

XERIUM TECHNOLOGIES, INC.

CORPORATE CODE OF BUSINESS CONDUCT AND ETHICS

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Rev. 10-2011

Xerium Technologies, Inc.

Corporate Code of Business Conduct and Ethics

1. General Policy

It is the policy of Xerium Technologies, Inc. and its subsidiaries worldwide (collectively, the “Company”) to conduct our business with integrity and in compliance with all applicable laws, rules and regulations. We make this commitment to our customers, to our shareholders, to our community, to those government agencies that regulate the Company and to ourselves.

We expect each employee, officer and director of the Company to act ethically and obey the law. This Corporate Code of Business Conduct and Ethics (the “Code”) sets forth standards of business conduct and provides guidance where ethical issues may arise. All employees, officers and directors of the Company must comply with the Code and should review this Code and related materials. Because of the complex and changing nature of legal requirements, each member of the Company must be vigilant to ensure that his or her conduct complies with the Code. An employee, officer or director who becomes aware of an issue of compliance that is not adequately addressed in this Code, should notify the Vice President of Internal Audit. The text of the Code can also be found on the Company’s website.

The Company takes compliance with laws, regulations, rules and the Code seriously. An employee who violates the Code will be subject to disciplinary action up to and including dismissal from employment. These disciplinary actions may apply to an employee’s supervisor who directs or approves of the employee’s improper actions, who knowing of those actions does not act appropriately to correct them, or fails to exercise appropriate supervision. For all employees, directors, and officers, the failure to report known or suspected wrongdoing may, by itself, subject that person to disciplinary action. In addition to imposing its own discipline, the Company may also bring violations of law or suspected violations of law to the attention of appropriate law enforcement personnel.

The Code includes statements of the Company’s policies in a number of specific areas. We need your help to comply with these policies. To that end, and to ensure that the Company’s compliance policies are consistently applied, we have established a legal and regulatory compliance program. The program is directed by the Vice President of Internal Audit, who is charged with reviewing the Company’s compliance policies and specific compliance situations that may arise.

If a question arises as to whether any action complies with the Company’s policies or applicable law, an employee, officer or director should present that question to the Compliance Officer by (i) writing to Xerium Technologies, Inc., 8537 Six Forks Road, Suite 300, Raleigh, NC 27615, Attention: Vice President of Internal Audit or (ii) as provided in the Company’s “*Policy for Handling Complaints*” using the Confidential Telephone Hotline or accessing **www.ethicspoint.com**. The Confidential Telephone Hotline and www.ethicspoint.com are staffed by independent, third-party resources and

provide a means of anonymous reporting. Should you choose to identify yourself, your identity will be kept confidential to the extent feasible and permissible under the law. All employees, officers and directors of the Company have the commitment of the Company and of the Audit Committee of the Company's Board of Directors that they will be protected from retaliation as a result of their lawfully reporting information regarding, or their participation in investigations involving, alleged violations of law, business ethics or the Code or other misconduct. However, the Company reserves the right to discipline anyone who knowingly makes a false accusation, provides false information to the Company or acts improperly.

The Code generally highlights some of the more important legal principles with which employees, officers and directors and agents are expected to become familiar. The fact that the Code does not specifically reference other applicable laws (some of which may be covered in other Company documents) does not diminish their importance or application.

2. Compliance with the Law

The Company seeks to comply with all applicable government laws, rules and regulations. We need the cooperation of all employees, officers and directors to do so and to bring lapses or violations to light. Although some regulatory schemes may not carry criminal penalties, they may control the licenses and certifications that allow the Company to conduct its business. The Company's continued ability to operate depends upon your help with compliance.

Some of the regulatory programs that employees may deal with in the course of their duties include, but are not limited to, the following:

- Labor laws and collective bargaining agreements
- Occupational safety and health regulation
- Building, safety and fire codes
- Wage and hour laws
- Export control system
- Environmental programs

The Vice President of Internal Audit, in conjunction with external legal counsel of record, can provide employees with information on these laws, rules and regulations or direct an employee's questions and concerns to the proper person.

3. Publicly Traded Securities

Because our securities are publicly traded in the United States, certain activities of the Company are subject to the securities laws of the United States. These laws govern the dissemination or use of information about the affairs of the Company or its affiliates, and other information that persons considering the purchase or sale of the securities would consider important. Violations of the securities laws of the United States could

subject you and the Company to severe criminal and civil penalties. Accordingly, the Company will not tolerate any conduct that risks a violation of these laws.

a. Disclosure of Transactions in the Company's Securities

The U.S. Securities and Exchange Commission ("SEC") requires continuing disclosure of transactions in the Company's publicly traded securities by the Company, its directors, officers, major shareholders and other affiliated persons. We are committed to complying with these obligations.

b. Insider Trading

All of the Company's employees, officers and directors must comply with the Company's Statement of Policy on Insider Trading which prohibits employees from trading, and tipping others to trade, in the securities of any company, including the Company, when such person is in possession of material nonpublic information. Information should be treated as material and nonpublic if an investor might consider such information to be important in deciding to buy, sell or hold securities and if such information has not been disclosed effectively to the public.

4. Exports and Imports

The Company is truly a global business, with transactions and relationships in many countries around the world. This means that Company personnel must be aware of applicable import/export laws, both in the United States as well as other countries. Such laws present significant compliance requirements and in some instances restrict Company transactions involving certain types of countries, products, end-uses or end-users.

The Company is committed to maintaining full compliance with all applicable import/export laws, including U.S. export control regulations. Failure to do so risks severe penalties, curtailment of trading privileges and reputational harm to the Company. Accordingly, the Company requires employees to follow corporate policies with respect to applicable import/export laws and to comply with such laws in all business transactions. Employees who fail to meet their responsibilities in this area are subject to disciplinary action, including possible termination.

Import/export transactions have numerous compliance requirements, including correct product classifications, accurate entry/export documentation, proper dealings with import/export authorities, export licensing requirements, complete recordkeeping and adherence to applicable restrictions on transactions with sanctioned countries. Because import/export laws are complicated and change periodically, employees should contact the Vice President of Internal Audit for guidance.

Employees should pay particular attention to U.S. export control requirements when engaging in transactions that involve U.S. origin products, technology and software (including foreign-made items that contain more than *de minimis* U.S. content) and/or the participation of U.S. persons. U.S. persons include U.S. citizens and permanent residents

anywhere in the world, U.S. companies and their foreign branches, and any person or entity located in the United States. U.S. export control requirements apply not only to shipments from the United States, but also to business dealings (service, sale, transfers, distribution) outside the United States as long as they involve U.S. origin items or U.S. persons. If the service, sale, transfer or distribution of a Company product includes such U.S. origin items or U.S. persons, it is your responsibility to ascertain and adhere to applicable U.S. export control compliance obligations, as well as those established under local law. U.S. export control compliance requirements also include certain prohibitions against dealings with sanctioned countries. U.S. sanctioned countries with comprehensive trade restrictions include Cuba, Iran, Sudan and Syria. For a more complete discussion of U.S. economic sanctions, including various country-based and list-based prohibitions, see www.ustreas.gov/offices/enforcement/ofac. If you have any questions about these additional U.S. economic sanctions and before taking any action with respect to possible transactions impacted by such sanctions, please consult with the Vice President of Internal Audit.

What to avoid

- Engaging in any business transaction (whether or not it involves U.S. origin items or U.S. persons) with Cuba or Cuban nationals.
- Engaging in any business transactions involving U.S. origin products, technology and software (including foreign-made items that contain more than *de minimis* U.S. content) or U.S. persons with Iran, Sudan or Syria.
- Providing inaccurate, incomplete or unsubstantiated invoice, import or export documentation, including those related to product description, classification, valuation, required authorizations (e.g., export license), country of origin, quantity or transaction terms.
- Providing any certifications or representations in an agreement, transaction document or submission to government authorities with respect to import or export compliance without prior written approval from the Vice President of Internal Audit.

5. Publicity

When the Company provides information to the news media, securities analysts and stockholders, it has an obligation to do so accurately and completely. In addition, selective disclosure of material non-public information regarding the Company is prohibited by rules of the U.S. Securities and Exchange Commission. In order to ensure that the Company complies with its obligations, employees receiving inquiries regarding the Company's activities, results, plans or position on public issues should refer the request to the Company's Chief Executive Officer, Chief Financial Officer, Vice President of Internal Audit or the designated corporate spokesperson. Company employees may not speak publicly for the company unless specifically authorized by

senior management. For more information, please refer to the Company's General Statement of Policy on Disclosure.

6. Confidential Information

You may be entrusted with the Company's confidential business information. You are required to safeguard and use such information only for the Company's purposes. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. You are expected to maintain the confidentiality of any and all such information entrusted to you by the Company or our customers. Examples of confidential business information include, but are not limited to: the Company's trade secrets, business trends, detailed sales, cost, and profit figures, new product or marketing plans, research and development ideas or information, manufacturing processes, and information about potential acquisitions, divestitures and investments. Failure to observe this duty of confidentiality may compromise our competitive advantage over competitors and may additionally result in a violation of securities, antitrust or employment laws. It may also violate agreements providing for the protection of such confidential information. You should not discuss confidential Company information outside the Company with anyone, including your family.

You may also possess sensitive, privileged information about our customers. These customers properly expect that this information will be kept confidential. The Company takes very seriously any violation of a customer's confidentiality and will not tolerate such conduct. Discussing a customer, or providing any information about customers to anyone other than Company authorized personnel or Company employees who need the information will have serious consequences. As with all confidential information, employees should not discuss customer information outside the Company.

7. Special Ethical Obligations of Financial Reporting

As a public company, we are also committed to carrying out all continuing disclosure obligations in a full, fair, accurate, timely and understandable manner. Depending on their position with the Company, employees, officers or directors may be called upon to provide information to assure that the Company's public reports are complete, fair and understandable. The Company expects all of its personnel to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to the Company's public disclosure requirements.

Because of this special role, all employees, officers, and directors are bound by the following code of ethics and shall:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
- Provide information that is accurate, complete, objective, relevant, timely and understandable to ensure full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company

files with, or submits to, government agencies and in other public communications.

- Comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.
- Respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of one's work will not be used for personal advantage.
- Proactively promote and be an example of ethical behavior as a responsible partner among peers, in the work environment and the community.
- Achieve responsible use of and control over all assets and resources employed or entrusted.

Employees, officers and directors should promptly report, in accordance with the Company's "Policy for Handling Complaints," any conduct that the individual believes to be a violation of law or business ethics or of any provision of the Code, including any transaction or relationship that reasonably could be expected to give rise to such a conflict. Violations, including failures to report conduct by others that may constitute a violation, will be viewed as a severe disciplinary matter that may result in personnel action, up to and including termination of employment.

8. Continuing Disclosure Obligations and Accuracy of Business Records

In order to support all our disclosure obligations, we note that it is our policy to record and report our factual information honestly and accurately. Failure to do so is a grave offense and will subject an individual to severe discipline by the Company, as well as possible criminal and civil penalties.

Investors count on the Company to provide accurate information about our businesses and to make responsible business decisions based on reliable records. Every individual involved in creating, transmitting or entering information into the Company's financial and operational records is responsible for doing so fully, fairly, accurately and timely, and with appropriate supporting documentation. No employee, officer, director or agent may make any entry that intentionally hides or disguises the true nature of any transaction. For example, no individual may understate or overstate known liabilities and assets, record false sales or record them early, defer or accelerate the proper period for recording items that should be expensed, falsify quality or safety results, or process and submit false or inaccurate invoices.

Compliance with established accounting procedures, the Company's system of internal controls, and generally accepted accounting principles is necessary at all times. In order to achieve such compliance, the Company's records, books and documents must

accurately reflect the transactions and provide a full account of the Company's assets, liabilities, revenues and expenses. When billing others for the Company's goods or services, the Company has an obligation to exercise diligence, care, and integrity. Knowingly entering inaccurate or fraudulent information into the Company's accounting system is unacceptable and may be illegal. Any individual who has knowledge that an entry or process is false and material is expected to report this matter in accordance with the Company's "*Policy for Handling Complaints.*" In addition, it is the responsibility of each member of the Company to cooperate with the Company's internal and external auditors.

Every individual should be aware that the Company's business records may become subject to public disclosure in the course of litigation or governmental investigation. Records are also often obtained by outside parties or the media. Employees should therefore attempt to be as clear, concise, truthful and accurate as possible when recording any information. They must refrain from making legal conclusions or commenting on legal positions taken by the Company or others. They must also avoid exaggeration, colorful language, and derogatory characterizations of people and their motives.

9. Protection and Proper Use of Company Assets Including Computer-Based Resources

Employees, officers and directors should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes.

Everyone who works with the Company's computer-based resources is responsible for their appropriate use and protection from theft, damage or loss. Employees should take care to protect and ensure that the security features of the computer-based resources are not compromised. Information created, transmitted, stored, received or accessed on Company networks is company property and the Company reserves the right to access it, restrict access to it and monitor it in accordance with applicable law. Supervisors are responsible for ensuring Company resources are used productively. Computer software used in connection with the Company's business must be properly licensed and used only in accordance with that license. Without first obtaining the permission of the rights holder, you should not download, upload, post, publish, transmit, reproduce or distribute any software or other material or information that is protected by copyright.

The same level of care should be taken when using the Company's e-mail, internet and voice mail systems as is used in written documents. For example, confidential information about the Company should not be disclosed on electronic bulletin boards, in chat rooms or posted on an internet website. The Company's e-mail, internet and voice mail systems should not be used for messages that are defamatory, obscene, profane, sexually oriented, threatening, racially offensive or otherwise in violation of Company policy. In addition, when using e-mail you should keep in mind that e-mail can be forwarded to additional and unintended recipients without the

knowledge of the original sender and that e-mails can be easily altered and forwarded to others in their modified form. Employees should not expect a right to privacy for their e-mail or internet use or for personal documents or files stored on Company equipment. All e-mail and internet use and creation of personal documents or files on Company equipment is subject to monitoring in accordance with applicable law.

10. Corporate Opportunities

Employees, officers and directors are prohibited from (a) taking opportunities for themselves that are discovered through the use of Company property, information or position, (b) using Company property, information or position for personal gain, and (c) competing with the Company. Each employee, officer and director owes a duty to the Company to advance the Company's legitimate interests when the opportunity to do so arises.

11. Fair Dealing

Employees, officers and directors should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. You should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practices.

12. Conflicts of Interest

Company employees, officers and directors must avoid all potential conflicts of interest or situations that give the appearance of a conflict of interest. A conflict of interest occurs when the private interest of a Company employee (or an immediate family or household member or someone with whom you have an intimate relationship) interferes, in any way -- or even appears to interfere -- with the duties performed by the Company employee or with the interests of the Company as a whole. A conflict can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest also arise when an individual, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, employees, officers or directors are of special concern.

To this end, Company employees, officers or directors may not be employed by, act as a consultant to, or have an independent business relationship with any of the Company's customers, competitors or suppliers. Employees, officers and directors should not have an interest in or speculate in anything of value which may be affected by the Company's business. In particular, employees, officers or directors should not invest in any customer, supplier, or competitor (other than through mutual funds or through holdings of less than 0.5 percent of the outstanding shares of publicly traded securities) unless they first obtain written permission from the Chief Executive Officer. Employees, officers or directors should not have outside employment or business interests that place them in the position of (i) appearing to represent the Company, (ii) providing goods or services substantially similar to those the Company provides or is considering providing,

or (iii) lessening their efficiency, productivity, or dedication to the Company in performing their everyday duties. Employees, officers or directors may not divulge or use the Company's confidential information -- such as financial data, customer information, and computer programs -- for their own personal or business purposes.

Any personal or business activities by an employee, officer or director that may raise concerns along these lines must be disclosed to and approved in advance by the Vice President of Internal Audit. You should also obtain the approval of a supervising officer when accepting a board position with a not-for-profit entity, if there is a Company business relationship with the entity or an expectation of financial or other support from the Company.

13. Gifts, Entertainment and Improper Payments

a. Improper Payments and Kickbacks

No bribes, illicit rebates, kickbacks or other illegal payments shall be made to, or accepted from, customers, suppliers, prospective suppliers or customers, or anyone else, either directly or indirectly.

b. Entertainment and Gifts

The Company recognizes the fact that it may be acceptable for employees to accept some gifts or other personal benefits ("Gifts") from individuals or companies that currently do business or propose to do business with the Company. Under no circumstances, however, shall gifts of money (or equivalents such as stocks, bonds or other financial assets) be accepted. In general, it is appropriate for employees to accept reasonable forms of meals and entertainment, such as dinners, concerts or tickets to sporting events ("Entertainment") in connection with business dealings, educational opportunities, or efforts to market the Company or its products and otherwise in connection with the normal and ordinary course of doing business.

Any employee who accepts a Gift in excess of \$100 must report it to his or her supervisor and the Vice President of Internal Audit. Additionally, in general, employees should not accept Gifts in excess of \$200 per person, per year, from the same individual or company. The above amounts apply also for gift giving, however, all gifts given in excess of the amounts above, shall be approved in writing, in advance by the regional controller and Regional President. In addition, gifts given over \$1,000 USD require that the receiving individual furnish a copy of their companies' ethics policy stating that the amounts are in compliance with their policy, in addition to the pre-approval from the Regional President.

As a guideline for helping to determine whether a Gift or Entertainment is appropriate, an employee should consider whether it would be considered extravagant or excessive or whether a disinterested third party might infer that it could affect their judgment. If so, the Gift or Entertainment should not be accepted or given. If you receive or give a Gift or Entertainment that does not comply with this policy or that may be considered excessive or extravagant, or you are unsure if it complies, you should contact

the Vice President of Internal Audit for proper determination of compliance. In addition, an employee should not receive any form of compensation to or from a third party for services that he or she normally would perform on behalf of the Company within the scope of his or her employment.

Gifts, Entertainment or favors may be extended to individuals or companies only if all of the following conditions are met:

- They do not violate applicable laws, rules or regulations.
- They are not extended to obtain action by a government official, supplier or customer.
- They are not extended to influence a government official, supplier or customer not to take a particular action.
- They are not extended to reward a government official, supplier or customer for a particular action already taken.
- They are (i) of such limited value, (ii) are in keeping with general industry standards, and (iii) are in such form that they cannot be construed as a bribe, payoff or kickback.
- Public disclosure of the facts surrounding them would not embarrass the Company or the recipients in any way.

c. Relationships with Government Personnel

Separate and more stringent gift, meals, and entertainment rules apply to dealings with government officials. U.S. federal and state anti-kickback laws prohibit the Company and its representatives from knowingly and willfully offering, paying, requesting, or receiving any money or other benefit, directly or indirectly, in return for obtaining or rewarding favorable treatment in connection with the award of a government contract. Any employee who becomes aware of any such conduct must immediately report it to the Vice President of Internal Audit.

The anti-kickback laws must be considered whenever something of value is given or received by the Company or its representatives or affiliates that is in any way connected to work performed for the government. There are many transactions that may violate the anti-kickback rules. As a result, no one acting on behalf of the Company may offer or accept gifts, loans, rebates, services, or payment of any kind to or from government suppliers and vendors without first consulting the Vice President of Internal Audit.

d. Foreign Corrupt Practices Act

The U.S. Foreign Corrupt Practices Act (the “FCPA”) applies to business transactions both inside the United States and in other countries. Its requirements relate to accurate and complete financial books and records, transactions with foreign government officials and restrictions on the use of funds for unlawful or improper purposes. Violation of the FCPA can result in severe penalties for the Company and individual employees, including criminal fines and jail terms.

The anti-bribery provisions of the FCPA broadly prohibit giving a foreign official anything of value, tangible or intangible, for the purposes of influencing any act or decision, inducing the foreign official to act or refrain from carrying out any lawful duty, or securing any improper advantage in order to obtain, retain or direct business to any person. “Foreign officials” include officials of foreign governments (even those that perform ministerial or clerical functions), foreign political parties, public international organizations, candidates for a foreign office, and officials of government-owned corporations. Even if the payment does not go directly to a foreign official, it is a violation of the FCPA to make a payment to a private party if one knows, believes, or is aware that the private party intends to turn over all or a portion of that payment to a foreign official.

The FCPA does not cover certain small payments made to a foreign official for the purpose of facilitating or expediting the performance of a “routine governmental action” that the official is normally required to take, such as obtaining permits, licenses, and other official documents that qualify a person to do business. “Routine governmental actions” do NOT include any decision to award new business or to continue business with a particular party. A payment will not violate the FCPA if it was for reasonable and bona fide promotional or contractual expenses. Payments are reasonable if they are appropriate to the nature of the transaction or the individual involved. Payments are bona fide if they are actually incurred by or on behalf of the foreign official and directly relate to expenses actually incurred for the purpose of promoting the product or service or executing performance of an existing contract. In addition, a payment will not violate the FCPA if it is permitted under the written laws of the foreign official’s country. If you believe a payment is requested which falls under one of these exceptions, contact the Vice President of Internal Audit before the payment is made so that the Company can determine if the payment is permissible.

The FCPA also prohibits knowingly falsifying a company’s books and records, or knowingly circumventing or failing to implement accounting controls.

14. Political Contributions

The Company believes that governments benefit from citizens who are politically active. For this reason, the Company encourages each of its employees to participate in civic and political activities in his or her own way.

Political activities by the Company are, however, limited by law. Political contributions of Company funds made directly or indirectly to candidates for political office or political organizations are in most instances considered illegal in the United States and in many foreign countries as well. Where lawful, corporate political contributions may be made only when specifically approved in advance by the Chief Financial Officer and the Chief Executive Officer. Neither the Company nor supervisory personnel within the Company may require any employee to make any such contribution. Employees are free to make personal political contributions within applicable limits, but will not be compensated or reimbursed by the Company for any such contributions. Any

question about the propriety of political activity or contribution should be directed to the Chief Financial Officer or Chief Executive Officer.

15. Purchasing

Purchasing decisions must be made in accordance with applicable Company policy, including the Code. In particular, the prohibitions discussed in Section 13 of this Code regarding Gifts, Entertainment and improper payments apply to purchasing decisions made on behalf of the Company. Purchasing decisions must in all instances be made free from any conflicts of interest that could affect the outcome. The Company is committed to a fair and objective procurement system that results in the acquisition of quality goods and services for the Company at a fair price.

16. Market Competition

Antitrust and competition laws are designed to promote fair and open competition by prohibiting unfair, restrictive or collusive business practices. It is the Company's policy to comply fully with all such laws. Antitrust laws, in the U.S. as well as many other countries, prohibit, among other things, agreements or arrangements in restraint of trade. Such agreements may be between competitors or between the Company and its distributors or customers and include agreements to fix price, or to adhere to a specific resale price. Unlawful agreements need not take the form of a written agreement, but can be based on oral commitments or informal understandings. While the antitrust laws clearly prohibit most agreements to fix prices, divide markets, and boycott -- which are addressed below -- they also proscribe conduct that is found to unreasonably restrain competition. This can include, depending on the facts and circumstances involved, certain attempts to tie or bundle services together, certain exclusionary activities, and certain agreements that have the effect of harming a competitor or unlawfully raising prices.

You should be aware that antitrust laws, particularly in the U.S. but in other countries as well, might apply to activities that occur outside the applicable country if such activities have a direct, substantial and foreseeable effect on commerce within that country. Moreover, the European Community and other foreign countries have competition laws similar to, and in some cases more restrictive than, the U.S. antitrust laws that must also be followed when dealing in international markets. As the specific prohibitions vary by country, employees working in foreign countries should consult with the Vice President of Internal Audit to ensure compliance with all applicable competition laws.

a. Discussions with Competitors

Company policy requires that the rates it charges for goods and services must be determined solely by the Company. In determining prices and terms, the Company may take into account all relevant factors, including costs, market conditions, widely used reimbursement schedules, and prevailing competitive prices, to the extent these can be determined in the marketplace. There can be no oral or written understanding with any

competitor concerning prices, pricing policies, pricing formulas, bids, or bid formulas, or concerning discounts, credit arrangements, or related terms of sale or service. To avoid the possibility of misunderstanding or misinterpretation, the Company policy prohibits any consultation or discussion with competitors relating to prices or terms which the Company or any competitor charges or intends to charge. Joint ventures and affiliations that may require pricing discussions must be individually reviewed for antitrust compliance. Discussions with competitors concerning rationalization of markets, downsizing, or elimination of duplication ordinarily implicate market division and must be avoided.

The Company may participate in and receive the results of general surveys, if the survey is conducted by a third party and involves an appropriate number of comparably sized companies. Any price, cost, or wage information released by the Company must be at least three months old. Similarly, Company policy prohibits consultation or discussion with competitors with respect to its services, selection of markets, territories, bids, or customers. Any agreement or understanding with a competitor to divide markets is prohibited. This includes an agreement allocating shares of a market among competitors, dividing territories, or dividing product lines or customers.

b. Boycotts

Company policy prohibits any agreement with competitors to boycott or refuse to deal with a particular person or persons, such as a vendor, customer, or other company. These agreements need not be written to be illegal; any understanding reached with a competitor (directly or indirectly) on such matters is prohibited. Exclusive arrangements with vendors, customers, and other companies must be approved by an officer of the Company or by the Vice President of Internal Audit based on an analysis of the relevant market.

17. Environmental Compliance

In conducting its business, the Company is committed to compliance with all applicable laws and regulations relating to the protection of the environment, and in particular those governing the incineration, treatment, storage, disposal, and discharge of waste. Failure to comply with these laws and regulations, even if unintentional, could result in significant penalties for the Company. If an employee suspects that there is noncompliance or a violation of these laws and regulations, the circumstances should be reported immediately to his or her supervisor, or to the Safety and Environmental Officer.

18. Employee Relations

a. Valuing Our Diversity

We benefit from having a diverse workforce. Diversity means that each employee brings to the Company a unique set of abilities and perspectives that reflects his or her own life experiences. This adds to the Company's culture of openness,

teamwork and mutual respect. The Company is committed to an environment where all employees can contribute and have an opportunity to excel.

b. Discrimination

The Company is committed to maintaining a work environment that is free from discrimination, where every employee is treated with dignity and respect, differences are acknowledged and individuals are valued. The Company makes reasonable accommodations for individuals with disabilities in accordance with the law. Every employee has the right to equal treatment in employment at the Company.

Discrimination includes, but is not limited to, making an adverse employment decision based on race, color, religion, gender, age, national origin, ancestry, sexual orientation, marital status, disability, military service or status or political beliefs. It is the responsibility of each of us to maintain a work environment free from discrimination.

c. Workplace Harassment

Workplace harassment is conduct, whether intentional or unintentional, that is unwelcome, insulting or otherwise offensive. Workplace harassment includes sexual harassment, but workplace harassment is not necessarily sexual in nature. Some examples are:

- Any form of unsolicited, unwarranted and/or unwelcome verbal or physical abuse of another person
- Sexual advances or propositions
- Any physical contact of a sexual nature
- Jokes or other remarks with sexual content that is graphic or may otherwise be offensive to others
- Explicitly derogatory statements or materials
- Use of profanity
- Verbal or physical behavior that creates a hostile environment
- Discriminatory remarks made by someone in the workplace which are offensive to the recipient, cause the recipient discomfort or humiliation, or interfere with the recipient's job performance.

Workplace harassment is strictly prohibited. Those who violate this policy are subject to disciplinary action, up to and including possible termination of employment. An employee who believes that he or she or a fellow employee has been harassed or treated unfairly should immediately notify a supervisor or the Corporate Human Resources Department.

d. Workplace Violence

The Company does not tolerate violent behavior or threats of violence. Prohibited behavior includes, but is not limited to:

- Unsafe, intimidating or aggressive behavior

- Verbal threats
- Physical violence
- Harassment
- Stalking

If an employee feels threatened and/or that his or her personal safety – or the safety of any other employee, vendor, visitor or customer – is in jeopardy, he or she should immediately notify a supervisor or the Corporate Human Resources Department. The Company will investigate all reported incidents of threats of violence or acts of violence against another employee, vendor, visitor or customer. Any employee who exhibits violent behavior or behavior that can be construed as violent will be met with immediate and appropriate punishment, including possible termination of employment and/or criminal prosecution.

No employee will be subjected to retaliation, intimidation or discipline as a result of reporting a threat.

e. Privacy

Treating each other with dignity and respect includes respecting each other's privacy. The Company recognizes and understands the importance of balancing work and family life. Even though an employee's non-work-related activities outside of the Company are considered personal, employees should always remember that they are representatives of the Company.

f. Health and Safety

The safety of employees is a top priority, and the Company is committed to providing and maintaining a clean and safe work environment. Whether an employee works in a manufacturing center or office, he or she can help keep the workplace safe by:

- Immediately reporting any workplace accident and/or any injury, no matter how minor
- Not attempting to move an injured person (instead, get medical attention)
- Immediately reporting any potential hazards (that you cannot correct yourself), no matter how minor, to your supervisor.

Being prepared to deal with a safety issue is very important. Employees should take the time to learn the safety guidelines and procedures specific to their locations.

g. Substance Abuse and Weapons

While on Company property, employees are not permitted to use, possess or be under the influence of alcoholic beverages, except when authorized by the Company at Company functions and then only in moderation. Employees may not use, possess or be under the influence of illegal drugs or illegally-obtained controlled substances while on Company property or while engaged in any job-related activity. The abuse of legally

obtained drugs and medications while on Company property or while engaged in any job-related activity is also prohibited.

An employee may not have or possess any weapon while on Company property, or while engaged in any job related activity.

19. Response to Investigations or Government Inquiries

Numerous state and U.S. federal agencies, as well as foreign government agencies, have broad legal authority to investigate the Company and review its records. The Company will comply with subpoenas and respond to governmental investigations as required by law. The Vice President of Internal Audit is responsible for coordinating the Company's response to investigations and the release of any information.

If an employee or officer receives an investigative demand, subpoena, or search warrant involving the Company, it should be brought immediately to the Chief Financial Officer and the Vice President of Internal Audit. No documents should be released or copied without authorization from the Chief Financial Officer and the Vice President of Internal Audit. If an investigator, agent, or government auditor comes to one of the Company's manufacturing facilities or offices, contact the Chief Financial Officer or the Vice President of Internal Audit immediately. In the absence of the Chief Financial Officer or the Vice President of Internal Audit, contact the Chief Executive Officer. Ask the investigator to wait until the contacted individual or his designee arrives before reviewing any documents or conducting any interviews. The Vice President of Internal Audit or his designee is responsible for assisting with any interviews.

Under U.S. law, if the Company's employees are approached by government investigators and agents while they are away from the Company's premises and asked to discuss Company affairs, the employee has the right to insist on being interviewed during business hours with a supervisor or counsel present. Alternatively, any employee may choose to be interviewed or not to be interviewed at all. The Company recognizes the choice of how to proceed in these circumstances is left entirely with the employees. If an employee chooses to speak with government personnel, it is essential that the employee be truthful. Laws related to investigations by foreign government agencies may be different. Questions may be directed to the Chief Financial Officer. (In absence of the Chief Financial Officer, contact the Chief Executive Officer.)

Company employees are not permitted to alter, remove, or destroy documents or records of the Company except in accordance with regular document retention and destruction practices.

20. Administration of the Code

a. General

We require all Company employees to comply with the Code. We reserve the right to monitor your continuing compliance with the provisions of the Code and to

investigate any suspected violations. If substantiated, these violations could result in disciplinary action.

This Code may be revised, changed or amended at any time by our Board of Directors. Following any material revisions or updates, an updated version of this Code will be distributed to you, and will supercede the prior version of this Code.

Any waiver of this Code for an executive officer may only be made by the Board of Directors or the Audit Committee. Under certain circumstances, the law requires that the Company disclose to shareholders the nature of such waiver, the name of the executive officer and the relevant date of the waiver.

b. Other Policies

The Company also publishes several other policies and guidelines and enters agreements relating to proper business conduct that must be followed, including without limitation, employment, confidentiality and non-competition agreements, and policies on harassment, drugs and alcohol, the internet and e-mail usage, and publicity.

c. Reporting of Suspected Violations

Please refer to the Company's "Policy for Handling Complaints" for instructions on reporting suspected violations of the Code. If you believe that you may be in violation of any of the provisions of the Code, you must contact the Vice President of Internal Audit (or the Safety and Environmental Officer, in the case of Sections 17 and 18(f) of the Code, and the Human Resources Department, in the case of Section 18 of the Code) or you may utilize the Confidential Telephone Hotline or www.ethicspoint.com as described in the Company's "Policy for Handling Complaints." In addition, in order to help the Company maintain compliance with the Code, you must disclose any other violation of the Code by another employee of which you are aware, in accordance with the "Policy for Handling Complaints," so that the Company may take appropriate action.

The Company will not permit retaliation against an employee for the good faith reporting of a possible violation. Because failure to report criminal activity can itself be understood to condone the crime, we emphasize the importance of reporting. For both criminal activity and other violations of the Code, failure to report knowledge of wrongdoing may result in disciplinary action against those who fail to report. If a reporting individual was involved in improper activity, the individual may be appropriately disciplined even if he or she was the one who disclosed the matter to the Company. In these circumstances, we may consider the conduct of the reporting individual in reporting the information as a mitigating factor in any disciplinary decision.

d. Investigation of Suspected Violations

Upon receipt of a report of a suspected violation, the Vice President of Internal Audit will determine the nature of the complaint and handle it as follows:

1. Complaints relating to accounting, internal accounting controls or auditing matters will be forwarded to the Chairman of the Audit Committee. The Audit Committee may delegate the investigation of complaints regarding accounting, internal accounting controls or auditing matters to the Vice President of Internal Audit, the Chief Financial Officer or such other persons as the Audit Committee determines to be appropriate, including but not limited to external legal counsel and external auditors. Delegation decisions will be made on a case-by-case basis, taking into consideration the nature and the significance of the complaint.
2. Complaints relating to any other matters will be reviewed by the Vice President of Internal Audit. The Vice President of Internal Audit may delegate the investigation of the complaint in the same manner and to the same person(s) as are available to the Audit Committee. The Vice President of Internal Audit will oversee any such investigation, unless otherwise determined by the Audit Committee.
3. When a complaint involves a potential violation of law, the determination of the process and scope of the investigation of such complaint shall be made in consultation with the Company's General Counsel and in appropriate cases, an investigation of such a complaint shall be conducted by the General Counsel and protected by the attorney-client privilege.

You are expected to cooperate in the investigation of reported violations. When practical and appropriate under the circumstances, and in order to protect the privacy of the persons involved, those people investigating the suspected violation will attempt to keep confidential the identity of someone who reports a suspected violation or who participates in the investigation. There may be situations, however, when this information must be disclosed as part of our investigation.

You should be aware that each of our Vice President of Internal Audit, Audit Committee and Chief Financial Officer is legally obligated to act in the best interests of the Company. The Vice President of Internal Audit does not act as a lawyer or personal representative for any individual Company employee. Our Board of Directors has ultimate responsibility for final interpretation of the Code and for determining whether any violations of the Code have occurred.

e. Important Disclaimers

The Code reflects general principles to guide you in making ethical decisions. It cannot and is not intended to address every specific situation in which we may find it appropriate to take disciplinary action. The Code is not intended to create any contract (express or implied) with you, including without limitation any employment contract, or to constitute any promise that your employment will be not terminated except for cause.