

2012 Value of Water Index

AMERICANS ON THE U.S. WATER CRISIS

xylem
Let's Solve Water

Recognition of the Water Crisis

The 2012 Xylem Value of Water Index found that nearly all Americans (90 percent) consider water an important service on par with electricity and heat. They recognize that demands on the nation's water resources are growing.



77%

of Americans are concerned about the state of our nation's water infrastructure system.



88%

of Americans believe our water infrastructure needs some sort of reform, compared to 80% in 2010.

33%

Municipal/Local government



28%

State government



27%

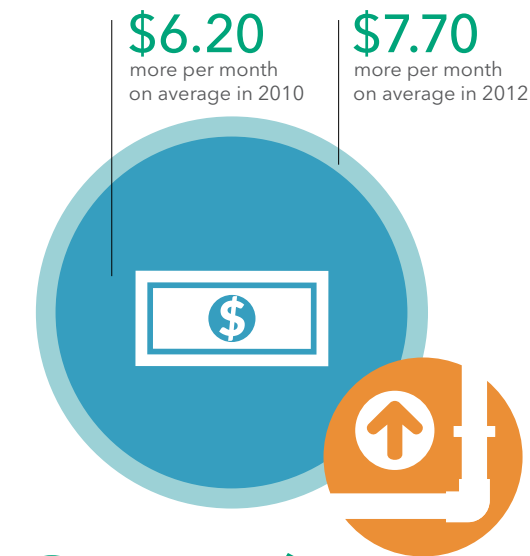
Federal government



Government Has a Role to Play



Nearly all Americans (88 percent) believe that government should be accountable for fixing and maintaining our nation's water infrastructure. They want government to invest more time (79 percent) and money (85 percent) in upgrading our water pipes and systems. And Americans trust local and municipal governments to address these problems more than other entities.



24%

The amount Americans are willing to pay has increased since 2010.

A Sense of Personal Responsibility

Americans recognize that they also have a personal role to play and are willing to pay for upgrades to the water system. Despite recent water rate increases, six in ten Americans (61 percent) are willing to pay more money to underwrite infrastructure improvements. If we took them up on their offer, the United States could invest an additional \$6.4 billion per year* to maintain our nation's water infrastructure. This is more than six times the current federal investment in our nation's drinking water systems through the U.S. EPA Drinking Water State Revolving Fund, the main vessel for federal water infrastructure funding.

*Based on 61% of U.S. households paying 12% more each month.

Level of Disconnect Remains

Despite a majority of Americans saying they are concerned about the state of the country's water infrastructure and are willing to pay more for improvements, a level of disconnect remains. Americans are largely unaware of their water footprint or the extent to which water infrastructure problems would impact them personally. More than half of Americans believe they use 50 gallons or less daily when it is actually closer to twice that amount.

69%

of Americans generally take access to clean water for granted.



29%

believe that water infrastructure problems would affect them "a great deal," compared to 41% in 2010.



Revitalizing America's Water Infrastructure

It's easy for us to take clean water for granted because its considerable underlying costs are mostly invisible to us. The EPA estimates, however, that approximately \$1 trillion will be needed to pay for water and wastewater infrastructure improvements over the next 20 years. Today, we are losing more than 1.7 trillion gallons of water annually as a result of breaks and leaks in our nation's aging water infrastructure—enough to sustain the top 10 U.S. cities for an entire year. In an era of water scarcity and tightening budgets, we can no longer afford to take this essential resource for granted and must build greater appreciation for the true value of water.

At Xylem, we believe it is essential that a new consciousness be instilled that will fundamentally change how we interact with water throughout this country. The simple act of turning on a faucet must trigger a new awareness that something very valuable is being utilized.

As part of our effort to change mindsets and encourage action, we developed the Value of Water Index to determine exactly what people think about water and our nation's water infrastructure.

While our 2012 Value of Water Index found that the majority of Americans support strengthening water infrastructure throughout the country and have expressed a willingness to pay more for improvements, it also reveals that few people have made an effort to truly understand the real problems. Their reported answers reveal little insight into the factors impacting water costs; they do not recognize their water footprint or how water infrastructure problems would affect them personally.

This disconnect must be addressed. We have to increase Americans' understanding of the role water plays in our lives. Changing mindsets and creating a rationale for action will require an aggressive "head and heart" campaign. The water industry must make a comprehensive case for greater society collaboration, increased investments, the development of innovative and efficient products, and perhaps most importantly, an appetite for new responsibilities. Progress is already being made and we are continuously encouraged by activities that are taking place across our nation.

Ultimately, campaigns designed to achieve this level of change only work if people understand the issue. The question is when, as a society, will we finally come to understand that water is truly a precious commodity and, armed with that understanding, when will we take action to ensure that water is protected not only for today, but for generations to come.



Gretchen W. McClain
President and Chief Executive Officer, Xylem Inc.

About the Xylem Value of Water Index

The 2012 Xylem Value of Water Index is a nationwide poll of American voters detailing what they think should be done about the country's water crisis and who should pay for it. This index is the second Value of Water Survey. The first was conducted by ITT Corporation in 2010. The 2012 study builds on the 2010 results, providing new insights into public perception of the U.S. water crisis.

Methodology

The 2012 Xylem Value of Water Index is based on a telephone study of 1,008 American voters age 18 years and older and an oversample of 250 New York City residents. The national sample of voters is representative of the 2006 U.S. voting population on gender, age, region and ethnicity. The margins of error at the 95% confidence level are +/- 3.1% for the voter sample, and +/- 6.2% for New York City oversample. The study was approximately 30 minutes in duration, utilizing computer-assisted telephone interviewing (CATI) technology. The study was conducted between August 16 and 23, 2012.

About Xylem

Xylem (XYL) is a leading global water technology provider, enabling customers to transport, treat, test and efficiently use water in public utility, residential and commercial building services, industrial and agricultural settings. The company does business in more than 150 countries through a number of market-leading product brands, and its people bring broad applications expertise with a strong focus on finding local solutions to the world's most challenging water and wastewater problems. Launched in 2011 from the spinoff of the water-related businesses of ITT Corporation, Xylem is headquartered in White Plains, N.Y., with 2011 revenues of \$3.8 billion and 12,500 employees worldwide. In 2012, Xylem was named to the Dow Jones Sustainability World Index and the Dow Jones Sustainability North America Index for advancing sustainable business practices and solutions worldwide.

The name Xylem is derived from classical Greek and is the tissue that transports water in plants, highlighting the engineering efficiency of our water-centric business by linking it with the best water transportation of all—that which occurs in nature. For more information, please visit us at www.xylem.com.

WWW.XYLEM.COM/VALUEOFWATER

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