which may equal the entire principal amount of the Competitive Borrowing requested) of the Competitive Loan or Loans that the Lender is willing to make, (y) the Competitive Bid Rate or Rates at which the Lender is prepared to make the Competitive Loan or Loans and (z) the Interest Period and the last day thereof. If any Lender invited to bid shall elect not to make a Competitive Bid, such Lender shall so notify the Administrative Agent by fax (I) in the case of Eurocurrency Competitive Loans, not later than 9:30 a.m., New York City time, three Business Days before a proposed Competitive Borrowing, and (II) in the case of Fixed Rate Loans, not later than 9:30 a.m., New York City time, on the day of a proposed Competitive Borrowing; *provided*, *however*, that failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Loan as part of such Competitive Borrowing. A Competitive Bid submitted by a Lender pursuant to this paragraph (b) shall be irrevocable.

(c) The Administrative Agent shall as promptly as practicable notify the applicable Borrower, by fax, of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Lender that made each bid. The Administrative Agent shall send a copy of all Competitive Bids to the applicable Borrower for its records as soon as practicable after completion of the bidding process set forth in this Section 2.03.

(d) The applicable Borrower may in its sole and absolute discretion, subject only to the provisions of this paragraph (d), accept or reject any Competitive Bid referred to in paragraph (c) above. The applicable Borrower shall notify the Administrative Agent by telephone, confirmed by fax in the form of a Competitive Bid Accept/Reject Letter, whether and to what extent it has decided to accept or reject any or all of the bids referred to in paragraph (c) above not more than one hour after it shall have

been notified of such bids by the Administrative Agent pursuant to such paragraph (c); *provided*, *however*, that (i) the failure of the applicable Borrower to give such notice shall be deemed to be a rejection of all the bids referred to in paragraph (c) above, (ii) the applicable Borrower shall not accept a bid made at a particular Competitive Bid Rate if it has decided to reject a bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the applicable Borrower shall not exceed the principal amount specified in the Competitive Bid Request, (iv) if the applicable Borrower shall accept a bid or bids made at a particular Competitive Bid Rate but the amount of such bid or bids shall cause the total amount of bids to be accepted to exceed the amount specified in the Competitive Bid Request, then the applicable Borrower shall accept a portion of such bid or bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such bid at such Competitive Bid Rate, and (v) except pursuant to clause (iv) above, no bid shall be accepted for a Competitive Loan unless such Competitive Loan is in an amount that is an integral multiple of 1,000,000 units of the applicable currency, and in calculating the pro rata allocation of acceptances of portions of multiple bids at a particular Competitive Bid Rate pursuant to clause (iv) above, the amounts shall be rounded to integral multiples of 1,000,000 units of the applicable currency in a manner which shall be in the discretion of the applicable Borrower. A notice given pursuant to this paragraph (d) shall be irrevocable.

(e) The Administrative Agent shall promptly notify each bidding Lender whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by fax, and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Loan in respect of which its bid has been accepted.

(f) No Competitive Borrowing shall be requested or made hereunder if after giving effect thereto (i) the Aggregate Credit Exposure would exceed the Total Commitment or (ii) in the event the Maturity Date shall have been extended as provided in Section 2.12(d), the sum of the LC Exposures attributable to Letters of Credit expiring after any Existing Maturity Date and the Competitive Loan Exposures attributable to Competitive Loans maturing after such Existing Maturity Date would exceed the aggregate Commitments that have been extended to a date after the expiration date of the last of such Letters of Credit and the maturity of the last of such Competitive Loans.

(g) If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such bid directly to the applicable Borrower one quarter of an hour earlier than the latest time at which the other Lenders are required to submit their bids to the Administrative Agent pursuant to paragraph (b) above.

SECTION 2.04. *Revolving Borrowing Procedure*. In order to request a Revolving Borrowing, a Borrower shall hand deliver or fax to the Administrative Agent a duly completed Revolving Borrowing Request in the form of Exhibit A-5 (i) in the case of a Eurocurrency Revolving Borrowing, not later than 10:30 a.m., New York City time, three Business Days before such Borrowing, and (ii) in the case of an ABR Borrowing, not later than 10:30 a.m., New York City time, on the day of such Borrowing. No Fixed

Rate Loan shall be requested or made pursuant to a Revolving Borrowing Request. Such notice shall be irrevocable and shall in each case specify (A) whether the Borrowing then being requested is to be a Eurocurrency Revolving Borrowing or an ABR Borrowing; (B) the date of such Revolving Borrowing (which shall be a Business Day) and the amount thereof; and (C) if such Borrowing is to be a Eurocurrency Revolving Borrowing, the Interest Period with respect thereto. If no election as to the Type of Revolving Borrowing is specified in any such notice, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurocurrency Revolving Borrowing is specified in any such notice, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration. Notwithstanding any other provision of this Agreement to the contrary, no Revolving Borrowing shall be requested if the Interest Period with respect thereto would end after the Maturity Date in effect for any Lender. The Administrative Agent shall promptly advise each of the Lenders of any notice given pursuant to this Section 2.04 and of each Lender's portion of the requested Borrowing.

SECTION 2.05. *Letters of Credit*. (a) *General*. The Borrowers may request the issuance of Letters of Credit, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, appropriately completed, for the accounts of the Borrowers, at any time and from time to time while the Commitments remain in effect. All Letters of Credit shall be denominated in Dollars. This Section shall not be construed to impose an obligation upon any Issuing Bank to issue any Letter of Credit that is inconsistent with the terms and conditions of this Agreement.

(b) *Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions* . In order to request the issuance of a Letter of Credit (or to amend, renew or extend an existing Letter of Credit), the applicable Borrower shall hand deliver or fax to the applicable Issuing Bank and the Administrative Agent (reasonably in advance of, but not later than 10:00 a.m., New York City time, five Business Days before, the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, the date of issuance, amendment, renewal or extension, the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) below), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare such Letter of Credit. Following receipt of such notice and prior to the issuance of the requested Letter of Credit or the applicable amendment, renewal or extension, the Administrative Agent shall notify the Borrowers, each Lender and the applicable Issuing Bank of the amount of the Aggregate Credit Exposure after giving effect to (i) the issuance, amendment, renewal or extension of such Letter of Credit, (ii) the issuance or expiration of any other Letter of Credit that is to be issued or will expire prior to the requested date of issuance of such Letter of Credit and (iii) the borrowing or repayment of any Loans that (based upon notices delivered to the Administrative Agent by the Borrowers) are to be borrowed or repaid prior to the requested date of issuance of such Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if, and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrowers shall be deemed to represent and warrant that, (i) after giving effect to such issuance, amendment, renewal or extension (A) the L/C Exposure shall not exceed $100,000,000 and (B) the Aggregate Credit

Exposure shall not exceed the Total Commitment, (ii) in the case of a Letter of Credit that will expire later than the first anniversary of such issuance, amendment, renewal or extension, the applicable Borrower, the applicable Issuing Bank and the Required Lenders shall have reached agreement on the fees to be applicable thereto as contemplated by the last sentence of Section 2.07(c) and (iii) in the event the Maturity Date shall have been extended as provided in Section 2.12(d), the sum of the LC Exposures attributable to Letters of Credit expiring after any Existing Maturity Date (as defined in Section 2.12(d)) and the Competitive Loan Exposures attributable to Competitive Loans maturing after such Existing Maturity Date shall not exceed the aggregate Commitments that have been extended to a date after the expiration date of the last of such Letters of Credit and the maturity of the last of such Competitive Loans.

(c) *Expiration Date*. Each Letter of Credit shall expire at the close of business on the earlier of (x) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) or such longer period as may be agreed to between the applicable Borrower and the Issuing Bank and (y) the date that is five Business Days prior to the Maturity Date, unless such Letter of Credit expires by its terms on an earlier date; *provided* that any Letter of Credit with a one-year tenor may provide for renewal thereof under procedures reasonably satisfactory to the applicable Issuing Bank for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above).

(d) *Participations*. By the issuance of a Letter of Credit and without any further action on the part of the applicable Issuing Bank or the Lenders, the applicable Issuing Bank hereby grants to each Lender, and each such Lender hereby acquires from the applicable Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Share from time to time of the aggregate amount available to be drawn under such Letter of Credit, effective upon the issuance of such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the applicable Issuing Bank, such Lender's Applicable Share from time to time of each L/C Disbursement made by such Issuing Bank and not reimbursed by the applicable Borrower (or, if applicable, another party pursuant to its obligations under any other Loan Document) by the time provided in Section 2.02(d). Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) *Reimbursement*. If an Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, the applicable Borrower shall pay to the Administrative Agent such L/C Disbursement not later than (i) if such Borrower shall have received notice of such L/C Disbursement prior to 10:00 a.m., New York City time, on any Business Day, 2:00 p.m., New York City time, on such Business Day or (ii) otherwise, 12:00 noon, New York City time, on the Business Day next following the day on which the Borrower shall have received notice from such Issuing Bank that payment of such draft will be made.

(f) *Obligations Absolute*. The Borrowers' obligations to reimburse L/C Disbursements as provided in paragraph (e) above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under any and all circumstances whatsoever, and irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit or any Loan Document, or any term or provision therein;

(ii) any amendment or waiver of or any consent to departure from all or any of the provisions of any Letter of Credit or any Loan Document;

(iii) the existence of any claim, setoff, defense or other right that the Borrowers, any other party guaranteeing, or otherwise obligated with, the Borrowers, any Subsidiary or other Affiliate thereof or any other Person may at any time have against the beneficiary under any Letter of Credit, any Issuing Bank, the Administrative Agent or any Lender or any other Person, whether in connection with this Agreement, any other Loan Document or any other related or unrelated agreement or transaction;

(iv) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the applicable Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; and

(vi) any other act or omission to act or delay of any kind of any Issuing Bank, the Lenders, the Administrative Agent or any other Person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of the Borrowers' obligations hereunder.

Without limiting the generality of the foregoing, it is expressly understood and agreed that the absolute and unconditional obligation of the Borrowers hereunder to reimburse L/C Disbursements will not be excused by the gross negligence or wilful misconduct of any Issuing Bank, the Administrative Agent or any Lender. However, the foregoing shall not be construed to excuse any Issuing Bank from liability to the Borrowers to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrowers to the extent permitted by applicable law) suffered by the Borrowers that are caused by such Issuing Bank's gross negligence or wilful misconduct in determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof; it is understood that each Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary and, in making any payment under any Letter of Credit (i) an Issuing Bank's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary thereunder

equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever and (ii) any noncompliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof shall, in each case, be deemed not to constitute wilful misconduct or gross negligence of an Issuing Bank.

(g) *Disbursement Procedures.* The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall as promptly as possible give telephonic notification, confirmed by fax, to the Administrative Agent and the applicable Borrower of such demand for payment and whether such Issuing Bank has made or will make an L/C Disbursement thereunder; *provided* that any failure to give or delay in giving such notice shall not relieve such Borrower of its obligation to reimburse the Issuing Bank and the Lenders with respect to any such L/C Disbursement. The Administrative Agent shall promptly give each Lender notice thereof.

(h) *Interim Interest*. If an Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, then, unless the applicable Borrower shall reimburse such L/C Disbursement in full on the date such L/C Disbursement is made, the unpaid amount thereof shall bear interest for the account of such Issuing Bank, for each day from and including the date of such L/C Disbursement, to but excluding the earlier of the date of payment or the date on which interest shall commence to accrue on Loans made to reimburse such L/C Disbursements provided in Section 2.02(d).

(i) *Resignation or Removal of an Issuing Bank*. An Issuing Bank may resign at any time by giving 180 days' prior written notice to the Administrative Agent, the Lenders and the Company, and may be removed at any time by the Company by notice to the Issuing Bank, the Administrative Agent and the Lenders. Subject to the next succeeding paragraph, upon the acceptance of any appointment as an Issuing Bank hereunder by a successor Issuing Bank, such successor shall succeed to and become vested with all the interests, rights and obligations of the retiring Issuing Bank and the retiring Issuing Bank shall be discharged from its obligations to issue additional Letters of Credit hereunder. At the time such removal or resignation shall become effective, the Borrowers shall pay all accrued and unpaid fees pursuant to Section 2.07(c)(ii). The acceptance of any appointment as an Issuing Bank hereunder by a successor Lender shall be evidenced by an agreement entered into by such successor, in a form satisfactory to the Company and the Administrative Agent, and, from and after the effective date of such agreement, (i) such successor Lender shall have all the rights and obligations of the previous Issuing Bank under this Agreement and the other Loan Documents and (ii) references herein and in the other Loan Documents to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the resignation or removal of an Issuing Bank hereunder, the retiring Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement and the other Loan Documents with respect to Letters of Credit issued by

it prior to such resignation or removal, but shall not be required to issue additional Letters of Credit.

(j) *Additional Issuing Banks*. The Company may, at any time and from time to time with the consent of the Administrative Agent (which consent shall not be unreasonably withheld) and such Lender, designate one or more additional Lenders to act as an issuing bank under the terms of this Agreement. Any Lender designated as an issuing bank pursuant to this paragraph shall, upon entering into an Issuing Bank Agreement with the Company, be deemed to be an "Issuing Bank" (in addition to being a Lender) hereunder.

(k) *Issuing Bank Reports*. Unless otherwise agreed by the Administrative Agent, each Issuing Bank shall report in writing to the Administrative Agent (i) on or prior to each Business Day on which such Issuing Bank issues, amends, renews or extends any Letter of Credit, the date of such issuance, amendment, renewal or extension, and the aggregate face amount of the Letters of Credit issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension (and whether the amount thereof shall have changed), it being understood that such Issuing Bank shall not effect any issuance, renewal, extension or amendment resulting in an increase in the aggregate amount of the Letters of Credit issued by it without first obtaining written confirmation from the Administrative Agent that such increase is then permitted under this Agreement, (ii) on each Business Day on which such Issuing Bank makes any L/C Disbursement, the date and amount of such L/C Disbursement, (iii) on any Business Day on which a Borrower fails to reimburse an L/C Disbursement required to be reimbursed to such Issuing Bank on such day, the date of such failure and the amount of such L/C Disbursement and (iv) on any other Business Day, such other information as the Administrative Agent shall reasonably request as to the Letters of Credit issued by such Issuing Bank.

SECTION 2.06. *Conversion and Continuation of Revolving Loans*. Each Borrower shall have the right at any time upon prior irrevocable notice to the Administrative Agent (i) not later than 10:30 a.m., New York City time, on the day of the conversion, to convert all or any part of any Eurocurrency Revolving Loan into an ABR Loan, and (ii) not later than 10:30 a.m., New York City time, three Business Days prior to conversion or continuation, to convert any ABR Loan into a Eurocurrency Revolving Loan or to continue any Eurocurrency Revolving Loan as a Eurocurrency Revolving Loan for an additional Interest Period, subject in each case to the following:

(a) if less than all the outstanding principal amount of any Revolving Borrowing shall be converted or continued, the aggregate principal amount of the Revolving Borrowing converted or continued shall be an integral multiple of $5,000,000 and not less than $10,000,000;

(b) accrued interest on a Revolving Borrowing (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;

(c) if any Eurocurrency Revolving Loan is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Lenders pursuant to Section 2.16;

(d) any portion of a Revolving Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a Eurocurrency Revolving Loan;

(e) any portion of a Eurocurrency Revolving Loan which cannot be continued as a Eurocurrency Revolving Loan by reason of clause (d) above shall be automatically converted at the end of the Interest Period in effect for such Eurocurrency Revolving Loan into an ABR Borrowing;

(f) no Interest Period may be selected for any Eurocurrency Revolving Borrowing that would end later than the Maturity Date in effect for any Lender; and

(g) at any time when there shall have occurred and be continuing any Default or Event of Default, if the Administrative Agent or the Required Lenders shall so notify the Company, no Revolving Loan may be converted into or continued as a Eurocurrency Revolving Loan.

Each notice pursuant to this Section shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Revolving Borrowing to be converted or continued, (ii) whether such Revolving Borrowing is to be converted to or continued as a Eurocurrency Revolving Borrowing or an ABR Borrowing, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Revolving Borrowing is to be converted to or continued as a Eurocurrency Revolving Borrowing, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurocurrency Revolving Borrowing, the Borrower shall be deemed to have selected an Interest Period of one month's duration. If no notice shall have been given in accordance with this Section 2.06 to convert or continue any Revolving Borrowing, such Revolving Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as an ABR Borrowing.

SECTION 2.07. *Fees*. (a) The Company agrees to pay to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 (with the first payment being due on September 30, 2011) and on each date on which the Commitment of such Lender shall be terminated as provided herein (and any subsequent date on which such Lender shall cease to have any Revolving Credit Exposure or L/C Exposure), a facility fee (a "*Facility Fee*"), at a rate per annum equal to the Applicable Percentage from time to time in effect, on the amount of the Commitment of such Lender, whether used or unused, during the preceding quarter (or other period commencing on the Closing Date, or ending with the Maturity Date or any date on which the Commitment of such Lender shall be terminated) or, if such Lender continues to have any Revolving Credit Exposure or L/C Exposure after its Commitment terminates, on the daily amount of such Lender's Revolving Credit Exposure and L/C Exposure. All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 365 or 366 days, as the case may be. The Facility Fee due to each Lender shall commence to accrue on the Closing Date and shall cease to accrue on the earlier of the Maturity Date and the termination of the Commitment of such Lender as provided herein.

(b) The Company agrees to pay the Administrative Agent, for its own account, the administrative and other fees separately agreed to by the Company and the Administrative Agent (the "*Administrative Fees*").

(c) The Company agrees to pay (i) to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 and on the date on which the Commitment of such Lender shall be terminated as provided herein, a fee (an " *L/C Participation Fee*") calculated on such Lender's average daily L/C Exposure (excluding the portion thereof attributable to unreimbursed L/C Disbursements) during the preceding quarter (or shorter period commencing with the Effective Date or ending with the later of (A) the Maturity Date or the date on which the Commitment of such Lender shall be terminated and (B) the date on which such Lender shall cease to have any L/C Exposure) at a rate equal to the Applicable Percentage from time to time, and (ii) to each Issuing Bank with respect to each Letter of Credit issued by it the fees agreed upon by the Company and such Issuing Bank plus, in connection with the issuance, amendment or transfer of any Letter of Credit or any L/C Disbursement, such Issuing Bank's customary documentary and processing charges (collectively, the "*Issuing Bank Fees*"). All L/C Participation Fees and Issuing Bank Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. Notwithstanding the foregoing, in the case of any Letter of Credit that will expire later than the first anniversary of the issuance, amendment, renewal or extension thereof, the L/C Participation Fee and Issuing Bank Fees shall be increased by an amount to be agreed upon prior to such issuance, amendment, renewal or extension by the applicable Borrower, the applicable Issuing Bank and the Required Lenders.

(d) The Company agrees to pay to each Lender, through the Administrative Agent, on the earlier of the Closing Date and the date on which the Commitments terminate (if such earlier date is later than November 30, 2011), a ticking fee (the " *Ticking Fee*") equal to 0.15% per annum of the daily aggregate principal amount of the Commitment of such Lender for the period commencing on and including November 30, 2011, and ending on but excluding the Closing Date.

(e) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that the Issuing Bank Fees shall be paid directly to the applicable Issuing Banks and the Administrative Fees shall be paid pursuant to paragraph (b) above. Once paid, none of the Fees shall be refundable under any circumstances in the absence of demonstrable error.

SECTION 2.08. *Repayment of Loans; Evidence of Debt*. (a) Each Borrower hereby agrees that the outstanding principal balance of each Revolving Loan shall be payable on the Maturity Date and that the outstanding principal balance of each Competitive Loan shall be payable on the last day of the Interest Period applicable thereto. Each Loan shall bear interest on the outstanding principal balance thereof as set forth in Section 2.09.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness to such Lender resulting from each Loan

made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the currency of each Loan, the Borrower of each Loan, the Type of each Loan made and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from each Borrower and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraphs (b) and (c) of this Section shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations therein recorded; *provided*, *however*, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of the Borrowers to repay the Loans in accordance with their terms.

(e) Any Lender may request that Loans made by it be evidenced by promissory notes. In such event, the Borrowers shall prepare, execute and deliver to such Lender promissory notes payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory notes and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.09. *Interest on Loans*. (a) Subject to the provisions of Section 2.10, the Loans comprising each Eurocurrency Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to (i) in the case of each Eurocurrency Revolving Loan, the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Percentage from time to time in effect, and (ii) in the case of each Eurocurrency Competitive Loan, the LIBO Rate for the Interest Period in effect for such Borrowing plus the Margin offered by the Lender making such Loan and accepted by the applicable Borrower pursuant to Section 2.03.

(b) Subject to the provisions of Section 2.10, the Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, for periods during which the Alternate Base Rate is determined by reference to the Prime Rate and 360 days for other periods) at a rate per annum equal to the Alternate Base Rate plus the Applicable Percentage.

(c) Subject to the provisions of Section 2.10, each Fixed Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the fixed rate of interest offered by the Lender making such Loan and accepted by the applicable Borrower pursuant to Section 2.03.

(d) Interest on each Loan shall be payable on each Interest Payment Date applicable to such Loan except as otherwise provided in this Agreement. The applicable Adjusted LIBO Rate, LIBO Rate or Alternate Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.10. *Default Interest*. If a Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, whether at scheduled maturity, by notice of prepayment, by acceleration or otherwise, such Borrower shall on demand from time to time from the Administrative Agent pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed as provided in Section 2.09(b)) equal to the Alternate Base Rate plus 2%.

SECTION 2.11. *Alternate Rate of Interest*. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurocurrency Borrowing, the Administrative Agent shall have determined (i) that deposits in the currency and principal amounts of the Eurocurrency Loans comprising such Borrowing are not generally available in the London market or (ii) that reasonable means do not exist for ascertaining the Adjusted LIBO Rate, the Administrative Agent shall, as soon as practicable thereafter, give fax notice of such determination to the Borrowers and the Lenders. In the event of any such determination under clause (i) or (ii) above, until the Administrative Agent shall have advised the Company and the Lenders that the circumstances giving rise to such notice no longer exist, (x) any request by a Borrower for a Eurocurrency Competitive Borrowing pursuant to Section 2.03 shall be of no force and effect and shall be denied by the Administrative Agent, and (y) any request by a Borrower for a Eurocurrency Revolving Borrowing pursuant to Section 2.04 shall be deemed to be a request for an ABR Borrowing. In the event the Required Lenders notify the Administrative Agent that the rates at which Dollar deposits are being offered will not adequately and fairly reflect the cost to such Lenders of making or maintaining Eurocurrency Loans in Dollars during such Interest Period, the Administrative Agent shall notify the applicable Borrower of such notice and until the Required Lenders shall have advised the Administrative Agent that the circumstances giving rise to such notice no longer exist, any request by such Borrower for a Eurocurrency Revolving Borrowing shall be deemed a request for an ABR Borrowing. Each determination by the Administrative Agent hereunder shall be made in good faith and shall be conclusive absent manifest error.

SECTION 2.12. *Termination, Reduction, Extension and Increase of Commitments*. (a) The Commitments shall be automatically terminated (i) on March 31, 2012, if the Effective Date shall not have occurred by such date, and (ii) otherwise, on the Maturity Date.

(b) Upon at least three Business Days' prior irrevocable fax notice to the Administrative Agent, the Company may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Total Commitment; *provided*, *however*, that (i) each partial reduction of the Total Commitment shall be in an integral multiple of $10,000,000 and (ii) no such termination or reduction shall be made (A) which would

reduce the Total Commitment to an amount less than the Aggregate Credit Exposure or (B) which would reduce any Lender's Commitment to an amount that is less than the sum of such Lender's Revolving Credit Exposure and L/C Exposure.

(c) Each reduction in the Total Commitment hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Borrowers shall pay to the Administrative Agent for the account of the Lenders, on the date of each reduction or termination of the Total Commitment, the Facility Fees on the amount of the Commitments terminated accrued through the date of such termination or reduction.

(d) The Company may, by written notice to the Administrative Agent (which shall promptly deliver a copy to each of the Lenders) not less than 30 days and not more than 90 days prior to any anniversary of the date hereof, request that the Lenders extend the Maturity Date and the Commitments for an additional period of one year. Each Lender shall, by notice to the Company and the Administrative Agent given not later than the 20th day after the date of the Administrative Agent's receipt of the Company's extension request, advise the Company whether or not it agrees to the requested extension (each Lender agreeing to a requested extension being called a " *Consenting Lender*" and each Lender declining to agree to a requested extension being called a " *Declining Lender*"). Any Lender that has not so advised the Company and the Administrative Agent by such day shall be deemed to have declined to agree to such extension and shall be a Declining Lender. If Lenders constituting the Required Lenders shall have agreed to an extension request, then the Maturity Date shall, as to the Consenting Lenders, be extended to the first anniversary of the Maturity Date theretofore in effect. The decision to agree or withhold agreement to any Maturity Date extension shall be at the sole discretion of each Lender. The Commitment of any Declining Lender shall terminate on the Maturity Date in effect prior to giving effect to any such extension (such Maturity Date being called the " *Existing Maturity Date*"). The principal amount of any outstanding Loans made by Declining Lenders, together with any accrued interest thereon and any accrued fees and other amounts payable to or for the accounts of such Declining Lenders hereunder, shall be due and payable on the Existing Maturity Date, and on the Existing Maturity Date, the Borrowers shall also make such other prepayments of their Loans as shall be required in order that, after giving effect to the termination of the Commitments of, and all payments to, Declining Lenders pursuant to this sentence, the Aggregate Credit Exposures shall not exceed the Total Commitment. Notwithstanding the foregoing provisions of this paragraph, the Company shall have the right, pursuant to Section 10.04, at any time prior to the Existing Maturity Date, to replace a Declining Lender with a Lender or other financial institution that will agree to a request for the extension of the Maturity Date, and any such replacement Lender shall for all purposes constitute a Consenting Lender. Notwithstanding the foregoing, no extension of the Maturity Date pursuant to this paragraph shall become effective unless (i) the Administrative Agent shall have received documents consistent with those delivered with respect to the Company and the Borrowers under Section 4.02(a) and (b) and Section 4.03(a), giving effect to such extension and (ii) on the anniversary of the date hereof that immediately follows the date on which the Company delivers the applicable request for extension of the Maturity Date, the conditions set forth in paragraphs (b) and (c) of Section 4.01 shall be satisfied (with all references in such paragraphs to a

Borrowing being deemed to be references to such extension and without giving effect to the parenthetical in Section 4.01(b)) and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Company.

(e) The Company may, by written notice to the Administrative Agent, executed by the Company and one or more financial institutions (any such financial institution referred to in this Section being called an " *Increasing Lender*"), which may include any Lender, cause Commitments to be extended by the Increasing Lenders (or cause the Commitments of the Increasing Lenders to be increased, as the case may be) in an amount for each Increasing Lender set forth in such notice, *provided*, *however*, that (a) the aggregate amount of all new Commitments and increases in existing Commitments pursuant to this paragraph during the term of this Agreement shall in no event exceed $200,000,000, (b) each Increasing Lender, if not already a Lender hereunder, (x) shall have a Commitment, immediately after the effectiveness of such increase, of at least $25,000,000, (y) shall be subject to the approval of the Administrative Agent and each Issuing Bank (which approval shall not be unreasonably withheld) and (z) shall become a party to this Agreement by completing and delivering to the Administrative Agent a duly executed accession agreement in a form satisfactory to the Administrative Agent and the Company (an " *Accession Agreement*") and (c) the decision of any existing Lender to become an Increasing Lender shall be in the sole discretion of such Lender, and no existing Lender shall be required to increase its Commitment hereunder. New Commitments and increases in Commitments pursuant to this Section shall become effective on the date specified in the applicable notices delivered pursuant to this Section. Upon the effectiveness of any Accession Agreement to which any Increasing Lender is a party, (i) such Increasing Lender shall thereafter be deemed to be a party to this Agreement and shall be entitled to all rights, benefits and privileges accorded a Lender hereunder and subject to all obligations of a Lender hereunder and (ii) Schedule 2.01 shall be deemed to have been amended to reflect the Commitment of such Increasing Lender as provided in such Accession Agreement. Upon the effectiveness of any increase pursuant to this Section in the Commitment of a Lender already a party hereto, Schedule 2.01 shall be deemed to have been amended to reflect the increased Commitment of such Lender. Notwithstanding the foregoing, no increase in the aggregate Commitments (or in the Commitment of any Lender) shall become effective under this Section unless, on the date of such increase, (i) the Administrative Agent shall have received documents consistent with those delivered with respect to the Company and the Borrowers under Section 4.02(a) and (b) and Section 4.03(a), giving effect to such increase and (ii) the conditions set forth in paragraphs (b) and (c) of Section 4.01 shall be satisfied (with all references in such paragraphs to a Borrowing being deemed to be references to such increase and without giving effect to the parenthetical in Section 4.01(b)) and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Company. Following any extension of a new Commitment or increase of a Lender's Commitment pursuant to this paragraph, any Revolving Loans outstanding prior to the effectiveness of such increase or extension shall continue outstanding until the ends of the respective Interests Periods applicable thereto, and shall then be repaid or refinanced with new Revolving Loans made pursuant to Section 2.01.

SECTION 2.13. *Prepayment*. (a) Each Borrower shall have the right at any time and from time to time to prepay any Revolving Borrowing, in whole or in part, upon giving fax notice (or telephone notice promptly confirmed by fax) to the Administrative Agent: (i) before 10:00 a.m., New York City time, three Business Days prior to prepayment, in the case of Eurocurrency Revolving Loans, and (ii) before 10:00 a.m., New York City time, one Business Day prior to prepayment, in the case of ABR Loans; *provided*, *however*, that in the case of any Revolving Borrowing, each partial prepayment shall be in an amount which is an integral multiple of $10,000,000 and not less than $50,000,000.

(b) On the date of any termination or reduction of the Commitments pursuant to Section 2.12, the Borrowers shall pay or prepay so much of the Revolving Borrowings as shall be necessary in order that the Aggregate Credit Exposure will not exceed the Total Commitment after giving effect to such termination or reduction.

(c) Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the applicable Borrower to prepay such Borrowing (or portion thereof) by the amount stated therein on the date stated therein. All prepayments under this Section shall be subject to Section 2.16 but otherwise without premium or penalty. All prepayments under this Section shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

SECTION 2.14. *Reserve Requirements; Change in Circumstances*. (a) Notwithstanding any other provision herein, if after the date of this Agreement any Change in Law shall result in the imposition, modification or applicability of any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Credit Party, or shall result in the imposition on any Credit Party or the London interbank market of any other condition affecting this Agreement, such Credit Party's Commitment or any Eurocurrency Loan or Fixed Rate Loan made by such Credit Party or any Letter of Credit, and the result of any of the foregoing shall be to increase the cost to such Credit Party of making or maintaining any Eurocurrency Loan or Fixed Rate Loan or of issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Credit Party hereunder (whether of principal, interest or otherwise) by an amount deemed by such Credit Party to be material, then such additional amount or amounts as will compensate such Credit Party for such additional costs or reduction will be paid by the Borrowers to such Credit Party upon demand. Notwithstanding the foregoing, no Credit Party shall be entitled to request compensation under this paragraph, (A) with respect to any Competitive Loan made by such Credit Party if the Change in Law giving rise to such request was applicable to such Credit Party at the time of submission of the Competitive Bid pursuant to which such Competitive Loan was made or issued, or (B) with respect to any Change in Law in respect of costs imposed on such Lender or Issuing Bank under the Dodd-Frank Wall Street Reform and Consumer Protection Act or Basel III (x) if the applicable Change in Law and the resulting costs shall have become fully effective without the need for any further legislative or regulatory action, and such increased costs shall have been determined by such Credit Party, in each case prior to July 20, 2011, or (y) if it shall not be the general policy or practice of such Credit Party to seek compensation in similar

circumstances under similar provisions in comparable credit facilities, as determined in good faith by such Credit Party.

(b) If any Credit Party shall have determined that any Change in Law regarding capital adequacy has or would have the effect of reducing the rate of return on such Credit Party's capital or on the capital of such Credit Party's holding company, if any, as a consequence of this Agreement, such Credit Party's Commitment or the Loans made or Letters of Credit issued by such Credit Party pursuant hereto to a level below that which such Credit Party or such Credit Party's holding company could have achieved but for such Change in Law (taking into consideration such Credit Party's policies and the policies of such Credit Party's holding company with respect to capital adequacy) by an amount deemed by such Credit Party to be material, then from time to time such additional amount or amounts as will compensate such Credit Party for such reduction will be paid by the Borrowers to such Credit Party.

(c) A certificate of any Credit Party setting forth such amount or amounts as shall be necessary to compensate such Credit Party or its holding company as specified in paragraph (a) or (b) above, as the case may be, shall be delivered to the Company and shall be conclusive absent manifest error. The Borrowers shall pay such Credit Party the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Failure on the part of any Credit Party to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Credit Party's right to demand compensation with respect to such period or any other period; *provided* that the Borrowers shall not be required to compensate any Credit Party pursuant to this Section for any increased costs or expenses incurred or reductions suffered more than 90 days prior to the date that such Credit Party notifies the Company of the Change in Law giving rise to such increased costs or expenses or reductions and of such Credit Party's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or expenses or reductions is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof. The protection of this Section shall be available to each Credit Party regardless of any possible contention of the invalidity or inapplicability of the Change in Law which shall have occurred or been imposed.

SECTION 2.15. *Change in Legality*. (a) Notwithstanding any other provision herein, if any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Lender or any of its Affiliates to make or maintain any Eurocurrency Loan or to give effect to its obligations as contemplated hereby with respect to any Eurocurrency Loan, then, by written notice to the Company and to the Administrative Agent, such Lender may:

(i) declare that Eurocurrency Loans will not thereafter be made by such Lender hereunder, whereupon such Lender shall not submit a Competitive Bid in response to a request for a Eurocurrency Competitive Borrowing, and any request for a Eurocurrency Revolving Borrowing shall, as to such Lender only, be

deemed a request for an ABR Loan, unless such declaration shall be subsequently withdrawn; and

(ii) require that all outstanding Eurocurrency Loans denominated in Dollars made by it be converted to ABR Loans (which ABR Loans shall, for purposes of this Section 2.15, be determined at a rate per annum by reference to the greater of clause (a) or (b) of the definition of the term "Alternate Base Rate") and that all outstanding Eurocurrency Loans denominated in the affected Non-US Currency be promptly prepaid, in which event all such Eurocurrency Loans in Dollars shall be automatically converted to ABR Loans (at a rate per annum as so determined) as of the effective date of such notice as provided in paragraph (b) below and all such Non-US Currency Loans shall be promptly prepaid.

In the event any Lender shall exercise its rights under (i) or (ii) above with respect to Eurocurrency Loans, all payments and prepayments of principal which would otherwise have been applied to repay the Eurocurrency Loans that would have been made by such Lender or the converted Eurocurrency Loans of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurocurrency Loans.

(b) For purposes of this Section 2.15, a notice by any Lender shall be effective as to each Eurocurrency Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurocurrency Loan; in all other cases such notice shall be effective on the date of receipt.

SECTION 2.16. *Indemnity*. The Borrowers shall indemnify each Lender against any out-of-pocket loss or reasonable expense which such Lender may sustain or incur as a consequence of (a) any failure to borrow or to refinance, convert or continue any Loan hereunder after irrevocable notice of such borrowing, refinancing, conversion or continuation has been given pursuant to Section 2.03, 2.04 or 2.06, (b) any payment, prepayment or conversion, or assignment required under Section 2.21, of a Eurocurrency Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period, if any, applicable thereto, (c) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise) or (d) the occurrence of any Event of Default, including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurocurrency Loan. Such loss or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid, refinanced or not borrowed (assumed to be the Adjusted LIBO Rate applicable thereto) for the period from the date of such payment, prepayment, refinancing or failure to borrow or refinance to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow or refinance the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid or not borrowed or refinanced for such period or Interest Period, as the case may be. A certificate of any Lender setting forth

any amount or amounts which such Lender is entitled to receive pursuant to this Section as a result of any loss shall be delivered to such Borrower and shall be conclusive absent manifest error; *provided* that any expenses related to any such loss that are incurred by such Lender and reported under such certificate shall be required to be reasonably documented.

SECTION 2.17. *Pro Rata Treatment.* Except as required under Sections 2.15 and 2.21, each payment of the Facility Fees and each reduction of the Commitments shall be allocated pro rata among the Lenders in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Revolving Loans). Except as required under Section 2.15, each payment or repayment of principal of any Revolving Borrowing and each refinancing or conversion of any Revolving Borrowing shall be allocated pro rata among the Lenders in accordance with the respective principal amounts of their outstanding Revolving Loans comprising such Borrowing, and each payment of interest on any Revolving Borrowing shall be allocated pro rata among the Lenders in accordance with the respective amounts of accrued and unpaid interest on their outstanding Revolving Loans comprising such Borrowing. Each payment of principal of any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective principal amounts of their outstanding Competitive Loans comprising such Borrowing. Each payment of interest on any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective amounts of accrued and unpaid interest on their outstanding Competitive Loans comprising such Borrowing. For purposes of determining the Commitments of the Lenders at any time, each outstanding Competitive Borrowing shall be deemed to have utilized the Commitments of the Lenders (including those Lenders which shall not have made Loans as part of such Competitive Borrowing) pro rata in accordance with their respective Commitments. Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing to the next higher or lower whole Dollar amount.

SECTION 2.18. *Sharing of Setoffs*. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means (other than pursuant to Sections 2.14, 2.16 or 2.20), obtain payment (voluntary or involuntary) in respect of any Revolving Loans or amounts owed to it in respect of L/C Disbursements as a result of which the unpaid principal portion of its Revolving Loans and the amounts owed to it in respect of L/C Disbursements shall be proportionately less than the unpaid principal portion of the Revolving Loans and amounts owed in respect of L/C Disbursements of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Revolving Loans and amounts owed in respect of L/C Disbursements of such other Lender, so that the aggregate unpaid principal amount of the Revolving Loans and participations in the Revolving Loans and

amounts owed in respect of L/C Disbursements of each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Revolving Loans and amounts owed in respect of L/C Disbursements then outstanding as the principal amount of its Revolving Loans and the amounts owed to it in respect of L/C Disbursements prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Revolving Loans and amounts owed in respect of L/C Disbursements outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; *provided*, *however*, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.18 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. Any Lender holding a participation in a Revolving Loan or amount owed in respect of an L/C Disbursement deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing to such Lender by reason thereof as fully as if such Lender had made a Revolving Loan in the amount of such participation.

SECTION 2.19. *Payments*. (a) Except to the extent that any Tax is required to be withheld or deducted under applicable law or regulation, but subject to the provisions of Section 2.20, the Borrowers shall make each payment (including principal of or interest on any Borrowing or any L/C Disbursement and any Fees or other amounts) hereunder without deduction, counter-claim or setoff in immediately available funds from an account in the United States not later than 12:00 noon, local time at the place of payment, on the date when due in immediately available funds to the Administrative Agent at its offices at 383 Madison Avenue, New York, New York. Each such payment (other than principal of and interest on Non-US Currency Loans, which shall be made in the applicable Non-US Currencies) shall be made in Dollars. The Administrative Agent shall promptly distribute all payments for the accounts of the Lenders received by it to the Lenders.

(b) Whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

(c) Notwithstanding any contrary provision hereof, if any Lender shall fail to make any payment required to be made by it hereunder to or for the account of the Administrative Agent or any Issuing Bank, the Administrative Agent may, in its discretion, until such time as all such unsatisfied obligations of such Lender have been fully paid, (i) apply any amounts received by the Administrative Agent for the account of such Lender for the benefit of the Administrative Agent or the applicable Issuing Bank to satisfy such Lender's obligations to it under each such Section and/or (ii) hold any such amounts in a segregated account as cash collateral for, and for application to, any future obligations of such Lender under any such Section, in each case in any order as determined by the Administrative Agent in its discretion.

SECTION 2.20. *Taxes.* (a) Each payment by each applicable Borrower under this Agreement shall be made without withholding for any Taxes, unless such

withholding is required by any law. If any Withholding Agent determines, in its sole discretion exercised in good faith, that it is so required to withhold Taxes, then such Withholding Agent may so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with applicable law. If such Taxes are Indemnified Taxes, then the amount payable by the applicable Borrower shall be increased as necessary so that, net of such withholding (including such withholding applicable to additional amounts payable under this Section), the applicable Credit Party receives the amount it would have received had no such withholding been made.

(b) Each applicable Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) As soon as practicable after any payment of Indemnified Taxes by any Borrower to a Governmental Authority, such Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Each Borrower shall indemnify each Credit Party for any Indemnified Taxes that are paid or payable by such Credit Party in connection with this Agreement (including amounts paid or payable under this Section 2.20(d)) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority, except to the extent that such Borrower has paid additional amounts with respect to such Taxes pursuant to Section 2.20(a) of this Agreement. The indemnity under this Section 2.20(d) shall be paid within 10 days after the Credit Party delivers to the applicable Borrower a certificate stating the amount of any Indemnified Taxes so paid or payable by such Credit Party. Such certificate shall be conclusive of the amount so paid or payable absent manifest error. Such Credit Party shall deliver a copy of such certificate to the Administrative Agent.

(e) Each Lender shall severally indemnify the Administrative Agent for any Taxes (but, in the case of any Indemnified Taxes, only to the extent that the Borrowers have not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of any Borrower to do so) attributable to such Lender that are paid or payable by the Administrative Agent in connection with this Agreement and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.20(e) shall be paid within 10 days after the Administrative Agent delivers to the applicable Lender a certificate stating the amount of Taxes or expenses so paid or payable by the Administrative Agent. Such certificate shall be conclusive of the amount so paid or payable absent manifest error.

(f) (i) Any Lender that is entitled to an exemption from, or reduction of, any applicable withholding Tax with respect to any payments under this Agreement or the Loan Documents shall deliver to the Borrowers and the Administrative Agent, on or prior to the date such Lender becomes a party to this Agreement and at the time or times reasonably requested by any Borrower or the Administrative Agent, such properly

completed and executed documentation reasonably requested by such Borrower or the Administrative Agent as will permit such payments to be made without, or at a reduced rate of, withholding. In addition, any Lender shall, on or prior to the date such Lender becomes a party to this Agreement and at the time or times reasonably requested by any Borrower or the Administrative Agent, deliver such other documentation prescribed by law or reasonably requested by such Borrower or the Administrative Agent as will enable such Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Upon the reasonable request of any Borrower or the Administrative Agent, any Lender shall update any form or certification previously delivered pursuant to this Section 2.20(f). If any form or certification previously delivered pursuant to this Section expires or becomes obsolete or inaccurate in any respect with respect to a Lender, such Lender shall promptly (and in any event within 10 days after such expiration, obsolescence or inaccuracy) notify such Borrower and the Administrative Agent in writing of such expiration, obsolescence or inaccuracy and update the form or certification if it is legally eligible to do so.

(ii) Without limiting the generality of the foregoing, if any Borrower is a US Person, any Lender with respect to such Borrower shall, if it is legally eligible to do so, deliver to such Borrower and the Administrative Agent (in such number of copies reasonably requested by such Borrower and the Administrative Agent) on or prior to the date on which such Lender becomes a party hereto, duly completed and executed copies of whichever of the following is applicable (including any applicable substitute or successor forms):

(A) in the case of a Lender that is a US Person, IRS Form W-9 certifying that such Lender is exempt from US Federal backup withholding tax;

(B) in the case of a Non-US Lender claiming the benefits of an income tax treaty to which the United States is a party (1) with respect to payments of interest under this Agreement, IRS Form W-8BEN establishing an exemption from, or reduction of, US Federal withholding Tax pursuant to the "interest" article of such tax treaty and (2) with respect to any other applicable payments under this Agreement or the Loan Documents, IRS Form W-8BEN establishing an exemption from, or reduction of, US Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(C) in the case of a Non-US Lender for whom payments under this Agreement constitute income that is effectively connected with such Lender's conduct of a trade or business in the United States, IRS Form W-8ECI;

(D) in the case of a Non-US Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code both (1) IRS Form W-8BEN and (2) a certificate substantially in the form of Exhibit G (a " *US Tax Certificate*") to the effect that such Lender is not (a) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (b) a "10 percent shareholder" of such Borrower within the meaning of

Section 881(c)(3)(B) of the Code (c) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (d) conducting a trade or business in the United States with which the relevant interest payments are effectively connected;

(E) in the case of a Non-US Lender that is not the beneficial owner of payments made under this Agreement (including a partnership or a participating Lender) (1) an IRS Form W-8IMY on behalf of itself and (2) the relevant forms prescribed in clauses (A), (B), (C), (D) and (F) of this paragraph (f)(ii) that would be required of each such beneficial owner or partner of such partnership if such beneficial owner or partner were a Lender; *provided*, *however*, that if the Lender is a partnership and one or more of its partners are claiming the exemption for portfolio interest under Section 881(c) of the Code, such Lender may provide a US Tax Certificate on behalf of such partners; or

(F) any other form prescribed by law as a basis for claiming exemption from, or a reduction of, US Federal withholding Tax together with such supplementary documentation necessary to enable such Borrower or the Administrative Agent to determine the amount of Tax (if any) required by law to be withheld.

(iii) Each Lender shall deliver to the Withholding Agent, at the time or times prescribed by law (including as prescribed as a result of any change in law or the taking effect of any law occurring after the date hereof) and at such time or times reasonably requested by the Withholding Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code and as prescribed by any change in law or the taking effect of any law occurring after the date hereof) and such additional documentation reasonably requested by the Withholding Agent as may be necessary for the Withholding Agent (A) to comply with its obligations under FATCA, (B) to determine that such Lender has complied with such Lender's obligations under FATCA and (C) to determine the amount to deduct and withhold from such payment. For purposes of this Section 2.20(f)(iii), FATCA shall include any regulations or official interpretations thereof.

(g) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.20 (including additional amounts paid pursuant to this Section 2.20), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made and additional amounts paid under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including any Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid to such indemnified party pursuant to the previous sentence (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such indemnified party is required to repay such refund to such Governmental Authority. This Section 2.20(g) shall not be construed to require any party to make

available its Tax returns (or any other information relating to its Taxes which it deems confidential) to any other party or any other Person.

(h) Each Lender shall severally indemnify the Administrative Agent and each Borrower for any Taxes incurred or asserted against the Administrative Agent or such Borrower by any Governmental Authority and any reasonable expenses arising therefrom as a result of the failure by such Lender to deliver, or as a result of the inaccuracy, inadequacy or deficiency of, any documentation required to be delivered by such Lender to the Administrative Agent or such Borrower pursuant to Section 2.20(f). The indemnity under this Section 2.20(h) shall be paid within 10 days after the Administrative Agent or such Borrower delivers to the applicable Lender a certificate stating the amount of Taxes or expenses so paid or payable by the Administrative Agent or such Borrower. Such certificate shall be conclusive of the amount so paid or payable absent manifest error.

(i) Each party's obligations under this Section 2.20 shall survive any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other obligations under this Agreement.

(j) For purposes of Sections 2.20(e), (f), (h) and (i), the term "Lender" includes any (i) Issuing Bank and (ii) assignee and Participant under Section 10.04.

SECTION 2.21. *Duty to Mitigate; Assignment of Commitments Under Certain Circumstances* . (a) Any Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank claiming any additional amounts payable pursuant to Section 2.14 or Section 2.20 or exercising its rights under Section 2.15 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Company or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue or avoid the circumstances giving rise to such exercise and would not, in the sole determination of such Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank, be otherwise disadvantageous to such Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank.

(b) In the event that any Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank shall have delivered a notice or certificate pursuant to Section 2.14 or 2.15, or any Borrower shall be required to make additional payments to any Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank under Section 2.20, the Company shall have the right, at its own expense, upon notice to such Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank and the Administrative Agent, to require such Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank to transfer and assign without recourse, representation or warranty (in accordance with and subject to the restrictions contained in Section 10.04) all interests, rights and obligations contained hereunder to another financial institution approved by the Administrative Agent (which approval shall not be unreasonably withheld) which shall assume such obligations; *provided* that (i) no such assignment shall conflict with any law,

rule or regulation or order of any Governmental Authority and (ii) the assignee or the Company, as the case may be, shall pay to the affected Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank in immediately available funds on the date of such assignment the principal of and interest accrued to the date of payment on the Loans and L/C Disbursements made by it hereunder and all other amounts accrued for its account or owed to it hereunder and shall cause all Letters of Credit issued by it to be canceled on such date.

SECTION 2.22. *Defaulting Lenders*. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) Facility Fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.07(a);

(b) the Commitment and Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 10.07); *provided*, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(c) if any L/C Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) unless a Default or an Event of Default shall have occurred and be continuing, all or any part of the L/C Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Shares, but only to the extent the sum of all non-Defaulting Lenders' Revolving Credit Exposures plus such Defaulting Lender's L/C Exposure does not exceed the total of all non-Defaulting Lenders' Commitments;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, each Borrower shall within two Business Days following notice by the Administrative Agent cash collateralize for the benefit of the applicable Issuing Bank only such Borrower's obligations corresponding to such Defaulting Lender's L/C Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Article VII for so long as such L/C Exposure is outstanding;

(iii) if a Borrower cash collateralizes any portion of such Defaulting Lender's L/C Exposure pursuant to clause (ii) above, such Borrower shall not be required to pay any L/C Participation Fees to such Defaulting Lender pursuant to Section 2.07(c) with respect to such Defaulting Lender's L/C Exposure during the period such Defaulting Lender's L/C Exposure is cash collateralized;

(iv) if the L/C Exposure of the Defaulting Lender is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section

2.07(a) and Section 2.07(c) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Shares; and

(v) if all or any portion of such Defaulting Lender's L/C Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the applicable Issuing Bank or any other Lender hereunder, all Facility Fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such L/C Exposure) and L/C Participation Fees payable under Section 2.07(c) with respect to such Defaulting Lender's L/C Exposure shall be payable to such Issuing Bank until and to the extent that such L/C Exposure is reallocated and/or cash collateralized; and

(d) so long as such Lender is a Defaulting Lender, each Issuing Bank shall not be required to issue, amend or increase any Letter of Credit unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding L/C Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the applicable Borrowers in accordance with Section 2.22(c), and participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.22(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to a Lender Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) any Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, such Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless such Issuing Bank shall have entered into arrangements with the applicable Borrowers or such Lender satisfactory to such Issuing Bank to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrowers and each Issuing Bank each agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the L/C Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Competitive Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Share.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to each of the Lenders as follows (it being agreed that each Borrower other than the Company makes the following representations only as to itself, but that the Company makes such representations as to all the Borrowers):

SECTION 3.01. *Organization; Powers*. Each Borrower and each of the Significant Subsidiaries (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (d) in the case of each Borrower, has the corporate power and authority to execute, deliver and perform its obligations under the Loan Documents and to borrow hereunder and thereunder.

SECTION 3.02. *Authorization*. The execution, delivery and performance by each Borrower of each Loan Document to which it is or will be a party and the Borrowings hereunder (collectively, the "*Transactions*") (i) have been or, upon execution and delivery thereof, will be duly authorized by all requisite corporate action and (ii) will not (A) violate (x) any provision of any law, statute, rule or regulation (including the Margin Regulations) or of the certificate of incorporation or other constitutive documents or by-laws of such Borrower, (y) any order of any Governmental Authority or (z) any provision of any indenture, material agreement or other instrument to which any Borrower is a party or by which it or any of its property is or may be bound, where such violation is reasonably likely to result in a Material Adverse Effect, (B) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, material agreement or other instrument, where such default is reasonably likely to result in a Material Adverse Effect or (C) result in the creation or imposition of any lien upon any property or assets of any Borrower.

SECTION 3.03. *Enforceability*. This Agreement and each other Loan Document to which any Borrower is a party constitutes a legal, valid and binding obligation of such Borrower enforceable in accordance with its terms.

SECTION 3.04. *Governmental Approvals*. No action, consent or approval of, registration or filing with or other action by any Governmental Authority, other than those which have been taken, given or made, as the case may be, is or will be required with respect to any Borrower in connection with the Transactions.

SECTION 3.05. *Financial Statements and Projections*. (a) The Company has heretofore furnished to the Administrative Agent and the Lenders copies of its consolidated balance sheet and statements of income, cash flow and retained earnings as of and for the year ended December 31, 2010, and the three months ended March 31, 2011, and June 30, 2011. Such financial statements present fairly, in all material respects, the consolidated financial condition and the results of operations of the Company and its subsidiaries as of such dates and for such periods in accordance with GAAP.

(b) The Company has heretofore furnished to the Lenders its unaudited pro forma consolidated balance sheet and statements of income, cash flow and retained earnings as of and for the year ended December 31, 2010, and the three months ended March 31, 2011, and June 30, 2011, prepared giving effect to the Spin-Offs and the Transactions as if the Spin-Offs and the Transactions had occurred, with respect to each such balance sheet, on the date thereof and, with respect to such other financial

statements for each period, on the first day of such period. Such unaudited pro forma financial statements, and any other pro forma financial statements contained in the Xylem Form 10 (as amended prior to the date hereof) (i) have been prepared by the Company in good faith, based on the assumptions used to prepare the pro forma consolidated financial statements included in the Confidential Information Memorandum (which assumptions are believed by the Company on the date hereof to be reasonable), (ii) are based on the best information available to the Company as of the date of delivery thereof after due inquiry and (iii) subject to clauses (i) and (ii) above, (A) accurately reflect all adjustments necessary to give effect to the Spin-Offs and the Transactions and (B) present fairly, in all material respects, subject to the qualifications described therein and in the accompanying notes, the pro forma financial position, results of operations and cash flows of the Company and the consolidated Subsidiaries as of such date and for such period as if the Spin-Offs and the Transactions had occurred on each such date or at the beginning of each such period, as the case may be.

(c) There has been no material adverse change in the consolidated financial condition of the Company and the Subsidiaries taken as a whole from the financial condition reported in the pro forma financial statements referred to in paragraph (b) of this Section.

SECTION 3.06. *Litigation; Compliance with Laws*. (a) There are no actions, proceedings or investigations filed or (to the knowledge of any Borrower) threatened or affecting any Borrower or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal which question the validity or legality of this Agreement, the Transactions or any action taken or to be taken pursuant to this Agreement and no order or judgment has been issued or entered restraining or enjoining any Borrower or any Subsidiary from the execution, delivery or performance of this Agreement nor is there any other action, proceeding or investigation filed or (to the knowledge of any Borrower or any Subsidiary) threatened against any Borrower or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal which would be reasonably likely to result in a Material Adverse Effect or materially restrict the ability of any Borrower to comply with its obligations under the Loan Documents.

(b) Neither any Borrower nor any Subsidiary is in violation of any law, rule or regulation (including any law, rule or regulation relating to the protection of the environment or to employee health or safety), or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would be reasonably likely to result in a Material Adverse Effect.

(c) Except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, none of the Company or any Subsidiary has received notice of any claim with respect to or is otherwise aware of any environmental liability to which it is or is reasonably likely to become subject.

SECTION 3.07. *Federal Reserve Regulations*. (a) Neither any Borrower nor any Subsidiary that will receive proceeds of the Loans hereunder is engaged

principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry Margin Stock or to refund indebtedness originally incurred for such purpose, or for any other purpose which entails a violation of, or which is inconsistent with, the provisions of the Margin Regulations.

SECTION 3.08. *Investment Company Act*. No Borrower is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 (the "*1940 Act*").

SECTION 3.09. *Use of Proceeds*. All proceeds of the Loans and Letters of Credit shall be used for the purposes referred to in the recitals to this Agreement and in accordance with the provisions of Section 3.07.

SECTION 3.10. *Full Disclosure; No Material Misstatements*. None of the representations or warranties made by any Borrower in connection with this Agreement as of the date such representations and warranties are made or deemed made, and neither the Confidential Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of any Borrower to the Administrative Agent or any Lender pursuant to or in connection with this Agreement or the credit facilities established hereby, contains or will contain any material misstatement of fact or omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were or will be made, not misleading; *provided* that, with respect to forecasts or projected financial information contained in the documents referred to above, the Company represents only that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time made and at the time so furnished and as of the date hereof (it being understood that such forecasts and projections may vary from actual results and that such variances may be material).

SECTION 3.11. *Taxes.* Each Borrower and each of the Significant Subsidiaries has filed or caused to be filed all Federal, state and local tax returns which are required to be filed by it, and has paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by it, other than any taxes or assessments the validity of which is being contested in good faith by appropriate proceedings, and with respect to which appropriate accounting reserves have to the extent required by GAAP been set aside.

SECTION 3.12. *Employee Pension Benefit Plans*. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of FASB ASC Topic 715) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan by an amount that could reasonably be expected to result in a Material Adverse Effect, and the

present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of FASB ASC Topic 715) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans by an amount that could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.13. *OFAC*. None of the Borrowers, nor any of their respective Affiliates, is in violation of (i) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto, (ii) Executive Order No. 13,224, 66 Fed Reg 49,079 (2001), issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism) or (iii) the anti-money laundering provisions of the USA PATRIOT Act (Title III of Pub. L. 107-56) (the "*USA PATRIOT Act*") amending the Bank Secrecy Act, 31 U.S.C. Section 5311 et seq and any other laws relating to terrorism or money laundering.

ARTICLE IV

CONDITIONS OF LENDING

The obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder are subject to the Closing Date having occurred and the satisfaction of the following conditions:

SECTION 4.01. *All Extensions of Credit*. On the date of each Borrowing and on the date of each issuance of a Letter of Credit:

(a) The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.03 or Section 2.04, as applicable, or, in the case of the issuance of a Letter of Credit, the applicable Issuing Bank shall have been requested to issue such Letter of Credit as contemplated by Section 2.05.

(b) The representations and warranties set forth in Article III hereof (except those contained in Sections 3.05(c) and 3.06(a)) shall be true and correct in all material respects on and as of the date of such Borrowing or issuance of a Letter of Credit with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects on and as of such earlier date.

(c) At the time of and immediately after such Borrowing or issuance of a Letter of Credit no Event of Default or Default shall have occurred and be continuing.

Each Borrowing and issuance of a Letter of Credit shall be deemed to constitute a representation and warranty by each Borrower on the date of such Borrowing or issuance of a Letter of Credit as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

SECTION 4.02. *Effective Date*. On the Effective Date:

(a) The Administrative Agent shall have received favorable written opinions of (i) Dewey & LeBoeuf, counsel for the Company, to the effect set forth in Exhibit C-1 hereto and (ii) Frank R. Jimenez, General Counsel and Corporate Secretary of the Company, to the effect set forth in Exhibit C-2 hereto, each dated the Effective Date and addressed to the Administrative Agent, the Lenders and the Issuing Banks and satisfactory to the Lenders, the Administrative Agent and Cravath, Swaine & Moore LLP, counsel for the Administrative Agent.

(b) The Administrative Agent shall have received (i) a copy of the certificate of incorporation, including all amendments thereto, of the Company, certified as of a recent date by the Secretary of State of its state of incorporation, and a certificate as to the existence of the Company as of a recent date from such Secretary of State; (ii) a certificate of the Secretary or an Assistant Secretary of the Company dated the Effective Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of the Company as in effect on the Effective Date and at all times since a date prior to the date of the resolutions described in (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of the Company authorizing the execution, delivery and performance of the Loan Documents to which the Company is a party and the Borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate of incorporation referred to in clause (i) above has not been amended since the date of the last amendment thereto shown on the certificate of existence furnished pursuant to such clause (i) and (D) as to the incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of the Company; and (iii) a certificate of another officer of the Company as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above.

(c) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by a Financial Officer of the Company, confirming compliance with the conditions precedent set forth in paragraph (e), the second sentence of paragraph (g) and paragraphs (h), (i), (k), (l), (m), (n) and (o) of this Section and in paragraphs (b) and (c) of Section 4.01 (without giving effect to the parenthetical in such paragraph (b)).

(d) The Administrative Agent shall have received all Fees and other amounts due and payable for the accounts of the Lenders or for its own account on or prior to the Effective Date and, to the extent invoiced prior to the Effective Date, all fees, charges and disbursements of counsel that the Borrowers have agreed to pay or reimburse.

(e) The Credit Parties shall have received all documentation and other information required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act.

(f) The Administrative Agent and the Lenders shall have received (by inclusion in amendments to the Xylem Form 10 prior to the date hereof, or otherwise) the

historical and pro forma financial statements and projections referred to in Section 3.05, as well as unaudited consolidated balance sheets and related statements of income and cash flows of the Company and the subsidiaries for each fiscal quarter (if any) ended after June 30, 2011, but at least 60 days before the Effective Date, which financial statements shall not be materially inconsistent with the pro forma financial statements or projections previously provided to the Lenders or included in the Xylem Form 10.

(g) The Administrative Agent and the Lenders shall have received true and complete copies of the Distribution Agreement and all other material agreements required to be delivered thereunder or in connection therewith. The terms of the Distribution Agreement shall be consistent in all material respects with the information set forth in the Form 10s, and no term or condition of the Distribution Agreement or any related agreement shall have been waived, amended or otherwise modified in a manner material and adverse to the rights or interests of the Lenders, except as previously approved by the Lead Arrangers.

(h) All conditions to the Spin-Offs set forth in the Form 10s shall have been satisfied, and the Spin-Offs and all related transactions shall have been consummated on terms consistent with applicable law and, except for changes not materially detrimental to the creditworthiness of the Company and the Subsidiaries or to the rights of the Lenders, with the information set forth in the Form 10s and the pro forma financial information and projections delivered to the Lenders.

(i) There shall not have been any material payments by the Company to ITT Corporation in connection with the Spin-Offs other than the payment of a cash dividend to ITT Corporation, which shall have been determined in a manner heretofore disclosed to the Administrative Agent and the Lenders, and the assets, liabilities and capitalization of the Company after giving effect to such dividend and all related transactions shall be consistent in all material respects with the historical and pro forma financial statements and projections referred to in Section 3.05.

(j) The Administrative Agent and the Lenders shall have received copies of, and the Lead Arrangers shall have been reasonably satisfied with, (i) the solvency opinion delivered to the Board of Directors of ITT Corporation and (ii) the legal opinion and any private letter ruling delivered to or obtained by ITT Corporation as to the tax-free nature of the Spin-Offs.

(k) Other than as set forth in the Xylem Form 10, after giving effect to the Spin-Offs and the Transactions, the Company and the Subsidiaries shall have outstanding no Indebtedness, committed credit facilities, guarantees or other material contingent obligations, letters of credit, preferred stock or contingent obligations other than (a) the Commitments, Loans and Letters of Credit, (b) the Xylem Notes, (c) commercial letters of credit obtained in the ordinary course of business and (d) other Indebtedness and contingent obligations of the Company (i) set forth in the Xylem Form 10 as being outstanding after giving effect to the Spin-Offs and (ii) to the extent not set forth in the Xylem Form 10, in an aggregate amount not greater than $50,000,000.

(l) All conditions precedent to the effectiveness of the ITT Corporation Credit Agreement and the Exelis Credit Agreement shall have been satisfied.

(m) There shall not have occurred since December 31, 2010, any event, condition or circumstance that has had or could be reasonably be expected to have a material adverse effect on the business, results of operations, properties, assets or financial condition of the Company and the Subsidiaries, taken as a whole.

(n) There shall be no litigation or administrative proceeding that could reasonably be expected to have a material adverse effect on the Spin-Offs or on the business, results of operations, properties, assets or financial condition of the Company and the Subsidiaries, taken as a whole.

(o) All requisite Governmental Authorities and material third parties shall have approved or consented to the Spin-Offs and the Transactions to the extent required, all applicable notice or appeal periods shall have expired and there shall be no governmental or judicial action, actual or threatened, that could reasonably be expected to restrain, prevent or impose burdensome conditions on the Spin-Offs or the Transactions.

SECTION 4.03. *First Borrowing by Each Borrowing Subsidiary*. On or prior to the first date on which Loans are made to or Letters of Credit are issued for the benefit of any Borrowing Subsidiary:

(a) The Credit Parties shall have received the favorable written opinion of counsel satisfactory to the Administrative Agent, addressed to the Credit Parties and satisfactory to the Credit Parties and to Cravath, Swaine & Moore LLP, counsel for the Administrative Agent, addressing such legal issues as the Administrative Agent or such counsel may reasonably request.

(b) The Administrative Agent shall have received a copy of the Borrowing Subsidiary Agreement executed by such Borrowing Subsidiary.

(c) It shall not be unlawful for such Subsidiary to become a Borrower hereunder or for any Lender to make Loans or otherwise extend credit to such Subsidiary as provided herein or for any Issuing Bank to issue Letters of Credit for the account of such Subsidiary.

(d) The Credit Parties shall have received (i) all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act and (ii) such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of such Borrowing Subsidiary, the authorization of the Transactions insofar as they relate to such Borrowing Subsidiary and any other legal matters relating to such Borrowing Subsidiary, its Borrowing Subsidiary Agreement or such Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

ARTICLE V

AFFIRMATIVE COVENANTS

Each Borrower covenants and agrees with each Lender and the Administrative Agent that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable hereunder shall be unpaid or any Letters of Credit have not been canceled or have not expired or any amounts drawn thereunder have not been reimbursed in full, unless the Required Lenders shall otherwise consent in writing, it will, and will cause each of the Significant Subsidiaries to:

SECTION 5.01. *Existence*. Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as expressly permitted under Section 6.01; *provided*, *however*, that nothing in this Section shall prevent the abandonment or termination of the existence, rights or franchises of any Significant Subsidiary or any rights or franchises of any Borrower if such abandonment or termination is in the best interests of the Borrowers and is not disadvantageous in any material respect to the Lenders.

SECTION 5.02. *Business and Properties*. Comply in all material respects with all applicable laws, rules, regulations and orders of any Governmental Authority (including any of the foregoing relating to the protection of the environment or to employee health and safety), whether now in effect or hereafter enacted; and at all times maintain and preserve all property material to the conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

SECTION 5.03. *Financial Statements, Reports, etc.* In the case of the Company, furnish to the Administrative Agent for distribution to each Lender:

(a) within 90 days after the end of each fiscal year, its consolidated balance sheet and the related consolidated statements of income and cash flows showing its consolidated financial condition as of the close of such fiscal year and the consolidated results of its operations during such year, all audited by Deloitte & Touche LLP or another independent registered public accounting firm of recognized national standing selected by the Company and accompanied by an opinion of such accountants (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements fairly present its financial condition and results of operations on a consolidated basis in accordance with GAAP (it being agreed that the requirements of this paragraph may be satisfied by the delivery pursuant to paragraph (d) below of an annual report on Form 10-K containing the foregoing);

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, its consolidated balance sheet and related consolidated statements of income, cash flow and stockholders' equity, showing its consolidated financial condition

as of the close of such fiscal quarter and the consolidated results of its operations during such fiscal quarter and the then elapsed portion of the fiscal year, all certified by one of its Financial Officers as fairly presenting its financial condition and results of operations on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments (it being agreed that the requirements of this paragraph may be satisfied by the delivery pursuant to paragraph (d) below of a quarterly report on Form 10-Q containing the foregoing);

(c) concurrently with any delivery of financial statements under paragraph (a) or (b) above, a certificate of a Financial Officer (i) certifying that, to the best of such Financial Officer's knowledge, no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.06;

(d) promptly after the same become publicly available, copies of all reports on forms 10-K, 10-Q and 8-K filed by it with the SEC, or any Governmental Authority succeeding to any of or all the functions of the SEC, or, in the case of the Company, copies of all reports distributed to its shareholders, as the case may be; and

(e) promptly, from time to time, such other information as any Lender shall reasonably request through the Administrative Agent.

Information required to be delivered to the Administrative Agent pursuant to this Section 5.03 shall be deemed to have been distributed to the Lenders if such information, or one or more annual or quarterly reports containing such information, shall have been posted by the Administrative Agent on an IntraLinks or similar site to which the Lenders have been granted access or shall be available on the website of the Securities and Exchange Commission at http://www.sec.gov (and a confirming electronic correspondence shall have been delivered or caused to be delivered to the Lenders providing notice of such posting or availability). Information required to be delivered pursuant to this Section 5.03 may also be delivered by electronic communications pursuant to procedures approved by the Administrative Agent.

SECTION 5.04. *Insurance*. Keep its insurable properties adequately insured at all times by financially sound and reputable insurers, and maintain such other insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies similarly situated and in the same or similar businesses (it being understood that the Borrowers and the Significant Subsidiaries may self-insure to the extent customary with companies similarly situated and in the same or similar businesses).

SECTION 5.05. *Obligations and Taxes*. Pay and discharge promptly when due all taxes, assessments and governmental charges imposed upon it or upon its income or profits or in respect of its property, as well as all other material liabilities, in each case before the same shall become delinquent or in default and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith by

appropriate proceedings and adequate reserves with respect thereto shall, to the extent required by GAAP, have been set aside.

SECTION 5.06. *Litigation and Other Notices*. Give the Administrative Agent prompt written notice of the following (which the Administrative Agent shall promptly provide to the Lenders):

(a) the filing or commencement of, or any written threat or written notice of intention of any Person to file or commence, any action, suit or proceeding which is reasonably likely to result in a Material Adverse Effect;

(b) any Event of Default or Default, specifying the nature and extent thereof and the action (if any) which is proposed to be taken with respect thereto; and

(c) any change in any of the Ratings.

SECTION 5.07. *Maintaining Records; Access to Properties and Inspections*. Maintain financial records in accordance with GAAP and, upon reasonable notice, at all reasonable times, permit any authorized representative designated by the Administrative Agent or any Lender to visit and inspect the properties of the Company and of any Significant Subsidiary and to discuss the affairs, finances and condition of the Company and any Significant Subsidiary with a Financial Officer of the Company and such other officers as the Company shall deem appropriate.

SECTION 5.08. *Use of Proceeds.* Use the proceeds of the Loans only for the purposes set forth in the recitals to this Agreement.

SECTION 5.09. *Distribution Agreement and Related Agreements*. Comply with all its obligations under the Distribution Agreement and all other agreements with ITT Corporation, Exelis Inc. or their subsidiaries entered into pursuant thereto or in connection therewith.

ARTICLE VI

NEGATIVE COVENANTS

Each Borrower covenants and agrees with each Lender and the Administrative Agent that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable hereunder shall be unpaid or any Letters of Credit have not been canceled or have not expired or any amounts drawn thereunder have not been reimbursed in full, unless the Required Lenders shall otherwise consent in writing, it will not, and will not cause or permit any of the Subsidiaries to:

SECTION 6.01. *Priority Indebtedness*. Create, incur, assume or permit to exist any Priority Indebtedness other than:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness existing on the date hereof and set forth on Schedule 6.01, and extensions, renewals or replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; *provided* that no additional Subsidiaries will be added as obligors or guarantors in respect of any Indebtedness referred to in this clause (b) and no such Indebtedness shall be secured by any additional assets (other than as a result of any Lien covering after-acquired property in effect on the date hereof);

(c) Indebtedness of any Subsidiary to the Company or any other Subsidiary, or Indebtedness of the Company to any Subsidiary; *provided* that no such Indebtedness shall be assigned to, or subjected to any Lien in favor of, a Person other than the Company or a Subsidiary;

(d) Indebtedness (including Capital Lease Obligations and obligations under conditional sale or other title retention agreements) incurred to finance the acquisition, construction or improvement of, and secured only by, any fixed or capital assets acquired, constructed or improved by the Company or any Subsidiary, and extensions, renewals or replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or add additional Subsidiaries as obligors or guarantors in respect thereof and that are not secured by any additional assets; *provided* that such Indebtedness is incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement and does not exceed the cost of acquiring, constructing or improving such fixed or capital assets;

(e) Indebtedness of any Person that becomes a Subsidiary after the date hereof; *provided* that such Indebtedness and any Liens securing the same exist at the time such Person becomes a Subsidiary and are not created in contemplation of or in connection with such Person becoming a Subsidiary, and any such Liens do not extend to additional assets of the Company or any Subsidiary, and extensions, renewals or replacements of any of the Indebtedness referred to above in this clause that do not increase the outstanding principal amount thereof or add additional Subsidiaries as obligors or guarantors in respect thereof and that are not secured by any additional assets;

(f) Indebtedness of any Foreign Subsidiary incurred after the date hereof, the net proceeds of which are promptly dividended to the Company or one or more Domestic Subsidiaries; *provided* that such Indebtedness is not secured by assets of the Company or any Domestic Subsidiary; and

(g) other Priority Indebtedness to the extent the sum, without duplication, of (i) the aggregate amount thereof outstanding at any time and (ii) the aggregate sales price for the assets transferred in all sale and lease-back arrangements permitted under Section 6.03 and in effect at any time shall not exceed the greater of (i) $150,000,000 and (ii) 10% of Consolidated Net Tangible Assets.

SECTION 6.02. *Liens*. Create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) Liens existing on the date hereof and set forth on Schedule 6.02, and extensions or renewals of any such Liens that do not extend to additional assets or increase the amount of the obligations secured thereby;

(c) any Lien securing indebtedness of a Subsidiary to the Company or another Subsidiary or of the Company to a Subsidiary, *provided* that in the case of any sale or other disposition of such indebtedness by the Company or a Subsidiary, such sale or other disposition shall be deemed to constitute the creation of another Lien not permitted by this clause (c);

(d) Liens deemed to exist in connection with sale and lease-back transactions permitted under Section 6.03;

(e) Liens on fixed or capital assets acquired, constructed or improved by the Company or any Subsidiary; provided that (i) such Liens secure only Indebtedness (including Capital Lease Obligations and obligations under conditional sale or other title retention agreements) permitted by Section 6.01(d) and obligations relating thereto not constituting Indebtedness and (ii) such Liens shall not extend to any other asset of the Company or any Subsidiary (other than the proceeds and products thereof); provided further that in the event purchase money obligations are owed to any Person with respect to financing of more than one purchase of any fixed or capital assets, such Liens may secure all such purchase money obligations and may apply to all such fixed or capital assets financed by such Person;

(f) any Lien existing on any asset prior to the acquisition thereof by the Company or any Subsidiary or existing on any asset of any Person that becomes a Subsidiary (or of any Person not previously a Subsidiary that is merged or consolidated with or into a Subsidiary in a transaction permitted hereunder) after the date hereof prior to the time such Person becomes a Subsidiary (or is so merged or consolidated); provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary (or such merger or consolidation), (ii) such Lien shall not extend to any other asset of the Company or any Subsidiary and (C) such Lien shall secure only those obligations that it secures on the date of such acquisition or the date such Person becomes a Subsidiary (or is so merged or consolidated) and any extensions, renewals and refinancings thereof that do not increase the outstanding principal amount thereof;

(g) sales of accounts receivable and interests therein pursuant to Securitization Transactions constituting Priority Indebtedness permitted under Section 6.01; and

(h) Liens securing other Priority Indebtedness to the extent such Priority Indebtedness and such Liens are permitted under Section 6.01.

SECTION 6.03. *Sale and Lease-Back Transactions*. Enter into any arrangement, directly or indirectly, with any Person whereby it shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and

thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred, except (a) any such arrangement entered into with respect to a property within 180 days after the acquisition thereof and (b) other such arrangements to the extent the sum, without duplication, of (a) the aggregate sales price for the assets transferred in all such arrangements in effect at any time and (b) the aggregate amount of Priority Indebtedness permitted under Section 6.01(g) and outstanding at such time shall not exceed the greater of (i) $150,000,000 and (ii) 10% of Consolidated Net Tangible Assets.

SECTION 6.04. *Fundamental Changes*. (a) In the case of the Company or any other Borrower, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions and including by means of any merger or sale of capital stock or otherwise) all or substantially all of its assets (whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default or Event of Default shall have occurred and be continuing or would result from such transaction, (a) the Company or any Borrower may merge or consolidate with any Person if (i) in the case of any such merger involving the Company, the Company is the surviving Person and (ii) in the case of any other such Merger, a Borrower is the surviving Person and (b) any Borrower other than the Company may sell, transfer, lease or otherwise dispose of all or substantially all of its assets to, or liquidate or dissolve into, the Company.

(b) Remain engaged primarily in businesses of the type conducted by the Company and the Subsidiaries on the date of this Agreement and businesses reasonably related thereto.

SECTION 6.05. *Restrictive Agreements.* Directly or indirectly enter into, incur or permit to exist any agreement or other arrangement that restricts the ability of any Subsidiary to pay dividends or other distributions with respect to its Equity Interests or to make or repay loans or advances to the Company or any Subsidiary or to guarantee Indebtedness of the Company or any Subsidiary; *provided* that the foregoing shall not apply to (A) restrictions on and conditions to the assignment of agreements between the Company or any Subsidiary and any Governmental Authority or amounts owed under such agreements, including those restrictions and conditions imposed by 31 USCS § 3727 and FAR Subpart 32.8 and any such assignments shall be in full compliance with 31 USCS § 3727 and FAR Subpart 32.8 or any successor law or regulation, (B) other restrictions and conditions imposed by law or by any Loan Document, (C) restrictions and conditions existing on the date hereof identified on Schedule 6.05 (but shall apply to any amendment or modification expanding the scope of any such restriction or condition), (D) in the case of any Subsidiary that is not a wholly-owned Subsidiary, restrictions and conditions imposed by its organizational documents or any related joint venture or similar agreement, *provided* that such restrictions and conditions apply only to such Subsidiary and to any Equity Interests in such Subsidiary, (E) customary restrictions and conditions contained in agreements relating to the sale of any asset, *provided* that such restrictions and conditions apply only to the asset that is to be sold, (F) restrictions and conditions imposed by agreements relating to Indebtedness of any Subsidiary in existence at the time such Subsidiary became a Subsidiary (but shall apply to any

amendment or modification expanding the scope of, any such restriction or condition), *provided* that such restrictions and conditions apply only to such Subsidiary or (G) restrictions and conditions imposed by agreements relating to Indebtedness of Foreign Subsidiaries permitted under Section 6.01, *provided* that such restrictions and conditions apply only to Foreign Subsidiaries.

SECTION 6.06. *Leverage Ratio.* At any time permit the Leverage Ratio to be greater than 3.50 to 1.00.

ARTICLE VII

EVENTS OF DEFAULT

In case of the happening of any of the following events (each an " *Event of Default*"):

(a) any representation or warranty made or deemed made in or in connection with the execution and delivery of this Agreement or the Borrowings or issuances of Letters of Credit hereunder shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan or the reimbursement with respect to any L/C Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or L/C Disbursement or any Fee or any other amount (other than an amount referred to in paragraph (b) above) due hereunder, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five days;

(d) default shall be made in the due observance or performance of any covenant, condition or agreement contained in Section 5.01 or Article VI;

(e) default shall be made in the due observance or performance of any covenant, condition or agreement contained herein or in any other Loan Document (other than those specified in clauses (b), (c) or (d) above) and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or any Lender to the Company;

(f) the Company or any Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Material Indebtedness beyond the period of grace, if any, provided in the agreement or instrument under which such Indebtedness was created, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any Material Indebtedness, or any other event shall occur or condition shall exist, beyond the period of grace, if any, provided in such agreement or instrument referred to in this clause (ii), if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Material Indebtedness or a trustee on its

or their behalf or the applicable counterparty to cause, an acceleration of the maturity of such Indebtedness or a termination or similar event in respect thereof;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Company, or of a substantial part of the property or assets of the Company or any Subsidiary with assets having gross book value in excess of $25,000,000, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or for a substantial part of the property or assets of the Company or any Subsidiary with assets having gross book value in excess of $25,000,000 or (iii) the winding up or liquidation of the Company; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Company or any Subsidiary with assets having a gross book value in excess of $25,000,000 shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or for a substantial part of the property or assets of the Company, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(i) one or more final judgments shall be entered by any court against the Company or any of the Subsidiaries for the payment of money in an aggregate amount in excess of $50,000,000 and such judgment or judgments shall not have been paid, covered by insurance, discharged or stayed for a period of 60 days, or a warrant of attachment or execution or similar process shall have been issued or levied against property of the Company or any of the Subsidiaries to enforce any such judgment or judgments;

(j) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other such ERISA Events, could reasonably be expected to result in a Material Adverse Effect; or

(k) a Change in Control shall occur;

then, and in every such event (other than an event with respect to any Borrower described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Company, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments, (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid

accrued Fees and all other liabilities of the Borrowers accrued hereunder, shall become due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived anything contained herein to the contrary notwithstanding, (iii) require the Borrowers to deposit with the Administrative Agent cash collateral in an amount equal to the aggregate L/C Exposures to secure the Borrowers' reimbursement obligations under Section 2.05; and, in the case of any event with respect to any Borrower described in paragraph (g) or (h) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding, and the Borrowers shall deposit with the Administrative Agent cash collateral in an amount equal to the aggregate L/C Exposure to secure the Borrowers' reimbursement obligations under Section 2.05.

ARTICLE VIII

GUARANTEE

The Company unconditionally and irrevocably guarantees the due and punctual payment and performance, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, of the Obligations. The Company further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligations.

To the fullest extent permitted by applicable law, the Company waives presentment to, demand of payment from and protest to the Borrowing Subsidiaries of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. To the fullest extent permitted by applicable law, the obligations of the Company hereunder shall not be affected by (a) the failure of the Administrative Agent, any Issuing Bank or any Lender to assert any claim or demand or to enforce or exercise any right or remedy against the Borrowing Subsidiaries under the provisions of any Loan Document or otherwise; or (b) any rescission, waiver, amendment or modification of, or any release from, any of the terms or provisions of any Loan Document, any guarantee or any other agreement.

The Company further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent, any Issuing Bank or any Lender to any of the security, if any, held for payment of the Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent, any Issuing Bank or any Lender, in favor of the Borrowing Subsidiaries or any other Person.

Except to the extent that any Tax is required to be withheld or deducted under applicable law or regulation, but subject to the provisions of Section 2.20, the obligations of the Company hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release,

surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of the Company hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent, any Issuing Bank or any Lender to assert any claim or demand or to enforce any remedy under any Loan Document, any guarantee or any other agreement, by any law or regulation of any jurisdiction or any other event affecting any term of the Obligations, by any waiver or modification of any provision thereof, by any default, failure or delay, wilful or otherwise, in the performance of the Obligations, or by any other act or omission which may or might in any manner or to any extent vary the risk of the Company or that would otherwise operate as a discharge of the Company as a matter of law or equity.

To the fullest extent permitted by applicable law, the Company waives any defense based on or arising out of any defense available to the Borrowing Subsidiaries, including any defense based on or arising out of any disability of the Borrowing Subsidiaries, or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrowing Subsidiaries or any other circumstances that might constitute a defense of any of the Borrowing Subsidiaries, other than final and indefeasible payment in full in cash of the Obligations. The Administrative Agent, the Issuing Banks and the Lenders may, at their election, foreclose on any security held by one or more of them by one or more judicial or non-judicial sales, compromise or adjust any part of the Obligations, make any other accommodation with any of the Borrowing Subsidiaries or exercise any other right or remedy available to them against the Borrowing Subsidiaries, or any security without affecting or impairing in any way the liability of the Company hereunder except to the extent the Obligations have been fully, finally and indefeasibly paid in cash. Pursuant to applicable law, the Company waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of the Company against the Borrowing Subsidiaries or any security.

The Company further agrees that its guarantee shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Obligation is rescinded or must otherwise be restored by any Lender upon the bankruptcy or reorganization of any Borrowing Subsidiary or otherwise.

In furtherance of the foregoing and not in limitation of any other right which the Administrative Agent, any Issuing Bank or any Lender may have at law or in equity against the Company by virtue hereof, upon the failure of any Borrowing Subsidiary to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, the Company hereby promises to and will, upon receipt of written demand by the Administrative Agent, forthwith pay or cause to be paid to the Administrative Agent in cash the amount of such unpaid Obligation.

The Company hereby irrevocably waives and releases any and all rights of subrogation, indemnification, reimbursement and similar rights which it may have against or in respect of the Borrowing Subsidiaries at any time relating to the Obligations, including all rights that would result in its being deemed a "creditor" of the Borrowing Subsidiaries under the United States Code as now in effect or hereafter amended, or any comparable provision of any successor statute.

ARTICLE IX

THE ADMINISTRATIVE AGENT

Each of the Lenders and the Issuing Banks hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

Any bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender or an Issuing Bank as any other Lender or Issuing Bank and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Company or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or to exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Loan Documents), *provided* that the Administrative Agent shall not be required to take any action that, in its opinion, could expose the Administrative Agent to liability or be contrary to any Loan Document or applicable law, and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any Subsidiary that is communicated to or obtained by any bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Loan Documents) or in the absence of its own gross negligence or wilful misconduct, as determined by a court of competent jurisdiction by a final and non-appealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent

by the Company, a Lender or an Issuing Bank, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely, and shall not incur any liability for relying, upon any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any of and all its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any of and all their duties and exercise their rights and powers through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the terms of this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Company. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Company, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent, which shall be a Lender with an office in the United States of America, having a combined capital and surplus of at least $500,000,000, or an Affiliate of any such Lender. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents. The fees payable by the Company to the successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such

successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.02, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent or as sub-agent, as the case may be.

Each Lender and Issuing Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Each Lender, by delivering its signature page to this Agreement and funding its Loans on the Effective Date, or delivering its signature page to an Assignment and Assumption or an Accession Agreement pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Effective Date.

No Lender or Issuing Bank shall have any right individually to enforce any guarantee of the Obligations, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Administrative Agent on behalf of the Lenders and the Issuing Bank in accordance with the terms thereof. Each Lender and each Issuing Bank will be deemed, by its acceptance of the benefits of the guarantees of the Obligations provided under the Loan Documents, to have agreed to the foregoing provisions.

Notwithstanding anything herein to the contrary, neither the Lead Arrangers nor any Person named on the cover page of this Agreement as a Syndication Agent, a Documentation Agent or a Joint Bookrunner shall have any duties or obligations under this Agreement or any other Loan Document (except in its capacity, as applicable, as a Lender or an Issuing Bank), but all such Persons shall have the benefit of the indemnities provided for hereunder.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. *Notices*. (a)Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph

(b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax or by electronic communication, as follows:

(i) if to any Borrower, to Xylem Inc., 1133 Westchester Avenue, White Plains, New York 10604, Attention of Mike Speetzen, Chief Financial Officer (Fax No. 914-696-2930; E-mail: mike.speetzen@itt.com), as agent for such Borrower;

(ii) if to the Administrative Agent, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1111 Fannin Street, Floor 10, Houston, TX 77022, Attention of Jeremy Jones (Fax No. 713-750-2878; E-mail: jeremy.m.jones@jpmorgan.com), with a copy to JPMorgan Chase Bank, N.A. at 383 Madison Avenue, New York, New York 10179, Attention of Robert Bryant (Fax No. 212-270-6539; E-mail: rob.d.bryant@jpmorgan.com) and JPMorgan Chase Bank, N.A., Loan and Agency Group (London) at 125 London Wall, Floor 9, London, EC2Y 5AJ, United Kingdom, Attention of Loan and Agency London (Fax No. +44 207 777 2360; Email: Loan_and_Agency_London@jpmorgan.com) Re: Xylem Inc.; and

(iii) if to any Issuing Bank, to it at its address (or fax number or e-mail address) most recently specified by it in a notice delivered to the Administrative Agent and the Company (or, in the absence of any such notice, to the address (or fax number or e-mail address) set forth in the Administrative Questionnaire of the Lender that is serving as such Issuing Bank or is an Affiliate thereof);

(iv) if to any other Lender, to it at its address (or fax number or e-mail address) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by fax shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient); and notices delivered through electronic communications to the extent provided in this clause (a) and paragraph (b) below shall be effective as provided in such paragraph.

(b) Notices and other communications to the Lenders and Issuing Banks hereunder may be delivered or furnished by electronic communications (including email and Internet and intranet websites) pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices under Article II to any Lender or Issuing Bank if such Lender or Issuing Bank, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. Any notices or other communications to the Administrative Agent or the Company may be delivered or furnished by electronic communications pursuant to procedures approved by the recipient thereof prior thereto; *provided* that approval of such procedures may be limited or rescinded by any such Person by notice to each other such Person.

SECTION 10.02. *Survival of Agreement*. All covenants, agreements, representations and warranties made by the Borrowers herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Lenders and the Issuing Banks and shall survive the making by the Lenders of the Loans and issuance of Letters of Credit regardless of any investigation made by the Lenders or the Issuing Banks or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement is outstanding and unpaid, any Letter of Credit is outstanding or the Commitments have not been terminated. The provisions of Sections 2.14, 2.16, 2.20 and 10.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of any Letter of Credit, the expiration of the Commitments, the invalidity or unenforceability of any term or provision of this Agreement, or any investigation made by or on behalf of the Administrative Agent or any Lender.

SECTION 10.03. *Binding Effect*. This Agreement shall become effective on the Effective Date and when it shall have been executed by the Company and the Administrative Agent and when the Administrative Agent shall have received copies hereof (telecopied or otherwise) which, when taken together, bear the signature of each Lender, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrowers shall not have the right to assign any rights hereunder or any interest herein without the prior consent of all the Lenders.

SECTION 10.04. *Successors and Assigns*. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any party that are contained in this Agreement shall bind and inure to the benefit of its successors and assigns.

(b) Each Lender may assign to one or more Eligible Assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); *provided*, *however*, that (i) such assignment shall be subject to the prior written consent (not to be unreasonably withheld or delayed) of: (1) the Company, unless (x) the assignee is a Lender, an Affiliate of a Lender or an Approved Fund, or (y) an Event of Default has occurred and is continuing; *provided* that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 10 Business Days after having received notice thereof, (2) the Administrative Agent, and (3) each Issuing Bank, (ii) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, and a processing and recordation fee of $3,500, (iii) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire, (iv) the amount of the Commitment assigned (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000, except in the event that the amount of the Commitment

of such assigning Lender remaining after such assignment shall be zero and (v) without providing (1) prior notice to the Administrative Agent and (2) information reasonably requested by the Administrative Agent so that it may comply with information reporting requirements under the Code, no assignment shall be made to a prospective assignee that bears a relationship to any Borrower described in Section 108(e)(4) of the Code. Upon acceptance and recording pursuant to paragraph (e) of this Section, from and after the effective date specified in each Assignment and Assumption, which effective date shall be at least five Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto (but shall continue to be entitled to the benefits of Sections 2.14, 2.16, 2.20 and 10.05, as well as to any Fees accrued for its account hereunder and not yet paid)). Notwithstanding the foregoing, any Lender assigning its rights and obligations under this Agreement may retain any Competitive Loans made by it outstanding at such time, and in such case shall retain its rights hereunder in respect of any Loans so retained until such Loans have been repaid in full in accordance with this Agreement.

(c) By executing and delivering an Assignment and Assumption, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, (ii) except as set forth in (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto or the financial condition of the Borrowers or the performance or observance by the Borrowers of any obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Assumption; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.03 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption; (v) such assignee will independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent shall maintain at one of its offices in The City of New York a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and the principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the " *Register*"). The entries in the Register shall be conclusive in the absence of manifest error and the Borrowers, the Administrative Agent, the Issuing Banks and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by each party hereto, at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee together with an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) above and the written consent of the Company to such assignment (if required under paragraph (a) above), the Administrative Agent shall (i) accept such Assignment and Assumption and (ii) record the information contained therein in the Register. Each assignee, by its execution and delivery of an Assignment and Assumption, shall be deemed to have represented to the assigning Lender and the Administrative Agent that such assignee is an Eligible Assignee.

(f) Each Lender may sell participations to one or more banks or other entities (each, a " *Participant*") in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided*, *however*, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) each Participant shall be entitled to the benefit of the cost protection provisions contained in Sections 2.14, 2.16 and 2.20 to the same extent as if it were the selling Lender (and limited to the amount that could have been claimed by the selling Lender had it continued to hold the interest of such Participant), except that all claims made pursuant to such Sections shall be made through such selling Lender, (iv) the Borrowers, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such selling Lender in connection with such Lender's rights and obligations under this Agreement and (v) without providing (1) prior notice to the Administrative Agent and (2) information reasonably requested by the Administrative Agent so that it may comply with information reporting requirements under the Code, no participation shall be made to a prospective Participant that bears a relationship to any Borrower described in Section 108(e)(4) of the Code. In no event shall a Lender that sells a participation agree with the Participant to take or refrain from taking any action hereunder except that such Lender may agree with the Participant that it will not, without the consent of the Participant, agree to (i) increase or extend the term of such Lender's Commitment, or extend the time or waive any requirement for the reduction or termination, of such Lender's Commitment, (ii) extend the date fixed for the payment of principal of or interest on the related Loans or any portion of any fee hereunder payable to the Participant, (iii) reduce the amount of any such payment of principal or (iv) reduce the rate at which interest is payable thereon, or any fee hereunder payable to the Participant, to a level below the rate at which the

Participant is entitled to receive such interest or fee. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers (solely for tax purposes), maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement (the " *Participant Register*"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under this Agreement) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(g) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrowers furnished to such Lender; *provided* that, prior to any such disclosure, each such assignee or participant or proposed assignee or participant shall execute an agreement for the benefit of the Company whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of any such information.

(h) The Borrowers shall not assign or delegate any rights and duties hereunder without the prior written consent of all Lenders.

(i) Any Lender may at any time pledge all or any portion of its rights under this Agreement to a Federal Reserve Bank or any central bank; *provided* that no such pledge shall release any Lender from its obligations hereunder or substitute any such Bank for such Lender as a party hereto. In order to facilitate such an assignment to a Federal Reserve Bank, each Borrower shall, at the request of the assigning Lender, duly execute and deliver to the assigning Lender a promissory note or notes evidencing the Loans made to such Borrower by the assigning Lender hereunder in the form of Exhibit F.

SECTION 10.05. *Expenses; Indemnity*. (a) The Borrowers agree to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Lead Arrangers and the Joint Bookrunners named on the cover of this Agreement and their Affiliates in connection with the arrangement and syndication of the credit facility established hereby and the preparation, negotiation, execution and delivery of the Loan Documents (and all related commitment or fee letters) or in connection with any amendments, modifications or waivers of the provisions hereof or thereof, or incurred by the Administrative Agent or any Lender in connection with the administration, enforcement or protection of their rights in connection with the Loan Documents (including all such out-of pocket expenses incurred during any workout or restructuring) or in connection with the Loans made or Letters of Credit issued hereunder, including the reasonable fees and disbursements of counsel for the Administrative Agent and each

Lead Arranger and Joint Bookrunner or, in the case of enforcement or protection of their rights, the Lenders (which, in the case of preparation, negotiation, execution, delivery and administration of the Loan Documents, but not the enforcement or protection of rights thereunder, shall be limited to a single counsel for the Administrative Agent, the Lead Arrangers and the Joint Bookrunners).

(b) The Borrowers agree to indemnify the Administrative Agent, the Lead Arrangers, the Syndication Agent and the Joint Bookrunners named on the cover page of this Agreement, the Issuing Banks, each Lender, each of their Affiliates and the directors, officers, employees and agents of the foregoing (each such Person being called an "*Indemnitee*") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related reasonable expenses, including reasonable counsel fees and expenses, incurred by or asserted against any Indemnitee arising out of (i) the arrangement and syndication of the credit facility established hereby and the preparation, negotiation, execution and delivery of the Loan Documents (and all related commitment or fee letters) or consummation of the transactions contemplated thereby, (ii) the use of the proceeds of the Loans or issuance of Letters of Credit or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether initiated by any third party or by any Borrower and whether or not any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a final and non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) The provisions of this Section shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of any Letter of Credit, the invalidity or unenforceability of any term or provision of this Agreement or any investigation made by or on behalf of the Administrative Agent, the Issuing Banks or any Lender. All amounts due under this Section shall be payable on written demand therefor.

(d) Notwithstanding any other provision, this Section 10.05 shall not apply with respect to any matters, liabilities or obligations relating to Taxes.

SECTION 10.06. ***APPLICABLE LAW*. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.**

SECTION 10.07. *Waivers; Amendment.* (a) No failure or delay of the Administrative Agent, the Issuing Banks or any Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or

consent to any departure therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Borrower or any Subsidiary in any case shall entitle such party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders; *provided* that no such agreement shall (i) increase the Commitment or L/C Exposure of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or L/C Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the date of any scheduled payment of the principal amount of any Loan or L/C Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.17, or change any other provision of any Loan Document in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change Section 10.04(h), (vi) limit or release the guarantee set forth in Article VIII, without the written consent of each Lender, or (vii) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; *provided further* that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Issuing Bank hereunder without the prior written consent of the Administrative Agent or the Issuing Bank, as the case may be. Notwithstanding the foregoing, any provision of this Agreement may be amended by an agreement in writing entered into by the Borrowers, the Required Lenders and the Administrative Agent (and, if its rights or obligations are affected thereby, the Issuing Bank) if (i) by the terms of such agreement the Commitment of each Lender not consenting to the amendment provided for therein shall terminate upon the effectiveness of such amendment and (ii) at the time such amendment becomes effective, each Lender not consenting thereto receives payment in full of the principal of and interest accrued on each Loan made by it and all other amounts owing to it or accrued for its account under this Agreement.

SECTION 10.08. *Entire Agreement.* This Agreement and the agreements referenced in Section 2.07(b) constitute the entire contract among the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement. Nothing in this Agreement, expressed or implied, is intended to confer upon any party other than the parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 10.09. *Severability*. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in

good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10.10. *Counterparts*. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 10.03.

SECTION 10.11. *Headings*. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 10.12. *Right of Setoff*. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or obligations of the Company and any Borrowing Subsidiary now or hereafter existing under any Loan Document held by such Lender, irrespective of whether or not such Lender shall have made any demand thereunder and although such obligations may be unmatured. Each Lender agrees promptly to notify the Company and the Administrative Agent after such setoff and application made by such Lender, but the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.13. ***JURISDICTION; CONSENT TO SERVICE OF PROCESS*. (A) EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN NEW YORK COUNTY, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY LETTER OF CREDIT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.**

(B) EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY

LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR THEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT IN ANY NEW YORK STATE OR FEDERAL COURT. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(C) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.01. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 10.14. ***WAIVER OF JURY TRIAL.*** **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATION IN THIS SECTION.**

SECTION 10.15. *Borrowing Subsidiaries*. Within two Business Days after the receipt by the Administrative Agent of a Borrowing Subsidiary Agreement executed by a Subsidiary and the Company, the Administrative Agent shall deliver to each Lender a notice of such request to become a Borrowing Subsidiary under this Agreement. If the designation of such Borrowing Subsidiary obligates the Administrative Agent or a Lender to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Administrative Agent or such Lender shall deliver to the Company, (a) within five Business Days after the receipt of such a Borrowing Subsidiary Agreement in respect of a Domestic Subsidiary or (b) within 10 Business Days after the receipt of such a Borrowing Subsidiary Agreement in respect of a Foreign Subsidiary, a request to that effect, and the Company shall, promptly upon receipt of such request, supply such documentation and other evidence as is reasonably requested by the Administrative Agent or such Lender in order for the Administrative Agent or such Lender to carry out and comply with the requirements of the USA PATRIOT Act or any other applicable laws and regulations, and, unless the results of such inquiry conflict with the requirements of such laws and regulations, or if no such request by the Administrative Agent or any Lender is made within the time period set forth above, such Borrowing Subsidiary shall become a party hereto and a Borrower hereunder with the same effect as

if it had been an original party to this Agreement. Notwithstanding the foregoing, no Subsidiary shall become a Borrower Subsidiary if it shall be unlawful for such Subsidiary to become a Borrower hereunder or for any Lender to make Loans or otherwise extend credit to such Subsidiary as provided herein or for any Issuing Bank to issue Letters of Credit for the account of such Subsidiary. Upon the execution by the Company and a Borrowing Subsidiary and delivery to the Administrative Agent of a Borrowing Subsidiary Termination with respect to such Borrowing Subsidiary, such Borrowing Subsidiary shall cease to be a Borrowing Subsidiary hereunder; *provided* that no Borrowing Subsidiary Termination will become effective as to any Borrowing Subsidiary (other than to terminate such Borrowing Subsidiary's right to obtain further Loans or Letters of Credit under this Agreement) at a time when any principal of or interest on any Loan to such Borrowing Subsidiary or any Letter of Credit issued for the account of such Borrowing Subsidiary shall be outstanding hereunder. Promptly following receipt of any Borrowing Subsidiary Termination, the Administrative Agent shall send a copy thereof to each Lender.

SECTION 10.16. *Conversion of Currencies*. (a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of the Borrowers in respect of any sum due to any party hereto or any holder of the obligations owing hereunder (the " *Applicable Creditor*") shall, notwithstanding any judgment in a currency (the "*Judgment Currency*") other than the currency in which such sum is stated to be due hereunder (the "*Agreement Currency*"), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, the Borrowers agree, as a separate obligation and notwithstanding any such judgment, to indemnify the Applicable Creditor against such loss. The obligations of the Borrowers contained in this Section 10.16 shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

SECTION 10.17. *USA PATRIOT Act*. Each Lender hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of each Borrower and other information that will allow such Lender to identify the Borrowers in accordance with its requirements.

SECTION 10.18. *No Fiduciary Relationship*. The Company, on behalf of itself and its subsidiaries, agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, the Company, the Subsidiaries and their Affiliates, on the one hand, and the Administrative Agent, the

Lenders, the Issuing Banks and their Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Administrative Agent, the Lenders, the Issuing Banks or their Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

SECTION 10.19. *Non-Public Information*. Each Lender acknowledges that all non-public information, including requests for waivers and amendments, furnished by the Company or the Administrative Agent pursuant to or in connection with, or in the course of administering, this Agreement will be syndicate-level information, which may contain MNPI. Each Lender hereby advises the Company and the Administrative Agent that (a) it has developed compliance procedures regarding the use of MNPI and that it will handle MNPI in accordance with such procedures and applicable law, including Federal, state and foreign securities laws, and (b) it has identified in its Administrative Questionnaire a credit contact who may receive information that may contain MNPI in accordance with its compliance procedures and applicable law, including Federal, state and foreign securities laws.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

XYLEM INC., as Borrower,

by /s/ Samir Patel
Name: Samir Patel
Title: Treasurer

[Xylem Inc. Credit Agreement Signature Page]

JPMORGAN CHASE BANK, N.A.,
individually and as Administrative Agent,

by /s/ Robert D. Bryant
Name: Robert D. Bryant
Title: Vice President

[Xylem Inc. Credit Agreement Signature Page]

CITIBANK, N.A.,

by /s/ Andrew Sidford
Name: Andrew Sidford
Title: Vice President

[Xylem Inc. Credit Agreement Signature Page]

Lender: _____,

by _____
Name:
Title:

For any Lender requiring a second signature line:

by _____
Name:
Title:

[Xylem Inc. Credit Agreement Signature Page]

SCHEDULE 2.01

Commitments

Lender	Commitment
JPMorgan Chase Bank, N.A.	$ 50,000,000
Citibank, N.A.	$ 50,000,000
Barclays Bank PLC	$ 50,000,000
Société Générale	$ 50,000,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch	$ 40,000,000
The Royal Bank of Scotland plc	$ 40,000,000
U.S. Bank National Association	$ 40,000,000
Wells Fargo Bank, N.A.	$ 40,000,000
BNP Paribas	$25,000,000
ING Bank N.V. Dublin Branch	$25,000,000
Mizuho Corporate Bank (USA)	$25,000,000
Svenska Handelsbanken Ab (publ)	$25,000,000
The Northern Trust Company	$25,000,000
UBS Loan Finance LLC	$25,000,000
Australia and New Zealand Banking Group Limited	$15,000,000
Crédit Industriel et Commercial	$15,000,000
Intesa Sanpaolo S.p.A. — New York	$15,000,000
SEB AG	$15,000,000
The Bank of New York Mellon	$15,000,000
The Governor and Company of the Bank of Ireland	$15,000,000
Total	**$600,000,000**

SCHEDULE 6.01

Existing Indebtedness

Borrower	Lender	Balance
ITT do Brasil Ltda	Banco Citibank SA	BRL 22,332,497.81

SCHEDULE 6.02

Existing Liens

None.

SCHEDULE 6.05

Existing Restrictive Agreements

None.

EXHIBIT A-1

[FORM OF]

COMPETITIVE BID REQUEST

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders referred to below,
383 Madison Avenue
New York, NY 10179

[Date]

Attention: [ ]

Ladies and Gentlemen:

The undersigned, _____ (the "*Borrower*"), refers to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the " *Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.03(a) of the Credit Agreement that it requests a Competitive Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Competitive Borrowing is requested to be made:

(A) Date of Competitive Borrowing (which is a Business Day)	_____
(B) Currency of Competitive Borrowing[1]	_____
(C) Principal amount of Competitive Borrowing[2]	_____
(D) Interest rate basis[3]	_____
(E) Interest Period and the last day thereof[4]	_____

1 Dollar or a Non-US Currency.

2 An integral multiple of 1,000,000 units of the applicable currency with a Dollar Equivalent of at least $10,000,000 but not greater than the Total Commitment then available.

3 A Eurocurrency Borrowing or a Fixed Rate Borrowing.

4 Shall be subject to the definition of the term "Interest Period" and end not later than the Maturity Date.

Upon acceptance of any or all of the Loans offered by the Lenders in response to this request, the Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Section 4.01(b) and (c) of the Credit Agreement have been satisfied.

Very truly yours,

[NAME OF BORROWER],

by _____
Name:
Title: [Financial Officer]

EXHIBIT A-2

[FORM OF]

NOTICE OF COMPETITIVE BID REQUEST

[Name of Lender]
[Address]

[Date]

Attention: [ ]

Ladies and Gentlemen:

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. _____ (the "*Borrower*") made a Competitive Bid Request on , 20[ ], pursuant to Section 2.03(a) of the Credit Agreement, and in that connection you are invited to submit a Competitive Bid by [Date]/[Time]. [1] Your Competitive Bid must comply with Section 2.03(b) of the Credit Agreement and the terms set forth below on which the Competitive Bid Request was made:

(A) Date of Competitive Borrowing	_____
(B) Currency of Competitive Borrowing	_____
(C) Principal amount of Competitive Borrowing	_____
(D) Interest rate basis	_____
(E) Interest Period and the last day thereof.	_____

1 The Competitive Bid must be received by the Administrative Agent (i) in the case of Eurocurrency Competitive Loans, not later than 9:30 a.m., New York City time, three Business Days before a proposed Competitive Borrowing, and (ii) in the case of Fixed Rate Loans, not later than 9:30 a.m., New York City time, on the day of a proposed Competitive Borrowing.

Very truly yours,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

by _____
Name:
Title:

EXHIBIT A-3

[FORM OF]

COMPETITIVE BID

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders referred to below,
383 Madison Avenue
New York, NY 10179

[Date]

Attention: [ ]

Ladies and Gentlemen:

The undersigned, [Name of Lender], refers to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the " *Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The undersigned hereby makes a Competitive Bid pursuant to Section 2.03(b) of the Credit Agreement, in response to the Competitive Bid Request made by _____ (the " *Borrower*") on , 20[ ], and in that connection sets forth below the terms on which such Competitive Bid is made:

(A) Principal Amount [1]	_____
(B) Competitive Bid Rate [2]	_____
(C) Interest Period and last day thereof	_____

The undersigned hereby confirms that it is prepared, subject to the conditions set forth in the Credit Agreement, to extend credit to the Borrower upon acceptance by the Borrower of this bid in accordance with Section 2.03(d) of the Credit Agreement.

---

1 An integral multiple of 1,000,000 units of the applicable currency and may be equal to the entire principal amount of the Competitive Borrowing requested. Multiple bids will be accepted by the Administrative Agent.

2 *i.e.*, LIBO Rate + or – ___%, in the case of Eurocurrency Competitive Loans, or ___%, in the case of Fixed Rate Loans.

Very truly yours,

[NAME OF LENDER],

by _____
Name:
Title:

EXHIBIT A-4

[FORM OF]

COMPETITIVE BID ACCEPT/REJECT LETTER

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders referred to below
383 Madison Avenue
New York, NY 10179

[Date]

Attention: [ ]

Ladies and Gentlemen:

The undersigned, _____, refers to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the " *Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

In accordance with Section 2.03(c) of the Credit Agreement, we have received a summary of bids in connection with our Competitive Bid Request dated ___, and in accordance with Section 2.03(d) of the Credit Agreement, we hereby accept the following bids for maturity on [date]:

Principal Amount	Currency	Fixed Rate/Margin	Lender
		[%]/[+/-. %]	

We hereby reject the following bids:

Principal Amount	Currency	Fixed Rate/Margin	Lender
		[%]/[+/-. %]	

The Competitive Loans should be deposited in JPMorgan Chase Bank, N.A. account number [ ] on [date].

Very truly yours,

[NAME OF BORROWER],

by _____
Name:
Title:

EXHIBIT A-5

[FORM OF]

REVOLVING BORROWING REQUEST

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders referred to below,
383 Madison Avenue
New York, NY 10179

[Date]

Attention: [ ]

Ladies and Gentlemen:

The undersigned, _____ (the "*Borrower*"), refers to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.04 of the Credit Agreement that it requests a Revolving Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Revolving Borrowing is requested to be made:

(A) Date of Revolving Borrowing (which is a Business Day)	_____
(B) Principal amount of Revolving Borrowing[1]	_____
(C) Interest rate basis[2]	_____
(D) Interest Period and the last day thereof[3]	_____

Upon acceptance of any or all of the Loans made by the Lenders in response to this request, the Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Section 4.01(b) and (c) of the Credit Agreement have been satisfied.

---

1 An integral multiple of $5,000,000 and not less than $10,000,000 (or an aggregate principal amount equal to the Total Commitment then available) but not greater than the Total Commitment then available.

2 Eurocurrency Revolving Loan or ABR Loan.

3 Shall be subject to the definition of the term "Interest Period."

Very truly yours,

[NAME OF BORROWER],

by _____
Name:
Title: [Financial Officer]

EXHIBIT B

[FORM OF]

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "*Assignment and Assumption*") is dated as of the Effective Date set forth below and is entered into by and between the Assignor (as defined below) and the Assignee (as defined below). Capitalized terms used in this Assignment and Assumption and not otherwise defined herein have the meanings specified in the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the " *Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the facility identified below (including any Competitive Loans or Letters of Credit included in such facility) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other rights of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "*Assigned Interest*"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor (the "*Assignor*"):

2. Assignee (the "*Assignee*"):

Assignee is an Affiliate of: [Name of Lender]

3. Borrowers:

4. Administrative Agent:

5. Assigned Interest:

	Aggregate Amount of Commitment/Loans of of all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/ Loans[1]
Commitment Assigned	$	$	%
Revolving Loans	$	$	%
Competitive Loans	$	$	%

Effective Date: _____ _, 200[ ] [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR].

[1] Set forth, to at least nine decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

The terms set forth in this Assignment and Assumption are hereby agreed to:

[NAME OF ASSIGNOR], as
Assignor,

by _____
Name:
Title:

[NAME OF ASSIGNEE], as
Assignee,

by _____
Name:
Title:

Consented to:

JPMORGAN CHASE BANK, N.A.
as Administrative Agent,

by _____
Name:
Title:

Consented to:
[ ], as Issuing Bank,

by _____
Name:
Title:

[Consented to:

Xylem Inc.,
as the Company,

by _____
Name:
Title:][2]

2 No consent of the Company shall be required for an assignment to a Lender, an Affiliate of a Lender or, if an Event of Default has occurred and is continuing, any other assignee.

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, (iii) the financial condition of the Company, the Borrowing Subsidiaries, or any of their Subsidiaries or Affiliates or any other Person obligated in respect of the Credit Agreement or (iv) the performance or observance by the Company, the Borrowing Subsidiaries, or any of their Subsidiaries or Affiliates or any other Person of any of their respective obligations under the Credit Agreement.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date under the Assignment and Assumption, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.03 thereof (or, prior to the first such delivery, the financial statements referred to in Section 3.05 thereof), and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on any agent or any other Lender, and (v) if the Assignee is organized under the laws of a jurisdiction outside the United States, attached to this Assignment and Assumption is any documentation required to be delivered by it pursuant to Section 2.20 of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Assignor, any agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to or on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Assumption shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by facsimile or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be construed in accordance with and governed by the law of the State of New York without regard to conflict of laws principles thereof other than Section 5-1401 and 5-1402 of the New York General Obligations Law.

EXHIBIT C-1

[FORM OF]

OPINION OF DEWEY & LEBOEUF, COUNSEL FOR XYLEM INC.

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the " *Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1 The execution, delivery and performance by Xylem Inc. of the Loan Documents [1], and the borrowings of Xylem Inc. under the Credit Agreement will not violate any provision of law, statute, rule or regulation (including without limitation, the Margin Regulations) of the United States of America or the State of New York.

2. Each Loan Document constitutes a legal, valid and binding obligation of Xylem Inc. enforceable against Xylem Inc. in accordance with its terms, subject to any applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent transfer or conveyance or other similar laws of general application relating to or affecting the enforcement of creditors' rights from time to time in effect, and to general principles of equity, regardless of whether such principles are considered in any proceeding in equity or at law.

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[1] For opinion purposes, Loan Documents will be defined as those Loan Documents to be executed and delivered as of the Effective Date.

[FORM OF]

OPINION OF FRANK R. JIMENEZ, GENERAL COUNSEL AND CORPORATE SECRETARY FOR XYLEM INC.

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the " *Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1. Xylem Inc. (i) is a corporation duly organized and validly existing under the laws of the [State of Indiana], (ii) has all requisite corporate power and authority to own its property and assets and to carry on its business as now conducted, (iii) is qualified to do business in every jurisdiction within the United States where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (iv) has all requisite corporate power and authority to execute, deliver and perform its obligations under the Loan Documents to which it is a party, and to borrow funds thereunder.

2. The execution, delivery and performance by Xylem Inc. of the Loan Documents, and the borrowings of Xylem Inc. under the Credit Agreement, (collectively, the "*Transactions*") (i) have been duly authorized by all requisite corporate action and (ii) will not (a) violate (1) any provision of law, statute, rule or regulation of the Indiana Business Corporation Law, or of the articles of incorporation or other constitutive documents or by-laws of Xylem Inc., (2) any order known to me of any governmental authority or (3) any provision of any indenture, material agreement or other material instrument to which Xylem Inc. is a party or by which it or its property is or may be bound, (b) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (c) result in the creation or imposition of any lien upon any property or assets of Xylem Inc., other than pursuant to the Loan Documents.

3. Each Loan Document has been duly executed and delivered by Xylem Inc.

4. No action, consent or approval of, registration or filing with, or any other action by, any government authority is or will be required in connection with the Transactions, except such as have been made or obtained and are in full force and effect.

5. Neither Xylem Inc. nor any of its subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

EXHIBIT D-1

[FORM OF]

BORROWING SUBSIDIARY AGREEMENT

BORROWING SUBSIDIARY AGREEMENT dated as of [ ], [ ], among XYLEM INC., an Indiana corporation (the "*Company*"), [Name of Subsidiary], a [ ] corporation (the "*Subsidiary*"), and JPMORGAN CHASE BANK, N.A., as administrative agent (the "*Administrative Agent*") for the lenders (the "*Lenders*") party to the Credit Agreement referred to below.

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the " *Credit Agreement*"), among the Company, the Borrowing Subsidiaries party thereto, the Lenders party thereto, the Administrative Agent and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Under the Credit Agreement, the Lenders have agreed, upon the terms and subject to the conditions therein set forth, to make competitive advance and revolving credit loans to, and to issue Letters of Credit for the account of, the Company and its subsidiaries that execute and deliver to the Administrative Agent a Borrowing Subsidiary Agreement in the form hereof. The Company represents that the Subsidiary is a subsidiary of the Company and that the guarantee of the Company contained in Article VIII of the Credit Agreement applies to the obligations of the Subsidiary. In consideration of being permitted to borrow, and to have Letters of Credit issued for its account, under the Credit Agreement upon the terms and subject to the conditions set forth therein, the Subsidiary agrees that from and after the date of this Borrowing Subsidiary Agreement it will be, and will be liable for the observance and performance of all the obligations of, a Borrowing Subsidiary under the Credit Agreement to the same extent as if it had been one of the original parties to the Credit Agreement and that it will furnish to the Administrative Agent and the Lenders copies of its financial statements on an annual basis.

IN WITNESS WHEREOF, the Company and the Subsidiary have caused this Borrowing Subsidiary Agreement to be duly executed by their authorized officers as of the date first appearing above.

XYLEM INC.,

by _____
Name:
Title:

[NAME OF SUBSIDIARY],

by _____
Name:
Title:

Accepted as of the date first appearing above:

JPMORGAN CHASE BANK N.A.,
as Administrative Agent,

by _____
Name:
Title:

EXHIBIT D-2

[FORM OF]

BORROWER TERMINATION AGREEMENT

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders referred to below,
383 Madison Avenue
New York, NY 10179

[ ], 20[ ]

Re: Borrower Termination Agreement

Ladies and Gentlemen:

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the " *Credit Agreement*"), among the Xylem Inc., an Indiana corporation (the " *Company*"), the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Company hereby terminates the status of [NAME OF TERMINATED BORROWING SUBSIDIARY] (the " *Terminated Borrower*") as a "Borrower" under the Credit Agreement. [The Company represents and warrants that all Loans made to the Terminated Borrower have been repaid, all Letters of Credit issued for the account of the Terminated Borrower have been drawn in full or have expired and all amounts payable by the Terminated Borrower in respect of any drawings under any Letter of Credit issued for the account of such Terminated Borrower, interest and/or fees (and, to the extent notified by the Administrative Agent or any Lender, any other amounts payable under the Credit Agreement by the Terminated Borrower) have been paid in full on or prior to the date hereof.][The Company and the Terminated Borrower acknowledge that the Terminated Borrower shall continue to be a Borrower until such time as all Loans made to the Terminated Borrower have been repaid, all Letters of Credit issued for the account of the Terminated Borrower have been drawn in full or have expired and all amounts payable by the Terminated Borrower in respect of any drawings under any Letter of Credit issued for the account of such Terminated Borrower, interest and/or fees (and, to the extent notified by the Administrative Agent or any Lender, any other amounts payable under the Credit Agreement by the Terminated Borrower) have been paid in full.] The execution and delivery of this Borrower Termination Agreement shall be immediately effective to terminate the right of the Terminated Borrower to request or receive further extensions of credit under the Credit Agreement.

THIS INSTRUMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

XYLEM INC.,

by _____
Name:
Title:

EXHIBIT E

[FORM OF]

ISSUING BANK AGREEMENT

ISSUING BANK AGREEMENT dated as of [ ], [ ] (this " *Agreement*"), between XYLEM INC., an Indiana corporation (the "*Company*") and the financial institution identified on Schedule I hereto as the Issuing Bank (the " *Issuing Bank*").

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the " *Credit Agreement*"), among the Company, the Borrowing Subsidiaries party thereto, the Lenders party thereto, the Administrative Agent and Citibank, N.A., as Syndication Agent. Accordingly, the parties hereto agree as follows:

SECTION 1. *Defined Terms.* Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The rules of construction set forth in Section 1.02 of the Credit Agreement shall apply to this Agreement, *mutatis mutandis*.

SECTION 2. *Letter of Credit Commitment.* The Issuing Bank hereby agrees to be an "Issuing Bank" under, and subject to the terms and conditions hereof and of the Credit Agreement, to issue Letters of Credit under, the Credit Agreement; *provided, however,* that Letters of Credit issued by the Issuing Bank hereunder shall be subject to the limitations, if any, set forth on Schedule I hereto, in addition to the limitations set forth in the Credit Agreement.

SECTION 3. *Issuance Procedure*. In order to request the issuance of a Letter of Credit hereunder, the applicable Borrower (or the Company on behalf of the applicable Borrower) shall hand deliver or fax a notice (specifying the information required by Section 2.05(b) of the Credit Agreement) to the Issuing Bank, at its address or fax number specified on Schedule I hereto (or such other address or fax number as the Issuing Bank may specify by notice to the Company), not later than the time of day (local time at such address) specified on Schedule I hereto prior to the proposed date of issuance of such Letter of Credit. A copy of such notice shall be sent, concurrently, by the applicable Borrower (or the Company on behalf of the applicable Borrower) to the Administrative Agent in the manner specified for Borrowing Requests under the Credit Agreement. Upon receipt of such notice, the Issuing Bank shall consult the Administrative Agent by telephone in order to determine (i) whether the conditions specified in the last sentence of Section 2.05(b) of the Credit Agreement will be satisfied in connection with the issuance of such Letter of Credit and (ii) whether the requested expiration date for such Letter of Credit complies with the proviso to Section 2.05(c) of the Credit Agreement.

SECTION 4. *Issuing Bank Fees, Interest and Payments.* The Issuing Bank Fees payable to the Issuing Bank in respect of Letters of Credit issued hereunder are specified on Schedule I hereto (and such fees shall be in addition to the Issuing Bank's customary documentary and processing charges in connection with the issuance, amendment or transfer of any Letter of Credit issued hereunder). Each payment of Issuing Bank Fees payable hereunder shall be made not later than 12:00 (noon), local time at the place of payment, on the date when

due, in immediately available funds, to the account of the Issuing Bank specified on Schedule I hereto (or to such other account of the Issuing Bank as it may specify by notice to the Company).

SECTION 5. *Credit Agreement Terms.* Notwithstanding any provision hereof which may be construed to the contrary, it is expressly understood and agreed that (a) this Agreement is supplemental to the Credit Agreement and is intended to constitute an Issuing Bank Agreement, as defined therein (and, as such, constitutes an integral part of the Credit Agreement as though the terms of this Agreement were set forth in the Credit Agreement), (b) each Letter of Credit issued hereunder and each and every L/C Disbursement made under any such Letter of Credit shall constitute a "Letter of Credit" and an "L/C Disbursement", respectively, for all purposes of the Credit Agreement and the other Loan Documents, (c) the Issuing Bank's commitment to issue Letters of Credit hereunder and each and every Letter of Credit requested or issued hereunder shall be subject to the terms and conditions of the Credit Agreement and entitled to the benefits of the Loan Documents and (d) the terms and conditions of the Credit Agreement are hereby incorporated herein as though set forth herein in full and shall supersede any contrary provisions hereof.

SECTION 6. *Assignment.* The Issuing Bank may not assign its commitment to issue Letters of Credit hereunder without the consent of the Company and prior notice to the Administrative Agent. In the event of an assignment by the Issuing Bank of all its other interests, rights and obligations under the Credit Agreement, then the Issuing Bank's commitment to issue Letters of Credit hereunder shall terminate unless the Issuing Bank, the Company and the Administrative Agent otherwise agree.

SECTION 7. *Effectiveness.* This Agreement shall not be effective until counterparts hereof executed on behalf of each of the Company and the Issuing Bank have been delivered to and accepted by the Administrative Agent.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

XYLEM INC.,

by _____
Name:
Title:

[ISSUING BANK],

by _____
Name:
Title:

Accepted:

JPMORGAN CHASE BANK N.A., as Administrative Agent,

by _____
Name:
Title:

SCHEDULE I to
Issuing Bank Agreement

A.	Issuing Bank:	
B.	Issuing Bank's Address and Telecopy Number for Notices:	
C.	Time of Day by Which Notices Must be Received	A notice requesting the issuance of a Letter of Credit must be received by the Issuing Bank by 10:00 a.m. (New York time) not less than five Business Days prior to the proposed date of issuance.
D.	Special Terms:	The aggregate L/C Exposure in respect of Letters of Credit issued pursuant to this Agreement shall not exceed $[ ].
E.	Issuing Bank Fronting Fee:	[ ]% per annum on the average daily undrawn amount of the Letters of Credit, payable on the same dates that L/C Participation Fees are payable under the Credit Agreement.
F.	Issuing Bank's Account for Payment of Issuing Bank Fees:	

EXHIBIT F

[FORM OF]

PROMISSORY NOTE

New York, New York
[Date]

For value received, [NAME OF BORROWER], a [ ] corporation (the " *Borrower*"), promises to pay to the order of [name of Lender] (the "*Lender*") (i) the unpaid principal amount of each Loan made by the Lender to the Borrower under the Credit Agreement referred to below, when and as due and payable under the terms of the Credit Agreement, and (ii) interest on the unpaid principal amount of each such Loan on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in the currencies and to the accounts specified in the Credit Agreement, in immediately available funds.

All Loans made by the Lender, and all repayments of the principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding shall be endorsed by the Lender on the schedule attached hereto, or on a continuation of such schedule attached hereto and made a part hereof; *provided* that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement.

This note is one of the promissory notes issued pursuant to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the " *Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, the Administrative Agent and Citibank, N.A., as Syndication Agent. Reference is made to the Credit Agreement for provisions for the mandatory and optional prepayment hereof and the acceleration of the maturity hereof.

[NAME OF BORROWER],

by _____
Name:
Title:

SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Loan	Amount of Principal Repaid	Unpaid Principal Balance	Notations Made By

EXHIBIT G-1

[FORM OF]
U.S. TAX CERTIFICATE

(For Non-U.S. Lenders That Are Not
Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code and (v) the interest payments in question are not effectively connected with the undersigned's conduct of U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

EXHIBIT G-2

[FORM OF]
U.S. TAX CERTIFICATE

(For Non-U.S. Lenders That Are Partnerships
For U.S. Federal Income Tax Purposes)

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

EXHIBIT G-3

[FORM OF]
U.S. TAX CERTIFICATE

(For Non-U.S. Participants That Are
Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

EXHIBIT G-4

[FORM OF]
U.S. TAX CERTIFICATE

(For Non-U.S. Participants That Are
Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among Xylem Inc., the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____ __, 20[ ]

Exhibit 10.7

XYLEM 1997 LONG-TERM INCENTIVE PLAN

EFFECTIVE AS OF 10/31/11

1. ESTABLISHMENT AND PURPOSE

1.1 Establishment of the Plan. Xylem Inc., an Indiana corporation, hereby establishes an incentive compensation plan to be known as the "Xylem 1997 Long-Term Incentive Plan" (the "Plan"), as set forth in this document. The Plan first became effective as of October 31, 2011 (the "Effective Date") following the spin-off of Xylem Inc. from ITT Corporation (the "Predecessor Corporation") on October 31, 2011. The Predecessor Corporation maintained a similar plan prior to the spin-off (the "Predecessor Plan"), and the Plan was created to govern the awards under the Predecessor Plan, as revised to reflect the spin-off from the Predecessor Corporation. The Plan shall remain in effect until terminated by the Board as provided in Section 9.1 hereof, and Participants shall receive full credit for their service and participation with the Predecessor Corporation as provided in Section 5.8 hereof.

1.2 Purposes. The purposes of the Plan are to promote the achievement of long-term objectives of the Company by tying Key Employees' long-term incentive opportunities to preestablished goals; to attract and retain Key Employees of outstanding competence, and to encourage teamwork among them; and to reward performance based on the successful achievement of the preestablished objectives. Awards will be made, at the discretion of the Committee, to Key Employees (including officers and Directors who are also employees) whose responsibilities and decisions directly affect the performance of any Participating Company. It is intended that, if desired, compensation payable under the Plan will qualify as "performance-based compensation," within the meaning of Section 162(m) of the Code and regulations promulgated thereunder.

2. DEFINITIONS Whenever used in the Plan, the following terms shall have the meanings set forth below:

(a) An "Acceleration Event" shall be deemed to have occurred if the conditions set forth in any one or more of the following paragraphs shall have been satisfied:

(i) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Exchange Act disclosing that any person (within the meaning of Section 13(d) of the Exchange Act), other than the Company or a Subsidiary or any employee benefit plan sponsored by the Company or a Subsidiary, is the Beneficial Owner directly or indirectly of twenty percent (20%) or more of the outstanding Common Stock $1 par value, of the Company (the "Stock");

(ii) any person (within the meaning of Section 13(d) of the Exchange Act), other than the Company or a Subsidiary, or any employee benefit plan sponsored by the Company or a Subsidiary, shall purchase shares pursuant to a tender offer or exchange offer to acquire any Stock of the Company (or securities convertible into Stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the Beneficial Owner, directly or indirectly, of twenty percent (20%) or more of the outstanding

Stock of the Company (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire Stock);

(iii) the consummation of

(a) any consolidation, business combination or merger involving the Company, other than a consolidation, business combination or merger involving the Company in which holders of Stock immediately prior to the consolidation, business combination or merger (x) hold fifty percent (50%) or more of the combined voting power of the Company (or the corporation resulting from the merger or consolidation or the parent of such corporation) after the merger and (y) have the same proportionate ownership of common stock of the Company (or the corporation resulting from the merger or consolidation or the parent of such corporation), relative to other holders of Stock immediately prior to the merger, business combination or consolidation, immediately after the merger as immediately before; or

(b) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company;

(iv) there shall have been a change in a majority of the members of the Board within a 12-month period unless the election or nomination for election by the Company's stockholders of each new director during such 12-month period was approved by the vote of two-thirds of the directors then still in office who (x) were directors at the beginning of such 12-month period or (y) whose nomination for election or election as directors was recommended or approved by a majority of the directors who where directors at the beginning of such 12-month period; or

(v) any person (within the meaning of Section 13(d) of the Exchange Act) (other than the Company or a Subsidiary or any employee benefit plan (or related trust) sponsored by the Company or a Subsidiary) becomes the Beneficial Owner of twenty percent (20%) or more of the Stock.

(b) "Award" means an award granted to a Key Employee in accordance with the provisions of the Plan and approved by the Committee.

(c) "Award Agreement" means the written agreement evidencing an Award granted to a Key Employee under the Plan and approved by the Committee.

(d) "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 of the general rules and regulations under the Exchange Act.

(e) "Board of Directors" or "Board" means the Board of Directors of the Company.

(f) "Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. (All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.)

(g) "Committee" means the Compensation and Personnel Committee of the Board or such other committee as may be designated by the Board to administer the Plan, all of whose

members shall be “Non-Employee Directors” under the Exchange Act and “Outside Directors” under Section 162(m) of the Code.

(h) “Company” means Xylem Inc., an Indiana corporation, and its successors and assigns; provided, however, that for purposes of grants made under the Predecessor Plan, Company shall mean the Predecessor Corporation as the original grantor.

(i) “Director” means an individual who is a member of the Board.

(j) “Disability” means the complete permanent inability of a Key Employee to perform all of his or her duties under the terms of his or her employment with any Participating Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

(k) “Effective Date” means the date this Plan becomes effective, as set forth in Section 1.1 herein.

(l) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

(m) “Key Employee” means an employee (including any officer or Director who is also an employee) of any Participating Company whose responsibilities and decisions, in the judgment of the Committee, directly affect the performance of the Company and its Subsidiaries.

(n) “Participant” means an employee of a Participating Company who is a Key Employee and who has received an Award under the Plan.

(o) “Participating Company” means the Company or any Subsidiary or other affiliate of the Company or any corporation which at the time of award qualifies as a “subsidiary” of the Company under Section 425(f) of the Code.

(p) “Performance Goal” means one or more Performance Measures expressed as an objective formula to be used in calculating the amount payable, if any, with respect to a designated Award and shall be established by the Committee within the first ninety (90) days of the applicable Performance Period. A Performance Goal may provide for various levels of payout depending upon the degree to which the Performance Goal has been achieved.

(q) “Performance Measure” means one or more financial or other objectives determined by the Committee as provided in Section 3.4 herein.

(r) “Performance Period” means the period determined by the Committee, which shall be in excess of one year, during which the Performance Goal shall be achieved.

(s) “Retirement” means eligibility to receive immediate retirement benefits under a Participating Company tax-qualified defined benefit pension plan.

(t) “Subsidiary” means any corporation in which the Company owns directly or indirectly through its Subsidiaries at least a majority of the total combined voting power of all classes of

stock, or any other entity (including, but not limited to, partnerships and joint ventures) in which the Company or its Subsidiaries own at least a majority of the combined equity thereof.

3. ADMINISTRATION

3.1 The Committee. The Plan shall be administered by the Committee, the members of which shall serve at the pleasure of the Board.

3.2 Authority of the Committee. Subject to the provisions herein, the Committee shall have full power to select the Key Employees to whom Awards are granted; to determine the size and frequency of Awards (which need not be the same for each Participant); to determine the terms and conditions of each Award; to establish Performance Measures, Performance Goals and Performance Periods (which need not be the same for each Participant); to set forth guidelines governing the amounts of Awards; to revise the amounts of Awards and/or the Performance Measures and/or Performance Goals during a Performance Period to the extent necessary to preserve the intent thereof, and to the extent necessary to prevent dilution of Participants' rights; to construe and interpret the Plan and any agreement or instrument entered into under the Plan; to establish, amend, rescind, or waive rules and regulations for the Plan's administration; and, subject to the provisions of Article 9 herein, to amend, modify, and/or terminate the Plan. Further, the Committee shall have the full power to make all other determinations which may be necessary or advisable for the administration of the Plan, to the extent consistent with the provisions of the Plan.

As permitted by law, the Committee may delegate its authority and responsibilities; provided, however, that the Committee may not delegate certain of its responsibilities hereunder where such delegation may jeopardize compliance with Section 16 of the Exchange Act or Section 162(m) of the Code, and all rules and regulations thereunder.

3.3 Decisions Binding. All determinations and decisions made by the Committee pursuant to the provisions of the Plan shall be final, conclusive, and binding on all persons, including the Company, its shareholders, employees, Participants, and their estates and beneficiaries.

3.4 Performance Goals and Measures. Performance Goals shall be based on one or more Performance Measures as established by the Committee, which may include financial measures with respect to the Company and its Subsidiaries or with respect to a Participating Company. Performance Measures may include factors such as the attainment of certain target levels of or changes in (i) economic value added; (ii) after-tax profits; (iii) operational cash flow; (iv) debt or other similar financial obligations; (v) earnings; (vi) revenues; (vii) net income; (viii) return on capital; (ix) shareholders' equity; (x) return on shareholders' equity; and (xi) total shareholder return (measured as a change in the market price of the common stock of the Company plus dividend yield) relative to one or more indices such as the S&P 500 or the S&P Industrials. In addition to these Performance Measures, Awards that are not intended to qualify as performance-based compensation for purposes of Section 162(m) of the Code may be based on such additional or other criteria as the Committee may determine.

4. ELIGIBILITY AND PARTICIPATION

4.1 Eligibility and Participation. Eligibility shall be limited to Key Employees. Participation shall be at the discretion of the Committee.

5. AWARDS

5.1 Award Timing and Frequency. The Committee shall have complete discretion in determining the number and frequency of Awards to each Participant. Participation in the Plan shall begin on the first day of each Performance Period. However, the Committee, at its sole discretion, may grant an Award to a Key Employee during any Performance Period. In such cases, the Participant's degree of participation for such Performance Period may be pro rated, based on whatever method the Committee shall determine.

5.2 Award Value. Each Award shall have an initial value that is established by the Committee at the time of Award. The maximum payment that may be made with respect to Awards to any Participant in any one calendar year shall be $10,000,000; provided, however, that this limitation shall not apply with respect to any Award that is paid in a calendar year prior to the year it would ordinarily be paid because of an Acceleration Event or other transaction or event that provides for accelerated payment of Awards.

5.3 Achieving Award Value. The Committee shall establish Performance Goals to be achieved during the Performance Period and the various percentage payouts, if any, for each Award which are dependent upon the degree to which the Performance Goals have been achieved, all as shall be referred to in the individual Award Agreement.

5.4 Certification of Performance Targets. After the end of each Performance Period, and prior to the payment for such Performance Period, the Committee must certify in writing the degree to which the Performance Goals and Performance Measures for the Performance Period were achieved. The Committee shall calculate the amount of each Participant's Award for such Performance Period based upon the Performance Measures and Performance Goals for each Participant. In establishing Performance Targets and Performance Measures and in calculating the degree of achievement thereof, the Committee may ignore extraordinary items, property transactions, changes in accounting standards and losses or gains arising from discontinued operations. The Committee shall have no authority or discretion to increase the amount of any Participant's Award as so determined, but it may reduce the amount or totally eliminate any Award if it determines in its absolute and sole discretion that such action is appropriate in order to reflect the Participant's performance or unanticipated factors during the Performance Period.

5.5 Form and Timing of Payment of Awards. Payment with respect to earned Awards shall be made as soon as practicable following the close of the applicable Performance Period. Payment shall be made solely in the form of cash.

5.6 Funding of Awards. Awards need not be funded during the Performance Period. Any obligation of the Company to make payments with respect to Awards shall be a general obligation of the Company with Participants to whom payment of an Award may have been earned and due being general creditors of the Company.

5.7 Award Agreements. Each Award shall be evidenced by an Award Agreement, which shall be approved by the Committee, signed by an officer of the Company and by the Participant, and

contain or refer to the terms and conditions that apply to the Award, which shall include, but shall not be limited to, the amount of the Award, the Performance Measures, the Performance Goals, the levels of payout dependent upon the degree to which the Performance Goals have been achieved, and the length of the Performance Period. The terms and conditions need not be the same for each Participant, or for each Performance Period.

5.8 Prior Participation. Notwithstanding any other provision of the Plan to the contrary, all prior service and participation by a Participant with the Predecessor Corporation shall be credited in full towards a Participant's service and participation with the Company.

6. TERMINATION OF EMPLOYMENT

6.1 Termination of Employment Due to Death, Disability, or Retirement. In the event a Participant's employment is terminated by reason of death, Disability or Retirement, the Participant may be entitled to a pro rata payment with respect to Awards in accordance with such rules and regulations as the Committee shall adopt.

6.2 Termination for Reasons Other than Death, Disability, or Retirement. In the event a Participant's employment is terminated for reasons other than death, Disability, or Retirement, and other than that brought about by an Acceleration Event, all rights to any Awards shall be forfeited, unless the Committee determines otherwise.

7. ACCELERATION EVENT

Upon the occurrence of an Acceleration Event, the Performance Goals attainable under all outstanding Awards shall be deemed to have been fully earned at one hundred percent achievement level and shall be paid out in cash upon the effective date of the Acceleration Event.

Subject to Article 9 herein, prior to the effective date of an Acceleration Event, the Committee shall have the authority to make any modifications to outstanding Awards as it determines to be necessary to provide Participants with an appropriate payout with respect to their Awards.

8. BENEFICIARY DESIGNATION

8.1 Designation of Beneficiary. Each Participant may file with the Participating Company a written designation of one or more persons as the beneficiary who shall be entitled to receive payout, if any, with respect to the Award upon his or her death. The Participant may from time to time revoke or change his or her beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Participating Company. The last such designation received by the Participating Company shall be controlling; provided however, that no designation, or change or revocation thereof, shall be effective unless received by the Participating Company prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt.

8.2 Death of Beneficiary. In the event that all the beneficiaries named by a Participant pursuant to Section 8.1 herein predecease the Participant, any amounts that would have been paid to the Participant or the Participant's beneficiaries under the Plan shall be paid to the Participant's estate.

9. AMENDMENT, MODIFICATION, AND TERMINATION

9.1 Amendment, Modification, and Termination. The Board may terminate, amend, or modify the Plan.

9.2 Awards Previously Granted. No termination, amendment, or modification of the Plan shall in any manner adversely affect any outstanding Award, without the written consent of the Participant holding such Award.

10. MISCELLANEOUS PROVISIONS

10.1 Employment. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company or any of its Subsidiaries.

10.2 Nontransferability. No Award may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

10.3 Rights to Common Stock. Awards do not give Participants any right whatsoever with respect to shares of the Company's common stock.

10.4 Costs of the Plan. All costs of the Plan including, but not limited to, payout of Awards and administrative expenses, shall be incurred as general obligations of the Company.

10.5 Tax Withholding. The Company shall have the right to require Participants to remit to the Company an amount sufficient to satisfy applicable Federal, state, foreign and local withholding tax requirements, or to deduct from all payments under the Plan amounts sufficient to satisfy all such requirements.

10.6 Successors. All obligations of the Company under the Plan with respect to payout of Awards shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or other acquisition of all or substantially all of the business or assets of the Company.

10.7 Indemnification. Each person who is or shall have been a member of the Committee or the Board shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation, By-laws, insurance or other agreement or otherwise.

10.8 Notice. Any notice or filing required or permitted to be given to the Company under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Secretary of the Company. Notice to the Secretary of the Company, if mailed, shall be addressed to the principal executive offices of the Company. Notice mailed to a Participant shall be at such address as is given in the records of the Company. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.9 Severability. In the event that any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

10.10 Requirements of Law. The granting and payout of Awards shall be subject to all applicable laws, rules, and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

10.11 Governing Law. To the extent not preempted by Federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of New York.

Exhibit 10.8

XYLEM 1997 ANNUAL INCENTIVE PLAN

EFFECTIVE AS OF 10/31/11

1. PURPOSE

The purpose of this Xylem 1997 Annual Incentive Plan is to provide incentive compensation in the form of a bonus to eligible executives of Xylem Inc. (the "Company") for achieving specific pre-established performance objectives and to continue to motivate participating executives to achieve their business goals, while tying a portion of their compensation to measures affecting shareholder value; provided, however, that for purposes of grants made under the Predecessor Plan, the term "Company" shall include the ITT Corporation (the "Predecessor Corporation") as the original grantor. The Incentive Plan seeks to enable the Company to continue to be competitive in its ability to attract and retain executives of the highest caliber.

This Xylem 1997 Annual Incentive Plan (the "Incentive Plan") first became effective as of October 31, 2011 following the spin-off of Xylem Inc. from the Predecessor Corporation on October 31, 2011; provided, however, that for purposes of grants made under the Predecessor Plan, the term "Incentive Plan" shall include shall include the Predecessor Plan as it existed at the time of the grant. The Predecessor Corporation maintained a similar plan prior to the spin-off (the "Predecessor Plan"), and the Incentive Plan was created to govern the awards under the Predecessor Plan, as revised to reflect the spin-off from the Predecessor Corporation. The Plan shall remain in effect as provided in Article IX hereof, and participants shall receive full credit for their service and participation with the Predecessor Corporation as provided in Article IX hereof.

2. PLAN ADMINISTRATION

The Compensation and Personnel Committee (the "Committee") of the Board of Directors (the "Board") of the company shall have full power and authority to administer, construe and interpret the provisions of the Incentive Plan and to adopt and amend administrative rules and regulations, agreements, guidelines and instruments for the administration of the Incentive Plan and for the conduct of its business as the Committee considers appropriate.

The Committee shall have full power, to the extent permitted by law, to delegate its authority to any officer or employee of the Company to administer and interpret the procedural aspects of the Incentive Plan, subject to the terms of the Incentive Plan, including adopting and enforcing rules to decide procedural and administrative issues.

The Committee may rely on opinions, reports or statements of officers or employees of the Company and of counsel to the Company (inside or retained counsel), public accountants and other professional or expert persons.

The Board reserves the right to amend or terminate the Incentive Plan in whole or in part at any time; provided, however, that no amendments shall adversely affect or impair the rights of any participant previously accrued thereby, without the written consent of the participant.

No member of the Committee shall be liable for any action taken or omitted to be taken or for any determination made by him or her in good faith with respect to the Incentive Plan, and the Company shall indemnify and hold harmless each member of the Committee against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any act or omission in connection with the administration or interpretation of the Incentive Plan, unless arising out of such person's own fraud or bad faith.

3. ELIGIBLE EXECUTIVES

Executives of the Company or its affiliates in salary grade 19 and above shall be eligible to participate in the Incentive plan; provided, however, that for purposes of grants made under the Predecessor Plan, the term "Company" shall include ITT Corporation as the original grantor.

4. PLAN YEAR, PERFORMANCE PERIODS, PERFORMANCE MEASURES AND PERFORMANCE TARGETS

Each fiscal year of the Incentive Plan (the "Plan Year") shall begin on January 1 and end on December 31. The performance period (the "Performance Period") with respect to which bonuses may be payable under the Incentive Plan shall be the Plan Year unless the Committee designates one or more different Performance Periods.

The Committee shall establish the performance measures (the "Performance Measures") to be used which may include, but shall not be limited to, net operating profit after tax, economic value added, earnings per share, return on equity, return on total capital, or such other measures as determined by the Committee. In addition, Performance Measures may be based upon other objectives such as negotiating transactions or sales and developing long-term goals. The Performance Measures shall be objectively determinable and, to the extent that they are expressed in standard accounting terms, shall be according to generally accepted accounting principles as in existence on the date on which the applicable Performance Period is established and without regard to any changes in such principles after such date. For purposes of the Plan, economic value added shall mean the amount of economic profit created in excess of the amount required to satisfy the obligations to and normal expectations of the Company's lenders and investors.

The Committee shall establish the performance targets (the "Performance Targets") to be achieved which shall be based on one or more Performance Measures relating to the Company as a whole or to the specific businesses of the Company, subsidiaries, operating companies, or operating units as determined by the Committee and shall be expressed as an objective formula to be used in calculating the amount of bonus award each executive shall be eligible to receive. There may be a sliding scale of payment dependent upon the percentage levels of achievement of Performance Targets.

The Performance Measures and Performance Targets, which may be different with respect to each executive and each Performance Period, must be set forth in writing by the Committee within the first ninety (90) days of the applicable Performance Period.

5. CERTIFICATION OF PERFORMANCE TARGETS AND CALCULATION OF BONUS AWARDS

After the end of each Performance Period, and prior to the payment for such Performance Period, the Committee must certify in writing the degree to which the Performance Targets for the Performance Period were achieved, including the specific target objective or objectives and the satisfaction of any other material terms of the bonus award. The Committee shall calculate the amount of each executive's bonus for such Performance Period based upon the Performance Measures and Performance Targets for each executive. In establishing Performance Targets and Performance Measures and in calculating the degree of achievement thereof, the Committee may ignore extraordinary items, property transactions, changes in accounting standards and losses or gains arising from discontinued operations. The Committee shall have authority and discretion to increase or decrease the amount of any executive's bonus as so determined, and may totally eliminate any bonus award if it determines in its absolute and sole discretion that such action is appropriate in order to reflect the executive's performance or unanticipated factors during the Performance Period.

6. PAYMENT OF AWARDS

Approved bonus awards shall be payable by the Company in cash to each executive, or to the executive's estate in the event of the executive's death, as soon as practicable after the end of each Performance Period. No bonuses may be paid under the Incentive Plan until the Committee has certified in writing that the relevant Performance Targets were achieved.

If an executive is not an employee on the last day of the Performance Period, the Committee shall have sole discretion to determine what portion, if any, the executive shall be entitled to receive with respect to any award for the Performance Period. The Committee shall have the authority to adopt appropriate rules and regulations for the administration of the Incentive Plan in such termination cases.

The Company retains the right to deduct from any bonus awards paid under the Incentive Plan any Federal, state, local or foreign taxes required by law to be withheld with respect to such payment.

7. OTHER TERMS AND CONDITIONS

Any award made under this Incentive Plan shall be subject to the discretion of the Committee. No person shall have any legal claim to be granted an award under the Incentive Plan and the Committee shall have no obligation to treat executives uniformly. Except as may be otherwise required by law, bonus awards under the Incentive Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary. Bonuses awarded under the Incentive Plan shall be payable from the general assets of the Company, and no executive shall have any claim with respect to any specific assets of the Company.

Nothing contained in the Incentive Plan shall give any executive the right to continue in the employment of the Company or affect the right of the Company to terminate an executive.

8. ACCELERATION EVENT.

An “Acceleration Event” shall occur if (i) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934 (the “Act”) disclosing that any person (within the meaning of Section 13(d) of the Act), other than the Company or a subsidiary of the Company or any employee benefit plan sponsored by the Company or a subsidiary of the Company, is the beneficial owner directly or indirectly of twenty percent (20%) or more of the outstanding Common Stock $1 par value, of the Company (the “Stock”): (ii) any person (within the meaning of Section 13(d) of the Act), other than the Company or a subsidiary of the Company, or any employee benefit plan sponsored by the Company or a subsidiary of the Company, shall purchase shares pursuant to a tender offer or exchange offer to acquire any Stock of the Company (or securities convertible into Stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of twenty percent (20%) or more of the outstanding Stock of the Company (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Stock); (iii) the consummation of (A) any consolidation, business combination or merger involving the Company, other than a consolidation, business combination or merger involving the Company in which holders of Stock immediately prior to the consolidation, business combination or merger (x) hold fifty percent (50%) or more of the combined voting power of the Company (or the corporation resulting from the merger or consolidation or the parent of such corporation) after the merger and (y) have the same proportionate ownership of common stock of the Company (or the corporation resulting from the merger or consolidation or the parent of such corporation), relative to other holders of Stock immediately prior to the merger, business combination or consolidation, immediately after the merger as immediately before, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, (iv) there shall have been a change in a majority of the members of the Board of Directors of the Company within a 12-month period unless the election or nomination for election by the Company’s stockholders of each new director during such 12-month period was approved by the vote of two-thirds of the directors then still in office who (x) were directors at the beginning of such 12-month period or (y) whose nomination for election or election as directors was recommended or approved by a majority of the directors who were directors at the beginning of such 12-month period or (v) any person (within the meaning of Section 13(d) of the Act) (other than the Company or any subsidiary of the Company or any employee benefit plan (or related trust) sponsored by the Company or a subsidiary of the Company) becomes the beneficial owner (as such term is defined in Rule 13d-3 under the Act) of twenty percent (20%) or more of the Stock.

Upon the occurrence of such Acceleration Event, the Performance Measures for each Performance Period with respect to which bonuses may be payable under the Incentive Plan shall be deemed to be achieved at the greater of (i) the Performance Target established for such Performance Measures or (ii) the Company’s actual achievement of such Performance Measures as of the Acceleration Event. Payment of the bonuses, for the full year, will be made to each Participating Executive, in cash, within five (5) business days following such Acceleration Event.

9. MISCELLANEOUS.

The Incentive Plan shall be effective October 31, 2011. The Plan shall remain in effect unless/until terminated by the Board; provided, however, that if an Acceleration Event has occurred no amendment or termination shall impair the rights of any executive with respect to any prior award.

This Incentive Plan shall be construed and governed in accordance with the laws of the State of New York.

Notwithstanding any other provision of the Incentive Plan to the contrary, all prior service and participation by a participant with the Predecessor Corporation shall be credited in full towards a participant's service and participation with the Company.

Exhibit 10.9

XYLEM ANNUAL INCENTIVE PLAN FOR EXECUTIVE OFFICERS

EFFECTIVE AS OF 10/31/11

1. Purpose

The purpose of this Xylem Annual Incentive Plan for Executive Officers is to provide incentive compensation in the form of a cash award to executive officers of Xylem Inc. (the "Company") for achieving specific pre-established performance objectives and to continue to motivate participating executive officers to achieve their business goals, while tying a portion of their compensation to measures affecting shareholder value; provided, however, that for purposes of grants made under the Predecessor Plan, the term "Company" shall include the ITT Corporation (the "Predecessor Corporation") as the original grantor. The Incentive Plan seeks to enable the Company to continue to be competitive in its ability to attract and retain executive officers of the highest caliber.

The Xylem Annual Incentive Plan (the "Incentive Plan") first became effective as of October 31, 2011 following the spin-off of Xylem Inc. from the Predecessor Corporation on October 31, 2011; provided, however, that for purposes of grants made under the Predecessor Plan, the term "Incentive Plan" shall include shall include the Predecessor Plan as it existed at the time of the grant. The Predecessor Corporation maintained a similar plan prior to the spin-off (the "Predecessor Plan"), and the Incentive Plan was created to govern the awards under the Predecessor Plan, as revised to reflect the spin-off from the Predecessor Corporation. The Incentive Plan shall remain in effect as provided in Article IX hereof, and participants shall receive full credit for their service and participation with the Predecessor Corporation as provided in Article IX hereof.

It is intended that compensation payable under the Incentive Plan will qualify as "performance-based compensation," within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") and regulations promulgated thereunder, if such qualification is desired.

2. Plan Administration

The Compensation and Personnel Committee (the "Committee") of the Board of Directors (the "Board") of the Company, as constituted by the Board from time to time, shall be comprised completely of "outside directors" as defined under Section 162(m) of the Code.

The Committee shall have full power and authority to administer, construe and interpret the provisions of the Incentive Plan and to adopt and amend administrative rules and regulations, agreements, guidelines and instruments for the administration of the Incentive Plan and for the conduct of its business as the Committee considers appropriate.

Except with respect to matters which under Section 162 (m) of the Code are required to be determined in the sole and absolute discretion of the Committee, the Committee shall have

full power, to the extent permitted by law, to delegate its authority to any officer or employee of the Company to administer and interpret the procedural aspects of the Incentive Plan, subject to the terms of the Incentive Plan, including adopting and enforcing rules to decide procedural and administrative issues.

The Committee may rely on opinions, reports or statements of officers or employees of the Company and of counsel to the Company (inside or retained counsel), public accountants and other professional or expert persons.

The Board reserves the right to amend or terminate the Incentive Plan in whole or in part at any time; provided, however, that except as necessary to maintain an outstanding incentive award's qualification as performance-based compensation under Section 162(m) of the Code ("Performance-Based Compensation"), no amendments shall adversely affect or impair the rights of any participant that have previously accrued hereunder, without the written consent of the participant. Unless otherwise prohibited by applicable law, any amendment required to cause an incentive award to qualify as Performance-Based Compensation may be made by the Committee. No amendment to the Incentive Plan may be made to alter the class of individuals who are eligible to participate in the Incentive Plan, the performance criteria specified in Section 4 hereof or the maximum incentive award payable to any participant without shareholder approval unless shareholder approval of the amendment is not required in order for incentive awards paid to participants to constitute Performance-Based Compensation.

No member of the Committee shall be liable for any action taken or omitted to be taken or for any determination made by him or her in good faith with respect to the Incentive Plan, and the Company shall indemnify and hold harmless each member of the Committee against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any act or omission in connection with the administration or interpretation of the Incentive Plan, unless arising out of such person's own fraud or bad faith.

3. Eligible Executives

Executive officers of the Company and its subsidiaries, as defined by the Securities Exchange Act of 1934, Rule 3b-7, as that definition may be amended from time to time, shall be eligible to participate in the Incentive Plan. The Committee shall select from all eligible executive officers, those to whom incentive awards shall be granted under the Incentive Plan.

4. Plan Year, Performance Periods, Performance Measures and Performance Targets

Each fiscal year of the Incentive Plan (the "Plan Year") shall begin on January 1 and end on December 31. The performance period (the "Performance Period") with respect to which incentive awards may be payable under the Incentive Plan shall be the Plan Year unless the Committee designates one or more different Performance Periods.

The Committee shall establish the performance measures (the "Performance Measures") to be used which may include, one or more of the following criteria: (i) consolidated earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization);

(ii) net income; (iii) operating income; (iv) earnings per share; (v) book value per share; (vi) return on shareholders' equity; (vii) expense management; (viii) return on investment; (ix) improvements in capital structure; (x) profitability of an identifiable business unit or product; (xi) maintenance or improvement of profit margins; (xii) stock price; (xiii) market share; (xiv) revenues or sales (including organic revenue); (xv) costs; (xvi) cash flow; (xvii) working capital (xviii) return on assets; (xix) total shareholder return; (xx) return on invested or total capital and (xxi) economic value added.

In addition, to the extent consistent with Section 162(m) of the Code, Performance Measures may be based upon other objectives such as negotiating transactions or sales, implementation of Company policy, development of long-term business goals or strategic plans, negotiation of significant corporate transactions, meeting specified market penetration goals, productivity measures, geographic business expansion goals, cost targets, customer satisfaction or employee satisfaction goals, goals relating to merger synergies, management of employment practices and employee benefits, or supervision of litigation and information technology, and goals relating to acquisitions or divestitures of subsidiaries and/or other affiliates or joint ventures; provided however, that the measurement of any such Performance Measures must be objectively determinable.

All Performance Measures shall be objectively determinable and, to the extent they are expressed in standard accounting terms, shall be according to generally accepted accounting principles as in existence on the date on which the applicable Performance Period is established and without regard to any changes in such principles after such date (unless the modification of a Performance Measure to take into account such a change is pre-established in writing at the time the Performance Measures are established in writing by the Committee and/or the modification would not affect the ability of the incentive award to qualify as Performance-Based Compensation).

Notwithstanding the foregoing, incentive awards that are not intended to qualify as Performance-Based Compensation may be based on the Performance Measures described above or such other measures as the Committee may determine.

The Committee shall establish the performance targets (the "Performance Targets") to be achieved which shall be based on one or more Performance Measures relating to the Company as a whole or to the specific businesses of the Company, subsidiaries, operating groups, or operating units, as determined by the Committee. Performance Targets may be established on such terms as the Committee may determine, in its discretion, including in absolute terms, as a goal relative to performance in prior periods, or as a goal compared to the performance of one or more comparable companies or an index covering multiple companies. The Committee also shall establish with respect to each incentive award an objective formula to be used in calculating the amount of incentive award each participant shall be eligible to receive. There may be a sliding scale of payment dependent upon the percentage levels of achievement of Performance Targets.

The Performance Measures and Performance Targets, which may be different with respect to each participant and each Performance Period, must be set forth in writing by the Committee within the first ninety (90) days of the applicable Performance Period or, if sooner, prior to the time when 25 percent of the relevant Performance Period has elapsed.

5. Certification of Performance Targets and Calculation of Incentive Awards

After the end of each Performance Period, and prior to the payment for such Performance Period, the Committee must certify in writing the degree to which the Performance Targets for the Performance Period were achieved, including the specific target objective or objectives and the satisfaction of any other material terms of the incentive award. The Committee shall calculate the amount of each participant's incentive award for such Performance Period based upon the Performance Measures and Performance Targets for such participant. In establishing Performance Targets and Performance Measures and in calculating the degree of achievement thereof, the Committee may ignore extraordinary items, property transactions, changes in accounting standards and losses or gains arising from discontinued operations. The Committee shall have no authority or discretion to increase the amount of any participant's incentive award as so determined to the extent such incentive award is intended to qualify as Performance-Based Compensation, but it may reduce the amount or totally eliminate any such incentive award if it determines in its absolute and sole discretion that such action is appropriate in order to reflect the participant's performance or unanticipated factors during the Performance Period. The Committee shall have the authority to increase or decrease the amount of an incentive award to the extent the incentive award is not intended to qualify as Performance-Based Compensation.

The maximum payment that may be made with respect to incentive awards under the Plan to any participant in any one calendar year shall be $8,000,000; provided, however, that this limitation shall not apply with respect to any incentive award that is paid in a calendar year prior to the year it would ordinarily be paid because of an Acceleration Event or other transaction or event that provides for accelerated payment of an incentive award.

6. Payment of Awards

Approved incentive awards shall be payable by the Company in cash to each participant, or to the participant's estate in the event of the participant's death, as soon as practicable (and in any event no later than 21/2 months) after the end of each Performance Period. No incentive award that is intended to qualify as Performance-Based Compensation may be paid under the Incentive Plan until the Committee has certified in writing that the relevant Performance Targets were achieved. If a participant is not an employee on the last day of the Performance Period, the Committee shall have sole discretion to determine what portion, if any, the participant shall be entitled to receive with respect to any award for the Performance Period. The Committee shall have the authority to adopt appropriate rules and regulations for the administration of the Incentive Plan in such termination cases.

The Company retains the right to deduct from any incentive awards paid under the Incentive Plan any Federal, state, local or foreign taxes required by law to be withheld with respect to such payment.

Notwithstanding the above, no incentive awards shall be paid under the Incentive Plan unless the Incentive Plan is approved by the requisite shareholders of the Company.

7. Other Terms and Conditions

Any award made under this Incentive Plan shall be subject to the discretion of the Committee. No person shall have any legal claim to be granted an award under the Incentive Plan and the Committee shall have no obligation to treat participants uniformly. Except as may be otherwise required by law, incentive awards under the Incentive Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary. Incentive awards granted under the Incentive Plan shall be payable from the general assets of the Company, and no participant shall have any claim with respect to any specific assets of the Company.

Nothing contained in the Incentive Plan shall give any participant the right to continue in the employment of the Company or affect the right of the Company to terminate the employment of a participant.

8. Acceleration Event.

An "Acceleration Event" shall occur if (i) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934 (the "Act") disclosing that any person (within the meaning of Section 13(d) of the Act), other than the Company or a subsidiary of the Company or any employee benefit plan sponsored by the Company or a subsidiary of the Company, is the beneficial owner directly or indirectly of twenty percent (20%) or more of the outstanding Common Stock $1 par value, of the Company (the "Stock"); (ii) any person (within the meaning of Section 13(d) of the Act), other than the Company or a subsidiary of the Company, or any employee benefit plan sponsored by the Company or a subsidiary of the Company, shall purchase shares pursuant to a tender offer or exchange offer to acquire any Stock (or securities convertible into Stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of twenty percent (20%) or more of the outstanding Stock (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Stock); (iii) the consummation of (A) any consolidation, business combination or merger involving the Company, other than a consolidation, business combination or merger involving the Company in which holders of Stock immediately prior to the consolidation, business combination or merger (x) hold fifty percent (50%) or more of the combined voting power of the Company (or the corporation resulting from the merger or consolidation or the parent of such corporation) after the merger and (y) have the same proportionate ownership of common stock of the Company (or the corporation resulting from the merger or consolidation or the parent of such corporation), relative to other holders of Stock immediately prior to the merger, business combination or consolidation, immediately after the merger as immediately before, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, (iv) there shall have been a change in a majority of the members of the Board within a 12-month period unless the election or nomination for election by the Company's stockholders of each new director during such 12-month period was approved by the vote of two-thirds of the directors then still in office who (x) were directors at the beginning of such 12-month period or (y) whose nomination for election or election as directors was recommended or approved by a majority of the directors who were directors at the beginning of such 12-month period or (v) any person (within the meaning of Section 13(d) of the Act) (other than the Company or any subsidiary of the Company or any employee benefit plan

(or related trust) sponsored by the Company or a subsidiary of the Company) becomes the beneficial owner (as such term is defined in Rule 13d-3 under the Act) of twenty percent (20%) or more of the Stock.

Upon the occurrence of such Acceleration Event, the Performance Measures for each Performance Period with respect to which incentive awards may be payable under the Incentive Plan shall be deemed to be achieved at the greater of (i) the Performance Target established for such Performance Measures or (ii) the Company's actual achievement of such Performance Measures as of the Acceleration Event. Payment of the incentive awards, for the full year, will be made to each participant, in cash, within five (5) business days following such Acceleration Event.

9. Miscellaneous.

The Incentive Plan shall be effective October 31, 2011 subject to the approval of the requisite shareholders of the Company. Once approved, the Incentive Plan shall remain in effect unless/until terminated by the Board; provided, however, that if an Acceleration Event has occurred no amendment or termination shall impair the rights of any participant with respect to any prior award.

This Incentive Plan shall be construed and governed in accordance with the laws of the State of New York.

Notwithstanding any other provision of the Incentive Plan to the contrary, all prior service and participation by a participant with the Predecessor Corporation shall be credited in full towards a participant's service and participation with the Company.

Exhibit 10.11

XYLEM

SUPPLEMENTAL RETIREMENT SAVINGS PLAN FOR SALARIED EMPLOYEES

Effective as of October 31, 2011 including amendments effective as of January 1, 2012

INTRODUCTION

The Xylem Supplemental Retirement Savings Plan for Salaried Employees Plan (the "Plan") first became effective as of October 31, 2011 (the "Effective Date") following the spin-off of Xylem Inc. from ITT Corporation (the "Predecessor Corporation") on October 31, 2011. The Predecessor Corporation maintained a similar plan, the ITT Excess Savings Plan prior to the spin-off (the "Predecessor Plan"). Under the terms of the Benefits and Compensation Matters Agreement dated October 25, 2011, the Predecessor Corporation agreed that the spinoff of Xylem Inc. from ITT Corporation would not trigger a separation from service for purposes of IRC Section 409A for Xylem Employees. The Plan was created as a spin-off of the Predecessor Plan and to provide a means of restoring the contributions lost under the Xylem Retirement Savings Plan for Salaried Employees due to the application of the limitations imposed on qualified plans by Section 401(a)(17) of the of the Internal Revenue Code.

The Plan shall remain in effect as provided in Section 6.01 hereof, and Members shall be deemed to receive full credit for their service and participation with the Predecessor Corporation as provided in Section 3.03 hereof. Further, the Plan shall not deprive a Member of the right to payment of deferred compensation credited as of the date of termination or amendment, in accordance with the terms of the Plan as of the date of such termination or amendment.

Effective as of January 1, 2012, the Plan is further amended to reflect the enhanced employer contribution formula provided under the Xylem Retirement Savings Plan for Salaried Employees (successor plan to the ITT Salaried Investment and Savings Plan) and to cease Salary Deferrals by eligible employees effective as of January 1, 2012.

The Predecessor Plan was effective as of January 1, 1987. The purpose of the Plan was to provide a means of restoring the contributions lost under the ITT Investment and Savings Plan for Salaried Employees due to the application of the limitations imposed on qualified plans by Section 415 of the Internal Revenue Code.

As of January 1, 1989, the Predecessor Plan was amended to provide (i) a means for restoring, for an employee participating in the ITT Investment and Savings Plan for Salaried Employees (the "Savings Plan"), the matching and other employer contributions lost under said Plan due to the application of the limitations imposed on qualified plans by Section 401(a)(17) and Section 402(g)(1) of the Internal Revenue Code (the "Code") and (ii) a means of providing such employees with an opportunity to defer a portion of their salary in accordance with the terms of said Plan as hereinafter set forth.

As of January 1, 1995, the Predecessor Plan was further amended to provide a means of restoring, for an employee participating in the ITT Investment and Savings Plan for Salaried Employees, matching and other employer contributions lost due to the deferral of base compensation under another nonqualified deferred compensation program. As of December 19, 1995, the Predecessor Plan was renamed and continued as the ITT Industries Excess Savings Plan.

As of January 1, 1996, the Predecessor Plan was further amended to solely provide to individuals who are designated as Eligible Employees under the Plan on and after January 1, 1996, a means to restore the contributions lost under the Savings Plan due to the application of the limitations imposed by Sections 415 and 401(a)(17) of the Code and providing such employees with an opportunity to defer a portion of their base salary and to transfer any liabilities not attributable to such benefits to the ITT Industries Deferred Compensation Plan. The Predecessor Plan was further amended, effective as of (i) January 1, 1997, to provide additional optional forms of distributions and to revise the participation requirements, (ii) July 1, 1997, to revise the eligibility requirements to permit an Eligible Employee to participate in his first year of employment, and (iii) September 1, 1997, to further expand the distribution options available under the Plan.

In July, 2004, the Predecessor Plan was amended and restated to make certain changes regarding the effect of an Acceleration Event and to unify the definition of Acceleration Event with other employee benefit plans of ITT Industries, and to make certain other technical amendments.

Effective as of July 1, 2006, the plan name was revised to the ITT Excess Savings Plan. Effective as of January 1, 2008, the Predecessor Plan was amended to make certain administrative changes.

Effective as of December 31, 2008, the Predecessor Plan was amended and restated to comply with the provisions of Section 409A of the Code and the regulations promulgated thereunder.

All benefits payable under this Plan, which is intended to constitute both an unfunded excess benefit plan under Section 3(36) of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and a nonqualified, unfunded deferred compensation plan for a select group of management employees under Title I of ERISA, shall be paid out of the general assets of the Corporation. The Corporation may establish and fund a trust in order to aid it in providing benefits due under the Plan.

XYLEM SUPPLEMENTAL RETIREMENT SAVINGS PLAN FOR SALARIED EMPLOYEES

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ARTICLE I — DEFINITIONS

1.01 "**Acceleration Event**" shall mean "Acceleration Event" as that term is defined under the provisions of the Predecessor Plan as in effect on October 3, 2004.

1.02 "**Accounts**" shall mean the Deferral Account, the Floor Contribution Account, Core Contribution Account, the Matching Contribution Account and the Transition Credit Contribution Account.

1.03 "**Associated Company**" shall mean any division, unit, subsidiary, or affiliate of the Corporation which is an Associated Company as such term is defined in the Savings Plan.

1.04 "**Beneficiary**" shall mean the person or persons designated pursuant to the provisions of the Savings Plan to receive benefits under said Savings Plan after a Member's death.

1.05 **"Change of Control"** shall mean an event which shall occur if there is: (i) a change in the ownership of the Corporation; (ii) a change in the effective control of the Corporation; or (iii) a change in the ownership of a substantial portion of the assets of the Corporation.

For purposes of this Section, a change in the ownership occurs on the date on which any one person, or more than one person acting as a group (as defined in Treasury Regs. 1.409A-2(i)(5)(v)(B)), acquires ownership of stock that, together with stock held by such person or group constitutes more than 50% of the total fair market value or total voting power of the stock of the Corporation.

A change in the effective control occurs on the date on which either (i) a person, or more than one person acting as a group (as defined in Treasury Regs. 1.409A-2(i)(5)(v)(B)),

acquires ownership of stock possessing 30% or more of the total voting power of the stock of the Corporation, taking into account all such stock acquired during the 12-month period ending on the date of the most recent acquisition, or (ii) a majority of the members of the Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board of Directors prior to the date of the appointment or election, but only if no other corporation is a majority shareholder.

A change in the ownership of a substantial portion of assets occurs on the date on which any one person, or more than one person acting as a group (as defined in Treasury Regs. 1.409A-2(i)(5)(v)(B)), other than a person or group of persons that is related to the Corporation, acquires assets that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Corporation immediately prior to such acquisition or acquisitions, taking into account all such assets acquired during the 12-month period ending on the date of the most recent acquisition.

The determination as to the occurrence of a Change in Control shall be based on objective facts and in accordance with the requirements of Code Section 409A and the regulations promulgated thereunder.

1.06 "**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.07 "**Committee**" shall mean the Benefits Administration Committee under the Savings Plan.

1.08 "**Company**" shall mean the Corporation with respect to its employees or any Participating Corporation or Participating Division (as such terms are defined in the Savings Plan) authorized to participate in the Plan by the Corporation, with respect to each of its employees.

1.09 "**Corporation**" shall mean Xylem Inc., an Indiana corporation, or any successor by merger, purchase or otherwise.

1.10 "**Company Core Contribution Rate"** shall mean the rate of Company Core Contributions (as such term in defined under the provisions of the Savings Plan) for a particular Plan Year.

1.11 "**Company Transition Credit Contribution Rate**" shall mean the rate of Company Transition Credit Contributions (as such term in defined under the provisions of the Savings Plan) for a particular Plan Year.

1.12 **"Core Contribution Account**" shall mean the bookkeeping account (or subaccount(s)) maintained for each Member to record all amounts credited on his behalf under Section 3.01(d) and earnings on those amounts pursuant to Section 3.02.

1.13 "**Deferral Account**" shall mean the bookkeeping account (or subaccount(s)) maintained for each Member to record the amounts credited on his behalf under Section 3.01(a) and earnings on those amounts pursuant to Section 3.02, and with respect to an individual who become a Member of Plan on the Effective Date and who immediately prior to the Effective Date was a member in the Predecessor Plan, the amount deferred under Section 3.01(a) of the Predecessor Plan by such member adjusted as provided in Section 3.02.

1.14 "**Effective Date**" shall mean October 31, 2011.

1.15 "**Eligible Employee**" shall mean an Employee of the Company who is eligible to participate in the Plan as provided in Section 2.01.

1.16 "**Employee**" shall have the meaning set forth in the Savings Plan.

1.17 "**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.18 "**Excess Matching Contributions**" shall mean the amount of contributions credited on a Member's behalf under Section 3.01(b).

1.19 "**Excess Floor Contributions**" shall mean the amount of contributions credited on a Member's behalf under Section 3.01(c) of the Predecessor Plan.

1.20 **"Excess Core Contributions"** shall mean the amount of contributions credited on a Member's behalf under Section 3.01(d).

1.21 **"Excess Transition Credit Contributions"** shall mean the amount of contributions credited on a Member's behalf under Section 3.01(e).

1.22 "**Floor Contribution Account**" shall mean the bookkeeping account (or subaccount(s)) maintained for each individual who become a Member on the Effective Date and who immediately prior to the Effective Date was a member in the Predecessor Plan, to record the amount credited on the Member's behalf under Section 3.01(c) of the Predecessor Plan adjusted as provided in Section 3.02.

1.23 "**Matching Company Contribution**" shall have the meaning set forth in the Savings Plan.

1.24 "**Matching Contribution Account**" shall mean the bookkeeping account (or subaccount(s)) maintained for each Member to record all amounts credited on his behalf under Section 3.01(b) and earnings on those amounts pursuant to Section 3.02 and with respect to an individual who becomes a Member of the Plan on the Effective Date and who immediately prior to the Effective Date was a member in the Predecessor Plan, the amount credited on the Member's behalf under Section 3.01(b) of the Predecessor Plan adjusted as provided in Section 3.02.

1.25 "**Member**" shall mean each Eligible Employee who participates in the Plan pursuant to Article II and each individual who was a member in the Predecessor Plan immediately

prior to the Effective Date and had amounts transferred from the Predecessor Plan to this Plan effective as of the Effective Date.

1.26 "**Plan**" shall mean the Xylem Supplemental Savings Plan for Salaried Employees as set forth in this document, as it may be amended from time to time; provided, however, that the term "Plan" shall include the Predecessor Plan with respect to all prior service and participation by Member with the Predecessor Corporation.

1.27 "**Plan Year**" shall mean the calendar year.

1.28 **"Predecessor Plan"** shall mean the ITT Excess Savings Plan as effective immediately prior to the Effective Date.

1.29 "**Reporting Date**" shall mean each business day on which the New York Stock Exchange is open for business, or such other day as the Committee may determine.

1.30 "**Salary**" shall mean (i) with respect to Plan Years beginning prior to January 1, 2012, an Eligible Employee's "Salary" as such term is defined in the ITT Salaried Investment and Savings Plan as in effect prior to the Effective Date disregarding any reduction required due to the application of the Statutory Compensation Limitation and (ii) with respect to Plan Years beginning on and after January 1, 2012, an Eligible Employee's "Salary" as such term is defined in the Savings Plan as in effect on and after the Effective Date disregarding any reduction required due to the application of the Statutory Compensation Limitation. Notwithstanding the foregoing, solely for purposes of calculating the Employer contribution amounts pursuant to the provisions of Section 3.02(b), (d) and (e) on and after the Effective Date the term "Salary" shall mean "Salary" as such term is defined in the Savings Plan as in effect on and after the Effective Date disregarding any reduction required due to the application of the Statutory Compensation Limitation. Salary shall be determined before any reduction pursuant to an Eligible Employee's election to make Salary Deferrals under this Plan, but after reduction for deferrals under any other nonqualified deferred compensation program maintained by the Company.

1.31 "**Salary Deferrals**" shall mean the amount of Salary a Member has elected to defer for a Plan Year beginning prior to January 1, 2012 pursuant to a Salary Reduction Agreement in accordance with the provisions of Section 3.01(a).

1.32 "**Salary Reduction Agreement**" shall mean with respect to an individual who becomes a Member effective as of the Effective Date and who immediately prior to the Effective Date was a Member in the Predecessor Plan the completed Agreement entered into by said Member pursuant to Section 2.02 of the Predecessor Plan under which be elected to deferred a portion of his Salary under the provisions of Section 3.01(a) of the Predecessor Plan.

1.33 "**Savings**" shall have the meaning set forth in the Savings Plan.

1.34 "**Savings Plan**" shall mean the Xylem Retirement Savings Plan for Salaried Employees (successor plan to the ITT Salaried Investment and Savings Plan) as amended from time to time.

1.35 **"Special DC Credit Contribution Rate"** shall mean the rate of Special DC Credit Contributions (as such term is defined under the provisions of the Savings Plan) for a particular Plan Year.

1.36 **"Statutory Compensation Limitation"** shall mean the limitations set forth in Section 401(a)(17) of the Code as in effect each calendar year for the Savings Plan.

1.37 "**Termination of Employment"** shall mean a "Separation from Service" as such term is defined in the Treasury Regs. under Section 409A of the Code, as modified by the rules described below:

(a) An Employee who is absent from work due to military leave, sick leave, or other bona fide leave of absence pursuant to Company policies shall incur a

Termination of Employment on the first date immediately following the later of (i) the six-month anniversary of the commencement of the leave (eighteen month anniversary for a disability leave of absence) or (ii) the expiration of the Employee's right, if any, to reemployment under statute or contract or pursuant to Company policies. For this purpose, a "disability leave of absence" is an absence due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 6 months, where such impairment causes the employee to be unable to perform the duties of his job or a substantially similar job.;

(b) For purposes of determining whether another organization is an Associated Company of the Corporation, common ownership of at least 50% shall be determinative;

(c) The Corporation specifically reserves the right to determine whether a sale or other disposition of substantial assets to an unrelated party constitutes a Termination of Employment with respect to the executive providing services to the seller immediately prior to the transaction and providing services to the buyer after the transaction. Such determination shall be made in accordance with the requirements of Code Section 409A.

Whether Termination of Employment has occurred shall be determined by the Committee in accordance with Code Section 409A, the regulations promulgated thereunder, and other applicable guidance, as modified by rules described above. The terms or phrases "terminates employment," "termination of employment," "employment is terminated," or any other similar terminology shall have the same meaning as a "Termination of Employment."

1.38 "**Transition Credit Contribution Account**" shall mean the bookkeeping account (or subaccount(s)) maintained for each Member to record all amounts credited on his behalf under Section 3.01(e) and earnings on those amounts pursuant to Section 3.02.

ARTICLE II — PARTICIPATION

2.01 Eligibility

(a) (i) An Employee shall be an Eligible Employee as of the Effective Date with respect to the period beginning on the Effective Date and ending on December 31, 2011 (the "2011 Plan Year") if the Employee (A) is eligible to participate in the Savings Plan during that period, (B) was an Eligible Employee under the terms of the Predecessor Plan with respect to the during that particular calendar year beginning January 1, 2011 and (C) his Salary in that calendar year exceeds the Statutory Compensation Limitation in effect for that particular year.

(ii) Notwithstanding the foregoing effective as of the Effective Date, an Employee who was not a member of the Predecessor Plan shall be an Eligible Employee solely for the purposes of applying the provisions of Section 3.02(b), (d) and (e) hereof with respect to the 2011 Plan Year, provided the Employee (A) is eligible to participate in the Savings Plan during the 2011 Plan Year and (B) his Salary during the 2011 Plan Year causes his total Salary for the calendar year ending December 31, 2011 to exceed the Statutory Compensation Limitation in effect for that particular year.

(iii) Effective as of January 1, 2012, an Employee shall be an Eligible Employee for the portion of a particular Plan Year during which (A) the Employee is eligible to participate in the Savings Plan and (B) the Eligible Employee's Salary in that particular Plan Year exceeds the Statutory Compensation Limitation in effect for that particular Plan Year.

(b) Upon reemployment by the Company, an Employee shall become an Eligible Employee again only upon completing the eligibility requirement described in Section 2.01(a).

2.02 Participation and Filing Requirements

(a) An Eligible Employee shall become a Member when contributions are credited on his behalf pursuant to Article 3.

(b) Subject to the provisions of this Section, with respect to the Plan Year beginning on the Effective Date and ending as of December 31, 2011, any Eligible Employee who has met the eligibility requirements of Section 2.01(a)(i) for that Plan Year shall have Salary Deferrals credited to his Deferral Account in the 2011 Plan Year in accordance with the Salary Reduction Agreement executed by such Eligible Employee under the provision of the Predecessor Plan with respect to the calendar year beginning January 1, 2011 which authorized Salary Deferrals under the Predecessor Plan for that year in accordance with the provisions of Section 3.01(a) thereto.

(c) Notwithstanding the foregoing, if a Member receives a hardship withdrawal of elective deferrals from the Savings Plan or any other plan which is maintained by the Company or an Associated Company and which meets the requirements of Section 401(k) of the Code (or any successor thereof), the Member's Salary Reduction Agreement in effect at that time shall be cancelled. Any subsequent Salary payment which would have been deferred pursuant to that Salary Reduction Agreement, but for the application of this Section 2.02(b), shall be paid to the Member as if he had not entered into the Salary Reduction Agreement.

2.03 Termination of Participation

(a) A Member's participation in the Plan shall terminate when the vested values of the Member's Accounts under the Plan are totally distributed to, or on behalf of, the Member.

(b) Upon reemployment by the Company, a former Member shall become a Member again only upon completing, subsequent to his reemployment, the eligibility and participation requirements of Section 2.01 and 2.02, respectively.

ARTICLE III — SUPPLEMENTAL SAVINGS PLAN CONTRIBUTIONS

3.01 Amount of Contributions

For any Plan Year, the amount of contributions credited under the Plan on behalf of a Member pursuant to this Article 3 shall be equal to the sum of the Salary Deferrals, Excess Matching Contributions, Excess Core Contributions and Excess Transition Credit Contributions determined under (a), (b), (c) and (d) below:

(a) **Salary Deferrals**

The amount of Salary Deferrals for the period beginning on the Effective Date and ending on December 31, 2011 (the "2011 Plan Year") shall be equal to the designated percentage of Salary elected by the Member in his Salary Reduction Agreement executed under the provisions of the Predecessor Plan, provided that the allocation under the Plan and the reduction in the Eligible Employee's Salary corresponding to such election shall be made only with respect to Salary that is otherwise earned and payable to such Member during the portion of Plan Year beginning on the Effective Date and ending as of December 31, 2011 in excess of the Statutory Compensation Limitation for that year.

Notwithstanding any Plan provision to the contrary, effective with respect to Plan Years beginning on and after January 1, 2012, Salary Deferrals are no longer permitted under the provision of the Plan and a Member shall not be eligible to defer any Salary earned on and after January 1, 2012.

(b) **Excess Matching Contributions**

The amount of Excess Matching Contributions credited to a Member's Matching Contribution Account for the portion of the Plan Year beginning on the Effective Date and ending on December 31, 2011 shall be equal to three percent (3%) of the portion of an Eligible Employee's Salary paid during that portion of the Plan Year which causes his Salary for the calendar year ending December 31, 2011 to exceed the Statutory Compensation Limitation for that Plan Year.

With respect to Plan Years commencing on and after January 1, 2012, the amount of Excess Matching Contributions credited to a Member's Matching Contribution Account for each particular Plan Year shall be equal to three percent (3%) of the portion of an Eligible Employee's Salary in that particular Plan Year that exceeds the Statutory Compensation Limitation for that year.

(c) **Excess Core Contributions**

With respect to Plan Years commencing on and after January 1, 2012, the amount of Excess Core Contributions credited to a Member's Core Contribution Account for each particular Plan Year shall be equal to Company Core Contribution Rate applicable to the Eligible Employee for that particular Plan Year applied to the portion of such Eligible Employee's Salary in that particular Plan Year that exceeds the Statutory Compensation Limitation for that Plan Year.

Notwithstanding the forgoing, the Excess Core Contributions for the portion of the 2011 Plan Year beginning on the Effective Date and ending on December 31, 2011 shall be equal to the Eligible Employee's Company Core Contribution Rate for 2011 multiplied by such Eligible Employee's Salary for that portion of the Plan Year which causes his Salary for the calendar year beginning January 1, 2011 to exceed the Statutory Compensation Limitation for that year.

(d) **Excess Transition Credit Contributions**

With respect to Plan Years commencing on and after January 1, 2012, the amount of Excess Transition Credit Contributions credited to a Member's Company Transition Credit Contribution Account for each particular Plan Year shall be equal to Company Transition Credit Contribution Rate applicable to the Eligible Employee for that particular Plan Year applied to the portion of an Eligible Employee's Salary in that particular Plan Year that exceeds the Statutory Compensation Limitation for that Plan Year.

Notwithstanding the forgoing, the Excess Transition Credit Contributions credited to a Member's Company Transition Credit Contribution Account for the portion of the Plan Year beginning on the Effective Date and ending on December 31, 2011 shall be equal to the Eligible Employee's Company Transition Credit Contribution Rate for 2011 multiplied by such Eligible Employee's Salary for that portion of the Plan Year which causes his Salary for the total 2011 Plan Year to exceed the Statutory Compensation Limitation for that year.

Notwithstanding the forgoing, there shall be credited to a Member's Transition Credit Contribution Account an amount equal to the Special DC Credit Contribution Rate, if any, applicable to the Eligible Employee for a particular Plan Year applied to the portion of such Eligible Employee's Salary in that particular Plan Year that exceeds the Statutory Compensation Limitation for that year.

(e) The contributions credited on a Member's behalf pursuant to paragraphs (a), (b), (c), and (d) above shall be credited to a Member's Accounts at the same time as they would have been credited to his accounts under the Savings Plan if not for the application of the Statutory Compensation Limitations.

3.02 Investment of Accounts

A Member shall have no choice or election with respect to the investments of his Accounts. As of each Reporting Date, there shall be credited or debited an amount of

earnings or losses on the balance of the Member's Accounts as of such Reporting Date which would have been credited had the Member's Accounts been invested in the stable value fund maintained under the Savings Plan, or such other fund as determined by the "PFTIC", as such term is defined in the Savings Plan.

3.03 Vesting of Accounts

(a) The Member shall be fully vested in his Excess Floor Contributions Account and the Salary Deferrals, Excess Matching Contributions, Excess Core Contributions and Excess Transition Credit Contributions (and earnings thereon) made on his behalf under Section 3.01(a), (b), (c), and (d) respectively. Effective as of the Effective Date, a Member who is employed by the Company on or after the Effective Date shall be fully vested in the Excess Matching Contributions held in his Matching Contribution Account which were made on his behalf under Section 3.01(b) of the Predecessor Plan (and earnings thereon).

(b) Notwithstanding any other provision of the Plan to the contrary, all prior service and participation by a Member with the Predecessor Corporation shall be deemed credited in full towards a Member's service and participation with the Company.

3.04 Individual Accounts

(a) The Committee shall maintain, or cause to be maintained, on the book of the Corporation records showing the individual balances of each Member's Accounts (or subaccounts). At least once a year, each Member shall be furnished with a statement setting forth the value of his Accounts.

(b) Accounts established under this Plan shall be hypothetical in nature and shall be maintained for bookkeeping purposes only so that hypothetical earnings or losses on the amounts credited on a Member's behalf under this Plan can be credited or debited, as the case may be.

3.05 Valuation of Accounts

(a) The Committee shall value or cause to be valued each Member's Accounts at least quarterly. On each Reporting Date there shall be allocated to the Accounts of each Member the appropriate amount determined in accordance with Section 3.02.

(b) Whenever an event requires a determination of the value of a Member's Accounts, the value shall be computed as of the Reporting Date immediately preceding the date of the event, except as otherwise specified in this Plan.

ARTICLE IV — PAYMENT OF CONTRIBUTIONS

4.01 Commencement of Payment

(a) Except as otherwise provided below, a Member shall be entitled to receive payment of his Deferral Account, his Floor Contribution Account, his Core Contribution Account and his Transition Credit Contribution Account and the vested portion of his Matching Contribution Account as determined under Section 3.03 upon his Termination of Employment with the Company and all Associated Companies for any reason, other than death. The distribution of such Accounts shall be made in the seventh month following the date the Member's Termination of Employment occurs.

(b) In the event of the death of a Member prior to the full payment of his Accounts, the unpaid portion of his Accounts shall be paid to his Beneficiary in the month following the month in which the Member's date of death occurs.

4.02 Method of Payment

The payment of such Member's Deferral Account, his Floor Contribution Account, his Core Contribution Account and his Transition Credit Contribution Account and the vested portion of his Matching Contribution Account shall be made in a single lump sum payment.

4.03 Payment upon the Occurrence of a Change in Control

Upon the occurrence of a Change in Control, all Members shall automatically receive the balance of their Deferral Account, Floor Contribution Account, Core Contribution Account and Transition Credit Contribution Account and the vested portion of their Matching Contribution Account in a single lump sum payment. Such lump sum payment shall be made within 90 days of the date the Change in Control occurs. If the Member dies after such Change in Control, but before receiving such payment, it shall be made to his Beneficiary.

ARTICLE V — GENERAL PROVISIONS

5.01 Funding

All amounts payable in accordance with this Plan shall constitute a general unsecured obligation of the Corporation. Such amounts, as well as any administrative costs relating to the Plan, shall be paid out of the general assets of the Corporation.

5.02 No Contract of Employment

The Plan is not a contract of employment and the terms of employment of any Member shall not be affected in any way by this Plan or related instruments, except as specifically provided therein. The establishment of the Plan shall not be construed as conferring any legal rights upon any person for a continuation of employment, nor shall it interfere with the rights of the Company or an Associated Company to discharge any person and to treat him without regard to the effect which such treatment might have upon him under this Plan. Each Member and all persons who may have or claim any right by reason of his participation shall be bound by the terms of this Plan and all agreements entered into pursuant thereto.

5.03 Unsecured Interest

Neither the Corporation nor the Board of Directors nor the Committee in any way guarantees the performance of the investment fund designated under Section 3.02. No special or separate fund shall be established, and no segregation of assets shall be made, to assure the payments thereunder. No Member hereunder shall have any right, title, or interest whatsoever in any specific assets of the Corporation. Nothing contained in this Plan and no action taken pursuant to its provisions shall create or be construed to create a trust of any kind or a fiduciary relationship between the Corporation and a Member or any other person. To the extent that any person acquires a right to receive payments under this Plan, such right shall be no greater than the right of any unsecured creditor of the Corporation.

5.04 Facility of Payment

In the event that the Committee shall find that a Member or Beneficiary is unable to care for his affairs because of illness or accident or has died, or if a Beneficiary is a minor the Committee may direct that any benefit payment due him, unless claim shall have been made therefore by a duly appointed legal representative, be paid on his behalf to his spouse, a child, a parent or other blood relative, or to a person with whom he resides, and any such payment so made shall thereby be a complete discharge of the liabilities of the Corporation and the Plan for that payment.

5.05 Withholding Taxes

The Company or an Associated Company shall have the right to deduct from each payment to be made under the Plan any required withholding taxes.

5.06 Nonalienation

Subject to any applicable law, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void, nor shall any such benefit be in any manner liable for or subject to garnishment, attachment, execution or levy, or liable for or subject to the debts, contracts, liabilities, engagements or torts of a person entitled to such benefits.

5.07 Transfers

(a) In the event the Corporation (i) sells, causes the sale of, or sold the stock or assets of any employing company in the controlled group of the Corporation to a third party or (ii) distributes or distributed to the holders of shares of the Corporation's common stock all of the outstanding shares of common stock of a subsidiary or subsidiaries of the Corporation, and, as a result of such sale or distribution, such company or its employees are no longer eligible to participate hereunder, the liabilities with respect to the benefits accrued under this Plan for a Member who, as a result of such sale or distribution, is no longer eligible to participate in this Plan, shall, at the discretion and direction of the Corporation (and approval by the new employer), be transferred to a similar plan of such new employer and become a

liability thereunder. Upon such transfer (and acceptance thereof) the liabilities for such transferred benefits shall become the obligation of the new employer and the liability under this Plan for such benefits shall cease.

(b) Notwithstanding any Plan provision to the contrary, at the discretion and direction of the Corporation, liabilities with respect to benefits accrued by a Member under a plan maintained by such Member's former employer may be transferred to this Plan and upon such transfer become the obligation of the Corporation.

5.08 Claims Procedure

(a) **Submission of Claims**

Claims for benefits under the Plan shall be submitted in writing to the Committee or to an individual designated by the Committee for this purpose.

(b) **Denial of Claim**

If any claim for benefits is wholly or partially denied, the claimant shall be given written notice within 90 days following the date on which the claim is filed, which notice shall set forth

(i) the specific reason or reasons for the denial;

(ii) specific reference to pertinent Plan provisions on which the denial is based;

(iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(iv) an explanation of the Plan's claim review procedure, including information as to the steps to be taken if the claimant wishes to submit the claim for review and the time limits for requesting a review.

If special circumstances require an extension of time for processing the claim, written notice of an extension shall be furnished to the claimant prior to the end of the initial period of 90 days following the date on which the claim is filed. Such an extension may not exceed a period of 90 days beyond the end of said initial period.

If the claim has not been granted and written notice of the denial of the claim is not furnished within 90 days following the date on which the claim is filed, the claim shall be deemed denied for the purpose of proceeding to the claim review procedure.

(c) **Claim Review Procedure**

The claimant or his authorized representative shall have 60 days after receipt of written notification of denial of a claim to request a review of the denial by making written request to the Committee, and may review pertinent documents and submit issues and comments in writing within such 60-day period.

Not later than 60 days after receipt of the request for review, the Committee (or the committee designated by the Company to hear such appeals, the "Appeals Committee) shall render and furnish to the claimant a written decision, which shall include specific reasons for the decision and shall make specific references to pertinent Plan provisions on which it is based. If special circumstances require an extension of time for processing, the decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review, provided that written notice and explanation of the delay are given to the claimant prior to commencement of the extension. Such decision by the Appeals Committee shall not be subject to further review. If a decision on review is not furnished to a claimant within the specified time period, the claim shall be deemed to have been denied on review.

(d) **Exhaustion of Remedy**

No claimant shall institute any action or proceeding in any state or federal court of law or equity or before any administrative tribunal or arbitrator for a claim for benefits under the Plan until the claimant has first exhausted the procedures set forth in this section.

5.09 Compliance

The Plan is intended to comply with the requirements of Code Section 409A and the provisions hereof shall be interpreted in a manner that satisfies the requirements of Code Section 409A and the regulations thereunder, and the Plan shall be operated accordingly. If any provision of the Plan would otherwise frustrate or conflict with this intent, the provision will be interpreted and deemed amended so as to avoid this conflict.

5.10 Acceleration of or Delay in Payments

The Committee, in its sole and absolute discretion, may elect to accelerate the time or form of payment of a benefit owed to the Member hereunder, provided such acceleration is permitted under Treas. Regs. Section 1.409A-3(j)(4). The Committee may also, in its sole and absolute discretion, delay the time for payment of a benefit owed to the Member hereunder, to the extent permitted under Treas. Regs. Section 1.409A-2(b)(7).

5.11 Construction

(a) The Plan is intended to constitute an unfunded deferred compensation arrangement maintained for a select group of management or highly compensated employees within the meaning of Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA, and all rights under this Plan shall be governed by ERISA. Subject to the preceding sentence, the Plan shall be construed, regulated and administered in accordance with the laws of the State of New York, to the extent such laws are not superseded by applicable federal laws.

(b) The masculine pronoun shall mean the feminine wherever appropriate.

(c) The illegality of any particular provision of this document shall not affect the other provisions and the document shall be construed in all respects as if such invalid provision were omitted.

(d) The headings and subheadings in the Plan have been inserted for convenience of reference only and are to be ignored in any construction of the provisions thereof.

ARTICLE VI — AMENDMENT OR TERMINATION

6.01 Right to Terminate

Notwithstanding any Plan provision to the contrary, the Corporation may, by action of the Board of Directors, terminate this Plan and the related Deferral Agreements at any time. To the extent consistent with the rules relating to Plan terminations and liquidation in Treasury Regulations Section 1.409A-3(j)(4)(ix) or otherwise consistent with Code Section 409A, the Corporation may provide that each Member or Beneficiary shall receive a single sum payment in cash equal to the balance of the Member's Accounts. The single sum payment shall be made within 90 days following the date the Plan is terminated and shall be in lieu of any other benefit which may be payable to the Member or Beneficiary under this Plan. Unless so distributed, in the event of a Plan termination, the Corporation shall continue to maintain the Deferral Account, the Floor Contribution Account, the Matching Contribution Account, the Core Contribution Account and the Transition Credit Contribution Account until distributed pursuant to the terms of the Plan.

6.02 Right to Amend

The Board of Directors or its delegate may amend or modify this Plan and the related Deferral Agreements in any way either retroactively or prospectively. However, except that without the consent of the Member or Beneficiary, if applicable, no amendment or modification shall reduce or diminish such person's right to receive any benefit accrued hereunder prior to the date of such amendment or modification, and after the occurrence of an Acceleration Event, no modification or amendment shall be made to Sections 3.03(b) and 4.03.

ARTICLE VII — ADMINISTRATION

7.01 Administration

(a) The Committee shall have the exclusive responsibility and complete discretionary authority to control the operation, management and administration of the Plan, with all powers necessary to enable it properly to carry out such responsibilities, including, but not limited to, the power to interpret the Plan and any related documents, to establish procedures for making any elections called for under the Plan, to make factual determinations regarding any and all matters arising hereunder, including, but not limited to, the right to determine eligibility for benefits, the right to construe the terms of the Plan, the right to remedy possible ambiguities, inequities, inconsistencies or omissions, and the right to resolve all interpretive, equitable or other questions arising under the Plan. The decisions of the Committee on all matters shall be final, binding and conclusive on all persons to the extent permitted by law.

(b) To the extent permitted by law, all agents and representatives of the Committee shall be indemnified by the Corporation and held harmless against any claims and the expenses of defending against such claims, resulting from any action or conduct relating to the administration of the Plan, except claims arising from gross negligence, willful neglect or willful misconduct.

Exhibit 10.13

XYLEM

DEFERRED COMPENSATION PLAN

FOR NON-EMPLOYEE DIRECTORS

The Xylem Deferred Compensation Plan for Non-Employee Directors (the "Plan") first became effective as of October 31, 2011 following the spin-off of Xylem Inc. from ITT Corporation (the "Predecessor Corporation") on October 31, 2011. The Predecessor Corporation maintained a similar plan prior to the spin-off (the "Predecessor Plan"). The Plan was created as a spin-off of the Predecessor Plan to govern prior deferrals by Non-Employee Directors made under the Predecessor Plan and to provide Non-Employee Directors with a means of deferring director fees in accordance with the terms of the Plan.

The Plan shall remain in effect as provided in Section 6.01 hereof, and Participants shall be deemed to receive full credit for their service and participation with the Predecessor Corporation as provided in Section 4.06(c) hereof. Further, the Plan shall not deprive a Participant of the right to payment of deferred compensation credited as of the date of termination or amendment, in accordance with the terms of the Plan as of the date of such termination or amendment.

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ARTICLE 1. DEFINITIONS

1.01 "Adoption Date" shall have the meaning set forth in Section 2.01(a).

1.02 "Administrative Committee" shall mean the Board's Leadership Development and Compensation Committee or the person or persons appointed by the Board's Leadership Development and Compensation Committee pursuant to Article 8 hereof to administer the Plan.

1.03 "Beneficiary" shall mean the person or persons designated by a Participant pursuant to the provisions of Section 5.04.

1.04 "Board" shall mean the Board of Directors of the Corporation.

1.05 "Business Day" shall mean any day on which the New York Stock Exchange, or a successor thereto, is open.

1.06 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.07 "Corporation" shall mean Xylem Inc., an Indiana corporation, or any successor by merger, purchase or otherwise; provided, however, that for purposes of deferrals made under the Predecessor Plan, Corporation shall mean the Predecessor Corporation as the original deferral recorder.

1.08 "Deferral Account" shall mean the bookkeeping account (or subaccounts) maintained for each Participant to record the amount of Director Fees such Participant has elected to defer in accordance with Article 3 and/or pursuant to a Prior Deferral Agreement, adjusted pursuant to Article 4.

1.09 "Deferral Agreement" shall mean the completed agreement, including any amendments, attachments and appendices thereto, in such form and with such title as is approved by the Leadership Development and Compensation Committee of the Board or the

Administrative Committee, between a Non-Employee Director and the Corporation, under which the Non-Employee Director agrees to defer a portion of his or her Director Fees earned for a specified Service Year.

1.10 "Deferral Election Deadline" shall have the meaning set forth in Section 3.01(a).

1.11 "Deferrals" shall mean the amount of deferrals credited to a Participant's Deferral Account pursuant to Section 3.03.

1.12 "Director Fees" shall mean the fees paid in cash, including, without limitation, any annual retainer, monthly fee, Board meeting fee or committee meeting fee that a Non-Employee Director may be entitled to receive for services as a member of the Board or a committee thereof.

1.13 "Grandfathered Deferrals" shall mean deferred Director Fees (and any earnings thereon, including amounts attributable to dividends on such deferred Director Fees) that were initially deferred prior to 2005. For avoidance of doubt, an amount will be treated as initially deferred prior to 2005 if the amount would have been paid before 2005 had it not been deferred.

1.14 "In-Service Subaccount" shall mean the bookkeeping account described in Section 5.01(a) maintained to record Deferrals (and related gains and losses on such Deferrals) that a Participant has elected to have paid upon the first to occur of the Specified Distribution Date, the Participant's Retirement or the Participant's death.

1.15 "Non-Employee Director" shall mean a member of the Board who is not concurrently an employee of the Corporation.

1.16 "Participant" shall mean, except as otherwise provided in Section 2.02, each Non-Employee Director who has executed a Deferral Agreement pursuant to the requirements of Articles 2 and 3.

1.17 "Plan" shall mean the Xylem Deferred Compensation Plan For Non-Employee Directors, as set forth in this document, as it may be amended from time to time; provided, however, that the term "Plan" shall include the Predecessor Plan with respect to all prior service and participation by a Participant with the Predecessor Corporation and preserving all rights by Participants regarding Grandfathered Deferrals.

1.18 "Predecessor Corporation" shall mean the Corporation as such term was defined under the Predecessor Plan immediately prior to October 31, 2011.

1.19 "Predecessor Plan" shall mean the ITT Corporation Deferred Compensation Plan for Non-Employee Directors as in effect prior to October 31, 2011.

1.20 "Prior Deferrals" shall mean Deferrals relating to annual cash retainers that were (a) initially deferred after 2004 pursuant to a Prior Deferral Agreement, (b) not yet distributed as of the Adoption Date and (c) deferred by Non-Employee Directors who consent to have their Prior Deferrals become subject to the terms of the Plan. For avoidance of doubt, (a) an amount will be treated as initially deferred after 2004 if the amount would have been paid after 2004 had it not been deferred and (b) the term Prior Deferrals shall not include any restricted stock, restricted stock units or Grandfathered Deferrals.

1.21 "Prior Deferral Agreement" shall mean a deferral agreement and/or document that was effective prior to the Adoption Date and that governs the Directors' Prior Deferrals. For avoidance of doubt, the term Prior Deferral Agreement shall not include any agreement or document governing (a) restricted stock or restricted stock unit awards or a Non-Employee Director's election to receive restricted stock or restricted stock unit awards or (b) Grandfathered Deferrals.

1.22 "Reporting Date" shall mean the first Business Day of each calendar month following the Adoption Date, or such other day as the Administrative Committee may determine.

1.23 **"Retirement"** shall mean, subject to Section 8.01(c), the termination of a Non-Employee Director's service as a member of the Board.

1.24 **"Retirement Subaccount"** shall mean the bookkeeping account described in Section 5.01(a) maintained to record Deferrals (and related gains and losses on such Deferrals) that a Participant has elected to have paid upon the first to occur of the Participant's Retirement or death.

1.25 **"Service Year"** shall mean the period beginning on the date of the Annual Meeting of Shareholders in any year and ending on the day immediately preceding the date of the Annual Meeting of Shareholders for the subsequent year, or such other period as shall be specified from time to time by the Administrative Committee.

1.26 **"Specified Distribution Date"** shall mean a Business Day selected by a Participant pursuant to Section 5.01(a).

1.27 **"Unforeseeable Emergency"** shall mean a severe financial hardship to a Participant resulting from (a) an illness or accident of the Participant or the Participant's spouse, beneficiary or dependent (as defined in Code Section 152, without regard to Section 152(b)(1), (b)(2) and (d)(1)(B)), (b) loss of the Participant's property due to casualty (including the need to rebuild a home following damage to the home not otherwise covered by insurance) or (c) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant; provided, however, that an Unforeseeable Emergency shall only exist to the extent the severe financial hardship would constitute an Unforeseeable Emergency under Code Section 409A, related regulations and other applicable guidance.

ARTICLE 2. INTRODUCTION AND PARTICIPATION

2.01 Introduction

(a) The Plan was adopted by the Board on October 11, 2011 (the "Adoption Date").

(b) The Plan shall govern (i) Deferrals (as adjusted pursuant to Article 4) made pursuant to a Deferral Agreement executed after the Adoption Date and (ii) Prior Deferrals (as adjusted pursuant to Article 4). All Prior Deferral Agreements will be deemed amended to the extent the terms of the Prior Deferral Agreement are inconsistent with the terms of the Plan so that, to the extent of any such inconsistency, the terms of the Plan will govern.

2.02 Participation

(a) All Non-Employee Directors shall be eligible to participate in the Plan. An individual who is determined to be a Non-Employee Director with respect to a Service Year and who desires to have Deferrals credited on his or her behalf pursuant to Article 3 must execute a Deferral Agreement with the Administrative Committee authorizing Deferrals under the Plan in accordance with the provisions of Sections 2.02(b) and 3.01.

(b) The Deferral Agreement shall be in writing and properly completed upon a form approved by the Administrative Committee, which shall be the sole judge of the proper completion thereof. Such Deferral Agreement shall provide for the deferral of all or a portion of the Non-Employee Director's Director Fees and shall include such other provisions as the Administrative Committee deems appropriate.

2.03 Termination of Participation

Participation shall cease when all benefits to which a Participant or Beneficiary is entitled to hereunder are distributed.

ARTICLE 3. DEFERRALS

3.01 Deferral Elections

(a) Except as provided in Section 3.01(d), a Non-Employee Director may elect to defer Director Fees that will be earned in the Service Year that begins in the following calendar year by filing a Deferral Agreement with the Administrative Committee on or before (i) the close of business on the last Business Day of the calendar year preceding the calendar year in which such Service Year begins or (ii) such earlier date as may be specified by the Administrative Committee (the "Deferral Election Deadline").

(b) Except as provided in Sections 3.01(d) and 3.05 and subject to such restrictions as the Administrative Committee may establish from time to time, a Non-Employee Director's election to defer Director Fees earned in any Service Year shall become irrevocable on the Deferral Election Deadline. A Non-Employee Director may revoke or change his or her election to defer Director Fees at any time prior to the date the election becomes irrevocable, subject to such restrictions as the Administrative Committee may establish from time to time. Any such revocation or change shall be made in a form and manner determined by the Administrative Committee.

(c) Except as provided in Section 3.01(d), a Participant's Deferral Agreement shall apply only with respect to Director Fees earned in the Service Year that begins in the calendar year following the calendar year in which the Deferral Agreement is filed with the Administrative Committee. A Non-Employee Director must file, in accordance with the provisions of Section 3.01(a), a new Deferral Agreement to defer Director Fees earned in any subsequent Service Year.

(d) Notwithstanding anything in this Section 3.01 to the contrary, if a Non-Employee Director first becomes eligible to participate in the Plan after the Deferral Election Deadline, but before the first day of the Service Year that begins in the calendar year in which the Non-Employee Director first becomes eligible to participate in the

Plan, the Non-Employee Director may, within the period beginning on the date the Non-Employee Director first becomes eligible to participate in the Plan and ending on the earlier of (i) 30 days after such date or (ii) the first day of such Service Year, elect to defer Director Fees that will be earned in such Service Year.

3.02 Amount of Deferral

Unless the Administrative Committee provides otherwise, a Non-Employee Director may defer all or none of his or her Director Fees, but not a portion of such Director Fees.

3.03 Crediting to Deferral Account

Except as provided below with respect to Prior Deferrals, Deferrals shall be credited to a Participant's Deferral Account on the day such Director Fees would have otherwise been paid to the Participant in the absence of a Deferral Agreement. Deferrals credited to a Participant's Deferral Account which are deemed invested in a Corporation phantom stock fund will be credited based on the closing price of the Corporation's common stock on the New York Stock Exchange (or a successor thereto) on that day or the next Business Day if such day is not a Business Day. Prior Deferrals shall be credited to a Participant's Deferral Account as of the Adoption Date.

3.04 Vesting

A Participant shall at all times be 100% vested in his or her Deferral Account.

3.05 Unforeseeable Emergency

Notwithstanding the foregoing provisions of this Article 3, in the event a distribution is made to the Participant due to an Unforeseeable Emergency, a Participant's Deferral Agreement in effect at that time shall be cancelled and subsequent Deferrals under that Deferral Agreement shall cease.

ARTICLE 4. MAINTENANCE OF ACCOUNTS

4.01 Adjustment of Account

(a) The Administrative Committee shall designate at least one investment fund or index of investment performance and may designate additional investment funds or investment indices (including a Corporation phantom stock fund) to be used to measure the investment performance of a Participant's Deferral Account. The designation of any such investment funds or indices shall not require the Corporation to invest or earmark its general assets in any specific manner. The Administrative Committee may change the designation of investment funds or indices from time to time, in its sole discretion, and any such change shall not be deemed to be an amendment affecting Participants' rights under Section 6.01.

(b) As of each Reporting Date, each Deferral Account shall be credited or debited with the amount of earnings or losses with which such Deferral Account would have been credited or debited, assuming it had been invested in one or more investment funds, or earned the rate of return of one or more indices of investment performance, designated by the Administrative Committee and elected by the Participant pursuant to Section 4.02 for purposes of measuring the investment performance of his or her Deferral Account. Any portion of a Participant's Deferral Account deemed invested in a Corporation phantom stock fund shall be credited with dividend equivalents, as and when dividends are paid on the Corporation's common stock. Any such dividend equivalents shall be deemed invested in additional shares of Corporation phantom stock, and such shares of phantom stock shall be deemed to be purchased on the day the dividends are paid by the Corporation.

4.02 Investment Elections

If the Administrative Committee designates more than one investment fund or indices under Section 4.01, Participants may designate the investment fund or indices that will be used to measure the investment performance of their Deferrals. Unless the Administrative Committee provides otherwise, such elections shall be made when the Deferral

Agreement is executed. Unless the Administrative Committee provides otherwise, a Participant's investment election made with respect to Prior Deferrals shall continue to govern such Prior Deferrals

4.03 Changing Investment Elections of Amounts Held in Deferral Accounts

Unless the Administrative Committee provides otherwise, Participants may not change investment elections for amounts already deferred. If the Administrative Committee allows Participants to change their investment elections, such changes may only be made in accordance with Section 4.04 and such other terms and conditions as may be established by the Administrative Committee from time to time.

4.04 Compliance with Securities Laws and Trading Policies and Procedures

A Participant's ability to direct investments into or out of a Corporation phantom stock fund shall be subject to such terms, conditions and procedures as the Plan Administrator may prescribe from time to time to assure compliance with Rule 16b-3 promulgated under Section 16(b) of the Securities Exchange Act of 1934, as amended ("Rule 16b-3"), and other applicable requirements. Such procedures also may limit or restrict a Participant's ability to make (or modify previously made) deferral and distribution elections under the Plan. In furtherance, and not in limitation, of the foregoing, to the extent a Participant acquires any interest in an equity security under the Plan for purposes of Section 16(b), the Participant shall not dispose of that interest within six (6) months, unless such disposition is exempted by Section 16(b) or any rules or regulations promulgated thereunder or with respect thereto. Any election by a Participant to invest any amount in a Corporation phantom stock fund, and any elections to transfer amounts from or to the Corporation phantom stock fund to or from any other investment fund or indices, shall be subject to all applicable securities law requirements, including but not limited to the those reflected in the prior sentence and Rule 16b-3, as well as all applicable stock trading policies and procedures of the Corporation. To the extent any election violates any securities law requirement, applicable trading policies and procedures of the Corporation, or any terms or conditions established from time to time

by the Administrative Committee relating to such elections (whether or not reflected in the Plan), the election shall be void.

4.05 Individual Accounts

The Administrative Committee shall maintain, or cause to be maintained on its books, records showing the individual balance of each Participant's Deferral Account. At least once a year each Participant shall be furnished with a statement setting forth the value of his or her Deferral Account.

4.06 Valuation of Accounts

(a) The Administrative Committee shall value or cause to be valued each Participant's Deferral Account as the Administrative Committee determines is necessary for the proper administration of the Plan.

(b) Whenever an event requires a determination of the value of a Participant's Deferral Account, the value shall be computed as of the date of the event, or if the date of the event is not a Business Day, the close of the next Business Day, except as otherwise specified in this Plan.

(c) Notwithstanding any other provision of the Plan to the contrary, all prior service and participation by a Participant with the Predecessor Corporation shall be deemed credited in full towards a Participant's service and participation with the Company.

ARTICLE 5. PAYMENT OF BENEFITS

5.01 Time of Payment

(a) Subject to the limitations in Section 5.01(b), each time a Participant elects to defer Director Fees, the Participant shall specify whether the deferred Director Fees will be allocated to the Participant's Retirement Subaccount or In-Service Subaccount.

(1) Retirement Subaccount. Except as otherwise provided in the Plan, amounts allocated to the Retirement Subaccount (after adjustment to reflect gains and losses during the deferral period) will be paid upon the first to occur of the Participant's Retirement or death.

(2) In-Service Subaccount. Except as otherwise provided in the Plan, amounts allocated to the In-Service Subaccount (after adjustment to reflect gains and losses during the deferral period) will be paid upon the first to occur of (A) a Business Day designated by the Participant (the "Specified Distribution Date"), (B) the Participant's Retirement or (C) the Participant's death. The Specified Distribution Date for the In-Service Subaccount shall be the Business Day designated by the Participant on his or her initial Deferral Agreement establishing the In-Service Subaccount; unless otherwise modified in accordance with the provisions of Section 5.01(c) or (e) below.

Unless the Administrative Committee provides otherwise, Participants may not bifurcate any one Service Year's deferred Director Fees between the Retirement Subaccount and the In-Service Subaccount.

Prior Deferrals will be allocated to the Participants' Retirement Subaccount and/or In-Service Subaccount as of the Adoption Date based on the payment election(s) then in effect with respect to such Prior Deferrals. If a Participant's payment election(s) in effect with respect to Prior Deferrals as of the Adoption Date provides for payment at a specified date, that specified date shall be the Participant's "Specified Distribution Date" for the Participant's In-Service Subaccount.

(b) Unless the Administrative Committee provides otherwise, (i) a Participant may have only one In-Service Subaccount established on his or her behalf (and only one Specified Distribution Date) at any one time and (ii) once a Participant has selected a Specified Distribution Date, the Participant may not select an additional Specified Distribution Date until the amounts in the Participant's In-Service Subaccount have been distributed.

(c) In accordance with such procedures as the Administrative Committee may prescribe, Participants may elect to delay the payment of amounts in the Participant's In-Service Subaccount by specifying a new Specified Distribution Date, subject to the following limitations:

(1) such election must be made at least 12 months prior to the Specified Distribution Date then in effect and such election will not become effective until at least 12 months after the date on which the election is made; and

(2) the new Specified Distribution Date shall be a Business Day that is not less than five (5) years from the Specified Distribution Date then in effect.

Once a Participant's election of a new Specified Distribution Date becomes effective, all amounts in the Participant's In-Service Subaccount (whether allocated before or after the election of the new Specified Distribution Date) will be paid upon the first to occur of the new Specified Distribution Date, the Participant's Retirement or the Participant's death. A Participant may elect to delay a Specified Distribution Date pursuant to this Section 5.01(c) more than once, provided that all such elections comply with the provisions of this Section 5.01(c).

It is the Corporation's intent that the provisions of this Section 5.01(c) comply with the subsequent election provisions in Code Section 409A(a)(4)(C), related regulations and other applicable guidance, and this Section 5.01(c) shall be interpreted accordingly. The Administrative Committee may impose additional restrictions or conditions on a Participant's ability to elect a new Specified Distribution Date pursuant to this Section

5.01(c). The Participant may revoke or change his or her election pursuant to this Section 5.01(c) at any time prior to the deadline for making such election, subject to such restrictions as the Administrative Committee may establish from time to time. Any such revocation or change shall be made in a form and manner determined by the Administrative Committee. For avoidance of doubt, a Participant may not elect to delay payment of amounts in the Participant's Retirement Subaccount or transfer amounts between his or her Retirement Subaccount and his or her In-Service Subaccount.

(d) Notwithstanding anything in the Plan to the contrary, if it is not possible to make payment on the date of the Participant's Retirement or death, or the Specified Payment Date, as the case may be, payment shall be made as soon as practicable thereafter, but in all events subject to the following limitations:

(1) payments to be made upon the Participant's Retirement or death shall in no event be made later than (90) days after the date of Retirement or death, as the case may be, and

(2) payments to be made on a Specified Distribution Date shall in no event be made later than the 15th day of the third calendar month following such Specified Distribution Date.

If payment is made within one of the periods described in this Section 5.01(d), neither the Participant nor any Beneficiary may elect, directly or indirectly, when within such period payment shall be made.

(e) Notwithstanding anything in the Plan to the contrary, the Administrative Committee may, in its discretion and subject to such terms and conditions as it may from time to time prescribe, allow Participants to change the time of payment of all or a portion of their Deferral Accounts in accordance with applicable transition relief provided with respect to Code Section 409A.

5.02 Method of Payment

The distribution of the Participant's Deferral Account shall be made to the Participant or, if the Participant dies, to the Participant's Beneficiary, in the form of a single lump sum cash payment.

5.03 Unforeseeable Emergency

Notwithstanding anything in the Plan or in a Deferral Agreement to the contrary, the Administrative Committee may, if it determines an Unforeseeable Emergency exists which cannot be satisfied from other sources, approve a request by the Participant for a withdrawal from his or her Deferral Account. Such request shall be made in a time and manner determined by the Administrative Committee. The payment made from a Participant's Deferral Account pursuant to the provisions of this Section 5.03 shall be limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the distribution). Determinations of amounts necessary to satisfy the emergency need must take into account any additional compensation that is available, other than additional compensation that, due to the Unforeseeable Emergency, is available under another nonqualified deferred compensation plan but that has not actually been paid. This Section 5.03 is intended to comply with Code Section 409A, related regulations and any other applicable guidance and shall be interpreted accordingly so that distributions shall be permitted under this Section 5.03 only to the extent they comply with Code Section 409A.

5.04 Designation of Beneficiary

Each Participant shall file with the Administrative Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the amount, if any, payable under the Plan upon his or her death pursuant to Article 5. A Participant may, from time to time, revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Administrative Committee. The last such designation received by the Administrative Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall

be effective unless received by the Administrative Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no such Beneficiary designation is in effect at the time of a Participant's death, or if no designated Beneficiary survives the Participant, the Participant's surviving spouse, if any, shall be the Participant's Beneficiary, otherwise the Participant's estate shall be the Participant's Beneficiary, and shall receive the payment of the amount, if any, payable under the Plan upon the Participant's death.

ARTICLE 6. AMENDMENT OR TERMINATION

6.01 Right to Amend or Terminate

Notwithstanding any Plan provision to the contrary, the Corporation may, by action of the Board, amend or terminate the Plan at any time; provided, however, that no such amendment or termination of the Plan that reduces a Participant's Deferral Account shall be effective without the prior written consent of the Participants whose Deferral Accounts are reduced by the amendment or termination. To the extent consistent with the rules relating to plan terminations and liquidations in Treasury Regulation Section 1.409A-3(j)(4)(ix) or otherwise consistent with Code Section 409A, the Board may provide that, without the prior written consent of Participants, all of the Participants' Deferral Accounts shall be distributed in a lump sum upon termination of the Plan. Unless so distributed, in the event of a Plan termination, the Corporation shall continue to maintain the Deferral Accounts until distributed pursuant to the terms of the Plan and Participants shall remain 100% vested in all amounts credited to their Deferral Accounts.

ARTICLE 7. GENERAL PROVISIONS

7.01 Funding and Payment of Expenses

All amounts payable in accordance with this Plan shall constitute a general unsecured obligation of the Corporation. Such amounts, as well as any administrative costs relating to the Plan, shall be paid out of the general assets of the Corporation. The Administrative Committee may decide that a Participant's Deferral Account may be reduced to reflect allocable administrative expenses.

7.02 Unsecured Interest

Neither the Corporation nor the Administrative Committee in any way guarantees the performance of the investment funds or indices a Participant may designate under Article 4. No special or separate fund shall be established, and no segregation of assets shall be made, to assure the payments hereunder. No Participant hereunder shall have any right, title, or interest whatsoever in any specific assets of the Corporation. Nothing contained in this Plan and no action taken pursuant to its provisions shall create or be construed to create a trust of any kind or a fiduciary relationship between the Corporation and a Participant or any other person. To the extent that any person acquires a right to receive payments under this Plan, such right shall be no greater than the right of any unsecured creditor of the Corporation.

7.03 Facility of Payment

In the event that the Administrative Committee shall find that a Participant or Beneficiary is incompetent to care for his or her affairs or if a Beneficiary is a minor, the Administrative Committee may direct that any benefit payment due him or her, unless claim shall have been made therefor by a duly appointed legal representative, be paid on his or her behalf to his or her spouse, a child, a parent or other relative, and any such payment so made shall thereby be a complete discharge of the liability of the Corporation and the Plan for that payment.

7.04 Withholding Taxes

The Corporation shall have the right to deduct from each payment to be made under the Plan any required withholding taxes.

7.05 Noalienation

Subject to any applicable law and except as provided in Section 5.04, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void, nor shall any such benefit be in any manner liable for or subject to garnishment, attachment, execution or levy, or liable for or subject to the debts, contracts, liabilities, engagements or torts of a person entitled to such benefits.

7.06 Construction and Governing Law

(a) The Plan shall be construed, regulated and administered in accordance with the laws of the State of New York, subject to the provisions of applicable federal laws.

(b) The masculine pronoun shall mean the feminine wherever appropriate. To the extent any section of the Code, Treasury Regulations or the Securities Exchange Act of 1934 or any rule promulgated under the Securities Exchange Act of 1934 that is referenced in the Plan shall be amended or superseded, such reference shall be deemed to be to the amended or superseding section or rule.

(c) The illegality of any particular provision of this document shall not affect the other provisions, and the document shall be construed in all respects as if such invalid provision were omitted.

7.07 Discharge of Corporation's Obligation

The payment by the Corporation of the benefits due under the Plan and/or any Deferral Agreement or Prior Deferral Agreement to the Participant or his or her Beneficiary shall discharge the Corporation's obligation with respect thereto, and the Participant or

Beneficiary shall have no further rights under this Plan or the Deferral Agreements or Prior Deferral Agreements upon receipt by the appropriate person of all such benefits.

7.08 Successors

The Plan shall be binding upon the successors and assigns of the Corporation, whether such succession is by purchase, merger or otherwise.

ARTICLE 8. ADMINISTRATION

8.01 Administration

(a) The Plan shall be administered by the Administrative Committee. The Administrative Committee shall have the exclusive responsibility and complete discretionary authority to control the operation, management and administration of the Plan, with all powers necessary to enable it properly to carry out such responsibilities, including, but not limited to, the power to interpret the Plan and any related documents, to establish procedures for making any elections called for under the Plan, to make factual determinations regarding any and all matters arising under the Plan, including, but not limited to, the right to determine eligibility for benefits, the right to construe the terms of the Plan, the right to remedy possible ambiguities, inequities, inconsistencies or omissions, and the right to resolve all interpretive, equitable or other questions arising under the Plan.

(b) The Administrative Committee may delegate all or part of its administrative duties to one or more persons, whether or not such person or persons are members of the Administrative Committee or employees of the Corporation. The Administrative Committee (and, to the extent consistent with the scope of delegated administrative authority, the person or persons delegated authority hereunder) may engage agents and representatives, including recordkeepers and legal counsel, in connection with the administration of the Plan. To the extent permitted by law, the Administrative Committee and the person or persons delegated administrative authority under the Plan shall be indemnified by the Corporation and held harmless against any claims and the expenses of defending against such claims, resulting from any action or conduct relating to the administration of the Plan, except claims arising from gross negligence, willful neglect or willful misconduct.

(c) It is the intent of the Corporation that the Plan complies with Code Section 409A, related regulations and other applicable guidance promulgated with respect thereto and the provisions of the Plan shall be interpreted to be consistent therewith.

Without limiting the foregoing, a Participant shall not be deemed to have experienced a Retirement until the Participant has had a "separation from service," as that term is used in Code Section 409A(a)(2)(A)(i) and defined in related regulations or other applicable guidance.

Exhibit 10.14

Xylem
Enhanced Severance Pay Plan

EFFECTIVE AS OF 10/31/11

1. Purpose

The purpose of this Xylem Enhanced Severance Pay Plan ("Plan") is to assist in occupational transition by providing Severance Benefits, as defined herein, for employees covered by this Plan whose employment is terminated under conditions set forth in this Plan.

The Plan first became effective as of October 31, 2011 following the spin-off of Xylem Inc. from ITT Corporation (the "Predecessor Corporation") on October 31, 2011. The Predecessor Corporation maintained a similar plan prior to the spin-off (the "Predecessor Plan"), and the Plan was created to continue service accruals under the Predecessor Plan. The Plan shall remain in effect as provided in Section 9 hereof, and covered employees shall receive full credit for their service and participation with the Predecessor Corporation as provided in Section 5 hereof.

2. Covered Employees

Covered employees under this Plan ("Employees") are active full-time, regular salaried employees of Xylem Inc. ("Xylem") and of any subsidiary company ("Xylem Subsidiary") (including Employees who are short term disabled as of a Potential Acceleration event within the meaning of the Company's short term disability benefit plans) (other than Employees on periodic severance as of a Potential Acceleration Event) who are or were, at any time within the two year period immediately preceding the Employees' termination of employment (other than executives covered by the Xylem Special Senior Executive Severance Pay Plan), United States or Canadian citizens or who are employed in the United States or Canada, whose primary employment location is at Xylem Inc. Corporate Headquarters (currently in White Plains, New York), and such other employees of the Company who shall be designated as covered employees thereunder by the Chief Executive or the Senior Vice President, Director-Human Resources of Xylem or a designee of such officers ("Authorized Officers or Designees"). No person who is employed on a temporary, occasional or seasonal basis is eligible under this Plan.

After the occurrence of an Acceleration Event, the terms "Xylem", "Xylem Subsidiary" and "Company" as used herein shall also include, respectively and as the context requires, any successor company to Xylem or any successor company to any Xylem Subsidiary and any affiliate of any such successor company.

3. Definitions

An "Acceleration Event" shall occur if (i) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934 (the "Act") disclosing that any person (within the meaning of Section 13(d) of the Act), other than Xylem or a subsidiary of Xylem or any employee benefit plan sponsored by

Xylem or a subsidiary of Xylem, is the beneficial owner directly or indirectly of twenty percent (20%) or more of the outstanding Common Stock $1 par value, of Xylem (the "Stock"); (ii) any person (within the meaning of Section 13(d) of the Act), other than Xylem or a subsidiary of Xylem, or any employee benefit plan sponsored by Xylem or a subsidiary of Xylem, shall purchase shares pursuant to a tender offer or exchange offer to acquire any Stock of Xylem (or securities convertible into Stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of twenty percent (20%) or more of the outstanding Stock of Xylem (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Stock); (iii) the consummation of (A) any consolidation, business combination or merger involving Xylem, other than a consolidation, business combination or merger involving Xylem in which holders of Stock immediately prior to the consolidation, business combination or merger (x) hold fifty percent (50%) or more of the combined voting power of Xylem (or the corporation resulting from the merger or consolidation or the parent of such corporation) after the merger and (y) have the same proportionate ownership of common stock of Xylem (or the corporation resulting from the merger or consolidation or the parent of such corporation), relative to other holders of Stock immediately prior to the merger, business combination or consolidation, immediately after the merger as immediately before, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Xylem, (iv) there shall have been a change in a majority of the members of the Board of Directors of Xylem within a 12-month period unless the election or nomination for election by Xylem's stockholders of each new director during such 12-month period was approved by the vote of two-thirds of the directors then still in office who (x) were directors at the beginning of such 12-month period or (y) whose nomination for election or election as directors was recommended or approved by a majority of the directors who where directors at the beginning of such 12-month period or (v) any person (within the meaning of Section 13(d) of the Act) (other than Xylem or any subsidiary of Xylem or any employee benefit plan (or related trust) sponsored by Xylem or a subsidiary of Xylem) becomes the beneficial owner (as such term is defined in Rule 13d-3 under the Act) of twenty percent (20%) or more of the Stock.

"Cause" shall mean action by the Employee involving willful malfeasance or gross negligence or the Employee's failure to act involving material nonfeasance that would tend to have a materially adverse effect on the Company. No act or omission on the part of the Employee shall be considered "willful" unless it is done or omitted in bad faith or without reasonable belief that the action or omission was in the best interests of the Company.

"Company" shall mean Xylem Inc. ("Xylem") and of any subsidiary company ("Xylem Subsidiary"), collectively or individually as the context requires "Company"; provided, however, that for purposes of service under the Predecessor Plan, Company shall include the Predecessor Corporation.

"Enhanced Severance Period" shall mean the period, expressed in weeks, equal to the sum of (x) two times the normal severance pay or termination pay period of weeks for the Employee (the "Normal Severance Period"), determined as if the Employee were an employee of the same grade, and having the same years of service, covered by and eligible for the severance pay or termination pay plans or policies at Xylem Corporate Headquarters, White Plains, New

York, as in effect immediately preceding an Acceleration Event and (y) four (4) weeks (in lieu of notice of termination), provided that the Enhanced Severance Period shall not exceed 108 weeks and shall not be less than the Minimum Severance Period.

"Enhanced Week's Pay" shall mean the sum of (x) the current annual base salary rate paid or in effect at the time of Employee's termination of employment and (y) the current annual bonus or service recognition award paid or awarded to the Employee in respect of either (i) an Acceleration Event or (ii) the Employee's termination of employment, including, among the bonuses and service recognition awards taken into account for this purpose, any bonus or service recognition award paid or awarded by reason of an Acceleration Event, without regard to whether such bonus or service recognition award is paid on or after an Acceleration Event, divided by 52 weeks.

"Good Reason" shall mean (i) without the Employee's express written consent and excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company or its affiliates within 30 days after receipt of notice thereof given by the Employee, (A) a reduction in the Employee's annual base compensation (whether or not deferred), (B) the assignment to the Employee of any duties inconsistent in any material respect with the Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or (C) any other action by the Company or its affiliates which results in a material diminution in such position, authority, duties or responsibilities; (ii) without the Employee's express written consent, the Company's requiring the Employee's work location to be other than within twenty-five (25) miles of the location where such Employee was principally working immediately prior to the Acceleration Event; or (iii) any failure by the Company to obtain the express written assumption of this Plan from any successor to the Company; provided that "Good Reason" shall cease to exist for an event on the 90th day following the later of its occurrence or the Employee's knowledge thereof, unless the Employee has given the Company notice thereof prior to such date.

"Minimum Severance Period" shall mean (i) with respect to Employees with less than twenty (20) years of service with the Company, twenty-six (26) weeks, (ii) with respect to Employees with between twenty (20) and twenty-five (25) years of service with the Company, 52 weeks, (iii) with respect to Employees with greater than twenty-five (25) years of service with the Company but less than or equal to thirty (30) years of service with the Company, seventy-eight (78) weeks and (iv) with respect to Employees with greater than thirty (30) years of service with the Company, one hundred and four (104) weeks. For purposes hereof, "years of service" shall have the same meaning as in the termination pay plans or policies at Xylem Corporate Headquarters, White Plains, New York, as in effect immediately preceding an Acceleration Event and shall be determined as of the date of the Employee's termination of employment with the Company.

"Potential Acceleration Event" shall mean any execution of an agreement, the commencement of a tender offer or any other transaction or event that if consummated would result in an Acceleration Event.

4. Severance Benefits Upon Termination of Employment

If an Employee's employment with the Company is terminated due to a Qualifying Termination, he or she shall receive the severance benefits set forth in Section 5 hereof ("Severance Benefits"). For purposes hereof, (i) a "Qualifying Termination" shall mean a termination of an Employee's employment with the Company either (x) by the Company without Cause (A) within the two (2) year period commencing on the date of the occurrence of an Acceleration Event or (B) prior to the occurrence of an Acceleration Event and either (1) following the public announcement of the transaction or event which ultimately results in such Acceleration Event or (2) at the request of a party to, or participant in, the transaction or event which ultimately results in an Acceleration Event; or (y) by an Employee for Good Reason within the two (2) year period commencing with the date of the occurrence of an Acceleration Event and (ii) a determination by an Employee that he or she has "Good Reason" hereunder shall be final and binding on the parties hereto unless the Company can establish by a preponderance of the evidence that "Good Reason" does not exist.

5. Severance Benefits

Severance Benefits for Employees:

• Accrued Rights — The Employee's base salary through the date of termination of employment, any annual bonus earned but unpaid as of the date of termination for any previously completed fiscal year, reimbursement for any unreimbursed business expenses properly incurred by the Employee in accordance with Company policy prior to the date of the Employee's termination of employment and such employee benefits, if any, as to which the Employee may be entitled under the employee benefit plans of the Company, including without limitation, the payment of any accrued or unused vacation under the Company's vacation policy.

• Severance Pay — The number of weeks of the Employee's Enhanced Severance Period times the Employee's Enhanced Week's Pay, paid in the form described in Section 6 below.

• Benefits

– Continued health and life insurance benefits for a period equal to the Employee's Enhanced Severance Period following the Employee's termination of employment at the same cost to the Employee, and at the same coverage levels, as provided to the Employee (and the Employee's eligible dependents) immediately prior to his or her termination of employment.

– Payment of a lump sum amount ("Pension Lump Sum Amount") equal to the difference between (i) the total lump sum value of the Employee's pension benefit under the Xylem Salaried Retirement Plan and, as applicable, the Predecessor Corporation's Excess Pension Plan IIA, Excess Pension Plan IIB or any successor plan; provided that the benefits under such successor plan is no less favorable than the benefits under the plans set forth herein (or corresponding pension arrangements (i) outside the United States or (ii) as may be designated by an Authorized Officer or Designee) ("Pension Plans") as of the Employee's termination of employment and (ii) the total lump sum value of the Employee's pension benefit under the Pension Plans after crediting to the Employee an additional two (2) years of age and two (2) years of eligibility and benefit service and applying the highest annual base salary rate and

highest bonus or service recognition award determined above under “Enhanced Week’s Pay” with respect to the additional period of service so credited for purposes of determining the Final Average Compensation under the Excess Pension Plans of the Company. The above total lump sum values shall be determined in the manner provided in the Pension Plans of the Company for determination of lump sum benefits upon the occurrence of an Acceleration Event, as defined in said Plans. This provision shall apply to any Employee having a pension benefit under any of the Pension Plans as of the Employee’s termination of employment. An example of the calculation of benefits set forth in this paragraph is set forth on Schedule A.

– Crediting of an additional two (2) years of age and an additional two (2) years of eligibility service for purposes of the Company’s retiree health and retiree life insurance benefits. This provision shall apply to any Employees covered under such benefits any time during the three (3) year period immediately preceding the Employee’s termination of employment.

– Payment of a lump sum amount (“Savings Plan Lump Sum Amount”) equal to the number of weeks of the Employee’s Enhanced Severance Period times the following amount: the highest annual base salary rate determined above under “Enhanced Week’s Pay”, divided by 52 weeks, times the highest percentage rate of Company Contributions (not to exceed 3 1/2%) with respect to the Employee under the Xylem Investment and Savings Plan for Salaried Employees and/or the Xylem Excess Savings Plan (or corresponding savings plan arrangements (i) outside the United States or (ii) as may be designated by an Authorized Officer of Designee) (“Savings Plans”) (including matching contributions and floor contributions) at any time during the three (3) year period immediately preceding the Employee’s termination of employment or the three (3) year period immediately preceding the Acceleration Event. This provision shall apply to any Employee who is a member of any of the Savings Plans at any time during such three (3) year period.

• Outplacement — Outplacement services for one (1) year.

With respect to the provision of benefits described above during the above period equal to the Employee’s Enhanced Severance Period, if, for any reason at any time the Company is unable to treat the Employee as being eligible for ongoing participation in any Company employee benefit plans in existence immediately prior to the termination of employment of the Employee, and if, as a result thereof, the Employee does not receive a benefit or receives a reduced benefit the Company shall provide such benefits by making available equivalent benefits from other sources in a manner consistent with Section 15 below.

Notwithstanding any other provision of the Plan to the contrary, all prior service and participation by an Employee with the Predecessor Corporation shall be credited in full towards an Employee’s service and participation with the Company.

6. Form of Payment of Severance Pay and Lump Sum Payments

Severance Pay shall be paid in cash, in non-discounted equal periodic installment payments corresponding to the frequency and duration of the severance payments that the Employee would have been entitled to receive under the Normal Severance Period. The Pension

Lump Sum Amount and the Savings Plan Lump Sum Amount shall be paid in cash within thirty (30) calendar days after the date the employment of the Employee terminates.

7. Termination of Employment — Other

The Severance Benefits shall only be payable upon an Employee's termination of employment due to a Qualifying Termination; provided, that if, following the occurrence of an Acceleration Event, an Employee is terminated due to the Employee's death or disability (as defined in the long-term disability plan in which the Employee is entitled to participate (whether or not the Employee voluntarily participates in such plan)) and, at the time of such termination, the Employee had grounds to resign with Good Reason, such termination of employment shall be deemed to be a Qualifying Termination.

8. Administration of Plan

This Plan shall be administered by Xylem, who shall have the exclusive right to interpret this Plan, adopt any rules and regulations for carrying out this Plan as may be appropriate and decide any and all matters arising under this Plan, including but not limited to the right to determine appeals. Subject to applicable Federal and state law, all interpretations and decisions by Xylem shall be final, conclusive and binding on all parties affected thereby.

Notwithstanding the preceding paragraph, following an Acceleration Event, any controversy or claim arising out of or relating to this Plan, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules and the entire cost thereof shall be borne by the Company. The location of the arbitration proceedings shall be reasonably acceptable to the Employee. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The Company shall pay all legal fees, costs of litigation, prejudgment interest, and other expenses which are incurred in good faith by the Employee as a result of the Company's refusal to provide any of the Severance Benefits to which the Employee becomes entitled under this Plan, or as a result of the Company's (or any third party's) contesting the validity, enforceability, or interpretation of this Plan, or as a result of any conflict between the Employee and the Company pertaining to this Plan. The Company shall pay such fees and expenses from the general assets of the Company.

9. Termination or Amendment

Xylem may terminate or amend this Plan ("Plan Change") at any time except, that following the occurrence of (i) an Acceleration Event or (ii) a Potential Acceleration Event, no Plan Change that would adversely affect any Employee may be made without the prior written consent of such Employee affected thereby; provided, however, that (ii) above shall cease to apply if such Potential Acceleration Event does not result in the occurrence of an Acceleration Event.

10. Offset

Any Severance Benefits provided to an Employee under this Plan shall be offset in a manner consistent with Section 15 by reducing (x) any Severance Pay hereunder by any severance pay, salary continuation pay, termination pay or similar pay or allowance and (y) any other Severance Benefits hereunder by corresponding employee benefits, or outplacement services, which the Employee receives or is entitled to receive, (i) pursuant to any other Company policy, practice program or arrangement, (ii) pursuant to any Company employment agreement or other agreement with the Company, or (iii) by virtue of any law, custom or practice excluding, however, any unemployment compensation in the United States, unless the Employee voluntarily expressly waives (which the Employee shall have the exclusive right to do) in writing any such respective entitlement.

11. Excise Tax

In the event that it shall be determined that any Payment would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, then the aggregate of all Payments shall be reduced so that the Present Value of the aggregate of all Payments does not exceed the Safe Harbor Amount; provided, however, that no such reduction shall be effected, if the Net After-tax Benefit to Employee of receiving all of the Payments exceeds the Net After-tax Benefit to Employee resulting from having such Payments so reduced. In the event a reduction is required pursuant hereto, the order of reduction shall be first all cash payments on a pro rata basis, then any equity compensation on a pro rata basis, and lastly medical and dental coverage.

For purposes of this Section 11, the following terms have the following meanings:

(i) "Net After-tax Benefit" shall mean the Present Value of a Payment net of all federal state and local income, employment and excise taxes imposed on Employee with respect thereto, determined by applying the highest marginal rate(s) applicable to an individual for Employee's taxable year in which the Change in Control occurs.

(ii) "Payment" means any payment or distribution or provision of benefits by the Company to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any reductions required by this Section 11.

(iii) "Present Value" shall mean such value determined in accordance with Section 280G(d)(4) of the Code.

(iv) "Safe Harbor Amount" shall be an amount expressed in Present Value which maximizes the aggregate Present Value of Payments without causing any Payment to be subject to excise tax under Section 4999 of the Code or the deduction limitation of Section 280G of the Code.

All determinations required to be made under this Section 11, including whether and when a reduction is required and the amount of such reduction and the assumptions to be utilized in arriving at such determination, shall be made by a nationally recognized accounting firm mutually agreed to by the Employee and the Company (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Employee within ten (10) business days of the receipt of notice from the Employee that there has been a Payment, or such

earlier time as is requested by the Company; provided that for purposes of determining the amount of any reduction, the Employee shall be deemed to pay federal income tax at the highest marginal rates applicable to individuals in the calendar year in which any such

All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no excise tax is payable by the Employee, it shall so indicate to the Employee in writing. Any determination by the Accounting Firm shall be binding upon the Company and the Employee.

12. Miscellaneous

The Employee shall not be entitled to any notice of termination or pay in lieu thereof except as included as part of Severance Pay as provided herein.

Severance Benefits under this Plan are paid entirely by the Company from its general assets.

This Plan is not a contract of employment, does not guarantee the Employee employment for any specified period and does not limit the right of the Company to terminate the employment of the Employee at any time.

If an Employee should die while any amount is still payable to the Employee hereunder had the Employee continued to live, all such amounts shall be paid in accordance with this Plan to the Employee's designated heirs or, in the absence of such designation, to the Employee's estate.

The numbered section headings contained in this Plan are included solely for convenience of reference and shall not in any way affect the meaning of any provision of this Plan.

If, for any reason, any one or more of the provisions or part of a provision contained in this Plan shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Plan not held so invalid, illegal or unenforceable, and each other provision or part of a provision shall to the full extent consistent with law remain in full force and effect.

The Plan shall be governed by and construed in accordance with the laws of the State of New York without regard to the conflicts of laws provisions thereof.

The Plan shall be binding on all successors and assigns of the Xylem and an Employee.

13. Notices

Any notice and all other communication provided for in this Plan shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either

party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Xylem Inc.
1133 Westchester Avenue, Suite 2000
White Plains, New York 10604
Attention: General Counsel

If to Employee:
To the most recent address of Employee set forth in the personnel records of Xylem.

14. Adoption Date

This Plan was initially adopted by Xylem on October 31, 2011 ("Adoption Date") and does not apply to any termination of employment which occurred or which was communicated to the Employee prior to the Adoption Date.

15. Section 409A

This Plan is intended to comply with Section 409A of the Code and will be interpreted in a manner intended to comply with Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of the Employee's termination of employment with the Company the Employee is a "specified employee" as defined in Section 409A of the Code (and any related regulations or other pronouncements thereunder) and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Employee) until the date that is six months following the Employee's termination of employment with the Company (or the earliest date as is permitted under

Section 409A of the Code), at which point all payments deferred pursuant to this Section 15 shall be paid to the Employee in a lump sum and (ii) if any other payments of money or other benefits due hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Company, that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due under this Plan constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Each payment made under this Plan shall be designated as a "separate payment" within the meaning of Section 409A of the Code. The Company shall consult with Employees in good faith regarding the implementation of the

provisions of this section; provided that neither the Company nor any of its employees or representatives shall have any liability to Employees with respect thereto.

Exhibit 10.15

Xylem
Special Senior Executive Severance Pay Plan

EFFECTIVE AS OF 10/31/11

1. Purpose

The purpose of this Xylem Special Senior Executive Severance Pay Plan ("Plan") is to assist in occupational transition by providing Severance Benefits, as defined herein, for employees covered by this Plan whose employment is terminated under conditions set forth in this Plan.

The Plan first became effective as of October 31, 2011 following the spin-off of Xylem Inc. from ITT Corporation (the "Predecessor Corporation") on October 31, 2011. The Predecessor Corporation maintained a similar plan prior to the spin-off (the "Predecessor Plan"), and the Plan was created to continue service accruals under the Predecessor Plan. The Plan shall remain in effect as provided in Section 9 hereof, and covered employees shall receive full credit for their service and participation with the Predecessor Corporation as provided in Section 5 hereof.

2. Covered Employees

Covered employees under this Plan ("Special Severance Executives") are active full-time, regular salaried employees of Xylem Inc., ("Xylem") and of any subsidiary company ("Xylem Subsidiary") (collectively or individually as the context requires "Company" ; provided, however, that for purposes of service under the Predecessor Plan, Company shall include the Predecessor Corporation) (including Special Severance Executives who are short term disabled as of a Potential Acceleration Event within the meaning of the Company's short term disability plans) (other than Special Severance Executives on periodic severance as of a Potential Acceleration Event) who are in Band A or B or were in Band A or B at any time within the two year period immediately preceding an Acceleration Event and such other employees of the Company who shall be designated as covered employees in Band A or B under the Plan by the Compensation and Personnel Committee of Xylem's Board of Directors.

"Bands A and B" shall have the meaning given such terms under the executive classification system of the Xylem Human Resources Department as in effect immediately preceding an Acceleration Event. After the occurrence of an Acceleration Event, the terms "Xylem", "Xylem Subsidiary" and "Company" as used herein shall also include, respectively and as the context requires, any successor company to Xylem or any successor company to any Xylem Subsidiary and any affiliate of any such successor company.

3. Definitions

An "Acceleration Event" shall occur if (i) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934 (the "Act") disclosing that any person (within the meaning of Section 13(d) of the Act), other than the Company or a subsidiary of the Company or any employee benefit plan

sponsored by the Company or a subsidiary of the Company, is the beneficial owner directly or indirectly of twenty percent (20%) or more of the outstanding Common Stock $1 par value, of the Company (the "Stock"); (ii) any person (within the meaning of Section 13(d) of the Act), other than the Company or a subsidiary of the Company, or any employee benefit plan sponsored by the Company or a subsidiary of the Company, shall purchase shares pursuant to a tender offer or exchange offer to acquire any Stock of the Company (or securities convertible into Stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of twenty percent (20%) or more of the outstanding Stock of the Company (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Stock); (iii) the consummation of (A) any consolidation, business combination or merger involving the Company, other than a consolidation, business combination or merger involving the Company in which holders of Stock immediately prior to the consolidation, business combination or merger (x) hold fifty percent (50%) or more of the combined voting power of the Company (or the corporation resulting from the merger or consolidation or the parent of such corporation) after the merger and (y) have the same proportionate ownership of common stock of the Company (or the corporation resulting from the merger or consolidation or the parent of such corporation), relative to other holders of Stock immediately prior to the merger, business combination or consolidation, immediately after the merger as immediately before, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, (iv) there shall have been a change in a majority of the members of the Board of Directors of the Company within a 12-month period unless the election or nomination for election by the Company's stockholders of each new director during such 12-month period was approved by the vote of two-thirds of the directors then still in office who (x) were directors at the beginning of such 12-month period or (y) whose nomination for election or election as directors was recommended or approved by a majority of the directors who were directors at the beginning of such 12-month period or (v) any person (within the meaning of Section 13(d) of the Act) (other than the Company or any subsidiary of the Company or any employee benefit plan (or related trust) sponsored by the Company or a subsidiary of the Company) becomes the beneficial owner (as such term is defined in Rule 13d-3 under the Act) of twenty percent (20%) or more of the Stock.

"Cause" shall mean action by the Special Severance Executive involving willful malfeasance or gross negligence or the Special Severance Executive's failure to act involving material nonfeasance that would tend to have a materially adverse effect on the Company. No act or omission on the part of the Special Severance Executive shall be considered "willful" unless it is done or omitted in bad faith or without reasonable belief that the action or omission was in the best interests of the Company.

"Good Reason" shall mean (i) without the Special Severance Executive's express written consent and excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company or its affiliates within 30 days after receipt of notice thereof given by the Special Severance Executive, (A) a reduction in the Special Severance Executive's annual base compensation (whether or not deferred), (B) the assignment to the Special Severance Executive of any duties inconsistent in any material respect with the Special Severance Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or (C) any other action by the Company or its

affiliates which results in a material diminution in such position, authority, duties or responsibilities; (ii) without the Special Severance Executive's express written consent, the Company's requiring the Special Severance Executive's work location to be other than within twenty-five (25) miles of the location where such Special Severance Executive was principally working immediately prior to the Acceleration Event; or (iii) any failure by the Company to obtain the express written assumption of this Plan from any successor to the Company; provided that "Good Reason" shall cease to exist for an event on the 90th day following the later of its occurrence or the Special Severance Executive's knowledge thereof, unless the Special Severance Executive has given the Company notice thereof prior to such date.

"Potential Acceleration Event" shall mean any execution of an agreement, the commencement of a tender offer or any other transaction or event that if consummated would result in an Acceleration Event.

4. Severance Benefits Upon Termination of Employment

If, a Special Severance Executive's employment with the Company is terminated due to a Qualifying Termination, he or she shall receive the severance benefits set forth in Section 5 hereof ("Severance Benefits"). For purposes hereof, (i) a "Qualifying Termination" shall mean a termination of a Special Severance Executive's employment with the Company either (x) by the Company without Cause (A) within the two (2) year period commencing on the date of the occurrence of an Acceleration Event or (B) prior to the occurrence of an Acceleration Event and either (1) following the public announcement of the transaction or event which ultimately results in such Acceleration Event or (2) at the request of a party to, or participant in, the transaction or event which ultimately results in an Acceleration Event; or (y) by a Special Severance Executive for Good Reason within the two (2) year period commencing with the date of the occurrence of an Acceleration Event and (ii) a determination by a Special Severance Executive that he or she has "Good Reason" hereunder shall be final and binding on the parties hereto unless the Company can establish by a preponderance of the evidence that "Good Reason" does not exist.

5. Severance Benefits

Band A Benefits

Severance Benefits for Special Severance Executives (i) in Band A at the time of a Qualifying Termination or at any time during the two (2) year period immediately preceding the Acceleration Event or (ii) designated as a covered employee in Band A in accordance with Section 2 hereof:

• Accrued Rights — The Special Severance Executive's base salary through the date of termination of employment, any annual bonus earned but unpaid as of the date of termination for any previously completed fiscal year, reimbursement for any unreimbursed business expenses properly incurred by the Special Severance Executive in accordance with Company policy prior to the date of the Special Severance Executive's termination of employment and such employee benefits, if any, as to which the Special Severance Executive may be entitled under the employee benefit plans of the Company, including without limitation, the payment of any accrued or unused vacation under the Company's vacation policy.

• Severance Pay — The sum of (x) three (3) times the current annual base salary rate paid or in effect (whether or not deferred) with respect to the Special Severance Executive at the Special Severance Executive's termination of employment, and (y) three (3) times the current annual bonus paid or awarded (whether or not deferred) to the Special Severance Executive in respect of either (i) an Acceleration Event or (ii) the Special Severance Executive's termination of employment.

• Benefits and Perquisites

> Continued health and life insurance benefits for a three (3) year period following the Special Severance Executive's termination of employment at the same cost to the Special Severance Executive, and at the same coverage levels, as provided to the Special Severance Executive (and the Special Severance Executive's eligible dependents) immediately prior to his or her termination of employment.

> Payment of a lump sum amount ("Pension Lump Sum Amount") equal to the difference between (i) the total lump sum value of the Special Severance Executive's pension benefit under the Xylem Salaried Retirement Plan and, as applicable, Predecessor Corporation's Excess Pension Plan IA, Excess Pension Plan IB, Excess Pension Plan IIA, and/or Excess Pension Plan IIB or any successor plan; provided that the benefits under such successor plan is no less favorable than the benefits under the plans set forth herein (or corresponding pension arrangements outside the United States) ("Pension Plans") as of the Special Severance Executive's termination of employment and (ii) the total lump sum value of the Special Severance Executive's pension benefit under the Pension Plans after crediting an additional three (3) years of age and three (3) years of eligibility and benefit service to the Special Severance Executive and applying the highest annual base salary rate and highest bonus determined above under "Severance Pay" with respect to each of the additional three (3) years of service so credited for purposes of determining Final Average Compensation under the Pension Plans. The above total lump sum values shall be determined in the manner provided in the Excess Pension Plans of the Company for determination of lump sum benefits upon the occurrence of an Acceleration Event, as defined in said Plans. This provision shall apply to any Special Severance Executive having a pension benefit under any of the Pension Plans as of the Special Severance Executive's termination of employment. An example of the calculation of benefits set forth in this paragraph is set forth on Schedule A.

> Crediting of an additional three (3) years of age and three (3) years of eligibility service for purposes of the Company's retiree health and retiree life insurance benefits. This provision shall apply to any Special Severance Executives covered under such benefits any time during the three (3) year period immediately preceding the Special Severance Executive's termination of employment.

> Payment of a lump sum amount ("Savings Plan Lump Sum Amount") equal to three (3) times the following amount: the highest annual base salary rate determined above under "Severance Pay" times the highest percentage rate of Company Contributions (not to exceed three and on-half percent (31/2%) with respect to the Special Severance Executive under the Xylem Investment and Savings Plan for Salaried Employees and/or the Xylem Excess Savings Plan (or corresponding savings plan arrangements outside the United States) ("Savings Plans")

(including matching contributions and floor contributions) at any time during the three (3) year period immediately preceding the Special Severance Executive's termination of employment or the three (3) year period immediately preceding the Acceleration Event. This provision shall apply to any Special Severance Executive who is a member of any of the Savings Plans at any time during such three (3) year period.

• Outplacement — Outplacement services for one (1) year.

Band B Benefits

Severance Benefits for Special Severance Executives (i) in Band B at the time of a Qualifying Termination or at any time during the two (2) year period immediately preceding the Acceleration Event or (ii) designated as a covered employee in Band B in accordance with Section 2 hereof; provided, that a Special Severance Executive who is in Band B at the time of a Qualifying Termination but was in Band A anytime during the two (2) year period immediately preceding the Acceleration Event shall be entitled to Severance Benefits as a Special Severance Executive in Band A and shall not be entitled to the Severance Benefits set forth below:

• Accrued Rights — The Special Severance Executive's base salary through the date of termination of employment, any annual bonus earned but unpaid as of the date of termination for any previously completed fiscal year, reimbursement for any unreimbursed business expenses properly incurred by the Special Severance Executive in accordance with Company policy prior to the date of the Special Severance Executive's termination of employment and such employee benefits, if any, as to which the Special Severance Executive may be entitled under the employee benefit plans of the Company, including without limitation, the payment of any accrued or unused vacation under the Company's vacation policy.

• Severance Pay — The sum of (x) two (2) times the current annual base salary rate paid or in effect (whether or not deferred) with respect to the Special Severance Executive at the Special Severance Executive's termination of employment, and (y) two (2) times the current annual bonus paid or awarded (whether or not deferred) to the Special Severance Executive in respect of either (i) an Acceleration Event or (ii) the Special Severance Executive's termination of employment.

• Benefits and Perquisites

> Continued health and life insurance benefits for a two year period following the Special Severance Executive's termination of employment at the same cost to the Special Severance Executive, and at the same coverage levels, as provided to the Special Severance Executive (and the Special Severance Executive's eligible dependents) immediately prior to his or her termination of employment.

> Payment of a lump sum amount ("Pension Lump Sum Amount") equal to the difference between (i) the total lump sum value of the Special Severance Executive's pension benefit under the Xylem Salaried Retirement Plan and, as applicable, the Predecessor Corporation's Excess Pension Plan IA, Excess Pension Plan IB, Excess Pension Plan IIA, and/or Xylem Excess Pension Plan IIB or any successor plan; provided that the benefits under such successor plan is no less favorable than the benefits under the plans set forth herein (or

corresponding pension arrangements outside the United States) ("Pension Plans") as of the Special Severance Executive's termination of employment and (ii) the total lump sum value of the Special Severance Executive's pension benefit under the Pension Plans after crediting an additional two (2) years of age and two (2) years of eligibility and benefit service to the Special Severance Executive and applying the highest annual base salary rate and highest bonus determined above under "Severance Pay" with respect to each of the additional two (2) years of service so credited for purposes of determining Final Average Compensation under the Pension Plans. The above total lump sum values shall be determined in the manner provided in the Excess Pension Plans of the Company for determination of lump sum benefits upon the occurrence of an Acceleration Event, as defined in said Plans. This provision shall apply to any Special Severance Executive having a pension benefit under any of the Pension Plans as of the Special Severance Executive's termination of employment. An example of the calculation of benefits set forth in this paragraph is set forth on Schedule A.

> Crediting of an additional two (2) years of age and two (2) years of eligibility service for purposes of the Company's retiree health and retiree life insurance benefits. This provision shall apply to any Special Severance Executives covered under such benefits any time during the three (3) year period immediately preceding the Special Severance Executive's termination of employment.

> Payment of a lump sum amount ("Savings Plan Lump Sum Amount") equal to two (2) times the following amount: the highest annual base salary rate determined above under "Severance Pay" times the highest percentage rate of Company Contributions (not to exceed three and one-half percent (31/2%)) with respect to the Special Severance Executive under the Xylem Investment and Savings Plan for Salaried Employees and/or the Xylem Excess Savings Plan (or corresponding savings plan arrangements outside the United States) ("Savings Plans") (including matching contributions and floor contributions) at any time during either the three (3) year period immediately preceding the Special Severance Executive's termination of employment or the three (3) year period immediately preceding the Acceleration Event. This provision shall apply to any Special Severance Executive who is a member of any of the Savings Plans at any time during such three (3) year period.

• Outplacement — Outplacement services for one year.

General

With respect to the provision of benefit and perquisites described above during the above described respective three and two year periods, if, for any reason at any time the Company is unable to treat the Special Severance Executive as being eligible for ongoing participation in any Company employee benefit plans or perquisites in existence immediately prior to the termination of employment of the Special Severance Executive, and if, as a result thereof, the Special Severance Executive does not receive a benefit or perquisite or receives a reduced benefit or perquisite, the Company shall provide such benefits or perquisites by making available equivalent benefits or perquisites from other sources in a manner consistent with Section 15 below.

Notwithstanding any other provision of the Plan to the contrary, all prior service and participation by a Special Severance Executive with the Predecessor Corporation shall be credited in full towards a Special Severance Executive's service and participation with the Company.

6. Form of Payment of Severance Pay and Lump Sum Payments

Severance Pay shall be paid in cash, in non-discounted equal periodic installment payments corresponding to the frequency and duration of the severance payments that the Special Severance Executive would have been entitled to receive from the Company as a normal severance benefit in the absence of the occurrence of an Acceleration Event. The Pension Lump Sum Amount and the Savings Plan Lump Sum Amount shall be paid in cash within thirty (30) calendar days after the date the employment of the Special Severance Executive terminates.

7. Termination of Employment — Other

The Severance Benefits shall only be payable upon a Special Severance Executive's termination of employment due to a Qualifying Termination; provided, that if, following the occurrence of an Acceleration Event, a Special Severance Executive is terminated due to the Special Severance Executive's death or disability (as defined in the long-term disability plan in which the Special Severance Executive is entitled to participate (whether or not the Special Severance Executive voluntarily participates in such plan)) and, at the time of such termination, the Special Severance Executive had grounds to resign with Good Reason, such termination of employment shall be deemed to be a Qualifying Termination.

8. Administration of Plan

This Plan shall be administered by the Company, who shall have the exclusive right to interpret this Plan, adopt any rules and regulations for carrying out this Plan as may be appropriate and decide any and all matters arising under this Plan, including but not limited to the right to determine appeals. Subject to applicable Federal and state law, all interpretations and decisions by Xylem shall be final, conclusive and binding on all parties affected thereby.

Notwithstanding the preceding paragraph, following an Acceleration Event, any controversy or claim arising out of or relating to this Plan, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules and the entire cost thereof shall be borne by the Company. The location of the arbitration proceedings shall be reasonably acceptable to the Special Severance Executive. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The Company shall pay all legal fees, costs of litigation, prejudgment interest, and other expenses which are incurred in good faith by the Special Severance Executive as a result of the Company's refusal to provide any of the Severance Benefits to which the Special Severance Executive becomes entitled under this Plan, or as a result of the Company's (or any third party's) contesting the validity, enforceability, or interpretation of this Plan, or as a result of any conflict between the Special Severance Executive and the Company pertaining to this Plan. The Company shall pay such fees and expenses from the general assets of the Company.

9. Termination or Amendment

Xylem may terminate or amend this Plan ("Plan Change") at any time except, that following the occurrence of (i) an Acceleration Event or (ii) a Potential Acceleration Event, no Plan Change that would adversely affect any Special Severance Executive may be made without the prior written consent of such Special Severance Executive affected thereby; provided, however, that (ii) above shall cease to apply if such Potential Acceleration Event does not result in the occurrence of an Acceleration Event.

10. Offset

Any Severance Benefits provided to a Special Severance Executive under this Plan shall be offset in a manner consistent with Section 15 by reducing (x) any Severance Pay hereunder by any severance pay, salary continuation pay, termination pay or similar pay or allowance and (y) any other Severance Benefits hereunder by corresponding employee benefits, perquisites or outplacement services, which the Special Severance Executive receives or is entitled to receive, (i) under the Xylem Senior Executive Severance Pay Plan; (ii) pursuant to any other Company policy, practice, program or arrangement; (iii) pursuant to any Company employment agreement or other agreement with the Company; or (iv) by virtue of any law, custom or practice excluding, however, any unemployment compensation in the United States, unless the Special Severance Executive voluntarily expressly waives (which the Special Severance Executive shall have the exclusive right to do) in writing any such respective entitlement.

11. Excise Tax

In the event that it shall be determined that any Payment would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, then the aggregate of all Payments shall be reduced so that the Present Value of the aggregate of all Payments does not exceed the Safe Harbor Amount; provided, however, that no such reduction shall be effected, if the Net After-tax Benefit to Special Severance Executive of receiving all of the Payments exceeds the Net After-tax Benefit to Special Severance Executive resulting from having such Payments so reduced. In the event a reduction is required pursuant hereto, the order of reduction shall be first all cash payments on a pro rata basis, then any equity compensation on a pro rata basis, and lastly medical and dental coverage.

For purposes of this Section 11, the following terms have the following meanings:

(i) "Net After-tax Benefit" shall mean the Present Value of a Payment net of all federal state and local income, employment and excise taxes imposed on Special Severance Executive with respect thereto, determined by applying the highest marginal rate(s) applicable to an individual for Special Severance Executive's taxable year in which the Change in Control occurs.

(ii) "Payment" means any payment or distribution or provision of benefits by the Company to or for the benefit of Special Severance Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any reductions required by this Section 11.

(iii) “Present Value” shall mean such value determined in accordance with Section 280G(d)(4) of the Code.

(iv) “Safe Harbor Amount” shall be an amount expressed in Present Value which maximizes the aggregate Present Value of Payments without causing any Payment to be subject to excise tax under Section 4999 of the Code or the deduction limitation of Section 280G of the Code.

All determinations required to be made under this Section 11, including whether and when a reduction is required and the amount of such reduction and the assumptions to be utilized in arriving at such determination, shall be made by a nationally recognized accounting firm mutually agreed to by the Special Severance Executive and the Company (the “Accounting Firm”) which shall provide detailed supporting calculations both to the Company and the Special Severance Executive within ten (10) business days of the receipt of notice from the Special Severance Executive that there has been a Payment, or such earlier time as is requested by the Company; provided that for purposes of determining the amount of any reduction, the Special Severance Executive shall be deemed to pay federal income tax at the highest marginal rates applicable to individuals in the calendar year in which any such

All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no excise tax is payable by the Special Severance Executive, it shall so indicate to the Special Severance Executive in writing. Any determination by the Accounting Firm shall be binding upon the Company and the Special Severance Executive.

12. Miscellaneous

The Special Severance Executive shall not be entitled to any notice of termination or pay in lieu thereof.

Severance Benefits under this Plan are paid entirely by the Company from its general assets.

This Plan is not a contract of employment, does not guarantee the Special Severance Executive employment for any specified period and does not limit the right of the Company to terminate the employment of the Special Severance Executive at any time.

If a Special Severance Executive should die while any amount is still payable to the Special Severance Executive hereunder had the Special Severance Executive continued to live, all such amounts shall be paid in accordance with this Plan to the Special Severance Executive’s designated heirs or, in the absence of such designation, to the Special Severance Executive’s estate.

The numbered section headings contained in this Plan are included solely for convenience of reference and shall not in any way affect the meaning of any provision of this Plan.

If, for any reason, any one or more of the provisions or part of a provision contained in this Plan shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Plan not held so invalid, illegal or unenforceable, and each other provision or part of a provision shall to the full extent consistent with law remain in full force and effect.

The Plan shall be governed by and construed in accordance with the laws of the State of New York without regard to the conflicts of laws provisions thereof.

The Plan shall be binding on all successors and assigns of the Xylem Inc. and a Special Severance Executive.

13. Notices

Any notice and all other communication provided for in this Plan shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three (3) days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:
Xylem Inc.
1133 Westchester Avenue, Suite 2000
White Plains, New York 10064

Attention: General Counsel

If to Special Severance Executive:

To the most recent address of Special Severance Executive set forth in the personnel records of the Company.

14. Adoption Date

This Plan was initially adopted by Xylem Inc. on October 31, 2011 (“Adoption Date”) and does not apply to any termination of employment which occurred or which was communicated to the Special Severance Executive prior to the Adoption Date.

15. Section 409A

This Plan is intended to comply with Section 409A of the Code and will be interpreted in a manner intended to comply with Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of the Special Severance Executive’s termination of employment with the Company the Special Severance Executive is a “specified employee” as defined in Section 409A of the Code (and any related regulations or other pronouncements thereunder) and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a

result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Special Severance Executive) until the date that is six months following the Special Severance Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code), at which point all payments deferred pursuant to this Section 15 shall be paid to the Special Severance Executive in a lump sum and (ii) if any other payments of money or other benefits due hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Company, that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due under this Plan constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Each payment made under this Plan shall be designated as a "separate payment" within the meaning of Section 409A of the Code. The Company shall consult with Special Severance Executives in good faith regarding the implementation of the provisions of this section; provided that neither the Company nor any of its employees or representatives shall have any liability to Special Severance Executives with respect thereto.

Exhibit 10.16

Xylem
Senior Executive Severance Pay Plan

EFFECTIVE AS OF 10/31/11

1. Purpose

The purpose of this Xylem Senior Executive Severance Pay Plan ("Plan") is to assist in occupational transition by providing severance pay for employees covered by this Plan whose employment is terminated under conditions set forth in this Plan.

The Plan first became effective as of October 31, 2011 following the spin-off of Xylem Inc. from ITT Corporation (the "Predecessor Corporation") on October 31, 2011. The Predecessor Corporation maintained a similar plan prior to the spin-off (the "Predecessor Plan"), and the Plan was created to continue service accruals under the Predecessor Plan. The Plan shall remain in effect as provided in Section 12 hereof, and Executives shall receive full credit for their service and participation with the Predecessor Corporation as provided in Section 4 hereof.

2. Covered Employees

Covered employees under this Plan ("Executives") are full-time, regular salaried employees of Xylem Inc. ("Xylem") and of any subsidiary company ("Xylem Subsidiary") (collectively or individually as the context requires "Company") who are United States citizens, or who are employed in the United States, in Band A currently (Senior Vice Presidents and above to be further defined by the Xylem Compensation and Personnel Committee) at any time within the two year period immediately preceding the date the Company selects as the Executive's last day of active employment ("Scheduled Termination Date").

3. Severance Pay Upon Termination of Employment

If the Company terminates an Executive's employment, the Executive shall be provided severance pay in accordance with the terms of this Plan except where the Executive:

- is terminated for cause,
- accepts employment or refuses comparable employment with a purchaser as provided in Section 8, "Divestiture",
- is terminated with a Scheduled Termination Date on or after the Executive's Normal Retirement Date as defined herein, or
- voluntarily terminates employment with the Company prior to the Scheduled Termination Date.

No severance pay will be provided under this Plan where the Executive terminates employment by:

- voluntarily resigning,
- voluntarily retiring, or
- failing to return from an approved leave of absence (including a medical leave of absence).

No severance pay will be provided under this Plan upon any termination of employment as a result of the Executive's death or disability.

"Normal Retirement Date" shall mean the first of the month which coincides with or follows the Executive's 65th birthday.

4. Schedule of Severance Pay

Severance pay will be provided in accordance with the following Schedule of Severance Pay which sets forth the months of Base Pay which is provided to an Executive based upon the Executive's Years of Service as of the Scheduled Termination Date.

Years of Service	Months of Base Pay
Less than 4	12
4	13
5	14
6	15
7	16
8	17
9	18
10	19
11	20
12	21
13	22
14	23
15 or more	24

"Base Pay" shall mean the annual base salary rate payable or in effect with respect to the Executive at the Scheduled Termination Date divided by twelve (12) months. Such annual base salary rate shall in no event be less than the highest annual base salary rate paid or in effect with respect to the Executive at any time during the twenty-four month (24) period immediately preceding the Scheduled Termination Date.

"Years of Service" shall mean the total number of completed years of employment since the Executive's Xylem system service date to the Scheduled Termination Date, rounded to the nearest whole year; provided that, for the purposes of "Years of Service," service shall include years with the Predecessor Corporation. The Xylem system service date is the date from which employment in the Xylem system is recognized for purposes of determining eligibility for vesting under the applicable Company retirement plan covering the Executive on the Scheduled Termination Date; provided, however, that for purposes of service under the Predecessor Plan,

employment in the Predecessor Corporation's system is recognized for purposes of determining eligibility for vesting under the applicable retirement plan covering the Executive.

Notwithstanding the above Schedule of Severance Pay, (i) in no event shall months of Base Pay provided to an Executive exceed the number of months remaining between the Scheduled Termination Date and the Executive's Normal Retirement Date or (ii) shall severance pay exceed the equivalent of twice the Executive's total annual compensation during the year immediately preceding the Scheduled Termination Date.

Notwithstanding any other provision of the Plan to the contrary, all prior service and participation by an Executive with the Predecessor Corporation shall be credited in full towards an Executive's service and participation with the Company.

5. Form of Payment of Severance Pay

Severance pay shall be paid in the form of periodic payments according to the regular payroll schedule ("Severance Pay"). Severance Pay will commence within 60 days following the Scheduled Termination Date.

In the event of an Executive's death during the period the Executive is receiving Severance Pay, the amount of severance pay remaining shall be paid in a discounted lump sum to the Executive's spouse or to such other beneficiary or beneficiaries designated by the Executive in writing, or, if the Executive is not married and failings such designation, to the estate of the Executive. Any discounted lump sum paid under this Plan shall be equal to the present value of the remaining periodic payments of severance pay as determined by Xylem using an interest rate equal to the prime rate at Citibank in effect on the date of the Executive's death.

If an Executive is receiving Severance Pay, the Executive must continue to be available to render to the Company reasonable assistance, consistent with the level of the Executive's prior position with the Company, at times and locations that are mutually acceptable. In requesting such services, the Company will take into account any other commitments which the Executive may have. After the Scheduled Termination Date and normal wind up of the Executive's former duties, the Executive will not be required to perform any regular services for the Company. In the event the Executive secures other employment during the period the Executive is receiving Severance Pay, the Executive must promptly notify the Company.

Severance Pay will cease if an Executive is rehired by the Company.

6. Benefits During Severance Pay

As long as an Executive is receiving Severance Pay, except as provided in this Section or in Section 7, the Executive will continue to be eligible for participation in Company employee benefit plans in accordance with the provisions of such plans as in effect on the Scheduled Termination Date. An Executive will not be eligible to participate in any Company tax qualified retirement plans, non-qualified excess or supplemental benefit plans, short-term or long-term disability plans, the Company business travel accident plan or any new employee benefit plan or any improvement to any existing employee benefit plan adopted by the Company after the Scheduled Termination Date.

7. Excluded Executive Compensation Plans, Programs, Arrangements, and Perquisites

During the period an Executive is receiving Severance Pay, the Executive will not be eligible to accrue any vacation or participate in any (i) bonus program, (ii) special termination programs, (iii) tax or financial advisory services, (iv) new awards under any stock option or stock related plans for executives (provided that the Executive will be eligible to exercise any outstanding stock options in accordance with the terms of any applicable stock option plan), (v) new or revised executive compensation programs that may be introduced after the Scheduled Termination Date and (vi) any other executive compensation program, plan, arrangement, practice, policy or perquisites unless specifically authorized by Xylem in writing. The period during which an Executive is receiving Severance Pay does not count as service for the purpose of any Xylem long term incentive award program unless otherwise provided in plan documents previously approved by the Board of Directors or Compensation and Personnel Committee.

8. Divestiture

If a Xylem Subsidiary or division of Xylem or a portion thereof at which an Executive is employed is sold or divested and if (i) the Executive accepts employment or continued employment with the purchaser or (ii) refuses employment or continued employment with the purchaser on terms and conditions substantially comparable to those in effect immediately preceding the sale or divestiture, the Executive shall not be provided severance pay under this Plan. The provisions of this Section 8 apply to divestitures accomplished through sales of assets or through sales of corporate entities.

9. Disqualifying Conduct

If during the period an Executive is receiving Severance Pay, the Executive (i) engages in any activity which is inimical to the best interests of the Company; (ii) disparages the Company; (iii) fails to comply with any Company Covenant Against Disclosure and Assignment of Rights to Intellectual Property; (iv) without the Company's prior consent, induces any employees of the Company to leave their Company employment; (v) without the Company's prior consent, engages in, becomes affiliated with, or becomes employed by any business competitive with the Company; or (vi) fails to comply with applicable provisions of the Xylem Code of Conduct or applicable Xylem Corporate Policies or any applicable Xylem Subsidiary Code or policies, then the Company will have no further obligation to provide severance pay.

10. Release

The Company shall not be required to make or continue any severance payments under this Plan unless the Executive executes and delivers to Xylem within 45 days following the Scheduled Termination Date a release, satisfactory to Xylem, in which the Executive discharges and releases the Company and the Company's directors, officers, employees and employee benefit plans from all claims (other than for benefits to which Executive is entitled under any Company employee benefit plan) arising out of Executive's employment or termination of employment.

11. Administration of Plan

This Plan shall be administered by Xylem, who shall have the exclusive right to interpret this Plan, adopt any rules and regulations for carrying out this Plan as may be appropriate and decide any and all matters arising under this Plan, including but not limited to the right to determine appeals. Subject to applicable Federal and state law, all interpretations and decisions by Xylem shall be final, conclusive and binding on all parties affected thereby.

12. Termination or Amendment

Xylem may terminate or amend this Plan ("Plan Change") at any time except that no such Plan Change may reduce or adversely affect severance pay for any Executive whose employment terminates within two years of the effective date of such Plan Change provided that the Executive was a covered employee under this Plan on the date of such Plan Change.

13. Offset

Any severance pay provided to an Executive under this Plan shall be offset in a manner consistent with Section 15 by reducing such severance pay by any severance pay, salary continuation, termination pay or similar pay or allowance which Executive receives or is entitled to receive (i) under any other Company plan, policy practice, program, arrangement; (ii) pursuant to any employment agreement or other agreement with the Company; (iii) by virtue of any law, custom or practice. Any severance pay provided to Executive under this Plan shall also be offset by reducing such severance pay by any severance pay, salary continuation pay, termination pay or similar pay or allowance received by the Executive as a result of any prior termination of employment with the Company.

Coordination of severance pay with any pay or benefits provided by any applicable Xylem short-term or long-term disability plan shall be in accordance with the provisions of those plans.

14. Miscellaneous Except as provided in this Plan, the Executive shall not be entitled to any notice of termination or pay in lieu thereof.

In cases where severance pay is provided under this Plan, pay in lieu of any unused current year vacation entitlement will be paid to the Executive in a lump sum.

Benefits under this Plan are paid for entirely by the Company from its general assets.

This Plan is not a contract of employment, does not guarantee the Executive employment for any specified period and does not limit the right of the Company to terminate the employment of the Executive at any time.

The section headings contained in this Plan are included solely for convenience of reference and shall not in any way affect the meaning of any provision of this Plan

15. Section 409A

This Plan is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and will be interpreted in a manner intended to comply with

Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of the Executive's termination of employment with the Company the Executive is a "specified employee" as defined in Section 409A of the Code (and any related regulations or other pronouncements thereunder) and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Executive) until a date that is six months following the Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code), at which point all payments deferred pursuant to this Section 15 shall be paid to the Executive in a lump sum and (ii) if any other payments of money or other benefits due hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Company, that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due under this Plan constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid in a manner consistent with Treas. Reg.

Section 1.409A-3(i)(1)(iv). Each payment made under this Plan shall be designated as a "separate payment" within the meaning of Section 409A of the Code. The Company shall consult with Executives in good faith regarding the implementation of the provisions of this section; provided that neither the Company nor any of its employees or representatives shall have any liability to Executives with respect thereto.

16. Adoption Date and Amendments

This Plan was adopted by Xylem on October 31, 2011 ("Adoption Date") and does not apply to any termination of employment which occurred or which was communicated to the Executive prior to the Adoption Date.

Exhibit 10.17

FORM OF XYLEM
2011 OMNIBUS INCENTIVE PLAN

2011 NON-QUALIFIED STOCK OPTION AWARD AGREEMENT
FOUNDERS GRANT

THIS AGREEMENT (the "Agreement"), effective as of the **7th day of November, 2011**, by and between Xylem Inc. (the "Company") and **[name]** (the "Optionee"), WITNESSETH:

WHEREAS, the Optionee is now employed by the Company or an Affiliate (as defined in the Company's 2011 Omnibus Incentive Plan, (the "Plan")) as an employee, and in recognition of the Optionee's valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the "Committee"), desires to provide an opportunity for the Optionee to acquire or enlarge stock ownership in the Company, pursuant to the provisions of the Plan.

NOW, THEREFORE, in consideration of the terms and conditions set forth in this Agreement and the provisions of the Plan, a copy of which is attached hereto and incorporated herein as part of this Agreement, and any administrative rules and regulations related to the Plan as may be adopted by the Committee, the parties hereto hereby agree as follows:

1. **Grant of Options**. In accordance with, and subject to, the terms and conditions of the Plan and this Agreement, the Company hereby confirms the grant on **November 7, 2011,** (the "Grant Date") to the Optionee of the option to purchase from the Company all or any part of an aggregate of **#,###** Shares (the "Option"), at the purchase price of **$[ ]** per Share (the "Option Price" or "Exercise Price"). The Option shall be a Nonqualified Stock Option.

2. **Terms and Conditions**. It is understood and agreed that the Option is subject to the following terms and conditions:

   (a) **Expiration Date**. The Option shall expire on **November 7, 2021,** or, if the Optionee's employment terminates before that date, on the date specified in subsection (f) below.

   (b) **Exercise of Option**. The Option may not be exercised until it has become vested.

   (c) **Vesting**. Subject to subsections 2(a) and 2(f), the Option shall vest in three installments as follows:

      (i) 1/3 of the Option shall vest on **November 7, 2012,**

      (ii) 1/3 of the Option shall vest on **November 7, 2013,** and

      (iii) 1/3 of the Option shall vest on **November 7, 2014,**

      Subject to subsections 2(a) and 2(f), to the extent not earlier vested pursuant to paragraphs (i), (ii), and (iii) of this subsection (c), the Option shall vest in full

upon an Acceleration Event (as defined in the Plan).

(d) **Payment of Exercise Price**. Permissible methods for payment of the Exercise Price upon exercise of the Option are described in Section 6.6 of the Plan, or, if the Plan is amended, successor provisions. In addition to the methods of exercise permitted by Section 6.6 of the Plan, the Optionee may exercise all or part of the Option by way of (i) broker-assisted cashless exercise in a manner consistent with the Federal Reserve Board's Regulation T, unless the Committee determines that such exercise method is prohibited by law, or (ii) net-settlement, whereby the Optionee directs the Company to withhold Shares that otherwise would be issued upon exercise of the Option having an aggregate Fair Market Value on the date of the exercise equal to the Exercise Price, or the portion thereof being exercised by way of net-settlement (rounding up to the nearest whole Share).

(e) **Tax Withholding**. The Company shall have the power and the right to deduct or withhold, or require the Optionee to remit to the Company, all applicable federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to the exercise of the Option. The Optionee may elect to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares that otherwise would be issued upon exercise of the Option, with the number of Shares withheld having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction (rounding up to the nearest whole Share). Any such election shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

(f) **Effect of Termination of Employment**.

If the Optionee's employment terminates before **November 7, 2021,** the Option shall expire on the date set forth below, as applicable:

(i) Termination due to Death. If the Optionee's employment is terminated as a result of the Optionee's death, the Option shall expire on the earlier of **November 7, 2021**, or the date three years after the termination of the Optionee's employment due to death. If all or any portion of the Option is not vested at the time of the Optionee's termination of employment due to death, the Option shall immediately become 100% vested.

(ii) Termination due to Disability. If the Optionee's employment is terminated as a result of the Optionee's Disability (as defined below), the Option shall expire on the earlier of **November 7, 2021,** or the date five years after the termination of the Optionee's employment due to Disability. If all or any portion of the Option is not vested at the time of the termination of the Optionee's employment due to Disability, the Option shall immediately become 100% vested.

(iii) Termination due to Retirement. If the Optionee's employment is terminated as a result of the Optionee's Retirement (as defined below), the Option shall expire on the earlier of **November 7, 2021,** or the date five years after the termination of the Optionee's employment due to

Retirement. If all or any portion of the Option is not vested at the time of the Optionee's termination of employment due to Retirement, a prorated portion of the unvested portion of the Option shall immediately vest as of the date of the termination of employment (see "Prorated Vesting Upon Retirement" below). Any remaining unvested portion of the Option shall expire as of the date of the termination of the Optionee's employment. For purposes of this subsection 2(f)(iii), the Optionee shall be considered employed during any period in which the Optionee is receiving severance payments (disregarding any delays required to comply with tax or other requirements), and the date of the termination of the Optionee's employment shall be the last day of any such severance period.

(iv) Cause. If the Optionee's employment is terminated by the Company (or an Affiliate, as the case may be) for cause (as determined by the Committee), the vested and unvested portions of the Option shall expire on the date of the termination of the Optionee's employment.

(v) Voluntary Termination or Other Termination by the Company. If the Optionee's employment is terminated by the Optionee or terminated by the Company (or an Affiliate, as the case may be) for other than cause (as determined by the Committee), and not because of the Optionee's Retirement, Disability or death, the vested portion of the Option shall expire on the earlier of **November 7, 2021,** or the date three months after the termination of the Optionee's employment. Any portion of the Option that is not vested (or the entire Option, if no part was vested) as of the date the Optionee's employment terminates shall expire immediately on the date of termination of employment, and such unvested portion of the Option (the entire Option, if no portion was vested on the date of termination) shall not thereafter be exercisable. For purposes of this subsection 2(f)(v), the Optionee shall be considered employed during any period in which the Optionee is receiving severance payments, and the date of the termination of the Optionee's employment shall be the last day of any such severance period.

Notwithstanding the foregoing, if an Optionee's employment is terminated on or after an Acceleration Event (A) by the Company (or an Affiliate, as the case may be) for other than cause (as determined by the Committee), and not because of the Optionee's Retirement, Disability, or death, or (B) by the Optionee because the Optionee in good faith believed that as a result of such Acceleration Event he or she was unable effectively to discharge his or her present duties or the duties of the position the Optionee occupied just prior to the occurrence of such Acceleration Event, the Option shall in no event expire before the earlier of the date that is 7 months after the Acceleration Event or **November 7, 2021,** .

Retirement. For purposes of this Agreement, the term "Retirement" shall mean the termination of the Optionee's employment if, at the time of such termination, the Optionee is eligible to commence receipt of retirement benefits under a traditional formula defined benefit pension plan maintained by the Company or an Affiliate (or would be eligible to receive such benefits if he or she were a participant in such a traditional formula defined benefit pension plan) or if no such

plan is maintained, the first day of the month which coincides with or follows the Optionee's 65th birthday.

Disability. For purposes of this Agreement, the term "Disability" shall mean the complete and permanent inability of the Optionee to perform all of his or her duties under the terms of his or her employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

Prorated Vesting Upon Retirement. The prorated portion of an Option that vests upon termination of the Optionee's employment due to the Optionee's Retirement shall be determined by multiplying the total number of unvested Shares subject to the Option at the time of the termination of the Optionee's employment by a fraction, the numerator of which is the number of full months the Optionee has been continually employed since the Grant Date and the denominator of which is 36. For this purpose, full months of employment shall be based on monthly anniversaries of the Grant Date, not calendar months.

(g) **Compliance with Laws and Regulations**. The Option shall not be exercised at any time when its exercise or the delivery of Shares hereunder would be in violation of any law, rule, or regulation that the Company may find to be valid and applicable.

(h) **Optionee Bound by Plan and Rules**. The Optionee hereby acknowledges receipt of a copy of the Plan and this Agreement and agrees to be bound by the terms and provisions thereof as amended from time to time. The Optionee agrees to be bound by any rules and regulations for administering the Plan as may be adopted by the Committee during the life of the Option. Terms used herein and not otherwise defined shall be as defined in the Plan.

(i) **Governing Law**. This Agreement is issued, and the Option evidenced hereby is granted, in White Plains, New York and shall be governed and construed in accordance with the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

By signing a copy of this Agreement, the Optionee acknowledges that s/he has received a copy of the Plan, and that s/he has read and understands the Plan and this Agreement and agrees to the terms and conditions thereof. The Optionee further acknowledges that the Option awarded pursuant to this Agreement must be exercised prior to its expiration as set forth herein, that it is the Optionee's responsibility to exercise the Option within such time period, and that the Company has no further responsibility to notify the Optionee of the expiration of the exercise period of the Option.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its President and Chief Executive Officer, or a Vice President, as of the **7th day of November, 2011.**

Agreed to:

Optionee
(Online acceptance constitutes agreement)

Dated: _____

Enclosures

XYLEM INC.

Dated: **November 7, 2011**

Exhibit 10.18

FORM OF XYLEM
2011 OMNIBUS INCENTIVE PLAN

NON-QUALIFIED STOCK OPTION AWARD AGREEMENT —

GENERAL GRANT

THIS AGREEMENT (the "Agreement"), effective as of the **7th day of November, 2011**, by and between Xylem Inc. (the "Company") and **[name]** (the "Optionee"), WITNESSETH:

WHEREAS, the Optionee is now employed by the Company or an Affiliate (as defined in the Company's 2011 Omnibus Incentive Plan, (the "Plan")) as an employee, and in recognition of the Optionee's valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the "Committee"), desires to provide an opportunity for the Optionee to acquire or enlarge stock ownership in the Company, pursuant to the provisions of the Plan.

NOW, THEREFORE, in consideration of the terms and conditions set forth in this Agreement and the provisions of the Plan, a copy of which is attached hereto and incorporated herein as part of this Agreement, and any administrative rules and regulations related to the Plan as may be adopted by the Committee, the parties hereto hereby agree as follows:

1. **Grant of Options**. In accordance with, and subject to, the terms and conditions of the Plan and this Agreement, the Company hereby confirms the grant on **November 7, 2011,** (the "Grant Date") to the Optionee of the option to purchase from the Company all or any part of an aggregate of **#,###** Shares (the "Option"), at the purchase price of **$[ ]** per Share (the "Option Price" or "Exercise Price"). The Option shall be a Nonqualified Stock Option.

2. **Terms and Conditions**. It is understood and agreed that the Option is subject to the following terms and conditions:

   (a) **Expiration Date**. The Option shall expire on **November 7, 2021,** or, if the Optionee's employment terminates before that date, on the date specified in subsection (f) below.

   (b) **Exercise of Option**. The Option may not be exercised until it has become vested.

   (c) **Vesting**. Subject to subsections 2(a) and 2(f), the Option shall vest in three installments as follows:

      (i) 1/3 of the Option shall vest on **November 7, 2012,**

      (ii) 1/3 of the Option shall vest on **November 7, 2013,** and

      (iii) 1/3 of the Option shall vest on **November 7, 2014,**

      Subject to subsections 2(a) and 2(f), to the extent not earlier vested pursuant to paragraphs (i), (ii), and (iii) of this subsection (c), the Option shall vest in full

upon an Acceleration Event (as defined in the Plan).

(d) **Payment of Exercise Price**. Permissible methods for payment of the Exercise Price upon exercise of the Option are described in Section 6.6 of the Plan, or, if the Plan is amended, successor provisions. In addition to the methods of exercise permitted by Section 6.6 of the Plan, the Optionee may exercise all or part of the Option by way of (i) broker-assisted cashless exercise in a manner consistent with the Federal Reserve Board's Regulation T, unless the Committee determines that such exercise method is prohibited by law, or (ii) net-settlement, whereby the Optionee directs the Company to withhold Shares that otherwise would be issued upon exercise of the Option having an aggregate Fair Market Value on the date of the exercise equal to the Exercise Price, or the portion thereof being exercised by way of net-settlement (rounding up to the nearest whole Share).

(e) **Tax Withholding**. The Company shall have the power and the right to deduct or withhold, or require the Optionee to remit to the Company, all applicable federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to the exercise of the Option. The Optionee may elect to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares that otherwise would be issued upon exercise of the Option, with the number of Shares withheld having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction (rounding up to the nearest whole Share). Any such election shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

(f) **Effect of Termination of Employment**.

If the Optionee's employment terminates before **November 7, 2021,** the Option shall expire on the date set forth below, as applicable:

(i) Termination due to Death. If the Optionee's employment is terminated as a result of the Optionee's death, the Option shall expire on the earlier of **November 7, 2021**, or the date three years after the termination of the Optionee's employment due to death. If all or any portion of the Option is not vested at the time of the Optionee's termination of employment due to death, the Option shall immediately become 100% vested.

(ii) Termination due to Disability. If the Optionee's employment is terminated as a result of the Optionee's Disability (as defined below), the Option shall expire on the earlier of **November 7, 2021,** or the date five years after the termination of the Optionee's employment due to Disability. If all or any portion of the Option is not vested at the time of the termination of the Optionee's employment due to Disability, the Option shall immediately become 100% vested.

(iii) Termination due to Retirement. If the Optionee's employment is terminated as a result of the Optionee's Retirement (as defined below), the Option shall expire on the earlier of **November 7, 2021,** or the date five years after the termination of the Optionee's employment due to

Retirement. If all or any portion of the Option is not vested at the time of the Optionee's termination of employment due to Retirement, a prorated portion of the unvested portion of the Option shall immediately vest as of the date of the termination of employment (see "Prorated Vesting Upon Retirement" below). Any remaining unvested portion of the Option shall expire as of the date of the termination of the Optionee's employment. For purposes of this subsection 2(f)(iii), the Optionee shall be considered employed during any period in which the Optionee is receiving severance payments (disregarding any delays required to comply with tax or other requirements), and the date of the termination of the Optionee's employment shall be the last day of any such severance period.

(iv) Cause. If the Optionee's employment is terminated by the Company (or an Affiliate, as the case may be) for cause (as determined by the Committee), the vested and unvested portions of the Option shall expire on the date of the termination of the Optionee's employment.

(v) Voluntary Termination or Other Termination by the Company. If the Optionee's employment is terminated by the Optionee or terminated by the Company (or an Affiliate, as the case may be) for other than cause (as determined by the Committee), and not because of the Optionee's Retirement, Disability or death, the vested portion of the Option shall expire on the earlier of **November 7, 2021,** or the date three months after the termination of the Optionee's employment. Any portion of the Option that is not vested (or the entire Option, if no part was vested) as of the date the Optionee's employment terminates shall expire immediately on the date of termination of employment, and such unvested portion of the Option (the entire Option, if no portion was vested on the date of termination) shall not thereafter be exercisable. For purposes of this subsection 2(f)(v), the Optionee shall be considered employed during any period in which the Optionee is receiving severance payments, and the date of the termination of the Optionee's employment shall be the last day of any such severance period.

Notwithstanding the foregoing, if an Optionee's employment is terminated on or after an Acceleration Event (A) by the Company (or an Affiliate, as the case may be) for other than cause (as determined by the Committee), and not because of the Optionee's Retirement, Disability, or death, or (B) by the Optionee because the Optionee in good faith believed that as a result of such Acceleration Event he or she was unable effectively to discharge his or her present duties or the duties of the position the Optionee occupied just prior to the occurrence of such Acceleration Event, the Option shall in no event expire before the earlier of the date that is 7 months after the Acceleration Event or **November 7, 2021,** .

Retirement. For purposes of this Agreement, the term "Retirement" shall mean the termination of the Optionee's employment if, at the time of such termination, the Optionee is eligible to commence receipt of retirement benefits under a traditional formula defined benefit pension plan maintained by the Company or an Affiliate (or would be eligible to receive such benefits if he or she were a participant in such a traditional formula defined benefit pension plan) or if no such

plan is maintained, the first day of the month which coincides with or follows the Optionee's 65th birthday.

Disability. For purposes of this Agreement, the term "Disability" shall mean the complete and permanent inability of the Optionee to perform all of his or her duties under the terms of his or her employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

Prorated Vesting Upon Retirement. The prorated portion of an Option that vests upon termination of the Optionee's employment due to the Optionee's Retirement shall be determined by multiplying the total number of unvested Shares subject to the Option at the time of the termination of the Optionee's employment by a fraction, the numerator of which is the number of full months the Optionee has been continually employed since the Grant Date and the denominator of which is 36. For this purpose, full months of employment shall be based on monthly anniversaries of the Grant Date, not calendar months.

(g) **Compliance with Laws and Regulations**. The Option shall not be exercised at any time when its exercise or the delivery of Shares hereunder would be in violation of any law, rule, or regulation that the Company may find to be valid and applicable.

(h) **Optionee Bound by Plan and Rules**. The Optionee hereby acknowledges receipt of a copy of the Plan and this Agreement and agrees to be bound by the terms and provisions thereof as amended from time to time. The Optionee agrees to be bound by any rules and regulations for administering the Plan as may be adopted by the Committee during the life of the Option. Terms used herein and not otherwise defined shall be as defined in the Plan.

(i) **Governing Law**. This Agreement is issued, and the Option evidenced hereby is granted, in White Plains, New York and shall be governed and construed in accordance with the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

By signing a copy of this Agreement, the Optionee acknowledges that s/he has received a copy of the Plan, and that s/he has read and understands the Plan and this Agreement and agrees to the terms and conditions thereof. The Optionee further acknowledges that the Option awarded pursuant to this Agreement must be exercised prior to its expiration as set forth herein, that it is the Optionee's responsibility to exercise the Option within such time period, and that the Company has no further responsibility to notify the Optionee of the expiration of the exercise period of the Option.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its President and Chief Executive Officer, or a Vice President, as of the **7th day of November, 2011.**

Agreed to:

_____

Optionee
(Online acceptance constitutes agreement)

Dated: _____

Enclosures

XYLEM INC.

Dated: **November 7, 2011**

Exhibit 10.19

FORM OF XYLEM
2011 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT —

2010 TSR REPLACEMENT

THIS AGREEMENT (the "Agreement"), effective as of the **7th** day of **November**, **2011**, by and between Xylem Inc. (the "Company") and **[name]** (the "Grantee"), WITNESSETH:

WHEREAS, the Grantee is now employed by the Company or an Affiliate (as defined in the Company's 2011 Omnibus Incentive Plan (the "Plan")) as an employee, and in recognition of the Grantee's valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the "Committee"), desires to provide an inducement to remain in service of the Company and as an incentive for increased efforts during such service pursuant to the provisions of the Plan.

NOW, THEREFORE, in consideration of the terms and conditions set forth in this Agreement and the provisions of the Plan, a copy of which is attached hereto and incorporated herein as part of this Agreement, and any administrative rules and regulations related to the Plan as may be adopted by the Committee, the parties hereto hereby agree as follows:

1. **Grant of Restricted Stock Units**. In accordance with, and subject to, the terms and conditions of the Plan and this Agreement, the Company hereby confirms the grant on **November 7, 2011** (the "Grant Date") to the Grantee of **#,###** Restricted Stock Units. The Restricted Stock Units are notional units of measurement denominated in Shares of common stock (*i.e.*, one Restricted Stock Unit is equivalent in value to one share of common stock).

   The Restricted Stock Units represent an unfunded, unsecured right to receive [cash payments equal to the Fair Market Value of such] Shares (and dividend equivalent payments pursuant Section 2(b) hereof) in the future if the conditions set forth in the Plan and this Agreement are satisfied.

2. **Terms and Conditions**. It is understood and agreed that the Restricted Stock Units are subject to the following terms and conditions:

   (a) **Restrictions**. Except as otherwise provided in the Plan and this Agreement, neither this Award nor any Restricted Stock Units subject to this Award may be sold, assigned, pledged, exchanged, transferred, hypothecated or encumbered, other than to the Company as a result of forfeiture of the Restricted Stock Units.

   (b) **Voting and Dividend Equivalent Rights.** The Grantee shall not have any privileges of a stockholder of the Company with respect to the Restricted Stock Units or any Shares that may be delivered hereunder, including without limitation any right to vote such Shares or to receive dividends, unless and until such Shares are delivered upon vesting of the Restricted Stock Units. Dividend equivalents shall be earned with respect to each Restricted Stock Unit that vests. The amount of dividend equivalents earned with respect to each such Restricted Stock Unit that vests shall be equal to the total dividends declared on a Share where the record date of the dividend is between the Grant Date of this

Award and the date [a cash payment equal to the Fair Market Value of] a Share is [paid/issued] upon vesting of the Restricted Stock Unit. Any dividend equivalents earned shall be paid in cash to the Grantee when the Shares subject to the vested Restricted Stock Units are issued. No dividend equivalents shall be earned or paid with respect to any Restricted Stock Units that do not vest. Dividend equivalents shall not accrue interest.

(c) **Vesting of Restricted Stock Units and Payment**. Subject to earlier vesting pursuant to subsections 2(d) and 2(e) below, the Restricted Stock Units shall vest (meaning the Period of Restriction shall lapse and the Restricted Stock Units shall become free of the forfeiture provisions in this Agreement) on **December 31, 2012,** provided the Grantee has been continuously employed by the Company or an Affiliate on a full-time basis from the Grant Date through the date the Restricted Stock Units vest. Except as provided in subsections 2(i)(i) and 2(i)(ii) below, upon vesting of the Restricted Stock Units (including vesting pursuant to subsections 2(d) or 2(e) below), the Company will deliver to the Grantee (i) [a cash amount equal to the Fair Market Value of such Shares/one Share for each vested Restricted Stock Unit], with any fractional Shares resulting from proration pursuant to subsection 2(e)(ii) to be rounded to [a cash amount equal to the Fair Market Value of] the nearest whole Share (with 0.5 to be rounded up) and (ii) an amount in cash attributable to any dividend equivalents earned in accordance with subsection 2(b) above, less any Shares withheld in accordance with subsection 2(f) below. For the avoidance of doubt, continuous employment of a Grantee by the Company or an Affiliate for purposes of vesting in the Restricted Stock Units granted hereunder shall include continuous employment with the Company for so long as the Grantee continues working at such entity.

(d) **Effect of Acceleration Event**. The Restricted Stock Units shall vest in full upon an Acceleration Event.

(e) **Effect of Termination of Employment**. If the Grantee's employment with the Company and its Affiliates is terminated for any reason and such termination constitutes a "separation from service" within the meaning of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder ("Section 409A"), any Restricted Stock Units that are not vested at the time of such separation from service shall be immediately forfeited except as follows:

(i) Separation from Service due to Death or Disability. If the Grantee's separation from service is due to death or Disability (as defined below), the Restricted Stock Units shall immediately become 100% vested as of such separation from service. For purposes of this Agreement, the term "Disability" shall mean the complete and permanent inability of the Grantee to perform all of his or her duties under the terms of his or her employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

(ii) Separation from Service due to Retirement or Separation from Service by the Company for Other than Cause. If the Grantee's separation from service is due to Retirement (as defined below) or an involuntary

separation from service by the Company (or an Affiliate, as the case may be) for other than cause (as determined by the Committee), a prorated portion of the Restricted Stock Units shall immediately vest as of such separation from service. For these purposes,

A. the prorated portion of the Restricted Stock Units shall be determined by multiplying the total number of Restricted Stock Units subject to this Award by a fraction, the numerator of which is the number of full months during which the Grantee has been continually employed since the Grant Date, together with any period during which the Grantee is entitled to receive severance in the form of salary continuation (not to exceed **14** in the aggregate), and the denominator of which is **14** (for avoidance of doubt, the period during which the Grantee may receive severance in the form of salary continuation or otherwise shall not affect the determination of the date of the Grantee's separation from service or the date of delivery of any Shares or dividend equivalent payments); and

B. full months of employment shall be based on monthly anniversaries of the Grant Date, not calendar months.

For purposes of this Agreement, the term "Retirement" shall mean the Grantee's separation from service if, at the time of such separation from service, the Grantee is eligible to commence receipt of retirement benefits under a traditional formula defined benefit pension plan maintained by the Company or an Affiliate (or would be eligible to receive such benefits if he or she were a participant in such traditional formula defined benefit pension plan) or if no such plan is maintained, the first day of the month which coincides with or follows the Grantee's 65th birthday.

(f) **Tax Withholding**. In accordance with Article 15 of the Plan, the Company may make such provisions and take such actions as it may deem necessary for the withholding of all applicable taxes attributable to the Restricted Stock Units and any related dividend equivalents. Unless the Committee determines otherwise, the minimum statutory tax withholding required to be withheld upon delivery of the [cash amount equal to the Fair Market Value of such] Shares and payment of dividend equivalents shall be satisfied by withholding a [cash amount equal to the Fair Market Value of a] number of Shares having an aggregate Fair Market Value equal to the minimum statutory tax required to be withheld, [with any fractional Shares to be rounded up to a cash amount equal to the Fair Market Value of the nearest whole Share (with 0.5 to be rounded up)/if such withholding would result in a fractional Share being withheld, the number of Shares so withheld shall be rounded up to the nearest whole Share. Notwithstanding the foregoing, the Grantee may elect to satisfy such tax withholding requirements by timely remittance of such amount by cash or check or such other method that is acceptable to the Company, rather than by withholding of Shares, provided such election is made in accordance with such conditions and restrictions as the Company may establish]. If FICA taxes are required to be withheld while the Award is outstanding, such withholding shall be made in a manner determined by the Company.

(g) **Grantee Bound by Plan and Rules**. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement and agrees to be bound by the terms and provisions thereof. The Grantee agrees to be bound by any rules and

regulations for administering the Plan as may be adopted by the Committee prior to the date the Restricted Stock Units vest. Terms used herein and not otherwise defined shall be as defined in the Plan.

(h) **Governing Law**. This Agreement is issued, and the Restricted Stock Units evidenced hereby are granted, in White Plains, New York, and shall be governed and construed in accordance with the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

(i) **Section 409A Compliance**. To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A, and the Plan and this Agreement shall be interpreted accordingly.

(i) If it is determined that all or a portion of the Award constitutes deferred compensation for purposes of Section 409A, and if the Grantee is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, at the time of the Grantee's separation from service, then, to the extent required under Section 409A, any Shares that would otherwise be distributed [or cash payments in lieu of such Shares] (along with the cash value of all dividend equivalents that would be payable) upon the Grantee's separation from service, shall instead be delivered (and, in the case of the dividend equivalents, paid) on the earlier of (x) the first business day of the seventh month following the date of the Grantee's separation from service or (y) the Grantee's death.

(ii) If it is determined that all or a portion of the Award constitutes deferred compensation for purposes of Section 409A, upon an Acceleration Event that does not constitute a "change in the ownership" or a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of a corporation's assets" (as those terms are used in Section 409A), the Restricted Stock Units shall vest at the time of the Acceleration Event, but distribution [or payments in respect] of any Restricted Stock Units (or related dividend equivalents) that constitute deferred compensation for purposes of Section 409A shall not be accelerated (*i.e.*, distribution shall occur when it would have occurred absent the Acceleration Event).

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its President and Chief Executive Officer, or a Vice President, as of the **7th** day of **November, 2011**.

Agreed to:

Grantee

(Online acceptance constitutes agreement)

Dated: _____

XYLEM INC.

Dated: **November 7, 2011**

Enclosures

Exhibit 10.20

FORM OF XYLEM
2011 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT —

2011 TSR REPLACEMENT

THIS AGREEMENT (the "Agreement"), effective as of the **7th** day of **November**, **2011**, by and between Xylem Inc. (the "Company") and **[name]** (the "Grantee"), WITNESSETH:

WHEREAS, the Grantee is now employed by the Company or an Affiliate (as defined in the Company's 2011 Omnibus Incentive Plan (the "Plan")) as an employee, and in recognition of the Grantee's valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the "Committee"), desires to provide an inducement to remain in service of the Company and as an incentive for increased efforts during such service pursuant to the provisions of the Plan.

NOW, THEREFORE, in consideration of the terms and conditions set forth in this Agreement and the provisions of the Plan, a copy of which is attached hereto and incorporated herein as part of this Agreement, and any administrative rules and regulations related to the Plan as may be adopted by the Committee, the parties hereto hereby agree as follows:

1. **Grant of Restricted Stock Units**. In accordance with, and subject to, the terms and conditions of the Plan and this Agreement, the Company hereby confirms the grant on **November 7, 2011** (the "Grant Date") to the Grantee of **#,###** Restricted Stock Units. The Restricted Stock Units are notional units of measurement denominated in Shares of common stock (*i.e.*, one Restricted Stock Unit is equivalent in value to one share of common stock).

   The Restricted Stock Units represent an unfunded, unsecured right to receive [cash payments equal to the Fair Market Value of such] Shares (and dividend equivalent payments pursuant Section 2(b) hereof) in the future if the conditions set forth in the Plan and this Agreement are satisfied.

2. **Terms and Conditions**. It is understood and agreed that the Restricted Stock Units are subject to the following terms and conditions:

   (a) **Restrictions**. Except as otherwise provided in the Plan and this Agreement, neither this Award nor any Restricted Stock Units subject to this Award may be sold, assigned, pledged, exchanged, transferred, hypothecated or encumbered, other than to the Company as a result of forfeiture of the Restricted Stock Units.

   (b) **Voting and Dividend Equivalent Rights.** The Grantee shall not have any privileges of a stockholder of the Company with respect to the Restricted Stock Units or any Shares that may be delivered hereunder, including without limitation any right to vote such Shares or to receive dividends, unless and until such Shares are delivered upon vesting of the Restricted Stock Units. Dividend equivalents shall be earned with respect to each Restricted Stock Unit that vests. The amount of dividend equivalents earned with respect to each such Restricted Stock Unit that vests shall be equal to the total dividends declared on a Share where the record date of the dividend is between the Grant Date of this

Award and the date [a cash payment equal to the Fair Market Value of] a Share is [paid/issued] upon vesting of the Restricted Stock Unit. Any dividend equivalents earned shall be paid in cash to the Grantee when the Shares subject to the vested Restricted Stock Units are issued. No dividend equivalents shall be earned or paid with respect to any Restricted Stock Units that do not vest. Dividend equivalents shall not accrue interest.

(c) **Vesting of Restricted Stock Units and Payment**. Subject to earlier vesting pursuant to subsections 2(d) and 2(e) below, the Restricted Stock Units shall vest (meaning the Period of Restriction shall lapse and the Restricted Stock Units shall become free of the forfeiture provisions in this Agreement) on **December 31, 2013,** provided the Grantee has been continuously employed by the Company or an Affiliate on a full-time basis from the Grant Date through the date the Restricted Stock Units vest. Except as provided in subsections 2(i)(i) and 2(i)(ii) below, upon vesting of the Restricted Stock Units (including vesting pursuant to subsections 2(d) or 2(e) below), the Company will deliver to the Grantee (i) [a cash amount equal to the Fair Market Value of such Shares/one Share for each vested Restricted Stock Unit], with any fractional Shares resulting from proration pursuant to subsection 2(e)(ii) to be rounded to [a cash amount equal to the Fair Market Value of] the nearest whole Share (with 0.5 to be rounded up) and (ii) an amount in cash attributable to any dividend equivalents earned in accordance with subsection 2(b) above, less any Shares withheld in accordance with subsection 2(f) below. For the avoidance of doubt, continuous employment of a Grantee by the Company or an Affiliate for purposes of vesting in the Restricted Stock Units granted hereunder shall include continuous employment with the Company for so long as the Grantee continues working at such entity.

(d) **Effect of Acceleration Event**. The Restricted Stock Units shall vest in full upon an Acceleration Event.

(e) **Effect of Termination of Employment**. If the Grantee's employment with the Company and its Affiliates is terminated for any reason and such termination constitutes a "separation from service" within the meaning of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder ("Section 409A"), any Restricted Stock Units that are not vested at the time of such separation from service shall be immediately forfeited except as follows:

(i) Separation from Service due to Death or Disability. If the Grantee's separation from service is due to death or Disability (as defined below), the Restricted Stock Units shall immediately become 100% vested as of such separation from service. For purposes of this Agreement, the term "Disability" shall mean the complete and permanent inability of the Grantee to perform all of his or her duties under the terms of his or her employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

(ii) Separation from Service due to Retirement or Separation from Service by the Company for Other than Cause. If the Grantee's separation from service is due to Retirement (as defined below) or an involuntary

separation from service by the Company (or an Affiliate, as the case may be) for other than cause (as determined by the Committee), a prorated portion of the Restricted Stock Units shall immediately vest as of such separation from service. For these purposes,

A. the prorated portion of the Restricted Stock Units shall be determined by multiplying the total number of Restricted Stock Units subject to this Award by a fraction, the numerator of which is the number of full months during which the Grantee has been continually employed since the Grant Date, together with any period during which the Grantee is entitled to receive severance in the form of salary continuation (not to exceed **26** in the aggregate), and the denominator of which is **26** (for avoidance of doubt, the period during which the Grantee may receive severance in the form of salary continuation or otherwise shall not affect the determination of the date of the Grantee's separation from service or the date of delivery of any Shares or dividend equivalent payments); and

B. full months of employment shall be based on monthly anniversaries of the Grant Date, not calendar months.

For purposes of this Agreement, the term "Retirement" shall mean the Grantee's separation from service if, at the time of such separation from service, the Grantee is eligible to commence receipt of retirement benefits under a traditional formula defined benefit pension plan maintained by the Company or an Affiliate (or would be eligible to receive such benefits if he or she were a participant in such traditional formula defined benefit pension plan) or if no such plan is maintained, the first day of the month which coincides with or follows the Grantee's 65th birthday.

(f) **Tax Withholding**. In accordance with Article 15 of the Plan, the Company may make such provisions and take such actions as it may deem necessary for the withholding of all applicable taxes attributable to the Restricted Stock Units and any related dividend equivalents. Unless the Committee determines otherwise, the minimum statutory tax withholding required to be withheld upon delivery of the [cash amount equal to the Fair Market Value of such] Shares and payment of dividend equivalents shall be satisfied by withholding a [cash amount equal to the Fair Market Value of a] number of Shares having an aggregate Fair Market Value equal to the minimum statutory tax required to be withheld, [with any fractional Shares to be rounded up to a cash amount equal to the Fair Market Value of the nearest whole Share (with 0.5 to be rounded up)/ if such withholding would result in a fractional Share being withheld, the number of Shares so withheld shall be rounded up to the nearest whole Share. Notwithstanding the foregoing, the Grantee may elect to satisfy such tax withholding requirements by timely remittance of such amount by cash or check or such other method that is acceptable to the Company, rather than by withholding of Shares, provided such election is made in accordance with such conditions and restrictions as the Company may establish]. If FICA taxes are required to be withheld while the Award is outstanding, such withholding shall be made in a manner determined by the Company.

(g) **Grantee Bound by Plan and Rules**. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement and agrees to be bound by the

terms and provisions thereof. The Grantee agrees to be bound by any rules and regulations for administering the Plan as may be adopted by the Committee prior to the date the Restricted Stock Units vest. Terms used herein and not otherwise defined shall be as defined in the Plan.

(h) **Governing Law**. This Agreement is issued, and the Restricted Stock Units evidenced hereby are granted, in White Plains, New York, and shall be governed and construed in accordance with the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

(i) **Section 409A Compliance**. To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A, and the Plan and this Agreement shall be interpreted accordingly.

(i) If it is determined that all or a portion of the Award constitutes deferred compensation for purposes of Section 409A, and if the Grantee is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, at the time of the Grantee's separation from service, then, to the extent required under Section 409A, any Shares that would otherwise be distributed [or cash payments in lieu of such Shares] (along with the cash value of all dividend equivalents that would be payable) upon the Grantee's separation from service, shall instead be delivered (and, in the case of the dividend equivalents, paid) on the earlier of (x) the first business day of the seventh month following the date of the Grantee's separation from service or (y) the Grantee's death.

(ii) If it is determined that all or a portion of the Award constitutes deferred compensation for purposes of Section 409A, upon an Acceleration Event that does not constitute a "change in the ownership" or a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of a corporation's assets" (as those terms are used in Section 409A), the Restricted Stock Units shall vest at the time of the Acceleration Event, but distribution [or payments in respect] of any Restricted Stock Units (or related dividend equivalents) that constitute deferred compensation for purposes of Section 409A shall not be accelerated (*i.e.*, distribution shall occur when it would have occurred absent the Acceleration Event).

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its President and Chief Executive Officer, or a Vice President, as of the **7th** day of **November, 2011**.

Agreed to:

Grantee

(Online acceptance constitutes agreement)

Dated: _____

XYLEM INC.

Dated: **November 7, 2011**

Enclosures

Exhibit 10.21

FORM OF XYLEM
2011 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT —

FOUNDERS GRANT

THIS AGREEMENT (the "Agreement"), effective as of the **7th** day of **November**, **2011**, by and between Xylem Inc. (the "Company") and **[name]** (the "Grantee"), WITNESSETH:

WHEREAS, the Grantee is now employed by the Company or an Affiliate (as defined in the Company's 2011 Omnibus Incentive Plan (the "Plan")) as an employee, and in recognition of the Grantee's valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the "Committee"), desires to provide an inducement to remain in service of the Company and as an incentive for increased efforts during such service pursuant to the provisions of the Plan.

NOW, THEREFORE, in consideration of the terms and conditions set forth in this Agreement and the provisions of the Plan, a copy of which is attached hereto and incorporated herein as part of this Agreement, and any administrative rules and regulations related to the Plan as may be adopted by the Committee, the parties hereto hereby agree as follows:

1. **Grant of Restricted Stock Units**. In accordance with, and subject to, the terms and conditions of the Plan and this Agreement, the Company hereby confirms the grant on **November 7, 2011** (the "Grant Date") to the Grantee of **#,###** Restricted Stock Units. The Restricted Stock Units are notional units of measurement denominated in Shares of common stock (*i.e.*, one Restricted Stock Unit is equivalent in value to one share of common stock).

   The Restricted Stock Units represent an unfunded, unsecured right to receive [cash payments equal to the Fair Market Value of such] Shares (and dividend equivalent payments pursuant Section 2(b) hereof) in the future if the conditions set forth in the Plan and this Agreement are satisfied.

2. **Terms and Conditions**. It is understood and agreed that the Restricted Stock Units are subject to the following terms and conditions:

   (a) **Restrictions**. Except as otherwise provided in the Plan and this Agreement, neither this Award nor any Restricted Stock Units subject to this Award may be sold, assigned, pledged, exchanged, transferred, hypothecated or encumbered, other than to the Company as a result of forfeiture of the Restricted Stock Units.

   (b) **Voting and Dividend Equivalent Rights.** The Grantee shall not have any privileges of a stockholder of the Company with respect to the Restricted Stock Units or any Shares that may be delivered hereunder, including without limitation any right to vote such Shares or to receive dividends, unless and until such Shares are delivered upon vesting of the Restricted Stock Units. Dividend equivalents shall be earned with respect to each Restricted Stock Unit that vests. The amount of dividend equivalents earned with respect to each such Restricted Stock Unit that vests shall be equal to the total dividends declared on a Share where the record date of the dividend is between the Grant Date of this Award and the date [a cash payment equal to the Fair Market Value of] a Share is [paid/issued] upon vesting of the Restricted Stock Unit. Any dividend equivalents earned shall be paid in cash to the Grantee when the Shares

subject to the vested Restricted Stock Units are issued. No dividend equivalents shall be earned or paid with respect to any Restricted Stock Units that do not vest. Dividend equivalents shall not accrue interest.

(c) **Vesting of Restricted Stock Units and Payment**. Subject to earlier vesting pursuant to subsections 2(d) and 2(e) below, the Restricted Stock Units shall vest (meaning the Period of Restriction shall lapse and the Restricted Stock Units shall become free of the forfeiture provisions in this Agreement) on **November 7, 2014,** provided the Grantee has been continuously employed by the Company or an Affiliate on a full-time basis from the Grant Date through the date the Restricted Stock Units vest. Except as provided in subsections 2(i)(i) and 2(i)(ii) below, upon vesting of the Restricted Stock Units (including vesting pursuant to subsections 2(d) or 2(e) below), the Company will deliver to the Grantee (i) [a cash amount equal to the Fair Market Value of such Shares/one Share for each vested Restricted Stock Unit], with any fractional Shares resulting from proration pursuant to subsection 2(e)(ii) to be rounded to [a cash amount equal to the Fair Market Value of] the nearest whole Share (with 0.5 to be rounded up) and (ii) an amount in cash attributable to any dividend equivalents earned in accordance with subsection 2(b) above, less any Shares withheld in accordance with subsection 2(f) below. For the avoidance of doubt, continuous employment of a Grantee by the Company or an Affiliate for purposes of vesting in the Restricted Stock Units granted hereunder shall include continuous employment with the Company for so long as the Grantee continues working at such entity.

(d) **Effect of Acceleration Event**. The Restricted Stock Units shall vest in full upon an Acceleration Event.

(e) **Effect of Termination of Employment**. If the Grantee's employment with the Company and its Affiliates is terminated for any reason and such termination constitutes a "separation from service" within the meaning of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder ("Section 409A"), any Restricted Stock Units that are not vested at the time of such separation from service shall be immediately forfeited except as follows:

(i) Separation from Service due to Death or Disability. If the Grantee's separation from service is due to death or Disability (as defined below), the Restricted Stock Units shall immediately become 100% vested as of such separation from service. For purposes of this Agreement, the term "Disability" shall mean the complete and permanent inability of the Grantee to perform all of his or her duties under the terms of his or her employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

(ii) Separation from Service due to Retirement or Separation from Service by the Company for Other than Cause. If the Grantee's separation from service is due to Retirement (as defined below) or an involuntary separation from service by the Company (or an Affiliate, as the case may be) for other than cause (as determined by the Committee), a prorated

portion of the Restricted Stock Units shall immediately vest as of such separation from service. For these purposes,

A. the prorated portion of the Restricted Stock Units shall be determined by multiplying the total number of Restricted Stock Units subject to this Award by a fraction, the numerator of which is the number of full months during which the Grantee has been continually employed since the Grant Date, together with any period during which the Grantee is entitled to receive severance in the form of salary continuation (not to exceed **36** in the aggregate), and the denominator of which is **36** (for avoidance of doubt, the period during which the Grantee may receive severance in the form of salary continuation or otherwise shall not affect the determination of the date of the Grantee's separation from service or the date of delivery of any Shares or dividend equivalent payments); and

B. full months of employment shall be based on monthly anniversaries of the Grant Date, not calendar months.

For purposes of this Agreement, the term "Retirement" shall mean the Grantee's separation from service if, at the time of such separation from service, the Grantee is eligible to commence receipt of retirement benefits under a traditional formula defined benefit pension plan maintained by the Company or an Affiliate (or would be eligible to receive such benefits if he or she were a participant in such traditional formula defined benefit pension plan) or if no such plan is maintained, the first day of the month which coincides with or follows the Grantee's 65th birthday.

(f) **Tax Withholding**. In accordance with Article 15 of the Plan, the Company may make such provisions and take such actions as it may deem necessary for the withholding of all applicable taxes attributable to the Restricted Stock Units and any related dividend equivalents. Unless the Committee determines otherwise, the minimum statutory tax withholding required to be withheld upon delivery of the [cash amount equal to the Fair Market Value of such] Shares and payment of dividend equivalents shall be satisfied by withholding a [cash amount equal to the Fair Market Value of a] number of Shares having an aggregate Fair Market Value equal to the minimum statutory tax required to be withheld, [with any fractional Shares to be rounded up to a cash amount equal to the Fair Market Value of the nearest whole Share (with 0.5 to be rounded up)/if such withholding would result in a fractional Share being withheld, the number of Shares so withheld shall be rounded up to the nearest whole Share. Notwithstanding the foregoing, the Grantee may elect to satisfy such tax withholding requirements by timely remittance of such amount by cash or check or such other method that is acceptable to the Company, rather than by withholding of Shares, provided such election is made in accordance with such conditions and restrictions as the Company may establish]. If FICA taxes are required to be withheld while the Award is outstanding, such withholding shall be made in a manner determined by the Company.

(g) **Grantee Bound by Plan and Rules**. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement and agrees to be bound by the terms and provisions thereof. The Grantee agrees to be bound by any rules and regulations for administering the Plan as may be adopted by the Committee

prior to the date the Restricted Stock Units vest. Terms used herein and not otherwise defined shall be as defined in the Plan.

(h) **Governing Law**. This Agreement is issued, and the Restricted Stock Units evidenced hereby are granted, in White Plains, New York, and shall be governed and construed in accordance with the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

(i) **Section 409A Compliance**. To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A, and the Plan and this Agreement shall be interpreted accordingly.

(i) If it is determined that all or a portion of the Award constitutes deferred compensation for purposes of Section 409A, and if the Grantee is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, at the time of the Grantee's separation from service, then, to the extent required under Section 409A, any Shares that would otherwise be distributed [or cash payments in lieu of such Shares] (along with the cash value of all dividend equivalents that would be payable) upon the Grantee's separation from service, shall instead be delivered (and, in the case of the dividend equivalents, paid) on the earlier of (x) the first business day of the seventh month following the date of the Grantee's separation from service or (y) the Grantee's death.

(ii) If it is determined that all or a portion of the Award constitutes deferred compensation for purposes of Section 409A, upon an Acceleration Event that does not constitute a "change in the ownership" or a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of a corporation's assets" (as those terms are used in Section 409A), the Restricted Stock Units shall vest at the time of the Acceleration Event, but distribution [or payments in respect] of any Restricted Stock Units (or related dividend equivalents) that constitute deferred compensation for purposes of Section 409A shall not be accelerated (*i.e.*, distribution shall occur when it would have occurred absent the Acceleration Event).

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its President and Chief Executive Officer, or a Vice President, as of the **7th day of November, 2011**.

Agreed to:

Grantee

(Online acceptance constitutes agreement)

Dated: _____

XYLEM INC.

Dated: **November 7, 2011**

Enclosures

Exhibit 10.22

FORM OF XYLEM
2011 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT —

GENERAL GRANT

THIS AGREEMENT (the "Agreement"), effective as of the **7th** day of **November**, **2011**, by and between Xylem Inc. (the "Company") and **[name]** (the "Grantee"), WITNESSETH:

WHEREAS, the Grantee is now employed by the Company or an Affiliate (as defined in the Company's 2011 Omnibus Incentive Plan (the "Plan")) as an employee, and in recognition of the Grantee's valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the "Committee"), desires to provide an inducement to remain in service of the Company and as an incentive for increased efforts during such service pursuant to the provisions of the Plan.

NOW, THEREFORE, in consideration of the terms and conditions set forth in this Agreement and the provisions of the Plan, a copy of which is attached hereto and incorporated herein as part of this Agreement, and any administrative rules and regulations related to the Plan as may be adopted by the Committee, the parties hereto hereby agree as follows:

1. **Grant of Restricted Stock Units**. In accordance with, and subject to, the terms and conditions of the Plan and this Agreement, the Company hereby confirms the grant on **November 7, 2011** (the "Grant Date") to the Grantee of **#,###** Restricted Stock Units. The Restricted Stock Units are notional units of measurement denominated in Shares of common stock (*i.e.*, one Restricted Stock Unit is equivalent in value to one share of common stock).

   The Restricted Stock Units represent an unfunded, unsecured right to receive [cash payments equal to the Fair Market Value of such] Shares (and dividend equivalent payments pursuant Section 2(b) hereof) in the future if the conditions set forth in the Plan and this Agreement are satisfied.

2. **Terms and Conditions**. It is understood and agreed that the Restricted Stock Units are subject to the following terms and conditions:

   (a) **Restrictions**. Except as otherwise provided in the Plan and this Agreement, neither this Award nor any Restricted Stock Units subject to this Award may be sold, assigned, pledged, exchanged, transferred, hypothecated or encumbered, other than to the Company as a result of forfeiture of the Restricted Stock Units.

   (b) **Voting and Dividend Equivalent Rights.** The Grantee shall not have any privileges of a stockholder of the Company with respect to the Restricted Stock Units or any Shares that may be delivered hereunder, including without limitation any right to vote such Shares or to receive dividends, unless and until such Shares are delivered upon vesting of the Restricted Stock Units. Dividend equivalents shall be earned with respect to each Restricted Stock Unit that vests. The amount of dividend equivalents earned with respect to each such Restricted Stock Unit that vests shall be equal to the total dividends declared on a Share where the record date of the dividend is between the Grant Date of this Award and the date [a cash payment equal to the Fair Market Value of] a Share

is [paid/issued] upon vesting of the Restricted Stock Unit. Any dividend equivalents earned shall be paid in cash to the Grantee when the Shares subject to the vested Restricted Stock Units are issued. No dividend equivalents shall be earned or paid with respect to any Restricted Stock Units that do not vest. Dividend equivalents shall not accrue interest.

(c) **Vesting of Restricted Stock Units and Payment**. Subject to earlier vesting pursuant to subsections 2(d) and 2(e) below, the Restricted Stock Units shall vest (meaning the Period of Restriction shall lapse and the Restricted Stock Units shall become free of the forfeiture provisions in this Agreement) on **November 7, 2014,** provided the Grantee has been continuously employed by the Company or an Affiliate on a full-time basis from the Grant Date through the date the Restricted Stock Units vest. Except as provided in subsections 2(i)(i) and 2(i)(ii) below, upon vesting of the Restricted Stock Units (including vesting pursuant to subsections 2(d) or 2(e) below), the Company will deliver to the Grantee (i) [a cash amount equal to the Fair Market Value of such Shares/one Share for each vested Restricted Stock Unit], with any fractional Shares resulting from proration pursuant to subsection 2(e)(ii) to be rounded to [a cash amount equal to the Fair Market Value of] the nearest whole Share (with 0.5 to be rounded up) and (ii) an amount in cash attributable to any dividend equivalents earned in accordance with subsection 2(b) above, less any Shares withheld in accordance with subsection 2(f) below. For the avoidance of doubt, continuous employment of a Grantee by the Company or an Affiliate for purposes of vesting in the Restricted Stock Units granted hereunder shall include continuous employment with the Company for so long as the Grantee continues working at such entity.

(d) **Effect of Acceleration Event**. The Restricted Stock Units shall vest in full upon an Acceleration Event.

(e) **Effect of Termination of Employment**. If the Grantee's employment with the Company and its Affiliates is terminated for any reason and such termination constitutes a "separation from service" within the meaning of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder ("Section 409A"), any Restricted Stock Units that are not vested at the time of such separation from service shall be immediately forfeited except as follows:

(i) Separation from Service due to Death or Disability. If the Grantee's separation from service is due to death or Disability (as defined below), the Restricted Stock Units shall immediately become 100% vested as of such separation from service. For purposes of this Agreement, the term "Disability" shall mean the complete and permanent inability of the Grantee to perform all of his or her duties under the terms of his or her employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

(ii) Separation from Service due to Retirement or Separation from Service by the Company for Other than Cause. If the Grantee's separation from service is due to Retirement (as defined below) or an involuntary separation from service by the Company (or an Affiliate, as the case may

be) for other than cause (as determined by the Committee), a prorated portion of the Restricted Stock Units shall immediately vest as of such separation from service. For these purposes,

A. the prorated portion of the Restricted Stock Units shall be determined by multiplying the total number of Restricted Stock Units subject to this Award by a fraction, the numerator of which is the number of full months during which the Grantee has been continually employed since the Grant Date, together with any period during which the Grantee is entitled to receive severance in the form of salary continuation (not to exceed **36** in the aggregate), and the denominator of which is **36** (for avoidance of doubt, the period during which the Grantee may receive severance in the form of salary continuation or otherwise shall not affect the determination of the date of the Grantee's separation from service or the date of delivery of any Shares or dividend equivalent payments); and

B. full months of employment shall be based on monthly anniversaries of the Grant Date, not calendar months.

For purposes of this Agreement, the term "Retirement" shall mean the Grantee's separation from service if, at the time of such separation from service, the Grantee is eligible to commence receipt of retirement benefits under a traditional formula defined benefit pension plan maintained by the Company or an Affiliate (or would be eligible to receive such benefits if he or she were a participant in such traditional formula defined benefit pension plan) or if no such plan is maintained, the first day of the month which coincides with or follows the Grantee's 65th birthday.

(f) **Tax Withholding**. In accordance with Article 15 of the Plan, the Company may make such provisions and take such actions as it may deem necessary for the withholding of all applicable taxes attributable to the Restricted Stock Units and any related dividend equivalents. Unless the Committee determines otherwise, the minimum statutory tax withholding required to be withheld upon delivery of the [cash amount equal to the Fair Market Value of such] Shares and payment of dividend equivalents shall be satisfied by withholding a [cash amount equal to the Fair Market Value of a] number of Shares having an aggregate Fair Market Value equal to the minimum statutory tax required to be withheld, [with any fractional Shares to be rounded up to a cash amount equal to the Fair Market Value of the nearest whole Share (with 0.5 to be rounded up)/if such withholding would result in a fractional Share being withheld, the number of Shares so withheld shall be rounded up to the nearest whole Share. Notwithstanding the foregoing, the Grantee may elect to satisfy such tax withholding requirements by timely remittance of such amount by cash or check or such other method that is acceptable to the Company, rather than by withholding of Shares, provided such election is made in accordance with such conditions and restrictions as the Company may establish]. If FICA taxes are required to be withheld while the Award is outstanding, such withholding shall be made in a manner determined by the Company.

(g) **Grantee Bound by Plan and Rules**. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement and agrees to be bound by the terms and provisions thereof. The Grantee agrees to be bound by any rules and regulations for administering the Plan as may be adopted by the Committee

prior to the date the Restricted Stock Units vest. Terms used herein and not otherwise defined shall be as defined in the Plan.

(h) **Governing Law**. This Agreement is issued, and the Restricted Stock Units evidenced hereby are granted, in White Plains, New York, and shall be governed and construed in accordance with the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

(i) **Section 409A Compliance**. To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A, and the Plan and this Agreement shall be interpreted accordingly.

(i) If it is determined that all or a portion of the Award constitutes deferred compensation for purposes of Section 409A, and if the Grantee is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, at the time of the Grantee's separation from service, then, to the extent required under Section 409A, any Shares that would otherwise be distributed [or cash payments in lieu of such Shares] (along with the cash value of all dividend equivalents that would be payable) upon the Grantee's separation from service, shall instead be delivered (and, in the case of the dividend equivalents, paid) on the earlier of (x) the first business day of the seventh month following the date of the Grantee's separation from service or (y) the Grantee's death.

(ii) If it is determined that all or a portion of the Award constitutes deferred compensation for purposes of Section 409A, upon an Acceleration Event that does not constitute a "change in the ownership" or a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of a corporation's assets" (as those terms are used in Section 409A), the Restricted Stock Units shall vest at the time of the Acceleration Event, but distribution [or payments in respect] of any Restricted Stock Units (or related dividend equivalents) that constitute deferred compensation for purposes of Section 409A shall not be accelerated (*i.e.*, distribution shall occur when it would have occurred absent the Acceleration Event).

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its President and Chief Executive Officer, or a Vice President, as of the **7th day of November, 2011**.

Agreed to:

Grantee

(Online acceptance constitutes agreement)

Dated: _____

XYLEM INC.

Dated: **November 7, 2011**

Enclosures

Exhibit 10.23

FORM OF XYLEM
2011 OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT —

NON-EMPLOYEE DIRECTOR

NOTICE OF RESTRICTED STOCK UNIT AWARD

Xylem Inc. (the "Company") grants to the Director named below, in accordance with the terms of the Xylem 2011 Omnibus Incentive Plan (the "Plan") and this Restricted Stock Unit award agreement (this "Agreement"), the number of Restricted Stock Units (the "Restricted Stock Units" or the "Award") provided as follows:

DIRECTOR	**[Non-Employee Director Name]**
RESTRICTED STOCK UNITS GRANTED	**[#,####]**
DATE OF GRANT	**November 7, 2011**
VESTING SCHEDULE	Except as provided in Section 3 of this Agreement, the Restricted Stock Units will vest on the following date(s), subject to the Director's continued service as a director of the Company:

Vesting Date(s)	Restricted Stock Units Vesting
the Business Day immediately prior to the Xylem Inc. **2012** Annual Meeting.	100% of Award

AGREEMENT

1. Grant of Award. The Company hereby grants to the Director the Restricted Stock Units, subject to the terms, definitions and provisions of the Plan and this Agreement. All terms, provisions, and conditions applicable to the Restricted Stock Units set forth in the Plan and not set forth herein are incorporated by reference. To the extent any provision hereof is inconsistent with a provision of the Plan the provisions of the Plan will govern. All capitalized terms that are used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Plan.

2. Vesting and Settlement of Award.

    a. Right to Award. This Award shall vest in accordance with the vesting schedule set forth above (the "Vesting Schedule") and with the applicable provisions of the Plan and this Agreement.

b. Settlement of Award. Except as otherwise provided in a deferral agreement duly executed by the Director on a form prescribed by the Company for such elections and timely filed with the Company, the vested portion of this Award shall be settled (and any related dividend equivalents shall be paid) on or as soon as practicable following the vesting date set forth in the Vesting Schedule or in Section 3 of this Agreement, as the case may be.

The Company may require the Director to furnish or execute such documents as the Company shall reasonably deem necessary (i) to evidence such settlement and (ii) to comply with or satisfy the requirements of the Securities Act of 1933, as amended, the Exchange Act or any applicable laws. If the Director dies before the settlement of all or a portion of the Award, the vested but unsettled portion of the Award may be settled by delivery of Shares (and payment of related dividend equivalents) to the Participant's designated beneficiary or, if no such beneficiary has been designated, the Participant's estate.

c. Method of Settlement. The Company shall deliver to the Director [one Share for each vested Restricted Stock Unit in book entry form/to receive cash payments equal to the Fair Market Value of such Shares on vest date].

d. Dividend Equivalents. If a cash dividend is declared on the Shares, the Director shall be credited with a dividend equivalent in an amount of cash equal to the number of Restricted Stock Units held by the Director as of the dividend payment date, multiplied by the amount of the cash dividend paid per Share. Any such dividend equivalents shall be paid if and when the underlying Restricted Stock Units are settled. Dividend equivalents shall not accrue interest.

3. Separation from Service. The Award shall become 100% vested prior to the vesting date set forth in the Vesting Schedule above upon the Director's separation from service for any of the following reasons:

a. the Director's death;

b. the Director's Disability (as defined below);

c. the Director's retirement from the Board at or after age 72; or

d. the Director's separation from service on account of the acceptance by the Director of a position (other than an honorary position) in the government of the United States, any State or any municipality or any subdivision thereof or any organization performing any quasi-governmental function.

If the Director's service on the Board terminates for any reason other than one listed above prior to the vesting date set forth in the Vesting Schedule above (other than in connection with the Director's commencement of services as a director of a Spinco), the Award shall be forfeited immediately with respect to the number of Restricted Stock Units for which the Award is not yet vested.

For purposes of this Agreement, the term "Disability" means the complete and permanent inability of the Director to perform all of his or her duties as a member of the Board, as

determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

4. Transferability of Award.

The Award may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated.

5. Miscellaneous Provisions.

a. Rights as a Stockholder. The Director shall have no rights as a stockholder with respect to any Shares subject to this Award, except as provided in Paragraph 2(d), until the Award has vested and Shares, if any, have been issued.

b. Compliance with Federal Securities Laws and Other Applicable Laws . Notwithstanding anything to contrary in this Agreement or in the Plan, to the extent permitted by Section 409A of the Code and any treasury regulations or other applicable guidance promulgated with respect thereto, the issuance or delivery of any Shares pursuant to this Agreement may be delayed if the Company reasonably anticipates that the issuance or delivery of the Shares will violate Federal securities laws or other applicable law; provided that delivery or issuance of the Shares shall be made at the earliest date at which the Company reasonably anticipates that such delivery or issuance will not cause a violation.

c. Choice of Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

d. Modification or Amendment. This Agreement may only be modified or amended by written agreement executed by the parties hereto; provided, however, that the adjustments permitted pursuant to Section 4.2 of the Plan may be made without such written agreement.

e. Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included.

f. References to Plan. All references to the Plan shall be deemed references to the Plan as may be amended from time to time.

g. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Award for construction or interpretation.

h. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Director or by the Company forthwith to the Committee, which shall review such dispute at its next regular meeting. If the Director is a

member of the Committee, the Director shall not participate in such review. The resolution of such dispute by the Committee shall be final and binding on all persons.

i. Section 409A of the Code. The provisions of this Agreement and any payments made herein are intended to comply with, and should be interpreted consistent with, the requirements of Section 409A of the Code, and any related regulations or other effective guidance promulgated thereunder by the U.S. Department of the Treasury or the Internal Revenue Service.

j. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Xylem Inc.

Date: **November 7, 2011**

The Director represents that s/he is familiar with the terms and provisions thereof, and hereby accepts this Agreement subject to all of the terms and provisions thereof. The Director has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of this Agreement. The Director hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

Signed: _____
Director

(Online acceptance constitutes agreement)

Dated: _____

Exhibit 10.24

FORM OF DIRECTOR'S INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made as of _____ between Xylem Inc., an Indiana corporation (the " Corporation"), and _____ (the "Indemnitee").

WITNESSETH THAT:

WHEREAS, it is in the Corporation's best interest to attract and retain capable directors;

WHEREAS, both the Corporation and the Indemnitee recognize the increased risk of litigation and other claims being asserted against directors of public corporations in today's environment;

WHEREAS, it is now and has always been the policy of the Corporation to indemnify the members of its Board of Directors so as to provide them with the maximum possible protection available in accordance with applicable law;

WHEREAS, Article 4 of the Corporation's Amended and Restated By-laws (" By-laws") and applicable law expressly recognize that the right of indemnification provided therein shall not be exclusive of any other rights to which any indemnified person may otherwise be entitled; and

WHEREAS, the Corporation's By-laws, its Amended and Restated Articles of Incorporation (" Articles of Incorporation") and applicable law permit contracts between the Corporation and the members of its Board of Directors covering indemnification;

NOW, THEREFORE, the parties hereto agree as follows:

1. Indemnity. In consideration of the Indemnitee's agreement to serve or continue to serve as a Director of the Corporation, or, at the request of the Corporation, as a director, officer, employee, fiduciary or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, whether for profit or not, and including, without limitation, any employee benefit plan (a " Designated Director"), if Indemnitee was or is made or is threatened to be made a party to, or is otherwise involved in, as a witness or otherwise, any threatened, pending or completed investigation, claim, action, suit, arbitration, alternate dispute resolution mechanism or proceeding (brought in the right of the Corporation or otherwise), whether civil, criminal, administrative or investigative (including, without limitation, any internal corporate investigation), whether formal or informal, and including all appeals thereto (a "Proceeding"), the Corporation hereby agrees to hold the Indemnitee harmless and to indemnify the Indemnitee to the fullest extent now or hereafter permitted by applicable law from and against any and all expenses (which term shall be broadly construed and include, without limitation, all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements, appeal bonds, other out-of-pocket costs) ("Expenses"), judgments, fines, amounts paid in settlement (with such judgments, fines or amounts including, without limitation, all direct and indirect payments of any type or nature whatsoever, as well as any penalties or excise taxes assessed on a person with respect to an employee benefit plan), liabilities or losses actually and reasonably incurred by the Indemnitee

by reason of the fact such person is or was a Director of the Corporation or a Designated Director, or by reason of any actual or alleged action or omission to act taken or omitted in any such capacity.

2. Maintenance of Insurance. (a) Subject only to the provisions of Section 2(c) hereof, the Corporation hereby agrees that, so long as the Indemnitee shall continue to serve as a Director of the Corporation, and thereafter so long as the Indemnitee shall be entitled to indemnification hereunder, the Corporation will provide insurance coverage comparable to that presently provided and at least as favorable to Indemnitee as the insurance coverage provided to any other director or officer of the Corporation under the Corporation's Directors' and Officers' Liability Insurance policies (the "insurance policies") in effect at the date hereof.

(b) At the time the Corporation receives notice from Indemnitee, or is otherwise aware, of a Proceeding, the Corporation shall give prompt notice to the insurers in accordance with the procedures set forth in the insurance policies. The Corporation shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such insurance policy.

(c) However, the Corporation shall not be required to maintain all or any of such insurance policies or comparable insurance coverage if, in the business judgment of the Board of Directors of the Corporation, (i) the premium cost for such insurance is substantially disproportionate to the amount of coverage, or (ii) the coverage provided by such insurance is so limited by exclusions that there is insufficient benefit from such insurance or (iii) such insurance is otherwise not reasonably available.

(d) In the event of any payment by the Corporation under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect to any insurance policy. Indemnitee shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights in accordance with the terms of such insurance policy. The Corporation shall pay or reimburse all expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

(e) The Corporation shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under this Agreement or any insurance policy, contract, agreement or otherwise.

3. Additional Indemnity. Subject only to the exclusions set forth in Section 4 hereof, the Corporation hereby further agrees to hold harmless and indemnify the Indemnitee:

(a) to the fullest extent provided under Article 4 of the Corporation's By-laws as in effect at the date hereof; and

(b) in the event the Corporation does not maintain in effect the insurance coverage provided under Section 2 hereof, to the fullest extent of the coverage which would

otherwise have been provided for the benefit of the Indemnitee pursuant to the insurance policies in effect at the date hereof.

4. Limitations on Additional Indemnity. No indemnity pursuant to Section 3 hereof shall be paid by the Corporation:

(a) except to the extent the aggregate of losses to be indemnified thereunder exceed the amount of such losses for which the Indemnitee is indemnified or insured pursuant to either Section 1 or 2 hereof;

(b) in respect of remuneration paid to, or indemnification of, the Indemnitee, if it shall be determined by a final judgment or other final adjudication that such remuneration or indemnification was or is prohibited by applicable law;

(c) for any transaction from which the Indemnitee derived an improper personal benefit;

(d) for any breach of the Indemnitee's duty to act in good faith and (i) in the case of conduct in the Indemnitee's official capacity with the Corporation, in a manner he or she reasonably believed to be in the best interests of the Corporation, (ii) in all other cases, that the Indemnitee reasonably believed his or her conducts conduct was at least not opposed to the Corporation's best interests and (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe that his or her conduct was unlawful; or

(e) in respect of acts or omissions which involve intentional misconduct or a knowing violation of law by the Indemnitee.

5. Continuation of Indemnity. All agreements and obligations of the Corporation contained herein shall continue during the period the Indemnitee is a Director of the Corporation and shall continue thereafter so long as the Indemnitee may be made or threatened to be made a party to, or be otherwise involved in, as a witness or otherwise, any Proceeding, by reason of the fact that the Indemnitee was a Director of the Corporation or a Designated Director, or by reason of any action alleged to have been taken or omitted in any such capacity.

6. Notification and Defense of Claim.

(a) Promptly after receipt by the Indemnitee of notice of the commencement of any Proceeding, the Indemnitee shall, if a claim in respect thereof is to be made against the Corporation under this Agreement, notify the Secretary of the Corporation in writing of the commencement thereof and shall provide the Secretary with such documentation and information as is reasonably available to Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification; but an omission to so promptly notify the Corporation will not relieve it from any liability which it may have to the Indemnitee (i) under this Agreement, except to the extent the Corporation is actually and materially prejudiced in its defense of such Proceeding or (ii) otherwise than under this Agreement, including, without limitation, its liability to indemnify the Indemnitee under the Corporation's By-laws.

(b) With respect to any such Proceeding:

(1) the Corporation shall be entitled to participate therein at its own expense;

(2) except as otherwise provided below, to the extent that it may wish, the Corporation jointly with any other indemnifying party shall be entitled to assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. After notice from the Corporation to the Indemnitee of its election so to assume the defense thereof and approval by the Indemnitee of such counsel (which approval shall not be unreasonably withheld), the Corporation will not be liable to the Indemnitee under this Agreement for any legal or other expenses subsequently incurred by the Indemnitee for separate counsel in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The Indemnitee shall have the right to employ its counsel in such action, suit or proceeding but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the Indemnitee unless (i) the employment of such counsel by the Indemnitee has been authorized by the Corporation, (ii) the Indemnitee shall have reasonably concluded (with written notice to the Corporation setting forth the basis for such conclusion) that there may be a conflict of interest between the Corporation and the Indemnitee in the conduct of the defense of such Proceeding, or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which cases the fees and expenses of counsel shall be at the expense of the Corporation. The Corporation shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of the Corporation or as to which the Indemnitee shall have made the conclusion provided for in (ii) above; and

(3) the Corporation shall not be liable to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without the Corporation's written consent. The Corporation shall not settle any Proceeding in any manner that would impose any penalty, obligation or limitation on the Indemnitee without the Indemnitee's written consent. Neither the Corporation nor the Indemnitee will unreasonably withhold their consent to any proposed settlement.

(c) Except as otherwise required by applicable law, the determination of the Indemnitee's entitlement to indemnification shall be made pursuant to and in accordance with the procedures set forth in the By-Laws in effect as of the date hereof, or any such procedures that may be more favorable to the Indemnitee that are set forth in the By-Laws in effect on the date Indemnitee provides the Secretary notice of the request for indemnification.

7. Advancement and Repayment of Expenses. Upon receipt by the Corporation of a statement from the Indemnitee requesting advancement or repayment of any Expenses incurred in connection with any Proceeding involving the Indemnitee, all such

Expenses shall be paid promptly (and in any event within twenty (20) days of receipt of such statement, which statement shall reasonably evidence the Expenses incurred or to be incurred) by the Corporation in advance of the final disposition of such Proceeding. The Indemnitee agrees that the Indemnitee will reimburse (without interest) the Corporation for all reasonable Expenses advanced, paid or incurred by the Corporation on behalf of the Indemnitee in respect of a claim against the Corporation under this Agreement in the event and only to the extent that it shall be ultimately and finally determined that the Indemnitee is not entitled to be indemnified by the Corporation for such Expenses under the provisions of applicable law, the Corporation's Articles of Incorporation or By-laws, this Agreement or otherwise. The Corporation's obligations to advance Expenses under this Section 7 shall not be subject to any conditions or requirements not contained in this Section.

8. Nonexclusivity. The provisions for indemnification and advancement and reimbursement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, in any court in which a proceeding is brought, the Corporation's Articles of Incorporation or By-laws, other agreements or otherwise, and Indemnitee's rights hereunder shall inure to the benefit of the heirs, executors and administrators of Indemnitee. No amendment or alteration of the Corporation's Articles of Incorporation or By-laws or another agreement shall adversely affect the rights provided to Indemnitee under this Agreement. To the extent that a change in Indiana or other law, whether by statute or judicial decision, permits greater indemnification or payment than would be afforded currently under the Corporation's Articles of Incorporation, By-laws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

9. Enforcement. If a claim under this Agreement is not paid in full by the Corporation within ninety days after a written request has been received by the Corporation, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the Indemnitee shall also be entitled to be indemnified for all expenses actually and reasonably incurred by the Indemnitee in connection with the prosecution of such claim. Nothing in this Section 11 is intended to limit the Corporation's obligations with respect to the advancement or repayment of expenses to Indemnitee in connection with any such action, suit or proceeding instituted by Indemnitee to enforce or interpret this Agreement.

10. Severability. If any provision of this Agreement shall be held to be or shall, in fact, be invalid, inoperative or unenforceable as applied to any particular case or in any particular jurisdiction, for any reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other distinguishable case or jurisdiction, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever. The invalidity, inoperability or unenforceability of any one or more phrases, sentences, clauses or Sections contained in this Agreement shall not affect any other remaining part of this Agreement.

11. Governing Law; Binding Effect; Amendment or Termination (a) This Agreement shall be governed by and interpreted in accordance with the laws of the State of Indiana.

(b) This Agreement shall be binding upon the Indemnitee and upon the Corporation and its successors and assigns, and shall inure to the benefit of the Indemnitee and his or her heirs, personal representatives, executors and administrators, and to the benefit of the Corporation and its successors and assigns.

(c) This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior oral or written understandings or agreements with respect to the matters covered hereby are expressly superseded by this Agreement, except to the extent any such prior agreement may be more favorable to the Indemnitee than the provisions hereunder.

(d) No amendment, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Exelis Inc.

By: _____
Name:
Title:

By _____
Name: [Director's Name]

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gretchen W. McClain, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xylem Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 21, 2011

/s/ Gretchen W. McClain
Gretchen W. McClain
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael T. Speetzen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xylem Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 21, 2011

/s/ Michael T. Speetzen

Michael T. Speetzen
Senior Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Xylem Inc. (the "Company") for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gretchen W. McClain, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gretchen W. McClain
Gretchen W. McClain
President and Chief Executive Officer
November 21, 2011

A signed original of this written statement required by Section 906 has been provided to Xylem Inc. and will be retained by Xylem Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Xylem Inc. (the "Company") for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael T. Speetzen, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(3) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(4) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael T. Speetzen
Michael T. Speetzen
Senior Vice President and Chief Financial Officer
November 21, 2011

A signed original of this written statement required by Section 906 has been provided to Xylem Inc. and will be retained by Xylem Inc. and furnished to the Securities and Exchange Commission or its staff upon request.