

**XERIUM TECHNOLOGIES, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

**Board and Committee Operations**

1. Number of Committees; Charters

The current standing Committees of the Board of Directors (the “Board”) are: Audit, Compensation, Nominating and Governance, and Executive. Each of the Audit, Compensation, and Nominating and Governance Committees shall have a written charter of responsibilities and authorities that shall be periodically reviewed by the Board. The charter for each of such Committees is publicly available on the Company’s web site for review by the Company’s security holders.

2. Assignment of Committee Members

The Nominating and Governance Committee will review Committee assignments and chairmanships on an annual basis in consultation with the Chairman of the Board (the “Chairman”) and make recommendations to the Board taking into account the desires of individual Board members. The chairman of a Committee and Committee members will be appointed by the Board and shall serve at the pleasure of the Board, which may replace them at any time. In general, the goal will be to strike an appropriate balance between rotation of Committee assignments and continuity of membership, and there will be no fixed rules with respect to either.

3. Committee Meetings

The chairman of each Committee, in consultation with the Chairman and Committee members, will determine the frequency and length of the meetings of the Committee. The chairman of the Committee will develop the Committee’s agenda. Management will designate a person or persons to act as management liaison to each Committee who shall work with the Committee, the Company’s financial officers, internal and external legal counsel and internal and external audit to prepare information necessary for each meeting. That person or one or more of those persons shall coordinate and be responsible for all mailings to the Committee members and, except when the Committee is meeting in executive session, shall be responsible for recording accurate minutes of all Committee meetings and distributing them to the Committee members.

4. Selection of Agenda Items for Board Meetings

The Chairman will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items(s) on the agenda.

5. Board Materials Distributed in Advance

Information and data that are important to the Board's understanding of the business should be distributed in writing to the Board sufficiently in advance of each meeting to permit the directors to prepare for a discussion of the items at the meeting. Management will make every attempt to see that this material is focused to enable decisions to be made.

6. Attendance at Meetings

The Chairman, in consultation with the chairman of each Committee, will develop an annual schedule of meetings of the Board and each Committee well in advance of the beginning of the year. The schedule will be designed, to the extent possible, so as to be free of any known conflicts of any Board member. As such, absent unexpected, extenuating circumstances directors are expected to attend each Board meeting and the annual meeting of stockholders and each Committee member is expected to attend all Committee meetings.

7. Access to Outside Advice

The Board and all of its Committees shall have access to such outside advice as the Board or appropriate Committee in its sole discretion deems necessary or appropriate, including but not limited to, outside attorneys and/or other outside consultants.

8. Lead Independent Director

If the Chairman is a member of management, the Board shall designate an independent director as the Lead Independent Director. The Lead Independent Director shall have the following responsibilities:

- Convene and preside over meetings of non-management and independent directors and communicate the results of these sessions where appropriate to the Chairman, other members of management or the Board.
- In general, serve as principal liaison between the independent directors and the Chairman and between the independent directors and other management.

9. Non-Management and Independent Directors' Discussions

The Board's policy is to have a separate meeting time for the non-management directors regularly scheduled at least twice a year during the regularly scheduled Board meetings. The Chairman, so long as he or she is not a member of management, will assume the responsibility of chairing these sessions and shall bear such further responsibilities which the non-management directors as a whole might designate from time to time. If the

Chairman is at the time a member of management, the meetings will be chaired by the Lead Independent Director.

In addition, if the non-management directors are not all independent, the Board's policy is to have a separate meeting time for the independent directors regularly scheduled at least once a year during the regularly scheduled Board meetings. If the independent directors believe that further discussions involving only independent directors would be appropriate, they may schedule additional meetings at which only independent directors would be present. The Chairman, so long as he or she is independent, will assume the responsibility of chairing these sessions and shall bear such further responsibilities which the independent directors as a whole might designate from time to time. If the Chairman is not independent at the time, the meetings will be chaired by the Lead Independent Director.

10. Board's Interaction with Other Constituencies

The Board believes that as a general matter management speaks for the Company. However, from time to time, individual Board members may meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should in most circumstances come from the Chairman.

Any interested parties desiring to communicate with the Board may do so by writing to:

Board of Directors  
c/o Chairman of the Board  
Xerium Technologies, Inc.  
8537 Six Forks Road  
Suite 300  
Raleigh, North Carolina 27615

The Chairman will forward such communications to the Board at or prior to the next meeting of the Board.

Interested parties wishing to communicate only with the independent directors should address their communications to:

Independent Directors  
c/o Chairman of the Board  
Xerium Technologies, Inc.  
8537 Six Forks Road  
Suite 300  
Raleigh, North Carolina 27615

These communications will be handled by the Chairman (or Lead Independent Director, if applicable) and forwarded to the independent directors at or prior to the next meeting of the independent directors.

The Board or the independent directors will determine, in such group's sole discretion, the method by which any such communications will be reviewed and considered.

## **Board Composition**

### 11. Size of the Board

The Board presently has 7 members. The Board believes that a size of between 6 and 12 members is appropriate.

### 12. Independence of Board and Committee Members

In accordance with the listing requirements of the New York Stock Exchange, independent directors must constitute a majority of the Board. In addition, all members of the Compensation, Audit, and Nominating and Governance Committees must be independent. An independent director is one who:

- During the past three years, has not been an employee, or whose immediate family member has not been an executive officer, of the Company, although this standard will not prevent any director who served as an interim chairman or chief executive officer or other executive officer during that period from qualifying as independent;
- Has not received, and whose immediate family member has not received, during any twelve-month period during the last three years, more than \$120,000 in direct compensation from the Company, other than director and Committee fees, pension or other forms of deferred compensation for prior service or, in the case of a family member, compensation as an employee of the Company (other than an executive officer);
- Is not, and whose immediate family member is not, a current partner of a firm that is the Company's internal or external auditor; is not a current employee of such a firm; whose immediate family member is not a current employee of such a firm who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; and during the past three years, has not been, and whose immediate family member has not been, a partner or employee of such a firm and personally worked on the Company's audit within that time;
- During the past three years, has not been employed, and whose immediate family member has not been employed, as an executive officer of another company where any of the Company's current executive officers at the same time served on the other company's Compensation Committee;

- During the past three years, has not been an executive officer or employee, and whose immediate family member has not been an executive officer of, a company that makes payments to, or receives payments from, the Company for property or services in an amount that, in any single fiscal year in each of the last three years, exceeds the greater of \$1 million or 2% of the other company's consolidated gross revenues;
- During the past three years, has not been an executive officer of any charitable organization that has received grants or endowments from the Company in excess of the greater of \$1 million or 2% of the organization's consolidated gross revenues.

In addition, members of the Audit Committee must satisfy the independence requirements of Rule 10A-3 under the Securities Exchange Act.

If a director or any member of the director's immediate family has any relationship of the type described above that does not meet the applicable thresholds, that relationship will not be material for purposes of assessing the director's independence.

The Board will review any other relationship, direct or indirect, between the director and the Company not covered by the above categories to determine whether it is material for purposes of assessing the director's independence. The Company will identify which directors are independent and disclose the basis for any such determination in the annual proxy statement.

An immediate family member shall include that person's spouse, parents, children, siblings, in-laws and anyone who shares the person's home.

The Nominating and Governance Committee will periodically review relationships between independent directors and the Company in order to evaluate independence.

13. Limitation of Service on Other Boards of Directors

Non-employee directors are encouraged to limit the number of other boards (excluding non-profit organizations) on which they serve to no more than four. Directors will advise the Chairman in advance of accepting an invitation to serve on another board.

14. Board Membership Criteria

The Nominating and Governance Committee in consultation with the Chairman is responsible for reviewing with the Board on a periodic basis the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. In assessing potential new directors, the Committee considers individuals from various disciplines and diverse backgrounds. Board candidates are considered based upon various criteria, such as their broad-based business skills and experiences,

prominence and reputation in their profession, a global business perspective, concern for the long-term interests of the stockholders, and personal integrity and judgment -- all in the context of an assessment of the perceived needs of the Board at that point in time. In addition, directors must have significant time available to devote to Board activities and to enhance their knowledge of the Company's business and industry. The Nominating and Governance Committee will annually review the membership criteria and modify them as appropriate.

15. Selection of New Director Candidates; Nomination of Directors for Election

The Board is responsible for selecting its own members. The Board delegates to the Nominating and Governance Committee the screening process involved with the selection of any new nominee, and the Nominating and Governance Committee will consult with the Chairman in the process. The Nominating and Governance Committee will determine whether to recommend that the Board nominate a candidate for election to the Board. The nomination of directors for re-election shall be made by the entire Board. A member of the Board who is under consideration for re-election should not participate in the consideration of his or her nomination.

16. Resignation of Directors who Experience a Change in Circumstance

The Board expects that, as a general matter, individual directors who reach age 72 during their Board service will not be nominated for election at the next annual meeting. However, the Board recognizes that this policy should be flexible to permit the continued service of a director in special circumstance.

Management directors shall submit a letter of resignation as a director at the time such management director ceases to hold a top management position with the Company. At the discretion of the Board, any former officer of the Company may be asked to continue as a member of the Board.

17. Board Compensation

Only directors who are not employees of the Company will receive compensation for Board service. The Nominating and Governance Committee will recommend to the full Board the compensation for non-employee directors and the full Board will set the compensation. The Nominating and Governance Committee will, no less frequently than once every two years, review the compensation practices at comparable companies to ensure that director compensation levels are consistent with peer companies.

## **Leadership Development**

18. Assessing Performance of the Board and its Committees

The Board and each of the Audit, Compensation, and Nominating and Governance Committees shall conduct a self-evaluation of its performance at least annually. The

Nominating and Governance Committee shall be responsible for conducting, reporting on, and making recommendations to the Board with respect to these self-evaluations.

19. Chief Executive Officer Performance Evaluation

An evaluation of Chief Executive Officer performance should be made annually by the Compensation Committee based on objective and subjective criteria such as performance of the business, accomplishment of long-term strategic objectives, management development, etc.

20. Management Development and Succession Planning

There should be an annual report to the Board by the Chief Executive Officer on the Company's program for management development and succession planning.

21. Director Orientation and Continuing Education

Management is responsible for developing a director orientation program that will familiarize a new director with the Company and its business, its financial statements and operations, its strategic direction and its culture. Management will also recommend to the Board and the Nominating and Governance Committee such continuing education programs and information that will keep directors informed about the Company's business and the directors' duties.

**Security Ownership**

22. Director Security Ownership

The Board recognizes that alignment of the interests of Board members with those of the Company's security holders is desirable. Any guidelines for director security ownership shall be as approved from time to time by the Nominating and Governance Committee.