

XERIUM TECHNOLOGIES INC

Form DEF 14A

July 11, 2008

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

XERIUM TECHNOLOGIES, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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- (1) Amount Previously Paid:
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- (3) Filing Party:
- (4) Date Filed:

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14101 Capital Blvd
Suite 201
Youngsville, NC 27596

July 11, 2008

Dear Stockholder:

You are cordially invited to attend our 2008 Annual Meeting of Stockholders. The meeting will be held on August 6, 2008 at 10:00 A.M., New York time, at the offices of Apax Partners, L.P. located at 153 East 53rd Street, 53rd Floor, New York, NY, 10022.

The matters to be acted upon at the meeting are described in the accompanying Notice of Annual 2008 Annual Meeting of Stockholders and Proxy Statement.

Your vote is very important. Whether or not you plan to attend the meeting, please carefully review the enclosed proxy statement and then cast your vote, regardless of the number of shares you hold. Your shares can be represented at the meeting by promptly completing, signing, dating and mailing the accompanying proxy card or voting instruction form.

We hope that you will join us on August 6, 2008. Your continuing interest is very much appreciated.

Sincerely,

Stephen R. Light

President & Chief Executive Officer

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NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS

<i>Time</i>	10:00 A.M., New York Time
<i>Date</i>	August 6, 2008
<i>Place</i>	Offices of Apax Partners, L.P. located at 153 East 53rd Street, 53rd Floor, New York, NY, 10022.
<i>Purpose</i>	<ol style="list-style-type: none">1. To elect eight directors.2. To approve Amendment No. 1 to the 2005 Equity Incentive Plan.3. To approve Amendment No. 2 to the 2005 Equity Incentive Plan.4. To approve performance criteria terms for performance-based awards under the 2005 Equity Incentive Plan.5. To ratify the selection of Ernst & Young LLP as Xerium Technologies, Inc.'s independent registered public accounting firm.6. To transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting.
<i>Record Date</i>	The directors have fixed the close of business on July 8, 2008 as the record date for determining stockholders entitled to notice of and to vote at the meeting.
<i>Meeting Admission</i>	All stockholders as of the record date, or their duly appointed proxies, may attend the meeting. If you attend, you will be asked to present valid picture identification such as a driver's license or passport. If your company stock is held in a brokerage account or by a bank or other nominee and your name does not appear on the Company's list of stockholders, you are considered the beneficial owner of shares held in street name. In this case, this proxy statement is being forwarded to you by your broker or nominee. If your stock is held in street name, in addition to picture identification, you should bring with you a letter or account statement showing that you were the beneficial owner of the stock on the record date in order to be admitted to the meeting.

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Voting by Proxy

Please submit a proxy card or, for shares held in street name, voting instruction form, as soon as possible so your shares can be voted at the meeting. You may submit your proxy card or voting instruction form by mail. If your shares are held in street name, you may also have the choice of instructing the record holder as to the voting of your shares over the Internet or by telephone. Follow the instructions on the voting instruction form you received from your broker or nominee.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of the Stockholders to Be Held on August 6, 2008: the Proxy Statement and Annual Report to Stockholders are available in the Investor Relations section of the Company's website at www.xerium.com.

By order of the Board of Directors,

Michael J. Stick

July 11, 2008

Executive Vice President, General Counsel
& Secretary

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XERIUM TECHNOLOGIES, INC.

14101 Capital Blvd

Suite 201

Youngsville, NC 27596

PROXY STATEMENT

FOR THE 2008 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON AUGUST 6, 2008

GENERAL INFORMATION

Why am I receiving this proxy statement?

The Board of Directors (the *Board*) of Xerium Technologies, Inc. (*Xerium* or the *Company*) is soliciting proxies for the 2008 Annual Meeting of Stockholders (the *Annual Meeting*). You are receiving a proxy statement because you own shares of Xerium common stock that entitle you to vote at the Annual Meeting. By use of a proxy, you can vote regardless of whether or not you attend the Annual Meeting. The proxy statement describes the matters on which the Company would like you to vote and provides information on those matters so that you can make an informed decision. The Company will mail the notice of Annual Meeting, proxy statement and proxy card to stockholders beginning on or about July 11, 2008.

What is the purpose of the Annual Meeting?

The purpose of the Annual Meeting is for stockholders of Xerium to address all business that may come before the meeting and to vote on the following matters:

the election of eight directors;

the approval of Amendment No. 1 to the 2005 Equity Incentive Plan (the *2005 Plan*);

the approval of Amendment No. 2 to the 2005 Plan;

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the approval of performance criteria terms (the *Performance Criteria Terms*) for performance-based awards granted under the 2005 Plan; and

the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm.

The Board recommends a vote **FOR** the election of the eight directors, **FOR** the approval of Amendment No. 1 to the 2005 Plan, **FOR** the approval of Amendment No. 2 to the 2005 Plan, **FOR** the approval of the Performance Criteria Terms, and **FOR** the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Many Xerium stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name as the stockholder of record. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of Record. If your shares are registered directly in your name with Xerium's transfer agent, American Stock Transfer and Trust Company (*AST*), you are considered, with respect to those shares, the *stockholder of record*, and these proxy materials are being sent directly to you by AST on behalf of Xerium. As the *stockholder of record*, you have the right to grant your voting proxy directly to Xerium or to vote in person at the Annual Meeting. Xerium has enclosed a proxy card for you to use.

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Beneficial Owner. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held *in street name* and the proxy materials are being sent to you by your broker or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker or nominee on how to vote and are also invited to attend the meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the meeting unless you receive a proxy from your broker or nominee. Your broker or nominee has enclosed a voting instruction card for you to use. If you wish to attend the Annual Meeting and vote in person, please mark the box on the voting instruction card received from your broker or nominee and return it to them so that you can receive a legal proxy to present at the Annual Meeting.

How can I attend the Annual Meeting?

If you are listed as a stockholder of record as of July 8, 2008 you may attend the Annual Meeting if you bring proof of identification. If you are the beneficial owner of shares held in street name, you will need to bring proof of identification and provide proof of ownership by bringing either a copy of a brokerage statement or a letter from the record holder indicating that you owned the shares as of July 8, 2008.

How can I vote my shares in person at the Annual Meeting?

If you are the stockholder of record you may vote your shares in person at the Annual Meeting. If you choose to do so, please bring the enclosed proxy card and proof of identification. If you are the beneficial owner of shares held in street name you may vote your shares in person at the Annual Meeting if, in addition to proof of identification, you bring both a brokerage statement or a letter from the record holder indicating that you owned the shares as of July 8, 2008 *and* a legal proxy from the record holder issued in your name, which you will need to obtain in advance. Even if you plan to attend the Annual Meeting, the Company recommends that you also submit your proxy as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.

How can I vote my shares without attending the Annual Meeting?

Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct your vote without attending the Annual Meeting. For shares you hold directly as the stockholder of record, you may vote by granting a proxy or, for shares you hold beneficially in street name, you may vote by submitting voting instructions to your broker or nominee. You may submit your proxy or voting instruction card by marking, dating and signing it and mailing it in the enclosed, self-addressed, postage prepaid envelope. No postage is required if mailed in the United States. For shares you hold directly as the stockholder of record, please refer to the more detailed instructions included on your proxy card. For shares you hold beneficially in street name, please refer to the more detailed instructions included on the voting instruction card included by your broker or nominee.

Can I change my vote?

You may revoke your signed proxy to management at any time before it is voted by notifying the Secretary in writing, by returning a signed proxy with a later date, or by attending the meeting and voting in person. If your stock is held in street name, you must contact your broker or nominee for instructions as to how to change your vote.

When is the record date for the Annual Meeting?

The Board has fixed the record date for the Annual Meeting as of the close of business on July 8, 2008.

How many votes can be cast by all stockholders?

There were 46,159,428 shares of the Company's common stock outstanding on the record date and entitled to vote at the Annual Meeting. Each share of common stock is entitled to one vote on each matter.

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What is a quorum?

A quorum is the minimum number of shares required to hold a meeting. Under Xerium's By-Laws, a majority of the outstanding shares of stock entitled to vote at the Annual Meeting, or 23,079,715 shares, must be represented in person or by proxy for a quorum.

What vote is required to approve each item?

For the election of the directors, the eight directors who receive the greatest number of votes cast in person or by proxy will be elected directors.

The approval of each of the amendments to the 2005 Plan and the approval of the Performance Criteria Terms requires approval by a majority of the votes cast in person or by proxy.

The proposal to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm requires approval by a majority of the votes cast in person or by proxy. Although ratification is not required by the Company's By-Laws or otherwise, the Board is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders do not ratify the appointment, the Audit Committee will reconsider whether or not to retain Ernst & Young LLP, but still may retain them. Even if the selection is ratified, the Audit Committee may change the appointment at any time during the year if it determines that such change would be in the best interests of Xerium and its stockholders.

If there are insufficient votes to approve the amendments to the 2005 Plan, the Performance Criteria Terms or the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm, your proxy may be voted by the persons named in the proxy to adjourn the Annual Meeting in order to solicit additional proxies in favor of the approval of such proposals. If the Annual Meeting is adjourned or postponed for any purpose, at any subsequent reconvening of the Annual Meeting your proxy will be voted in the same manner as it would have been voted at the original convening of the Annual Meeting unless you withdraw or revoke your proxy. Your proxy may be voted in this manner even though it may have been voted on the same or any other matter at a previous session of the Annual Meeting.

How is the vote counted?

Votes cast by proxy or in person at the Annual Meeting will be counted by persons appointed by the Company to act as tellers for the meeting. The tellers will count shares represented by proxies that withhold authority to vote for a nominee for election as a director only as shares that are present and entitled to vote for purposes of determining the presence of a quorum. None of the withheld votes will be counted as votes for a director. Shares properly voted to abstain and broker non-votes on a particular matter are considered as shares that are entitled to vote for the purpose of determining a quorum but are treated as having voted against the matter. A broker non-vote occurs when a broker holding shares for a customer does not vote on a particular proposal because the broker has not received voting instructions on the matter from its customer and is barred by stock exchange rules from exercising discretionary authority to vote on the matter.

What happens if the meeting is postponed or adjourned?

Your proxy to management may be voted at the postponed or adjourned meeting. You will still be able to change your proxy until it is voted.

What does it mean if I receive more than one proxy card or voting instruction form?

It means that you have multiple accounts at the transfer agent or with brokers. Please complete and return all proxy cards or voting instruction forms to ensure that all of your shares are voted.

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Who can help answer my questions about the Annual Meeting or how to submit or revoke my proxy?

If you are the stockholder of record, please contact:

Investor Relations

Xerium Technologies, Inc.

14101 Capital Blvd

Suite 201

Youngsville, NC 27596

Telephone: 508-532-1790

If your shares are held in street name, please call the telephone number provided on your voting instruction form or contact your broker directly.

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Eight directors will be elected at the Annual Meeting. The Board has recommended as nominees for election as directors the persons named in the table below. Seven of the nominees are currently directors of the Company. One of the nominees has been nominated to fill a vacancy in the Board that was created on July 3, 2008 when the Board resolved to increase the size of the Board from seven directors to eight directors. All directors elected at the Annual Meeting will serve until the 2009 Annual Meeting of Stockholders, and until their successors are duly elected and qualified, or until their earlier death, resignation or removal.

It is intended that, unless you give contrary instructions, shares represented by proxies solicited by the Board will be voted for the election as directors of the eight nominees listed below. The Company has no reason to believe that any nominee will be unavailable for election at the Annual Meeting. In the event that one or more nominees is unexpectedly not available to serve, proxies may be voted for another person nominated as a substitute by the Board, or the Board may reduce the number of directors to be elected at the Annual Meeting.

The following table sets forth as to each nominee for election at the Annual Meeting: (i) his positions with the Company and his principal occupation during the past five years; (ii) his other directorships with publicly held companies or investment companies; (iii) his age as of June 16, 2008; and (iv) his period of service as a director of the Company.

Name	Positions with the Company and Principal Occupation and Other Directorships	Age	Director Since
<i>John S. Thompson</i>	Mr. Thompson has served as a director and chairman of the Board since July 2004. He served as Chief Executive Officer of SPS Technologies, Inc., a manufacturer of specialty fasteners, assemblies, precision components, metalworking, magnetic products and superalloys listed on the New York Stock Exchange (the <u>NYSE</u>), from April 2002 to December 2003, when he retired. He also served as its President and Chief Operating Officer from October 1999 to March 2002, and as a director from April 2000 to December 2003.	60	July 2004
<i>Stephen R. Light</i>	Mr. Light has served as the Company's President, Chief Executive Officer and as a director since February 2008. Mr. Light was previously President and Chief Executive Officer of Flow International Corp., a publicly traded producer of industrial waterjet cutting and cleaning equipment from January 2003 to July 2007. Prior to Flow, Mr. Light was President and Chief Executive Officer of OmniQuip Textron from October 2000 to January 2003.	61	February 2008
<i>Michael O. Donnell</i>	Mr. O. Donnell has served as the Company's Chief Financial Officer since March 2003 and as the Company's Executive Vice President and as a director since April 2004. He served as President of the Group Services Division of ABB Ltd., a provider of power and automation technologies for utility and other industrial customers, from April 2001 to March 2003. He served as Executive Vice President and Chief Financial Officer for Invensys Power Systems from February 1998 to April 2001.	53	April 2004

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Name	Positions with the Company and Principal Occupation and Other Directorships	Age	Director Since
<i>Donald P. Aiken</i>	Mr. Aiken has served as a director since April 2004. He has served as Chairman of the Board of Gerber Scientific, Inc., a provider of software, computerized manufacturing systems, supplies, and services to the sign making and specialty graphics, ophthalmic lens processing, and apparel and flexible materials industries listed on the NYSE, since February 2004 and as a director since September 1997. Mr. Aiken served as a director of ABB Lummus Global, a subsidiary of ABB Ltd., from August 2003 through December 2005 and as a consultant to ABB, Inc. from February 2004 through December 2005. He served as Chief Executive Officer and President of ABB, Inc., a provider of power and automation technologies for utility and other industrial customers, from February 2001 to January 2004.	64	April 2004
<i>Michael Phillips</i>	Mr. Phillips has served as a director since December 1999. He has been a partner at Apax Partners Beteiligungsberatung GmbH, a private equity and venture capital consulting firm, since March 1996. He joined Apax Partners Beteiligungsberatung GmbH in October 1992. He is also a director of IFCO Systems NV, Sulo Entsorgungs GmbH, Tommy Hilfiger Corporation, Mueller Brot AG and Anker Brot AG.	46	December 1999
<i>Edward Paquette</i>	Mr. Paquette has served as a director since July 2004. He served as Vice President, Chief Financial Officer and a director of Standex International Corp., a diversified manufacturing company listed on the NYSE, from September 1997 to August 2001, when he retired. Prior to joining Standex International Corp., he was a certified public accountant and partner at Deloitte & Touche LLP for 26 years.	72	July 2004
<i>John Saunders</i>	Mr. Saunders has served as a director since July 2004. From February 1996 to May 2002, when he retired, he served as a Senior Vice President and Director of Corporate Strategy and Development for BTR plc and then its successor Invensys plc, a provider of production services and technologies to a variety of industries.	65	July 2004
<i>Nico Hansen</i>	Dr. Hansen has been a partner at Apax Partners, L.P., a private equity and venture capital consulting firm, since January 2007. Previously, Dr. Hansen was a partner at Apax Partners Beteiligungsberatung GmbH, which he joined in May 2000. Dr. Hansen was recommended for nomination as a director by Apax Europe IV GP Co. Ltd., the beneficial owner of approximately 54.3% of the Company's outstanding shares of common stock as of June 16, 2008.	39	

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Potential Change in Board Composition

Apax Europe IV GP Co. Ltd. (Apax), the beneficial owner of approximately 54.3% of the Company s outstanding shares of common stock as of June 16, 2008, has discussed with the Company changes to the composition of the Company s Board of Directors. At Apax s request, the Company has proposed the addition to the Board of Nico Hansen, whose name appears in this proxy statement as a nominee for election at the 2008 Annual Meeting of Stockholders. In addition, all current non-management directors on the Company s Board of Directors who are not affiliated with Apax are expected to be replaced, including those directors who are elected at the 2008 Annual Meeting of Stockholders. The current Board of Directors has made significant achievements in shepherding the Company through an initial public offering and its initial years as a public company, hiring a new chief executive officer, realigning the Company s strategy and refinancing its debt. However, at this time, and in line with Apax s corporate governance policy, it is appropriate to build a new Board to oversee the execution of the new strategy under the Company s new leadership. As additional suitable candidates for the Company s Board are identified, incumbent members of the Board are expected to retire and the resulting vacancies are expected to be filled with such candidates, but no such agreements or arrangements have been reached as of the date of this proxy statement. Upon retirement from the Board, it is anticipated that incumbent directors will receive a pro-rated portion of the annual grant of restricted stock units typically made to non-employee directors based on such director s date of retirement. No changes in the Board are expected to occur until after the 2008 Annual Meeting of Stockholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE EIGHT NOMINEES FOR DIRECTOR NAMED ABOVE.

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CORPORATE GOVERNANCE

Controlled Company Exemption under NYSE Rules

Under Section 303A of the New York Stock Exchange Listed Company Manual (the NYSE Rules), the Company is considered a Controlled Company because Apax beneficially owns approximately 54.3% of the Company's voting power as of June 16, 2008. As a Controlled Company, the Company is exempt from certain NYSE Rules requiring a board of directors with a majority of independent members, a compensation committee composed entirely of independent directors and a nominating committee composed entirely of independent directors.

Director Independence

The Board has adopted Corporate Governance Guidelines that include standards for the independence of directors in accordance with the rules and regulations of the NYSE. The standards for the independence of directors are attached to this Proxy Statement as Appendix A and are also included in the Corporate Governance Guidelines available on the Company's website at www.xerium.com. Using the standards set forth in the Corporate Governance Guidelines, the Board has determined that each of Messrs. Aiken, Paquette, Thompson, and Saunders is independent.

Board Meetings and Director Attendance at the Annual Meeting

The Board held 14 meetings during 2007. Each of the directors attended at least 75% of the aggregate of (i) the total number of meetings of the Board, and (ii) the total number of meetings held by all committees of the Board on which that director served during 2007 (in each case, which were held during the period for which he was a director and/or a member of the applicable committee), except that Michael Phillips attended 71% of the meetings of the Board held in 2007. The Company encourages the directors to attend Annual Meetings of Stockholders and believes that attendance at Annual Meetings of Stockholders is just as important as attendance at meetings of the Board and its committees. The Company has scheduled a Board meeting to coincide with the date of the Company's Annual Meeting.

Board Committees

The Board has standing Audit, Compensation and Nominating and Corporate Governance Committees, each of which is comprised solely of independent directors and is described more fully below.

Audit Committee. Edward Paquette is the chairman and John S. Thompson, John Saunders and Donald P. Aiken are the other members of the Company's Audit Committee, which met 9 times during 2007. The Board has determined that each member of the Company's Audit Committee is independent within the meaning of the rules and regulations of the NYSE. Furthermore, as required by the rules and regulations of the Securities and Exchange Commission (the SEC), no member of the Audit Committee receives, directly or indirectly, any consulting, advisory, or other compensatory fees from the Company other than Board and committee fees. The Board has determined that Edward Paquette is an audit committee financial expert within the meaning of the rules and regulations of the SEC. The Audit Committee operates pursuant to a written charter that has been filed as Appendix B to this Proxy Statement and that is available free of charge on the Company's website at

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www.xerium.com or by requesting a copy from Investor Relations, Xerium Technologies, Inc., 14101 Capital Blvd, Suite 201, Youngsville, NC 27596.

The principal duties and responsibilities of the Company's Audit Committee are as follows: (a) to monitor the Company's financial reporting process and internal control systems; (b) to appoint and replace the Company's independent outside auditors from time to time, determine their compensation and other terms of engagement and oversee their work; (c) to oversee the performance of the Company's internal audit function; and

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(d) to oversee the Company's compliance with legal, ethical and regulatory matters. The Audit Committee and the Board have established procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and for confidential, anonymous submission by Company employees of concerns regarding questionable accounting or other matters, as described under Policies on Communicating with Non-Management Directors and Reporting Concerns Regarding Accounting and Other Matters. The Audit Committee also has the authority to hire independent counsel and other advisors to carry out the Audit Committee's duties, and the Company is required to provide appropriate funding, as the Audit Committee determines, to compensate any advisors retained by the Audit Committee.

The report of the Audit Committee is included in this Proxy Statement under Audit Committee Report.

Compensation Committee. Donald P. Aiken is the chairman and John S. Thompson and John Saunders are the other members of the Company's Compensation Committee. The Compensation Committee met 11 times during 2007. The Board has determined that each current member of the Company's Compensation Committee is independent within the meaning of the rules and regulations of the NYSE. The Compensation Committee operates pursuant to a written charter that is available free of charge on the Company's website at www.xerium.com or by requesting a copy from Investor Relations, Xerium Technologies, Inc., 14101 Capital Blvd, Suite 201, Youngsville, NC 27596.

The principal duties and responsibilities of the Company's Compensation Committee are as follows: (a) to provide oversight on the development and implementation of the Company's compensation policies, strategies, plans and programs for its key employees and disclosure relating to these matters; (b) to review and approve the compensation of the Company's chief executive officer and the other executive officers of the Company and its subsidiaries; (c) to provide oversight concerning the selection of officers, management succession planning, performance of individual executives and related matters.

Since 2005, Watson Wyatt Worldwide, Inc., a compensation consulting firm, has been engaged to assist the Compensation Committee in its administration of compensation programs for the Chief Executive Officer and other executive officers. See the Compensation Discussion and Analysis section of this Proxy Statement for information about the Company's 2007 executive officer compensation.

The report of the Compensation Committee is included in this Proxy Statement under Compensation Committee Report.

Nominating and Corporate Governance Committee. John Saunders is the chairman and John S. Thompson and Donald P. Aiken are the other members of the Company's Nominating and Corporate Governance Committee, which met 3 times during 2007. The Board has determined that each member of the Nominating and Corporate Governance Committee is independent within the meaning of the rules and regulations of the NYSE. The Nominating and Corporate Governance Committee operates pursuant to a written charter that is available free of charge on the Company's website at www.xerium.com or by requesting a copy from Investor Relations, Xerium Technologies, Inc., 14101 Capital Blvd, Suite 201, Youngsville, NC 27596.

The principal duties and responsibilities of the Nominating and Corporate Governance Committee are as follows: (a) to establish criteria for Board and committee membership and recommend to the Board proposed nominees for election to the Board and for membership on committees of the Board; (b) to make recommendations regarding proposals submitted by the Company's shareholders; (c) to make recommendations to the Board regarding corporate governance matters and practices, including compensation for outside directors.

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In identifying and recommending nominees for positions on the Board, the Nominating and Corporate Governance Committee places primary emphasis on the criteria set forth under Board Membership Criteria in the Company's Corporate Governance Guidelines, namely: (1) broad-based business skills and experiences; (2) prominence and reputation in their profession; (3) global business perspective; (4) concern for the long-term

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interests of the stockholders; and (5) personal integrity and judgment. The Nominating and Corporate Governance Committee does not set specific, minimum qualifications that nominees must meet in order to be recommended to the Board, but rather the Board believes that each nominee should be evaluated based on his or her individual merits, taking into account the needs of the Company and the composition of the Board. Members of the Nominating and Corporate Governance Committee discuss and evaluate possible candidates in detail and suggest individuals to explore in more depth. Once a candidate is identified whom the Nominating and Corporate Governance Committee wants to seriously consider and move toward nomination, the Chair of the Nominating and Corporate Governance Committee enters into a discussion with that candidate.

The Nominating and Corporate Governance Committee will consider candidates recommended by stockholders. It is the policy of the Nominating and Corporate Governance Committee that candidates recommended by stockholders will be given appropriate consideration in the same manner as other candidates. The procedure for submitting candidates for consideration by the Nominating and Corporate Governance Committee for election at the Company's 2009 Annual Meeting of Stockholders is described under Stockholder Proposals.

Non-Management Director Meetings

In addition to the meetings of the committees of the Board described above, the Company's non-management directors met 8 times in executive session during 2007; 7 of such executive sessions were in connection with Board meetings. John S. Thompson, the chairman of the Board, presided at these executive sessions. The non-management directors are Messrs. Thompson, Saunders, Aiken, Paquette and Phillips. The Board has established a procedure whereby interested parties may make their concerns known to the non-management directors, which is described under Policies on Communicating with Non-Management Directors and Reporting of Concerns Regarding Accounting and Other Matters.

Corporate Code of Business Conduct and Ethics and Corporate Governance Guidelines

The Company has adopted a Corporate Code of Business Conduct and Ethics for its directors, officers and employees, including its chief executive officer, chief financial officer and controller. A copy of the Company's Corporate Code of Business Conduct and Ethics may be accessed free of charge by visiting the Company's website at www.xerium.com or by requesting a copy from Investor Relations, Xerium Technologies, Inc., 14101 Capital Blvd, Suite 201, Youngsville, NC 27596. The Company intends to satisfy the disclosure requirement regarding any amendment to, or waiver from, a provision of the Corporate Code of Business Conduct and Ethics that applies to its chief executive officer, chief financial officer or controller by posting the amendment or waiver to its website.

A copy of the Company's Corporate Governance Guidelines may also be accessed free of charge by visiting the Company's website at www.xerium.com or by requesting a copy from Investor Relations, Xerium Technologies, Inc., 14101 Capital Blvd, Suite 201, Youngsville, NC 27596.

Policies on Communicating with Non-Management Directors and Reporting of Concerns Regarding Accounting and Other Matters

The Board and the Audit Committee have adopted policies on communicating with the non-management directors and reporting concerns regarding accounting and other matters. Any shareholder or other interested party who wishes to communicate with the Chairman of the Board may do so by writing to Chairman of the Board, Xerium Technologies, Inc., 14101 Capital Boulevard, Suite 201, Youngsville, North Carolina 27596. Shareholders or other interested parties who wish to communicate with the non-management directors may do so by writing to

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Non-management Directors, c/o Chairman of the Board, Xerium Technologies, Inc., 14101 Capital Boulevard, Suite 201, Youngsville, North Carolina 27596. These communications will be handled by the chairman and forwarded to the non-management directors at or prior to the next meeting of the non-management directors. Shareholders or other interested parties who wish to communicate with the Board may do so by writing to: Board of Directors, c/o Chairman of the Board, Xerium Technologies, Inc., 14101 Capital Boulevard, Suite

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201, Youngsville, North Carolina 27596. These communications will be handled by the chairman and forwarded to directors at or prior to the next meeting of the directors. Any person, whether or not an employee, who has a concern about the conduct of the Company, or any of its people, including with respect to accounting, internal accounting controls or auditing matters, may, in a confidential or anonymous manner, communicate that concern by writing to Xerium Technologies, Inc., One Technology Drive, Westborough Technology Park, Westborough, Massachusetts 01581, attention: General Counsel, through the Internet at www.ethicspoint.com or by calling 866-293-2399.

AUDIT COMMITTEE REPORT

The Audit Committee has reviewed the Company's audited financial statements for 2007, and has discussed these statements with management. The Audit Committee has also discussed with Ernst & Young LLP, the Company's independent registered public accounting firm during the 2007 fiscal year, the matters required to be discussed by Statement of Auditing Standards No. 61 (Communication with Audit and Finance Committees).

The Audit Committee also received from Ernst & Young LLP the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed with them their independence.

Based on the review and discussions noted above, the Audit Committee recommended to the Board that the 2007 audited financial statements be included in the Company's Annual Report on Form 10-K for 2007, for filing with the SEC.

With respect to the above matters, the Audit Committee submits this report.

Mr. Edward Paquette, Chairman

Mr. John S. Thompson

Mr. John Saunders

Mr. Donald P. Aiken

MANAGEMENT AND EXECUTIVE COMPENSATION

Management

The following table sets forth information regarding the Company's executive officers as of June 16, 2008.

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Name	Age	Position
Stephen R. Light	61	President, Chief Executive Officer and Director
Michael O. Donnell	53	Executive Vice President, Chief Financial Officer and Director
Joan John Badrinas Ardevol	54	Chief Technology Officer
Cheryl Diuguid	57	President Xerium Asia
Josef Mayer	57	Executive Vice President Business Development
Peter Williamson	42	President Xerium Europe
David Pretty	44	President Xerium North America
Eduardo Fracasso	48	President Xerium South America
Michael J. Stick	38	Executive Vice President and General Counsel

Stephen R. Light has served as the Company's President, Chief Executive Officer and as a director since February 2008. He was previously President and Chief Executive Officer of Flow International Corp., a publicly traded producer of industrial waterjet cutting and cleaning equipment from January 2003 to July 2007. Prior to Flow, Mr. Light was President and Chief Executive Officer of OmniQuip Textron from October 2000 to January 2003.

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Michael O Donnell has served as the Company's Chief Financial Officer since March 2003 and as the Company's Executive Vice President and as a director since April 2004. He served as President of the Group Services Division of ABB Ltd., a provider of power and automation technologies for utility and other industrial customers, from April 2001 to March 2003. He served as Executive Vice President and Chief Financial Officer for Invensys Power Systems from February 1998 to April 2001.

Joan John Badrinas Ardevol has served as the Company's Chief Technology Officer since February 2008. Mr. Badrinas had served as the Company's President Clothing Europe since joining the Company in July 2006 until February 2008. He served as President of Trelleborg Automotive Europe from September 2000 until July 2006. From May 1996 until 2000, Mr. Badrinas was Group Technical Director of BTR Anti-Vibrations Systems, which was sold to Trelleborg AB and became Trelleborg Automotive Europe. Previously, from 1984 to 1996, he held a series of positions ranging from Product Development Engineer to Industrial Operations Director with Pendelastica s.a. in Spain, a manufacturer of rubber and metal anti-vibration components used in automotive applications.

Cheryl Diuguid has served as the Company's President Xerium Asia since December 2005. From September 2005 to December 2005 she was the Company's Executive Vice President of Corporate Development. Prior to joining the Company, Ms. Diuguid was the Senior Vice President of Asia for Enersys, Inc., a battery company, from January 2004 to September 2005. She was Enersys' Vice President Strategic Planning and Asia from March 2002 to January 2004. Prior to Enersys, Ms. Diuguid served as Vice President and General Manager of Worldwide Operations for the Invensys Energy Storage business located in Chippenham, UK from 1999 to March 2002.

Josef Mayer has served as the Company's Executive Vice President of Business Development since July 2006, after serving as the Company's President of Clothing Europe since May 2003 and President of the Company's Wangner clothing business in Germany since May 2001. From May 2003 to December 2005 he also had responsibility for the Company's Asia Pacific clothing operations. From July 1997 to April 2001, Mr. Mayer served as Chief Executive Officer and Managing Director of Labelmaker Holding GmbH, a consulting and investment firm. Through this position, he served, on a consulting basis, as a managing director and president of the Eastern Europe division of MMP Austria GmbH, a manufacturer of chip board and folding boxes from June 1999 to April 2001 and as a managing director of Illert GmbH Hanau, a manufacturer of labels, from July 1997 to May 1999. On June 16, 2008, a notice of termination of employment was delivered to Mr. Mayer, effective June 30, 2009.

Peter Williamson has served as the Company's President Xerium Europe since February 2008. Mr. Williamson had served as the Company's Managing Director Stowe Woodward Europe since joining the Company in March 2006 until February 2008. He had previously served as President of the product area engine group at Trelleborg AB from 2004 to February 2006 and earlier as President Metzler Automotive Hose Systems from 1999 to 2004.

David Pretty has served as President Xerium North America since February 2008. He served as President Weavexx, the Company's North American clothing operation, from December 2005 until February 2008. From November 2004 to December 2005 he was the Senior Vice President Sales, Marketing, Technology and Operations for Weavexx. From August 2003 to November 2004 he was the Senior Vice President Sales, Marketing and Technology for Weavexx. From August 2000 until August 2003 he was the Vice President Sales and Marketing for Weavexx.

Eduardo Fracasso has served as President Xerium South America since January 2008. From June 2007 to December 2007 he held the position President Xerium Brazil. Prior to that, he held various operational positions within the Company's Brazilian subsidiaries over a period of approximately 18 years, most recently as Operational Director.

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Michael J. Stick has served as the Company's Executive Vice President and General Counsel since May 2004. From September 1995 to May 2004, he was a corporate attorney at Ropes & Gray LLP in Boston, Massachusetts.

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Compensation Discussion & Analysis

Overview of Compensation Program. The Compensation Committee operates under a written charter adopted by the Board and discharges the responsibilities of the Board relating to the compensation of the Company's executive officers. The executive officers' compensation has three primary components: base compensation or salary, annual cash performance bonuses and equity based awards. Executive officers also receive a variety of benefits. These include benefits that are available generally to all salaried employees in the geographical location where the executive officer is based as well as benefits available only to executive officers generally or the particular executive officer.

Named Executive Officers.

This Compensation Discussion & Analysis provides information regarding the compensation paid to the following individuals, referred to as the Named Executive Officers, in 2007:

Thomas Gutierrez, former Chief Executive Officer

Michael O'Donnell, Chief Financial Officer

Josef Mayer, Executive Vice President of Business Development

Miguel Quiñonez, former President Xerium South America

Douglas Milner, former President Stowe Woodward Rolls Worldwide

Mr. Quiñonez retired from the Company on December 31, 2007. Messrs. Gutierrez and Milner resigned from the Company on February 7, 2008 and February 8, 2008, respectively. On February 11, 2008, Stephen Light joined the Company as President and Chief Executive Officer. On June 16, 2008, a notice of termination of employment was delivered to Mr. Mayer, effective June 30, 2009.

Compensation Philosophy and Objectives. The Compensation Committee believes that the most effective executive compensation program is one that is designed to reward the achievement of specific annual, long-term and strategic goals by the Company, and which aligns executives' interests with those of the stockholders by rewarding performance above established goals, with the ultimate objective of improving stockholder value. The Compensation Committee evaluates both performance and compensation in an effort to enhance the Company's ability to retain and, as necessary, attract superior employees in key positions. The Compensation Committee designs executive compensation packages for its executives, including the Named Executive Officers, that include both cash and stock-based compensation to reward performance as measured against established goals. While there is no rigid formula for the allocation between cash and stock-based compensation, the Compensation Committee balances the compensation elements to reward annual results and motivate long-term performance.

Role of Executive Officers in Compensation Decisions. The Compensation Committee makes all compensation decisions for the executive officers. The Chief Executive Officer makes recommendations to the Compensation Committee regarding compensation, including with respect

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to salary adjustments, structure of annual awards and annual award amounts, for both himself and the other executive officers. The Chief Executive Officer discusses with the Compensation Committee the Company's performance and the individual performance of himself and the other executive officers. In addition to the Chief Executive Officer, the Chief Financial Officer and/or the General Counsel are sometimes present for discussions of the Compensation Committee regarding compensation of executive officers. While the Compensation Committee considers the recommendations of the Chief Executive Officer, the Compensation Committee ultimately decides salary adjustments, the structure of annual awards and annual award amounts for all executive officers.

Setting Executive Compensation. At the request of the Compensation Committee, the Company engaged Watson Wyatt Worldwide, Inc., a compensation consulting firm, to conduct an annual review of its cash and equity compensation program for the Chief Executive Officer and other executive officers in order to assist the Compensation Committee in establishing compensation for 2007. Watson Wyatt Worldwide, Inc. provides the Compensation Committee with relevant market data to consider when making compensation decisions for the

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executive officers. In connection with its compensation review for the Company, in addition to general survey data, Watson Wyatt Worldwide, Inc. considered the cash and equity compensation practices of 16 publicly held companies in the manufacturing industry. The companies included in the study were the following:

Actuant Corporation	Kadant Inc.
Albany International Corp.	Kaydon Corporation
Barnes Group Inc.	Lydall, Inc.
Circor International, Inc.	Nordson Corporation
CLARCOR Inc.	Simpson Manufacturing Company Inc.
Gerber Scientific, Inc.	Standex International Corporation
GSI Group, Inc.	Tennant Company
IDEX	Watts Water Technologies, Inc.

These companies included in the Watson Wyatt Worldwide, Inc. study were chosen based on certain business characteristics similar to those of the Company, including: annual revenues, employee headcount, geographic scope of business, and type of business. In addition to benchmarking studies, the Compensation Committee has historically taken into account input from other sources, including input from other independent members of the Board of Directors and publicly available data relating to the compensation practices and policies of other companies within and outside of the Company's industry. The Compensation Committee does not view benchmarking as an appropriate stand-alone tool for setting compensation because it believes that there are aspects of each peer company's business, objectives and particular circumstances that may be unique to that company. The Compensation Committee uses the benchmarking data as a reference point, and gathering this information is an important part of the Compensation Committee's compensation-related decision-making process.

Watson Wyatt Worldwide, Inc. has provided additional services to the Company from time to time, including the provision of actuarial services and consulting services relating to certain pension and post-retirement plans of the Company and its subsidiaries. The Compensation Committee also engaged Watson Wyatt Worldwide, Inc. to conduct a review of the Company's cash and equity compensation program for the Chief Executive Officer and other executive officers to assist it in making compensation decisions for 2008. The Compensation Committee intends to continue to retain the services of third-party executive compensation specialists from time to time, as the Committee sees fit, in connection with the establishment of cash and equity compensation and related policies.

2007 Executive Compensation Components. For the fiscal year ended December 31, 2007, the principal components of compensation for the Company's Named Executive Officers were base salary, cash based incentive compensation and equity based awards.

The Company does not have a formal or informal policy or target for allocating compensation between long-term and short-term compensation, between cash and non-cash compensation or among the different forms of non-cash compensation. Instead, the Compensation Committee, in consultation with the Chief Executive Officer, determines subjectively what it believes to be the appropriate level and mix of the various compensation components. While the particular compensation objectives that each element of executive compensation serves are set forth below, the Compensation Committee believes that each element of compensation, to a greater or lesser extent, serves each of the objectives of the Company's executive compensation program.

Base Salary. The Compensation Committee annually reviews and approves the base salary of the chief executive officer and the Company's other executive officers. In making these determinations, the Compensation Committee considers various factors such as the Company's performance, the executive's performance and responsibilities, leadership, years of experience, competitive salaries within the marketplace, and the executive's total compensation package. For 2007, the Compensation Committee did not change the base salary of the Chief Executive

Officer or of any of the other Named Executive Officers from that in effect as of the end of 2006. The

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salary column of the Summary Compensation Table for 2007 does not set forth the same amounts as the salary column of the Summary Compensation Table for 2007 in the Company's proxy statement prepared in 2006 for Messrs. Mayer and Quiñonez due to fluctuations in the currency exchange rates between the U.S. Dollar and each of the Euro, Argentine Pesos and Brazilian Real.

Annual Incentive Bonus. In order to reinforce the importance of increasing shareholder value, the Compensation Committee believes that a substantial portion of the potential annual compensation of each executive officer should be in the form of annual incentive cash bonuses. In 2006, the Company adopted its 2006 Cash Incentive Bonus Plan (the "Plan"). The Plan provides for the award of annual incentive bonuses to those executive officers and other key employees of the Company and its subsidiaries that the Compensation Committee selects to participate on an annual basis based upon the potential contributions that such individuals may make to the Company. The maximum bonus that any participant may receive under the Plan in respect of any year is \$3,500,000.

Under Section 162(m) of the Code, a publicly held corporation is generally not entitled to a federal income tax deduction with respect to any taxable year for compensation in excess of \$1 million to its chief executive officer or any of its other four most highly compensated executive officers. Qualifying performance-based compensation is not subject to this deduction limitation. To qualify for the performance-based compensation exception under Section 162(m) of the Code, compensation must, among other things, be paid under a plan the material terms of which, including the general performance criteria used as the bases for determining awards, have been approved by stockholders. The Plan was approved by the Company's stockholders in 2006.

In the case of awards intended to qualify for the performance-based compensation exception under Section 162(m) of the Code (as evidenced by the actions of the Compensation Committee in granting or documenting such award), the Compensation Committee will pre-establish, in writing, one or more performance criteria no later than 90 days after the commencement of the period of service to which the performance relates or at such earlier time as is required to qualify the Award as performance-based under Section 162(m) of the Code. The performance criteria will be an objectively determinable measure of performance relating to any or any combination of the following (measured either absolutely or by reference to an index or indices and determined either on a consolidated basis or, as the context permits, on a divisions, subsidiary, line of business, project or geographical basis or in combinations thereof):

- | | |
|--|--|
| <ul style="list-style-type: none"> sales revenues assets expenses market share capital expenditures cash flow return on equity, investment, capital or assets; one or more operating ratios borrowing levels, leverage ratios or credit rating earnings before or after deduction for all or any portion of interest, taxes, depreciation, or amortization, whether or not on a continuing operations or an aggregate or per share basis, including, without limitation, EBITDA or Adjusted EBITDA as determined for purposes of any credit agreement or other agreement to which the Company is a party | <ul style="list-style-type: none"> customer acquisition or retention stock price stockholder return sales of particular products or services spin-offs, split-ups and the like reorganizations joint ventures and strategic alliances acquisitions and divestitures (in whole or in part) recapitalizations, restructurings, financings (issuance of debt or equity) or re-financings net cash from operations plus or minus such expenditures, expenses, cash proceeds from dispositions (whether or not of operating assets) and other objectively determinable adjustments, if any, as the Compensation Committee may determine |
|--|--|

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A performance criterion and any related targets determined by the Compensation Committee need not be based upon an increase, a positive or improved result or avoidance of loss.

The Compensation Committee selected each of the Company's executive officers, as well as certain other key employees of the Company, as participants in the Plan for 2007. The award opportunities for 2007 provided for payments to the Named Executive Officers if a performance metric based upon Adjusted EBITDA, as defined in the Company's senior credit facility as in effect on March 29, 2007 and with certain adjustments, exceeds the threshold, target and maximum levels specified by the Compensation Committee as set forth below.

Threshold	Target	Maximum
\$150,000,100	\$ 161,018,000	\$ 173,072,000

If the Company's performance exceeded the threshold, then, subject to the other requirements of the awards, each named executive officer would receive a payment that is based on a specified percentage of his base salary and the amount by which the Company's performance exceeds the threshold and target levels, as the case may be, provided that the maximum bonus any named executive officer may receive under the award is his base salary multiplied by two times his specified percentage. For 2007, the Committee selected the Named Executive Officers to receive an award with a specified percentage set forth opposite his name below.

Name	Position	Specified Percentage
Thomas Gutierrez	Chief Executive Officer	43.28%
Michael O' Donnell	Chief Financial Officer	60.00%
Josef Mayer	Executive Vice President of Business Development	44.76%
Miguel Quiñonez	President - Xerium South America	39.75%
Douglas Milner	President - Stowe Woodward Rolls Worldwide	41.25%

In the cases of Messrs. Gutierrez, O' Donnell, Quiñonez and Milner, their employment agreements with the Company contemplated a higher specified percentage than that indicated above. The Compensation Committee offered these Named Executive Officers a grant of performance-based restricted stock unit awards described below in exchange for their waiver of rights to an award for 2007 with a higher participation percentage. The Compensation Committee decided to offer this shift from cash compensation to equity-based compensation in order to provide the potential to increase equity ownership of these Named Executive Officers and also reduce the potential cash outlays of the Company. The performance metric for 2007 did not exceed the threshold level and the Company's Named Executive Officers did not receive incentive cash bonuses under the Plan for 2007 and did not receive any other incentive cash bonuses in respect of 2007.

In determining whether to structure cash incentive awards to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the Compensation Committee balances the benefits of the awards qualifying as performance-based compensation within the meaning of Section 162(m) of the Code and the overall goal of structuring awards designed both to incentivize the executives and to increase shareholder value. While the Company designed the awards under the Plan to its executive officers with respect to 2007 to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the Compensation Committee did not make awards under the Plan with respect to 2008 designed to qualify as performance-based compensation within the meaning of Section 162(m) of the Code. In first quarter of 2008 the Company was addressing potential financial covenant non-compliance issues under its senior credit agreement, and the Compensation Committee determined that it did not have adequate visibility regarding the financial outlook for the Company within 90 days of the beginning of 2008 in order to structure a cash based award to appropriately incentivize the executive officers.

In consideration for waiving their rights to a higher specified percentage under the Plan, on March 29, 2007 the Compensation Committee approved performance-based restricted stock units awards for the Company's Named Executive Officers under the Company's 2005 Equity Incentive Plan (the "2005 Plan"). The awards

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would generally only vest if a performance metric based upon Adjusted EBITDA, as defined in the Company's senior credit facility as in effect on March 29, 2007 and with certain adjustments, equaled or exceeded a target level of \$157 million that had been specified by the Committee. The following table sets forth the number of performance-based restricted stock units awarded to each of the Company's Named Executive Officers.

Name	Position	Restricted Stock Units
Thomas Gutierrez	Chief Executive Officer	64,232
Michael O' Donnell	Chief Financial Officer	28,334
Josef Mayer	Executive Vice President of Business Development	20,000
Miguel Quiñonez	President - Xerium South America	21,250
Douglas Milner	President - Stowe Woodward Rolls Worldwide	21,250

Generally, if the performance metric equaled or exceeded the target level specified by the Committee, the restricted stock units would vest on the day the Company filed its Annual Report on Form 10-K for fiscal year 2007, and the Company would within thirty days thereafter issue one share of common stock in respect of each fully vested restricted stock unit. On April 8, 2008, the day the Company filed its 2007 Annual Report on Form 10-K, these restricted stock unit awards expired without vesting in accordance with the terms of the agreement underlying the grant of these awards because the performance metric did not achieve the target level.

Long-Term Compensation. The Company seeks to create long-term performance incentives for its executive officers by aligning their economic interests with the interests of the Company's shareholders through the 2005 Plan. The 2005 Plan provides for the grant of awards consisting of any or a combination of stock options, stock appreciation rights (SARs), restricted stock, unrestricted stock or stock unit awards to key employees, directors and consultants. Awards under the 2005 Plan align the economic interests of the executive officer with those of shareholders because the potential value of the awards is directly related to the future value of the Company's stock.

The Compensation Committee administers the 2005 Plan and has the power to select participants, determine award terms and conditions and adopt, alter and repeal administrative rules, guidelines and practices applicable to the 2005 Plan.

During 2007, the Company granted performance-based restricted stock unit awards as described above under Annual Incentive Bonus and granted shareholder return based restricted stock unit awards as described below.

On May 16, 2007, the Compensation Committee approved shareholder return based restricted stock units awards for certain of the Company's Named Executive Officers under the 2005 Plan. The following table sets forth the number of such restricted stock units awarded to the Company's Named Executive Officers who received such awards.

Name	Position	Restricted Stock Units
Thomas Gutierrez	Chief Executive Officer	124,685
Michael O' Donnell	Chief Financial Officer	55,000
Josef Mayer	Executive Vice President of Business Development	41,250
Douglas Milner	President - Stowe Woodward Rolls Worldwide	41,250

The awards will generally only vest if:

the cumulative total return on the Company's common stock, measured as growth in the per share price of the Company's common stock and dividends paid on the Company's common stock from May 16, 2007,

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satisfies the annual target (which is based upon a 13% compounded annual growth rate from the date of grant) that the Compensation Committee established in respect of the four years following the grant date; and

the Named Executive Officer continues to be employed with the Company through the fourth anniversary of the grant date.

These restricted stock units may also vest, in whole or in part, if a covered transaction (as defined in the 2005 Plan) occurs and the cumulative total return vesting requirements have previously been satisfied or would be satisfied based on the transaction price. Under the awards, the Company will issue one share of common stock in respect of each fully vested restricted stock unit. These awards granted to Messrs. Gutierrez and Milner were forfeited in February 2008 when these individuals ceased to be employed by the Company.

In connection with the Company's initial public offering in May of 2005, the Compensation Committee granted shareholder return based restricted stock unit awards to certain of the Company's Named Executive Officers. These awards will generally only vest if:

the cumulative total return on the Company's common stock, measured as growth in the per share price of the Company's common stock and dividends paid on the Company's common stock from May 19, 2005, satisfies the annual target (which is based upon a 13% compounded annual growth rate from the date of grant) that the Compensation Committee established in respect of the four years following the grant date; and

the Named Executive Officer continues to be employed with the Company through the fourth anniversary of the grant date.

In January of 2008, the Compensation Committee granted both time-based restricted stock unit awards and shareholder return based restricted stock unit awards to the Company's executive officers, and in February of 2008 the Compensation Committee granted a time-based restricted stock unit award to the Company's new chief executive officer, who was appointed in February of 2008. In June of 2008, the Compensation Committee granted time-based restricted stock unit awards to Mr. Light, Mr. Fracasso, and Mr. Williamson.

While the Compensation Committee's current expectation is that all equity award grants will be in the form of restricted stock unit awards, the Compensation Committee may determine to grant other types of equity awards in the future.

Ownership Guidelines. The Compensation Committee recognizes that alignment of the interests of executive officers with those of the Company's shareholders is important. While the Compensation Committee does not believe that it is appropriate to set a particular level of ownership, it believes that equity based awards help to align these incentives and serve as an integral part of the executive officer compensation program.

401(k) Plans. The Company maintains a tax-qualified defined contribution plan with a cash or deferred arrangement intended to qualify under Section 401(k) of the Code. U.S. employees become eligible to participate in the plans after completing two months of employment with the Company. Each participant in the plans may elect to defer, in the form of contributions to the plan, up to 15% of compensation that would otherwise be paid to the participant in the applicable year, up to the statutorily prescribed annual limit. Under the plan applicable to the Company's U.S. executive officers, the Company makes a matching contribution with respect to each participant's elective contributions, up to 4% of such participant's compensation, subject to certain limitations.

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Retirement Benefits. The Company maintains a pension plan for U.S. salaried employees, including certain of the Company's executive officers (the *U.S. pension plan*). The U.S. pension plan is a funded, tax-qualified, noncontributory defined-benefit pension plan and is described in more detail below under the heading *Pension Benefits*. The Company also contributed to an Argentine pension plan for Miguel Quiñonez through December 2006 in accordance with the terms of his Employment Agreement. In addition, Miguel Quiñonez and Josef Mayer participate in government pension arrangements in Argentina and Germany, respectively.

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The Company has also adopted an unfunded, nonqualified supplemental executive retirement plan (*SERP*) for each of Messrs. Gutierrez and O'Donnell. Under the SERP, each of Messrs. Gutierrez and O'Donnell will be entitled to receive, at age 62, annual SERP payments equal to a specified percentage of his average annual base salary during the three years in which his base salary was highest during the ten years immediately prior to termination of employment (not including any compensation earned before January 1, 2004), multiplied by his years of service with the Company, less the amounts to which he is entitled under the Company's U.S. pension plan. The SERP benefit formula is based on a percentage factor of 3% in Mr. Gutierrez's case and 2.5% in Mr. O'Donnell's case. More detail regarding these SERPs is provided below under the heading "Pension Benefits".

Perquisites and Other Personal Benefits. The Company provides the Named Executive Officers with perquisites and other personal benefits that the Compensation Committee believes are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior executive employees for key positions. These benefits include premiums paid for term life insurance policies, car allowances or an automobile for personal use, country club dues and relocation expenses. Attributed costs of the personal benefits described above for the Named Executive Officers for the fiscal year ended December 31, 2006, are included in the next to last column of the Summary Compensation Table below.

Employment Agreements. The Company has entered into Employment Agreements with certain key employees, including the Named Executive Officers. The employment agreements for the Named Executive Officers are described below under the heading "Employment Agreements and Potential Payments Upon Termination or Change in Control". These agreements include severance arrangements and, in some cases, the level of severance is dependent upon the proximity of termination to a change of control (as defined in the applicable agreement). We believe that these arrangements support our ability to attract and retain superior executive employees and, if a change in control were to occur, to retain our executives through a period of uncertainty, enhance our value by keeping our management team intact and focused on the best interests of the stockholders, rather than their own job security.

Tax and Accounting Implications.

Deductibility of Executive Compensation. In establishing compensation, the Compensation Committee takes into account the provisions of Section 162(m) of the Code, which exempts some performance-based compensation from the \$1 million deduction limit. The Compensation Committee may, however, approve compensation that does not qualify for the exemption to attract and retain executives.

Accounting for Stock-Based Compensation. Beginning on January 1, 2006, the Company began accounting for stock-based awards, including its restricted stock unit awards in accordance with the requirements of Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment (Revised 2004)".

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The following table sets forth information with respect to the compensation for the Company's chief executive officer, the Company's chief financial officer and each of the Company's three other most highly compensated executive officers during 2007 and 2006. These individuals are referred to as the *Named Executive Officers*. Mr. Quiñonez retired from the Company on December 31, 2007. Messrs. Gutierrez and Milner resigned from the Company on February 7, 2008 and February 8, 2008, respectively. On June 16, 2008, a notice of termination of employment was delivered to Mr. Mayer, effective June 30, 2009.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation		All Other Compensation (\$)	Total (\$)
							Earnings (\$)			
Thomas Gutierrez Chief Executive Officer	2007	\$670,000		\$ 838,001(2)			\$ 209,771	\$ 43,951(4)		\$ 1,761,723
	2006	\$670,000		\$ 1,213,481(3)			\$ 235,517	\$ 34,931(5)		\$ 2,153,929
Michael O. Donnell Chief Financial Officer	2007	\$375,000		\$ 157,063(6)			\$ 68,907	\$ 85,563(8)		\$ 686,533
	2006	\$375,000		\$ 119,637(7)			\$ 78,656	\$ 42,902(9)		\$ 616,195
Josef Mayer Executive Vice President of Business Development	2007	\$376,750(*)		\$ 117,796(6)				\$ 29,002(10)		\$ 523,548
	2006	\$346,500(*)		\$ 89,727(7)				\$ 21,915(11)		\$ 458,142
Miguel Quiñonez President Xerium South America	2007	\$422,703(**)		\$ 22,732(7)				\$ 78,355(12)		\$ 523,790
	2006	\$345,734(**)		\$ 60,124(7)				\$ 374,570(13)		\$ 780,428
Douglas Milner President Stowe Woodward Rolls Worldwide	2007	\$350,000		\$ 117,796(6)			\$ 17,868	\$ 29,358(14)		\$ 515,022
	2006	\$350,000		\$ 89,727(7)			\$ 12,571	\$ 30,287(15)		\$ 482,585

(*) Mr. Mayer's 2007 salary is converted from Euros at an assumed exchange rate of \$1.37 per Euro, which represents the average exchange rate for 2007.

Mr. Mayer's 2006 salary is converted from Euros at an assumed exchange rate of \$1.26 per Euro, which represents the average exchange rate for 2006.

(**) Mr. Quiñonez' 2007 and 2006 salary was paid partly in Argentine Pesos and partly in Brazilian Reals. The Argentine Peso portions of his salary in 2007 is converted from Pesos at an assumed exchange rate of \$0.32 per Peso, which represents the average exchange rate for 2007. The Argentine Peso portions of his salary in 2006 is converted from Pesos at an assumed exchange rate of \$0.33 per Peso, which represents the average exchange rate for 2006. The Brazilian Real portion of his salary in 2007 is converted from Reals at an assumed exchange rate of \$0.52 per Real, which represents the average exchange rate for 2007. The Brazilian Real portion of his salary in 2006 is converted from Reals at an assumed exchange rate of \$0.46 per Real, which represents the average exchange rate for 2006. Salary amounts for Mr. Quiñonez include amounts paid to him in respect of (a) time spent on vacation in accordance with Argentine law, (b) fees associated with serving as a director of an Argentine subsidiary of the Company and (c) purchase orders for food.

- (1) The amounts in this column for 2007 reflect the dollar amount recognized as expense for financial statement reporting purposes for the fiscal year ended December 31, 2007, in accordance with FAS 123(R) and thus would include amounts from awards granted in and prior to 2007. Assumptions used in the calculation of these amounts are included in note 14 to the Company's audited financial statements for the fiscal year ended December 31, 2006, included in the Company's Annual Report on Form 10-K/A filed with the Securities and Exchange Commission on or before August 23, 2007, and note 14 to the Company's audited financial statements for the fiscal year ended December 31, 2007, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on or April 8, 2008. Notwithstanding the foregoing, the expense calculations set forth in this column exclude the impact of estimated forfeitures related to service-based vesting conditions. The amounts set forth may be more or less than the value ultimately realized by the Named Executive Officer based upon, among other things, the value of the Company's Common Stock at the time of vesting of the restricted stock unit awards, whether the Company achieves certain performance goals and whether such awards actually vest.
- (2) Reflects (i) the grants of restricted stock unit awards in 2005 and 2007 that are subject to performance-based conditions on vesting and (ii) the grant of a restricted stock unit award in 2005 that is not subject to performance-based conditions. Dividends are paid on the restricted stock unit award that is not subject to performance-based conditions at the same rate as dividends on the Company's common stock, but only in the form of additional restricted stock units. Mr. Gutierrez received an aggregate of 9,190 additional restricted stock units in 2007 in respect of such dividend payments. In accordance with FAS 123(R), no additional expense was reported in the Company's financial statements for 2007 and 2006 in respect to such additional restricted stock units relating to dividend payments and, accordingly, they are not reflected in the table above.

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- (3) Reflects (i) the grant of a restricted stock unit award in 2005 that is subject to performance-based conditions on vesting and (ii) the grant of a restricted stock unit award in 2005 that is not subject to performance-based conditions. Dividends are paid on the restricted stock unit award that is not subject to performance-based conditions at the same rate as dividends on the Company's common stock, but only in the form of additional restricted stock units. Mr. Gutierrez received an aggregate of 14,862 additional restricted stock units in 2006 in respect of such dividend payments. In accordance with FAS 123(R), no additional expense was reported in the Company's financial statements for 2006 in respect to such additional restricted stock units relating to dividend payments and, accordingly, they are not reflected in the table above.
- (4) Includes \$9,000 in respect of employer contributions to Mr. Gutierrez's 401(k) account and \$16,612 in respect of premiums for term life insurance policies for the benefit of Mr. Gutierrez. In addition, reflects perquisites and other personal benefits in the aggregate amount of \$18,339, which includes \$11,139 associated with country club dues and \$7,200 associated with an automobile allowance.
- (5) Includes \$16,324 in respect of premiums for term life insurance policies for the benefit of Mr. Gutierrez.
- (6) Reflects the grants of restricted stock unit awards in 2005 and 2007 that are subject to performance-based conditions on vesting.
- (7) Reflects the grant of restricted stock unit awards in 2005 that are subject to performance-based conditions on vesting.
- (8) Includes \$9,000 in respect of employer contributions to Mr. O'Donnell's 401(k) account and \$2,625 in respect of premiums for term life insurance policies for the benefit of Mr. O'Donnell. In addition, reflects perquisites and other personal benefits in the aggregate amount of \$73,938, which includes (i) \$55,599 associated with reimbursement of moving expenses, (ii) \$11,139 associated with country club dues and (iii) \$7,200 associated with an automobile allowance.
- (9) Includes \$8,800 in respect of employer contributions to Mr. O'Donnell's 401(k) account and \$2,880 in respect of premiums for term life insurance policies for the benefit of Mr. O'Donnell.
- (10) Represents the value of Mr. Mayer's personal use of an automobile that the Company owns, converted from Euros at an assumed exchange rate of \$1.37 per Euro, which represents the average exchange rate for 2007.
- (11) Represents the value of Mr. Mayer's personal use of an automobile that the Company owns, converted from Euros at an assumed exchange rate of \$1.26 per Euro, which represents the average exchange rate for 2006.
- (12) Includes (i) a tax gross-up payment of \$17,137 made in respect of income imputed to Mr. Quiñonez for certain perquisites and other personal benefits, (ii) perquisites and other personal benefits in the aggregate amount of \$8,048, which includes amounts associated with the use of a Company automobile, amounts in respect of premiums for term life insurance for the benefit of Mr. Quiñonez and amounts in respect of premiums for supplementary medical insurance, (iii) \$35,950 related to special retirement benefits, including the purchase by Mr. Quiñonez of his company car and computer equipment for less than their book value and for retirement advisory services and (iv) retirement gifts with a value of \$17,220. The pension tax gross-up payment, perquisites and other personal benefits, special retirement benefits and a minor portion of the retirement gift amount were made in Argentine Pesos and are converted from Argentine Pesos at an exchange rate of \$0.32 per Peso, which represents the average exchange rate for 2007.
- (13) Includes (i) \$270,793 that was contributed to Mr. Quiñonez's Argentine pension, (ii) a tax equalization payment of \$83,076, including a related tax gross-up payment, made to reimburse Mr. Quiñonez for certain increases in his taxes relating 2005 income over those he would have paid had he remained working solely in Argentina and (iii) a tax gross-up payment of \$14,645 made in respect of income imputed to Mr. Quiñonez for certain perquisites and other personal benefits. The pension contributions and tax gross-up payment were made in Argentine Pesos and are converted from Argentine Pesos at an exchange rate of \$0.33 per Peso, which represents the average exchange rate for 2006. The tax equalization payment was also made in Argentine Pesos and is converted from Argentine Pesos at an exchange rate of \$0.33 per Peso, which represents the exchange rate on the date of payment.
- (14) Includes \$9,000 in respect of employer contributions to Mr. Milner's 401(k) account and \$2,019 in respect of premiums for a term life insurance policy for the benefit of Mr. Milner. In addition, reflects perquisites and other personal benefits in the aggregate amount of \$18,339, which includes (i) \$11,139 associated with country club dues and (ii) \$7,200 associated with an automobile allowance.
- (15) Includes \$8,800 in respect of employer contributions to Mr. Milner's 401(k) account and \$2,880 in respect of premiums for a term life insurance policy for the benefit of Mr. Milner.

Table of Contents**Grant of Plan-Based Awards**

In 2007, the principle component of compensation paid to the Named Executive Officers was base salary. As discussed in Compensation Discussion and Analysis above, the Named Executive Officers did not receive any payments under the 2006 Cash Incentive Bonus Plan with respect to 2007. The following table sets forth information with respect to plan-based awards granted to Named Executive Officers in 2007.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)(2)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Thomas Gutierrez	3/29/07(3)	\$ 0	\$ 289,976	\$ 579,952		64,232					\$ 501,652
	5/16/07(4)					124,685					\$ 1,016,183
Michael O Donnell	3/29/07(3)	\$ 0	\$ 225,000	\$ 450,000		28,334					\$ 221,289
	5/16/07(4)					55,000					\$ 448,250
Josef Mayer	3/29/07(3)	\$ 0	\$ 168,633	\$ 337,267		20,000					\$ 156,200
	5/16/07(4)					41,250					\$ 336,188
Miguel Quiñonez	3/29/07(3)	\$ 0	\$ 135,150	\$ 270,300		21,250					\$ 165,963
Douglas Milner	3/29/07(3)	\$ 0	\$ 144,375	\$ 288,750		21,250					\$ 165,963
	5/16/07(4)					41,250					\$ 336,188

- (1) These columns show the range of payouts targeted under the 2006 Cash Incentive Bonus Plan as described under the section entitled Annual Incentive Cash Bonus in Compensation Discussion and Analysis.
- (2) Pursuant to the terms of a restricted stock unit award granted to Mr. Gutierrez in 2005 that is not subject to performance-based conditions on vesting, dividends are paid on this restricted stock unit award at the same rate as dividends on the Company's common stock, but only in the form of additional restricted stock units. Mr. Gutierrez received an aggregate of 9,190 additional restricted stock units in 2007 in respect of such dividend payments. In accordance with FAS 123(R), no additional expense was reported in the Company's financial statements for 2007 in respect to such additional restricted stock units relating to dividend payments and, accordingly, they are not reflected in the table above.
- (3) Reflects grants of performance-based awards during 2007 under the 2005 Equity Incentive Plan as described under the section entitled Long-Term Compensation in Compensation Discussion and Analysis.
- (4) Reflects grants of shareholder return based awards during 2007 under the 2005 Equity Incentive Plan as described under the section entitled Long-Term Compensation in Compensation Discussion and Analysis.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End Table**

The following table sets forth information for the Named Executive Officers regarding outstanding equity awards held as of December 31, 2007.

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Value of Unearned Shares, Units or Rights That Have Not
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Value of Unearned Shares, Units or Rights That Have Not Vested (\$)(1)
Thomas Gutierrez						82,473(2)	\$ 428,860	377,834(3)	\$ 1,964,737
Michael O' Donnell								166,668(4)	\$ 866,674
Josef Mayer								123,750(5)	\$ 643,500
Miguel Quiñonez								21,250(6)	\$ 110,500
Douglas Milner								125,000(7)	\$ 650,000

- (1) Market values in this table are determined using a price per share of the Company's common stock of \$5.20, the closing price on the New York Stock Exchange on December 31, 2007.
- (2) Reflects the unvested portion of a restricted stock unit award granted on May 19, 2005 that is not subject to performance-based conditions on vesting, including dividends paid on such restricted stock unit award in the form of additional restricted stock unit awards. The unvested portion of these awards would have fully vested on May 19, 2008 assuming Mr. Gutierrez remained continuously employed by the Company through such date. These awards vested in connection with the resignation of Mr. Gutierrez on February 7, 2008.
- (3) Reflects restricted stock unit awards granted on May 19, 2005, March 29, 2007 and May 16, 2007 that are subject to performance-based conditions on vesting. For both the restricted stock unit awards granted on May 19, 2005 and May 16, 2007, on the first, second, third and fourth anniversaries of each such respective grant date a total of 25%, 50%, 75% and 100%, respectively, of each such restricted stock unit award will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common stock satisfies that year's target, whether or not any prior year's target was satisfied. Generally, these awards provided that Mr. Gutierrez must continue to be employed by the Company through the fourth anniversaries of these grants in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. On February 7, 2008, 313,602 of these restricted stock unit awards were cancelled due to the resignation of Mr. Gutierrez on that date. The restricted stock unit awards granted on March 29, 2007 would have vested on the day the Company filed its Annual Report on Form 10-K for fiscal year 2007 if the performance metric achieved the target level. These 64,232 restricted stock unit awards expired without vesting on April 8, 2008, the day the Company filed its 2007 Annual Report on Form 10-K, in accordance with the terms of the agreement underlying the grant of these awards because the performance metric did not achieve the target level.
- (4) Reflects restricted stock unit awards granted on May 19, 2005, March 29, 2007 and May 16, 2007 that are subject to performance-based conditions on vesting. For both the restricted stock unit awards granted on May 19, 2005 and May 16, 2007, on the first, second, third and fourth anniversaries of each such respective grant date a total of 25%, 50%, 75% and 100%, respectively, of each such restricted stock unit award will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common stock satisfies that year's target, whether or not any prior year's target was satisfied. Generally, Mr. O' Donnell must continue to be employed by the Company through the fourth anniversaries of these grants in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. The restricted stock unit awards granted on March 29, 2007 would have vested on the day the Company filed its Annual Report on Form 10-K for fiscal year 2007 if the performance metric achieved the target level. These 28,334 restricted stock unit awards expired without vesting on April 8, 2008, the day the Company filed its 2007 Annual Report on Form 10-K, in accordance with the terms of the agreement underlying the grant of these awards because the performance metric did not achieve the target level.
- (5) Reflects restricted stock unit awards granted on May 19, 2005, March 29, 2007 and May 16, 2007 that are subject to performance-based conditions on vesting. For both the restricted stock unit awards granted on May 19, 2005 and May 16, 2007, on the first, second, third and fourth anniversaries of each such respective grant date a total of 25%, 50%, 75% and 100%, respectively, of each such restricted stock unit award will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common stock satisfies that year's target, whether or not any prior year's target was satisfied. Generally, Mr. Mayer must continue to be employed by the Company through the fourth anniversaries of these grants in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. The restricted stock unit awards granted on

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March 29, 2007 would have vested on the day the Company filed its Annual Report on Form 10-K, for fiscal year 2007 if the performance metric achieved the target level. These 20,000 restricted stock unit awards expired without vesting on April 8, 2008, the day the Company filed its 2007 Annual Report on Form 10-K, in accordance with the terms of the

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agreement underlying the grant of these awards because the performance metric did not achieve the target level. On June 16, 2008, a notice of termination of employment was delivered to Mr. Mayer, effective June 30, 2009.

- (6) Reflects restricted stock unit awards granted on March 29, 2007 which would have vested on the day the Company filed its Annual Report on Form 10-K for fiscal year 2007 if the performance metric achieved the target level. These restricted stock unit awards expired without vesting on April 8, 2008, the day the Company filed its 2007 Annual Report on Form 10-K, in accordance with the terms of the agreement underlying the grant of these awards because the performance metric did not achieve the target level.
- (7) Reflects restricted stock unit awards granted on May 19, 2005, March 29, 2007 and May 16, 2007 that are subject to performance-based conditions on vesting. For both the restricted stock unit awards granted on May 19, 2005 and May 16, 2007, on the first, second, third and fourth anniversaries of each such respective grant date a total of 25%, 50%, 75% and 100%, respectively, of each such restricted stock unit award will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common stock satisfies that year's target, whether or not any prior year's target was satisfied. Generally, these awards provided that Mr. Milner must continue to be employed by the Company through the fourth anniversaries of these grants in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. On February 8, 2008, 103,750 of these awards were cancelled due to the resignation of Mr. Milner on that date. The restricted stock unit awards granted on March 29, 2007 would have vested on the day the Company filed its Annual Report on Form 10-K for fiscal year 2007 if the performance metric achieved the target level. These 21,250 restricted stock unit awards expired without vesting on April 8, 2008, the day the Company filed its 2007 Annual Report on Form 10-K, in accordance with the terms of the agreement underlying the grant of these awards because the performance metric did not achieve the target level.

Option Exercises and Stock Vested Table

The following table sets forth information for the Named Executive Officers regarding the value realized during 2007 by such executives pursuant to shares acquired upon vesting of stock awards. None of the Named Executive Officers exercised any stock options during 2007.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Thomas Gutierrez			77,530.27(1)	\$ 621,793(2)
Michael O. Donnell				
Josef Mayer				
Miguel Quiñonez				
Douglas Milner				

- (1) The shares reflected in the table became vested on May 19, 2007. Of these 77,530.27 shares, 20,507.27 shares were withheld by the Company in respect of tax obligations.
- (2) Market value is determined using a price per share of the Company's common stock of \$8.02, the closing price on the New York Stock Exchange on May 18, 2007.

Pension Benefits

Pension Plan. The Company's pension plan for U.S. salaried employees, including the Company's executive officers, and U.S. non-union hourly employees (the "U.S. pension plan") is a funded, tax-qualified, noncontributory defined-benefit pension plan. Benefits under the U.S. pension plan are based upon an employee's years of service and the average of the employee's highest five calendar years of compensation in the last ten calendar years of service with the Company and its subsidiaries, the final average earnings, and are payable after retirement. Covered employees become vested in the U.S. Pension plan after the completion of five years of vesting service. Earnings covered by the U.S. pension plan are total cash compensation, including salary and bonuses, less taxable fringe benefits, as defined in the plan. Benefits under the U.S. pension plan are calculated as an annuity equal to 0.9% to 1.4% of the participant's final average earnings multiplied by years of service. Credited years of service cannot exceed 30 years. For purposes of the annual pension benefit calculation, final average earnings as of December 31, 2007 could not exceed \$225,000. Contributions to the U.S. pension plan are made entirely by the Company and are paid into a trust fund from which the

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benefits of participants will be paid. The benefits listed in the table below are not subject to any deduction for Social Security, but are subject to offset by accrued benefits under specified predecessor plans.

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Supplemental Executive Retirement Plans. The Company has adopted a supplemental executive retirement plan (the *SERP*) for each of Mr. Gutierrez and Mr. O'Donnell in connection with their employment agreements. The SERPs are unfunded, nonqualified plans. Under the applicable SERP, each of Messrs. Gutierrez and O'Donnell would be entitled to receive, at age 62, annual SERP payments equal to a specified percentage of his average annual base salary during the three years in which his base salary was highest during the ten years immediately prior to termination of employment (not including any compensation earned before January 1, 2004), multiplied by the executive's years of service with the Company, less the amounts to which he is entitled under the Company's U.S. pension plan. The SERP benefit formula is based on a percentage factor of 3% in Mr. Gutierrez's case and 2.5% in Mr. O'Donnell's case. Each of Mr. Gutierrez and Mr. O'Donnell is fully vested in his SERP benefit. The annual payments under the SERP, before offsets, cannot exceed 50% of the three-year average annual base salary.

Although the normal form of payment under the SERP is an annuity, the SERP for Mr. Gutierrez permits him to elect an alternative payment option selected from among actuarially equivalent forms permitted under the U.S. pension plan, provided that any such election must be made at the time and in the manner that the Compensation Committee provides, consistent with Section 409A of the Internal Revenue Code of 1986, as amended (the *Code*).

If a participant retires after age 55 but before age 62 with at least five years of service, he will be entitled to receive benefits under the SERP immediately following his retirement, but any such benefits will be reduced by one third of one percent for each month prior to age 62. If the participant retires before age 62 and without having completed five years of service, he will not be entitled to receive a benefit under the SERP until he turns 62. In the event of a participant's death before commencement of his benefit, whether or not he is employed by the Company at time of death, the participant's surviving spouse, if any, is entitled to receive an annual benefit for the remainder of her life equal to 50% of the benefit the participant would have been entitled to receive assuming payment in the form of a 50% joint and survivor annuity. Mr. Gutierrez resigned from the Company on February 7, 2008 at the age of 59 and with at least five years of service.

The SERP is unfunded and payable from the Company's general assets, except that in the event of certain change of control transactions, the Company will establish an irrevocable trust, which is a so called *rabbi trust*, and contribute an amount equal to the actuarial equivalent of the SERP benefit.

The SERP can be amended only by written instrument signed by the Company pursuant to authorization of the Compensation Committee and by the participant (or, following the participant's death, if benefits remain payable to his spouse, by his spouse).

The following table sets forth information on the present value of accumulated benefits payable to each of the Named Executive Officers, including the number of years of service credited to each such Named Executive Officer, under the U.S. pension plan and his SERP (to the extent that such Named Executive Officer participates in the U.S. pension plan or a SERP) determined using interest rate and mortality rate assumptions consistent with those used in the Company's financial statements.

Name	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Thomas Gutierrez	U.S. Pension Plan	6.385	\$ 137,696	
	SERP	6.385	\$ 1,243,866(2)	
Michael O'Donnell	U.S. Pension Plan	4.833	\$ 81,962	
	SERP	4.833	\$ 351,464(2)	

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Josef Mayer

Miguel Quiñonez

Douglas Milner

U.S. Pension Plan

3.897

\$

53,271

- (1) As of December 31, 2007. Covered employees become vested in the U.S. Pension plan after the completion of five years of vesting service. As of December 31, 2007, Messrs. Milner and O'Donnell were not vested in the U.S. Pension Plan.

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- (2) The SERP benefits listed in the table reflect the assumed offset for amounts payable under the U.S. pension plan. As noted in note 1 above, Mr. O'Donnell was not vested in the U.S. Pension Plan as of December 31, 2007.

Nonqualified Deferred Compensation

None of the Named Executive Officers received any nonqualified deferred compensation in 2007.

Employment Agreements and Potential Payments Upon Termination or Change in Control

The Company has entered into an employment agreement with each of Thomas Gutierrez, Michael O'Donnell, Josef Mayer, Douglas Milner, and Miguel Quiñonez. The employment period under the agreements will survive until terminated by the Company or the Named Executive Officer. The employment agreements for these executives provide the specific terms set forth below.

Also set forth below, after the description of the applicable employment agreement, are tables that show the potential amounts payable to each of the Named Executive Officers in accordance with their respective employment agreements and other agreements with the Company in the event of termination of such executive's employment in the circumstances described in the category headings of the tables, assuming that such termination was effective as of December 31, 2007. The amounts in the tables are estimates of the amounts which would be paid out to the executives in accordance with their respective employment agreements upon their termination, other than in the cases of Messrs. Quiñonez and Milner. The actual amounts to be paid out can only be determined at the time of such executive's separation from the Company. Regardless of the manner in which a Named Executive Officer's employment terminates, he may be entitled to receive amounts earned during his term of employment. Such amounts include earned and unpaid base salary, vacation pay, and regular pension benefits (see "Pension Benefits" above).

Thomas Gutierrez. Mr. Gutierrez served as the Company's president and chief executive officer from January 2002 until his resignation in February 2008. Mr. Gutierrez submitted his resignation on the understanding with the Company that he would receive severance and other benefits in accordance with his employment agreement as if he had been terminated by the Company other than for cause (as defined in his employment agreement).

Under the terms of his employment agreement, Mr. Gutierrez received a base salary of \$670,000 per annum for 2006 and 2007. The Company provided him with life insurance coverage in an amount that was two and one-half times his initial base salary. If he terminated his employment other than for good reason (as defined in the employment agreement) or for good reason but without proper notice, he would have been entitled to his unpaid salary and benefits through his date of termination. If his employment terminated because of his death or disability, then he would have been entitled to his earned and unpaid salary through his date of termination and any payout he would have earned under the Company's annual cash bonus plans for the fiscal year in which the termination occurs, prorated to reflect the number of days that he worked in the fiscal year. In addition, if his employment terminated because of his disability, he would have been entitled to participate in medical/dental benefit plans for 18 months (or such longer period as may be provided in the Company's benefit plans). Since the Company terminated his employment for any other reason (other than cause (as defined in the employment agreement)), or if he had terminated his employment for good reason, he was entitled to (i) receive his base salary for two years, (ii) a payment equal to 100% of his base salary (or, if greater and three full fiscal years have been completed since the effectiveness of the agreement, 100% of his average annual bonus for the preceding three years), and (iii) participate in medical/dental benefit plans for two years (or such longer period as may be provided in the Company's benefit plans), provided that the timing of certain payments may be delayed under Section 409A of the Code. If any such termination occurs within three months prior to or two years following certain specified change of control transactions, then the period of base salary and medical/dental benefit continuation shall be three years instead of two. If the Company had terminated his employment for cause, he would have been entitled only to payment of his earned and unpaid base salary for the period prior to termination.

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The employment agreement also provides, with certain exceptions, that Mr. Gutierrez may not participate in any entity or engage in any activity that competes with the Company or any of its subsidiaries during his employment and for a period of two years after his employment terminates. In addition, the employment agreement imposes certain non-solicitation obligations on him during the same period of time.

The employment agreement also provides that he is entitled to participate in the SERP, described above under Pension Plan Benefits, which constitutes an attachment to the employment agreement.

If it is determined that any payment or benefit provided to Mr. Gutierrez by the Company or any of its subsidiaries will be subject to the excise tax imposed by Section 4999 of the Code, the employment agreement provides that the Company will make an additional lump-sum payment to Mr. Gutierrez sufficient, after giving effect to all federal, state and other taxes and charges with respect to such payment, to make Mr. Gutierrez whole for all taxes imposed under or as a result of Section 4999.

Potential Payments to Mr. Gutierrez Upon Termination or a Change of Control at December 31, 2007:

Reason for Termination	Cash Severance Payment (2)	Equity Awards (3)	Incremental Pension Benefits	Continuation of Medical/Dental Benefits	Excise Tax Gross-up	Benefits under Life Insurance Policies the Premiums for which are Paid for By the Company	Total Termination Benefits
Death		\$ 428,860				\$ 2,075,000	\$ 2,503,860
Disability(1)		\$ 428,860		\$ 6,995			\$ 435,855
By the Company for Cause(1)		\$ 428,860	\$ 207,818(4)				\$ 636,678
By the Company without Cause(1) and not within 3 months before or 24 months after a Change of Control(1)	\$ 2,010,000	\$ 428,860	\$ 207,818(4)	\$ 9,327			\$ 2,656,005
By the Company without Cause(1) and within 3 months before or 24 months after a Change of Control(1)	\$ 2,680,000	\$ 428,860	\$ 207,818(4)	\$ 9,327			\$ 3,326,005
By the Executive for Good Reason (1) and not within 3 months before or 24 months after a Change of Control(1)	\$ 2,010,000	\$ 428,860	\$ 207,818(4)	\$ 9,327			\$ 2,656,005
By the Executive for Good Reason (1) and within 3 months before or 24 months after a Change of Control(1)	\$ 2,680,000	\$ 428,860	\$ 207,818(4)	\$ 13,990			\$ 3,330,668
By the Executive without Good Reason(1)			\$ 207,818(4)				\$ 207,818

(1) As defined in Mr. Gutierrez Employment Agreement.

(2) The amounts set forth under cash severance payments are payable over time as continuation of the payment of base salary or in a lump sum as described in the description of Mr. Gutierrez employment agreement above. To the extent that Mr. Gutierrez would be entitled to a pro-rated bonus upon termination as described above, no amount is included in this table because no payments were made to the Named Executive Officers with respect to 2007 under the Company's 2006 Cash Incentive Bonus Plan.

(3) As of December 31, 2007, Mr. Gutierrez held the following restricted stock unit awards:

a performance based restricted stock unit award with respect to 188,917 shares of common stock that was granted on May 19, 2005. This award was forfeited in connection with Mr. Gutierrez resignation from the Company on February 7, 2008. The following is a description of the award assuming that it was still outstanding: On the first, second, third and fourth anniversaries of May 19, 2005 a total of 25%, 50%, 75% and 100%, respectively, of the restricted stock units will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common

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stock satisfies that year's target, which is based upon a 13% compounded annual return rate from the Company's initial public offering stock price on May 19, 2005, whether or not any prior

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year's target was satisfied. Any restricted stock units that are deemed to satisfy a cumulative total return vesting requirement in respect of a particular year will retain that status even if the cumulative total return on the Company's common stock subsequently decreases or does not satisfy any subsequent year's target. On May 19, 2009, any restricted stock units that have not been deemed to satisfy the cumulative total return vesting requirement shall be forfeited. Generally, Mr. Gutierrez must continue to be employed by the Company through May 19, 2009 in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. If, however, his employment terminates prior to such date due to his death, disability, retirement, termination by the Company without cause or termination by him with good reason, then the restricted stock units that have been deemed to satisfy the cumulative shareholder return vesting requirement through the date of termination shall vest completely and the remainder shall be forfeited. Since no portion of this restricted stock unit had satisfied the cumulative shareholder return vesting requirement through December 31, 2007, no amount is included in the table above in respect of these awards. If a covered transaction (as defined in the Company's 2005 Plan) occurs, the restricted stock units that have previously been deemed to satisfy the cumulative total return vesting requirement will vest completely and, if the Compensation Committee determines that the transaction price corresponds to a cumulative annual return that would satisfy any prior or subsequent cumulative total return targets then the restricted stock units that would have been deemed to satisfy such cumulative total return targets shall vest completely. Any other of these performance-based restricted stock units shall be forfeited unless the Compensation Committee determines otherwise.

a performance based restricted stock unit award with respect to 64,232 shares of common stock that was granted on March 29, 2007 that would have only vested if a performance metric based on Adjusted EBITDA, as defined in the Company's senior credit facility as in effect on March 29, 2007 and with certain adjustments, equaled or exceeded \$157 million. If the performance metric equaled or exceeded the target level specified, the restricted stock unit award would have vested on April 8, 2008, the day the Company filed its 2007 Annual Report on Form 10-K. The performance metric did not achieve the target level and the RSUs did not vest.

a performance based restricted stock unit award with respect to 124,685 shares of common stock that was granted on May 16, 2007. This award was forfeited in connection with Mr. Gutierrez' resignation from the Company on February 7, 2008. The following is a description of the award assuming that it was still outstanding: On the first, second, third and fourth anniversaries of May 16, 2007 a total of 25%, 50%, 75% and 100%, respectively, of the restricted stock units will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common stock satisfies that year's target (which is based upon a 13% compounded annual growth rate from the date of grant), whether or not any prior year's target was satisfied. Any restricted stock units that are deemed to satisfy a cumulative total return vesting requirement in respect of a particular year will retain that status even if the cumulative total return on the Company's common stock subsequently decreases or does not satisfy any subsequent year's target. On May 16, 2011, any restricted stock units that have not been deemed to satisfy the cumulative total return vesting requirement shall be forfeited. Generally, Mr. Gutierrez must continue to be employed by the Company through May 16, 2011 in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. If, however, his employment terminates prior to such date due to his death, disability, retirement, termination by the Company without cause or termination by him with good reason, then the restricted stock units that have been deemed to satisfy the cumulative shareholder return vesting requirement through the date of termination shall vest completely and the remainder shall be forfeited. Since no portion of this restricted stock unit had satisfied the cumulative shareholder return vesting requirement through December 31, 2007, no amount is included in the table above in respect of these awards. If a covered transaction (as defined in the Company's 2005 Plan) occurs, the restricted stock units that have previously been deemed to satisfy the cumulative total return vesting requirement will vest completely and, if the Compensation Committee determines that the transaction price corresponds to a cumulative annual return that would satisfy any prior or subsequent cumulative total return targets then the restricted stock units that would have been deemed to satisfy such cumulative total return targets shall vest completely. Any other of these performance-based restricted stock units shall be forfeited unless the Compensation Committee determines otherwise.

In addition to the above performance based restricted stock unit awards, as of December 31, 2007, Mr. Gutierrez held a time based restricted stock unit award and there were 82,473 shares of common stock underlying the unvested portion of this award as of such date. Under the terms of this time based restricted stock unit award, in the event Mr. Gutierrez' employment terminates as a result of termination by the Company, by him for good reason (as defined in his employment agreement) or as a result of a Change of Control (as defined in such award), then any unvested portion of the award shall immediately vest. The value in the table above for the vesting of this time based restricted stock unit award was calculated based upon a price per share of the Company's common stock of \$5.20, the closing price on the New York Stock Exchange on December 31, 2007. This time based restricted stock unit award vested subject to applicable tax withholding in connection with Mr. Gutierrez' resignation from the Company on February 7, 2008.

In addition, Mr. Gutierrez may receive 3,388 time based restricted stock units that are contingent upon the approval by the shareholders of an amendment to the 2005 plan. See Proposal 2: Approval of an Amendment to the 2005 Equity Incentive Plan for further information.

- (4) Represents the increase in the present value of accumulated benefit under Mr. Gutierrez' SERP if he elects instead of the normal form of benefit under the SERP an actuarial equivalent as provided under the SERP; see the discussion of the SERP under Pension Plans above.

Michael O. Donnell. Mr. O. Donnell serves as the Company's chief financial officer. As of December 31, 2007, under the terms of his employment agreement, Mr. O. Donnell receives a base salary of \$375,000, which may be increased from time to time at the discretion of the Compensation Committee. Pursuant to an amendment to his employment agreement on February 11, 2008, Mr. Donnell's base salary was increased to \$415,000. The Company provides him with life insurance coverage in an amount that is two and one-half times his initial base

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salary. If his employment terminates because of his death or disability, then he is entitled to his earned and unpaid salary through his date of termination and any payout he would have earned under the Company's annual cash bonus plans for the fiscal year in which the termination occurs, prorated to reflect the number of days that he worked in the fiscal year. In addition, if his employment terminates because of disability, he is entitled to participate in medical/dental benefit plans for 18 months (or such longer period as may be provided in the Company's benefit plans). If the Company terminates his employment for any other reason (other than "cause" (as defined in the employment agreement)), or if he terminates his employment for "good reason," then he is entitled to (i) receive his base salary for 18 months, (ii) a payment equal to 100% (decreased to 60% pursuant to the amendment to his employment agreement) in the amendment on February 11, 2008) of his base salary (or, if greater and three full fiscal years have been completed since the effectiveness of the agreement, 100% of his average annual bonus for the preceding three years), and (iii) participate in medical/dental benefit plans for 18 months (or such longer period as may be provided in the Company's benefit plans), provided that the timing of certain payments may be delayed under Section 409A of the Code. If any such termination occurs within three months prior to or two years following certain specified change of control transactions, then the period of base salary and medical/dental benefit continuation shall be two years instead of 18 months. If the Company terminates his employment for "cause," he is entitled only to payment of his earned and unpaid base salary for the period prior to termination.

The employment agreement also provides, with certain exceptions, that Mr. O'Donnell may not participate in any entity or engage in any activity that competes with the Company or any of its subsidiaries during his employment and for a period of one year after his employment terminates. In addition, the employment agreement imposes certain non-solicitation obligations on him during the same period of time.

The employment agreement also provides that he is entitled to participate in the SERP, described above under "Pension Plan Benefits," which constitutes an attachment to the employment agreement.

If it is determined that any payment or benefit provided to Mr. O'Donnell by the Company or any of its subsidiaries will be subject to the excise tax imposed by Section 4999 of the Code, the employment agreement provides that the Company will make an additional lump-sum payment to Mr. O'Donnell sufficient, after giving effect to all federal, state and other taxes and charges with respect to such payment, to make Mr. O'Donnell whole for all taxes imposed under or as a result of Section 4999.

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Potential Payments to Mr. O'Donnell Upon Termination or a Change of Control at December 31, 2007, assuming the February 2008 amendment was in place at December 31, 2007 but using his base salary in effect at December 31, 2007:

Reason for Termination	Cash Severance Payment (2)	Equity Awards (3)	Incremental Pension Benefits	Continuation of Medical/Dental Benefits	Excise Tax Gross-up	Benefits under Life Insurance Policies the Premiums for which are Paid for By the Company	Total Termination Benefits
Death						\$ 1,000,000	\$ 1,000,000
Disability(1)				\$ 6,995			\$ 6,995
By the Company for Cause(1)							
By the Company without Cause (1) and not within 3 months before or 24 months after a Change of Control(1)	\$ 787,500			\$ 6,995			\$ 794,495
By the Company without Cause(1) and within 3 months before or 24 months after a Change of Control(1)	\$ 1,125,000			\$ 9,327			\$ 1,134,327
By the Executive for Good Reason (1) and not within 3 months before or 24 months after a Change of Control(1)	\$ 787,500			\$ 6,995			\$ 794,495
By the Executive for Good Reason (1) and within 3 months before or 24 months after a Change of Control(1)	\$ 1,125,000			\$ 9,327			\$ 1,134,327
By the Executive without Good Reason(1)							

- (1) As defined in Mr. O'Donnell's Employment Agreement.
- (2) The amounts set forth under cash severance payments are payable over time as continuation of the payment of base salary or in a lump sum as described in the description of Mr. O'Donnell's employment agreement above. To the extent that Mr. O'Donnell would be entitled to a pro-rated bonus upon termination as described above, no amount is included in this table because no payments were made to the Named Executive Officers with respect to 2006 under the Company's 2006 Cash Incentive Bonus Plan.
- (3) As of December 31, 2007, Mr. O'Donnell held the following restricted stock unit awards:
- a performance based restricted stock unit award with respect to 83,334 shares of common stock that was granted on May 19, 2005. On the first, second, third and fourth anniversaries of May 19, 2005 a total of 25%, 50%, 75% and 100%, respectively, of the restricted stock units will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common stock satisfies that year's target, which is based upon a 13% compounded annual return rate from the Company's initial public offering stock price on May 19, 2005, whether or not any prior year's target was satisfied. Any restricted stock units that are deemed to satisfy a cumulative total return vesting requirement in respect of a particular year will retain that status even if the cumulative total return on the Company's common stock subsequently decreases or does not satisfy any subsequent year's target. On May 19, 2009, any restricted stock units that have not been deemed to satisfy the cumulative total return vesting requirement shall be forfeited. Generally, Mr. O'Donnell must continue to be employed by the Company through May 19, 2009 in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. If, however, his employment terminates prior to such date due to his death, disability, retirement, termination by the Company without cause or termination by him with good reason, then the restricted stock units that have been deemed to satisfy the cumulative shareholder return vesting requirement through the date of termination shall vest completely and the remainder shall be forfeited. Since no portion of this restricted stock unit had satisfied the cumulative shareholder return vesting requirement through December 31, 2007, no amount is included in the table above in respect of these awards. If a covered transaction (as defined in the Company's 2005 Plan) occurs, the restricted stock units that have previously been deemed to satisfy the cumulative total return vesting requirement will vest completely and, if the Compensation Committee determines that the transaction price corresponds to a cumulative annual return that would satisfy any prior or subsequent cumulative total return targets then the restricted stock units that would have been deemed to satisfy such cumulative total return targets shall vest completely. Any other of these performance-based restricted stock units shall be forfeited unless the Compensation Committee determines otherwise.

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a performance based restricted stock unit award with respect to 28,334 shares of common stock that was granted on March 29, 2007 that would have only vested if a performance metric based on Adjusted EBITDA, as defined in the Company's senior credit facility as in effect on March 29, 2007 and with certain adjustments, equaled or exceeded \$157 million. If the performance metric equaled or exceeded the target level specified, the restricted stock unit award would have vested on April 8, 2008, the day the Company filed its 2007 Annual Report on Form 10-K. The performance metric did not achieve the target level and the RSUs did not vest.

a performance based restricted stock unit award with respect to 55,000 shares of common stock that was granted on May 16, 2007. On the first, second, third and fourth anniversaries of May 16, 2007 a total of 25%, 50%, 75% and 100%, respectively, of the restricted stock units will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common stock satisfies that year's target (which is based upon a 13% compounded annual growth rate from the date of grant), whether or not any prior year's target was satisfied. Any restricted stock units that are deemed to satisfy a cumulative total return vesting requirement in respect of a particular year will retain that status even if the cumulative total return on the Company's common stock subsequently decreases or does not satisfy any subsequent year's target. On May 16, 2011, any restricted stock units that have not been deemed to satisfy the cumulative total return vesting requirement shall be forfeited. Generally, Mr. O'Donnell must continue to be employed by the Company through May 16, 2011 in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. If, however, his employment terminates prior to such date due to his death, disability, retirement, termination by the Company without cause or termination by him with good reason, then the restricted stock units that have been deemed to satisfy the cumulative shareholder return vesting requirement through the date of termination shall vest completely and the remainder shall be forfeited. Since no portion of this restricted stock unit had satisfied the cumulative shareholder return vesting requirement through December 31, 2007, no amount is included in the table above in respect of these awards. If a covered transaction (as defined in the Company's 2005 Plan) occurs, the restricted stock units that have previously been deemed to satisfy the cumulative total return vesting requirement will vest completely and, if the Compensation Committee determines that the transaction price corresponds to a cumulative annual return that would satisfy any prior or subsequent cumulative total return targets then the restricted stock units that would have been deemed to satisfy such cumulative total return targets shall vest completely. Any other of these performance-based restricted stock units shall be forfeited unless the Compensation Committee determines otherwise.

Josef Mayer. Mr. Mayer serves as the Company's Executive Vice President Business Development. Under the terms of his employment agreement, Mr. Mayer receives a base salary of Euro 275,000 (\$376,750 at an assumed exchange rate of \$1.37 per Euro, the average exchange rate for 2007), which may be increased from time to time at the discretion of the Compensation Committee. The employment agreement may be terminated by either party on June 30 or December 31 of any year by giving twelve months written notice, but the Company may terminate the employment agreement for good cause without regard to such restrictions. The employment agreement also provides that the Company will provide Mr. Mayer with an automobile and pay all operating costs. In the event of Mr. Mayer's disability or illness, the Company will pay him the difference between any disability payments he receives and his salary for up to six months. If his employment terminates because of his death, his dependents will receive his salary, payable monthly, for the month of his death and the three following months. The employment agreement imposes certain non-competition obligations during his employment and for a period of one year after his employment terminates. During the period following termination that he is subject to the non-competition obligations, he is entitled to receive 50% of his base salary during the last year of his employment, payable monthly, less any income he receives during such period. The Company may waive the post-termination non-competition clause, in which event the Company would not be required to pay the compensation in respect thereof. On June 16, 2008, a notice of termination of employment was delivered to Mr. Mayer, effective June 30, 2009.

Potential Payments to Mr. Mayer Upon Termination or a Change of Control at December 31, 2007:

Reason for Termination	Continuation of Salary(1)	Continuation of Use of Company Car(1)	Equity Awards (1)(4)	Continuation of Medical/Dental Benefits(1)	Total Termination Benefits(1)
Death	\$ 125,583(1)				\$ 125,583
By the Company for good cause, as described in the employment contract					
By the Company without good cause	\$ 565,125(2)	\$ 29,002(3)			\$ 594,127
By the Executive	\$ 565,125(2)	\$ 29,002(3)			\$ 594,127

(1) Amount is converted from Euros at an assumed exchange rate of \$1.37 per Euro, which represents the average exchange rate for 2007.

(2) As described above, Mr. Mayer's employment agreement provides in the absence of good cause for the Company, the employment agreement may be terminated by either party on June 30 or December 31 of any year by giving twelve months written notice. These amounts include the continuation of the payment of Mr. Mayer's salary through the notice period, assuming that a termination notice is

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delivered on December 31, 2007, and the payment of 50% of his base salary during the one year period following the end of the notice period in respect of his post termination non-competition obligations; see Employment Agreements above. During the notice period, Mr. Mayer could also become entitled to receive an annual bonus under the Company's 2006 Cash Incentive Bonus Plan. Mr. Mayer did not receive an annual bonus in 2006 or 2007, and no annual bonus is included in the estimates in the table above. As described above, he was eligible to receive a bonus with respect to 2007, if certain performance targets had been received, at a participation level set at 44.76% of his base salary and a maximum award of 89.52% of his base salary.

(3) Represents the continuation of the use of a company car during the one year notice period described in footnote number 2 above.

(4) As of December 31, 2007, Mr. Mayer held the following restricted stock unit awards:

a performance based restricted stock unit award with respect to 62,500 shares of common stock that was granted on May 19, 2005. On the first, second, third and fourth anniversaries of May 19, 2005 a total of 25%, 50%, 75% and 100%, respectively, of the restricted stock units will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common stock satisfies that year's target, which is based upon a 13% compounded annual return rate from the Company's initial public offering stock price on May 19, 2005, whether or not any prior year's target was satisfied. Any restricted stock units that are deemed to satisfy a cumulative total return vesting requirement in respect of a particular year will retain that status even if the cumulative total return on the Company's common stock subsequently decreases or does not satisfy any subsequent year's target. On May 19, 2009, any restricted stock units that have not been deemed to satisfy the cumulative total return vesting requirement shall be forfeited. Generally, Mr. Mayer must continue to be employed by the Company through May 19, 2009 in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. If, however, his employment terminates prior to such date due to his death, disability, retirement, termination by the Company without cause or termination by him with good reason, then the restricted stock units that have been deemed to satisfy the cumulative shareholder return vesting requirement through the date of termination shall vest completely and the remainder shall be forfeited. Since no portion of this restricted stock unit had satisfied the cumulative shareholder return vesting requirement through December 31, 2007, no amount is included in the table above in respect of these awards. If a covered transaction (as defined in the Company's 2005 Plan) occurs, the restricted stock units that have previously been deemed to satisfy the cumulative total return vesting requirement will vest completely and, if the Compensation Committee determines that the transaction price corresponds to a cumulative annual return that would satisfy any prior or subsequent cumulative total return targets then the restricted stock units that would have been deemed to satisfy such cumulative total return targets shall vest completely. Any other of these performance-based restricted stock units shall be forfeited unless the Compensation Committee determines otherwise.

a performance based restricted stock unit award with respect to 20,000 shares of common stock that was granted on March 29, 2007 that would have only vested if a performance metric based on Adjusted EBITDA, as defined in the Company's senior credit facility as in effect on March 29, 2007 and with certain adjustments, equaled or exceeded \$157 million. If the performance metric equaled or exceeded the target level specified, the restricted stock unit award would have vested on April 8, 2008, the day the Company filed its 2007 Annual Report on Form 10-K. The performance metric did not achieve the target level and the RSUs did not vest.

a performance based restricted stock unit award with respect to 41,250 shares of common stock that was granted on May 16, 2007. On the first, second, third and fourth anniversaries of May 16, 2007 a total of 25%, 50%, 75% and 100%, respectively, of the restricted stock units will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common stock satisfies that year's target (which is based upon a 13% compounded annual growth rate from the date of grant), whether or not any prior year's target was satisfied. Any restricted stock units that are deemed to satisfy a cumulative total return vesting requirement in respect of a particular year will retain that status even if the cumulative total return on the Company's common stock subsequently decreases or does not satisfy any subsequent year's target. On May 16, 2011, any restricted stock units that have not been deemed to satisfy the cumulative total return vesting requirement shall be forfeited. Generally, Mr. Mayer must continue to be employed by the Company through May 16, 2011 in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. If, however, his employment terminates prior to such date due to his death, disability, retirement, termination by the Company without cause or termination by him with good reason, then the restricted stock units that have been deemed to satisfy the cumulative shareholder return vesting requirement through the date of termination shall vest completely and the remainder shall be forfeited. Since no portion of this restricted stock unit had satisfied the cumulative shareholder return vesting requirement through December 31, 2007, no amount is included in the table above in respect of these awards. If a covered transaction (as defined in the Company's 2005 Plan) occurs, the restricted stock units that have previously been deemed to satisfy the cumulative total return vesting requirement will vest completely and, if the Compensation Committee determines that the transaction price corresponds to a cumulative annual return that would satisfy any prior or subsequent cumulative total return targets then the restricted stock units that would have been deemed to satisfy such cumulative total return targets shall vest completely. Any other of these performance-based restricted stock units shall be forfeited unless the Compensation Committee determines otherwise.

Miguel Quiñonez. Mr. Quiñonez served as the Company's President Xerium South America until his retirement on December 31, 2007. Under the terms of his employment agreement, Mr. Quiñonez received a base salary of \$340,000 for 2007. The Company provided Mr. Quiñonez with the use of a company automobile in Argentina through the end of 2007. See *Summary Compensation Table* for information with respect to the compensation for Mr. Quiñonez during 2007, including certain perquisites in connection with his retirement. Upon Mr. Quiñonez retirement, pursuant to his employment agreement he was only entitled to payment of his earned and unpaid base salary for the period prior to termination. The employment agreement also provides, with certain exceptions, that he may not participate in any entity or engage in any activity that competes with the

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Company or any of its subsidiaries during his employment and for a period of one year after his employment terminates. In addition, the employment agreement imposes certain non-solicitation obligations on him during the same period of time.

Actual Payments to Mr. Quiñonez Upon Termination on December 31, 2007:

Reason for Termination	Continuation of Salary Payments	Equity Awards (2)	Continuation of Medical/Dental Benefits	Benefits under Life Insurance Policies which are Paid for By the Company	Total Termination Benefits
By the Executive without Good Reason(1)					

(1) As defined in Mr. Quiñonez Employment Agreement.

(2) As of December 31, 2007, Mr. Quiñonez held a performance based restricted stock unit award that was granted on March 29, 2007 that would have only vested if a performance metric based on Adjusted EBITDA, as defined in the Company's senior credit facility as in effect on March 29, 2007 and with certain adjustments, equaled or exceeded a target level that had been specified by the Compensation Committee of the Board of Directors. If the performance metric equaled or exceeded the target level specified, the restricted stock unit award would have vested on April 8, 2008, the day the Company filed its 2007 Annual Report on Form 10-K. The performance metric did not achieve the target level and the RSUs did not vest.

Douglas Milner. Mr. Milner served as the Company's President Stowe Woodward Rolls Worldwide until his employment ended on February 8, 2008. Mr. Milner submitted his resignation on the understanding with the Company that he would receive severance and other benefits in accordance with his employment agreement as if he had been terminated by the Company other than for cause (as defined in his employment agreement).

Under the terms of his employment agreement, Mr. Milner received a base salary of \$350,000 for 2007. Upon his termination, he was entitled to receive his base salary for one year and to participate in medical dental benefit plans for one year, provided that the timing of certain payments may be delayed under Section 409A of the Code. The employment agreement also provides, with certain limited exceptions, that he may not participate in any entity or engage in any activity that competes with the Company or any of its subsidiaries during his employment and for a period of one year after his employment terminates. In addition, the employment agreement imposes certain non-solicitation obligations on him during the same period of time.

If it is determined that any payment or benefit provided to Mr. Milner by the Company or any of its subsidiaries will be subject to the excise tax imposed by Section 4999 of the Code, the employment agreement provides that the Company reduce such payments and/or benefits to the extent necessary so that no portion of the payments and/or benefits will be subject to the excise tax imposed by Section 4999.

Actual Payments to Mr. Milner Upon Termination on February 8, 2008:

Reason for Termination	Continuation of Salary Payments(2)	Equity Awards(3)	Incremental Pension Benefits	Continuation of Medical/Dental Benefits	Benefits under Life Insurance Policies the Premiums	Total Termination Benefits

			for which are Paid for By the Company
By the Company without Cause (1) and not within 3 months before or 24 months after a Change of Control(1)	\$ 350,000	\$ 10,072	\$ 360,072

- (1) As defined in Mr. Milner's Employment Agreement.
- (2) The amounts set forth under Continuation of Salary Payments are payable over time as continuation of the payment of base salary as described in the description of Mr. Milner's employment agreement above.

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(3) As of December 31, 2007, Mr. Milner held the following restricted stock unit awards:

a performance based restricted stock unit award with respect to 62,500 shares of common stock that was granted on May 19, 2005. This award was forfeited in connection with Mr. Milner's resignation from the Company on February 8, 2008. The following is a description of the award assuming that it was still outstanding: On the first, second, third and fourth anniversaries of May 19, 2005 a total of 25%, 50%, 75% and 100%, respectively, of the restricted stock units will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common stock satisfies that year's target, which is based upon a 13% compounded annual return rate from the Company's initial public offering stock price in May 2005, whether or not any prior year's target was satisfied. Any restricted stock units that are deemed to satisfy a cumulative total return vesting requirement in respect of a particular year will retain that status even if the cumulative total return on the Company's common stock subsequently decreases or does not satisfy any subsequent year's target. On May 19, 2009, any restricted stock units that have not been deemed to satisfy the cumulative total return vesting requirement shall be forfeited. Generally, Mr. Milner must continue to be employed by the Company through May 19, 2009 in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. If, however, his employment terminates prior to such date due to his death, disability, retirement, termination by the Company without cause or termination by him with good reason, then the restricted stock units that have been deemed to satisfy the cumulative shareholder return vesting requirement through the date of termination shall vest completely and the remainder shall be forfeited. Since no portion of this restricted stock unit had satisfied the cumulative shareholder return vesting requirement through December 31, 2007, no amount is included in the table above in respect of these awards. If a covered transaction (as defined in the Company's 2005 Plan) occurs, the restricted stock units that have previously been deemed to satisfy the cumulative total return vesting requirement will vest completely and, if the Compensation Committee determines that the transaction price corresponds to a cumulative annual return that would satisfy any prior or subsequent cumulative total return targets then the restricted stock units that would have been deemed to satisfy such cumulative total return targets shall vest completely. Any other of these performance-based restricted stock units shall be forfeited unless the Compensation Committee determines otherwise.

a performance based restricted stock unit award with respect to 21,250 shares of common stock that was granted on March 29, 2007 that would have only vested if a performance metric based on Adjusted EBITDA, as defined in the Company's senior credit facility as in effect on March 29, 2007 and with certain adjustments, equaled or exceeded \$157 million. If the performance metric equaled or exceeded the target level specified, the restricted stock unit award would have vested on April 8, 2008, the day the Company filed its 2007 Annual Report on Form 10-K. The performance metric did not achieve the target level and the RSUs did not vest.

a performance based restricted stock unit award with respect to 41,250 shares of common stock that was granted on May 16, 2007. This award was forfeited in connection with Mr. Milner's resignation from the Company on February 8, 2008. The following is a description of the award assuming that it was still outstanding: On the first, second, third and fourth anniversaries of May 16, 2007 a total of 25%, 50%, 75% and 100%, respectively, of the restricted stock units will be deemed to satisfy the cumulative total return vesting requirement if the cumulative total return on the Company's common stock satisfies that year's target (which is based upon a 13% compounded annual growth rate from the date of grant), whether or not any prior year's target was satisfied. Any restricted stock units that are deemed to satisfy a cumulative total return vesting requirement in respect of a particular year will retain that status even if the cumulative total return on the Company's common stock subsequently decreases or does not satisfy any subsequent year's target. On May 16, 2011, any restricted stock units that have not been deemed to satisfy the cumulative total return vesting requirement shall be forfeited. Generally, Mr. Milner must continue to be employed by the Company through May 16, 2011 in order for any of the restricted stock units that have satisfied the cumulative total return vesting requirement to vest completely. If, however, his employment terminates prior to such date due to his death, disability, retirement, termination by the Company without cause or termination by him with good reason, then the restricted stock units that have been deemed to satisfy the cumulative shareholder return vesting requirement through the date of termination shall vest completely and the remainder shall be forfeited. Since no portion of this restricted stock unit had satisfied the cumulative shareholder return vesting requirement through December 31, 2007, no amount is included in the table above in respect of these awards. If a covered transaction (as defined in the Company's 2005 Plan) occurs, the restricted stock units that have previously been deemed to satisfy the cumulative total return vesting requirement will vest completely and, if the Compensation Committee determines that the transaction price corresponds to a cumulative annual return that would satisfy any prior or subsequent cumulative total return targets then the restricted stock units that would have been deemed to satisfy such cumulative total return targets shall vest completely. Any other of these performance-based restricted stock units shall be forfeited unless the Compensation Committee determines otherwise.

In addition, Mr. Milner may receive 1,083 time based restricted stock units that are contingent upon the approval by the shareholders of an amendment to the 2005 plan. See Proposal 2: Approval of an Amendment to the 2005 Equity Incentive Plan for further information.

Table of Contents**COMPENSATION OF DIRECTORS*****Cash Compensation***

For 2007, the annual rate of cash compensation for non-management directors was \$30,000 and \$1,500 per director per meeting for attending meetings of the Board or any committee of the Board in person (\$500 for attending meetings that last longer than one hour by telephone). One executive session of non-management directors not held in connection with a Board meeting was treated as a meeting of the Board for director compensation purposes. The chairman of the Board and the chairman of the Audit Committee also each received additional cash compensation at an annual rate of \$10,000 per year, and the chairman of the Compensation Committee and the chairman of the Nominating and Corporate Governance Committee each received initial additional cash compensation at an annual rate of \$5,000 per year. Directors were also reimbursed for out-of-pocket expenses for attending Board and committee meetings.

Equity-Based Compensation

At the recommendation of the Nominating and Corporate Governance Committee, the Board granted 2,500 restricted stock units to each non-employee director in 2007 under the 2005 Equity Incentive Plan.

Employee directors do not receive additional compensation for service on the Board or its committees. The Nominating and Corporate Governance Committee reviews and makes recommendations to the Board regarding the compensation of directors. The Board approves the compensation of directors. In 2007, the Company engaged Watson Wyatt Worldwide, Inc., a compensation consulting firm, at the request of Nominating and Corporate Governance Committee to conduct an annual review of its cash and equity compensation program for non-employee directors in order to assist the Board in establishing non-employee director compensation for 2007.

The following table sets forth information for the compensation earned by the Company's current non-employee directors for their service on the Company's Board and committees of the Board during the fiscal year ended December 31, 2007.

Director Compensation

Name	Fees		Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	Earned or Paid in						
	Cash	Stock Awards					
John S. Thompson	\$ 78,500	\$ 19,250					\$ 97,750
Donald P. Aiken	\$ 69,500	\$ 19,250					\$ 88,750

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Michael Phillips	\$ 38,000	\$ 19,250	\$ 57,250
Edward Paquette	\$ 62,000	\$ 19,250	\$ 81,250
John Saunders	\$ 66,000	\$ 19,250	\$ 85,250

- (1) The amounts in this column reflect the dollar amount recognized as expense for financial statement reporting purposes for the fiscal year ended December 31, 2007, in accordance with FAS 123(R), in connection with a grant 2,500 restricted stock units on June 18, 2007. Each restricted stock unit corresponds to one share of the Company's common stock. Upon the termination of the director's service on the Company's Board, such director will receive the number of shares of common stock that equals the number of restricted stock units the director has earned. Assumptions used in the calculation of these amounts are included in note 14 to the Company's audited financial statements for the fiscal year ended December 31, 2007, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on or April 8, 2008. This stock award and all prior stock awards are fully vested in that they are not subject to forfeiture. The amounts set forth may be more or less than the value ultimately realized by the non-employee director based upon, among other things, the value of the Company's Common Stock at the time of vesting of the stock awards. Dividends are paid on these restricted stock unit awards, and restricted stock unit awards granted to the non-employee directors in 2006 and 2007, at the same rate as dividends on the Company's common stock (if any), but only in the form of additional restricted stock units. An aggregate of 561.65 of such additional restricted stock units were credited to each non-employee director in 2007. In accordance with FAS 123(R), no additional expense was reported on the Company's financial statements for 2007 in respect of such additional restricted stock units relating to dividend payments and, accordingly, they are not reflected in the table above.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with management, and based upon such review of and discussions with management with respect to the Compensation Discussion and Analysis, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement for filing with the SEC.

The foregoing report is provided by the following directors, who constitute the Compensation Committee:

Mr. Donald P. Aiken, Chairman

Mr. John S. Thompson

Mr. John Saunders

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company reviews all relationships and transactions in which the Company and its directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. The Company obtains information from the directors and executive officers with respect to related person transactions in order to determine, based on the facts and circumstances, whether the Company or a related party has a direct or indirect material interest in the transaction. If the determination is made that a related party has a material interest in any Company transaction, these transactions are disclosed in the Company's proxy statement as required under the rules and regulations of the Securities and Exchange Commission. In addition, in March, 2007, the Board of Directors adopted a written policy that calls for the Audit Committee to review and approve related party transactions occurring after the date of adoption of that policy other than:

a transaction involving the compensation of directors (which are subject to the procedures for review and approval established in the charter of the Nominating and Governance Committee);

a transaction involving compensation of an executive officer or involving an employment agreement, severance arrangement, change in control provision or supplemental benefit of an executive officer (which are subject to the procedures for review and approval established in the charter of the Compensation Committee);

a transaction available to all employees generally or to all salaried employees generally;

a transaction with a related party involving less than \$120,000; and

a transaction in which the interest of the related party arises solely from the ownership of a class of the Company's equity securities and all holders of that class receive the same benefit on a pro rata basis.

The policy calls for the Audit Committee to consider:

the nature of the related party's interest in the transaction;

the material terms of the transaction, including, without limitation, the amount and type of transaction;

the significance of the transaction to the related party;

the significance of the transaction to the Company;

whether the transaction would impair the judgment of a director or executive officer to act in the best interest of the Company;

whether the transaction is fair to the Company; and

any other matters the Audit Committee deems appropriate.

In accordance with the policy, any member of the Audit Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval of the transaction, provided, however, that such director may be counted in determining the presence of a quorum at a meeting of the Audit Committee that considers the transaction.

Letter Agreement Regarding Dividends

On December 22, 2006, the Company entered into a letter agreement with Apax WW Nominees Ltd. and Apax-Xerium APIA L.P. (collectively the Apax Entities) regarding dividend reinvestment.

As of December 21, 2006 the Apax Entities held in the aggregate 22,897,712 shares of common stock of the Company. Michael Phillips, a member of the Board of Directors of the Company, is a manager of Apax Partners Beteiligungsberatung GmbH, an entity indirectly advising Apax Europe IV GP, L.P., of which Apax Europe IV

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GP Co. Ltd. is the managing general partner. Nico Hansen, a nominee to the Board of Directors of the Company, is a partner at Apax Partners, L.P., an entity indirectly advising Apax Europe IV GP, L.P. Apax Europe IV GP, L.P. is the managing general partner of Apax Europe IV-A, L.P. and of Apax-Xerium APIA L.P. Apax WW Nominees Ltd. holds shares in the Company as custodian and on behalf of Apax Europe IV-A, L.P. Mr. Phillips and Dr. Hansen disclaim beneficial ownership of the securities held by the Apax Entities except to the extent of his pecuniary interest therein. Under the letter agreement, the Apax Entities agree that upon the establishment of a dividend reinvestment plan, in accordance with and pursuant to the terms of such plan the Apax Entities will reinvest at a minimum the Calculated Portion (as defined below) of all of the cash dividends received by them on or prior to December 31, 2007 in respect of the common stock of the Company held by them. The Calculated Portion is defined as, in the case of a particular cash dividend declaration of the Company, the lesser of (i) such percentage that would cause the percentage of aggregate cash dividends to be paid on the Company's common stock with respect to a particular cash dividend declaration that are reinvested in the common stock of the Company through the dividend reinvestment plan to be at least 50% and (ii) 100% of the cash dividends received by the Apax Entities.

The letter agreement further provides that on or before December 31, 2007, the Apax Entities will not transfer any shares of common stock of the Company held by them unless, prior to the transfer, the transferee agrees in writing with the Company to be bound by the terms of the letter agreement with respect to the shares transferred. In addition, the letter agreement sets forth certain terms with respect to shares acquired by the Apax Entities under the dividend reinvestment plan relating to the Registration Rights Agreement, dated as of May 19, 2005, by and among the Company and the other parties thereto.

The letter agreement was considered and approved by the Board of Directors. The letter agreement was entered into before the Board of Directors adopted the policy described above for the review of related party transactions by the Audit Committee and was not presented to the Audit Committee of the Board of Directors for approval.

On May 2, 2007, pursuant to an amendment to the December 22, 2006 letter agreement, the Apax entities committed to participate in the plan through December 31, 2008. The Audit Committee approved the amendment in accordance with the policy regarding related parties described above.

The Company adopted a dividend reinvestment plan on February 20, 2007. Under the Dividend Reinvestment Plan, registered shareholders may elect to receive all or part of the dividends on their shares of common stock in additional shares of common stock. The Dividend Reinvestment Plan is administered by American Stock Transfer & Trust Company. Pursuant to the Dividend Reinvestment Plan, in 2007 the Apax Entities reinvested approximately \$13.1 million in common stock of the Company.

On March 18, 2008, the Company announced that it does not expect to pay cash dividends on its common stock for the foreseeable future. On May 30, 2008, the Company entered into an amendment to its outstanding credit facility which prohibits the payment of dividends for the term of the facility.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2007, none of the Company's executive officers served as: (i) a member of the Compensation Committee (or other Board committee performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) of another entity, one of whose executive officers served on the Compensation Committee; (ii) a director of another entity, one of whose executive officers served on the Compensation Committee; or (iii) a member of the Compensation Committee (or other Board committee performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) of another entity, one of whose executive officers served as a director of the

Company. No current or former officers or employees of the Company serve on the Compensation Committee.

Table of Contents**SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the amount of common stock of the Company beneficially owned, directly or indirectly, as of June 16, 2008, by (i) based on information filed with the Securities and Exchange Commission, each person known by the Company to beneficially own more than 5% of the Company's common stock; (ii) each member of the Board; (iii) each of the Company's Named Executive Officers (provided that in the case of Messrs. Gutierrez, Quiñonez and Milner, who were no longer employees of the Company as of June 16, 2008, the data below is based upon information available to the Company); and (iv) all members of the Board and all of the Company's executive officers as a group, and the percentage of the common stock outstanding represented by each such amount. As of June 16, 2008, the total number of shares of the Company's common stock outstanding was 46,159,428. Except as indicated in the footnotes to the table, each person has sole voting and investment power with respect to all shares indicated as beneficially owned by such person. Except as indicated in the footnotes to this table, the address for each person listed below is c/o Xerium Technologies, Inc., 14101 Capital Blvd, Suite 201, Youngsville, NC 27596.

Name of Beneficial Owner	Common Stock, par value \$0.01 per share	
	Number	Percent
Apax Europe IV GP Co. Ltd.(1)	25,043,764	54.3%
Jana Partners LLC(2)	3,500,000	7.6%
Kent Whitaker(3)	2,965,424	6.4%
Regent Street Capital, LLC(4)	2,919,724	6.3%
Brandywine Global Investment Management, LLC(5)	1,788,213	3.9%
Stephen Light	100,000	*
Thomas Gutierrez		*
Michael O. Donnell	149,341	*
Miguel Quiñonez		*
Josef Mayer	15,000	*
Douglas Milner		*
Donald P. Aiken(6)	48,062	*
Edward Paquette(6)	8,505	*
Michael Phillips(7)	25,052,269	54.3%
John B. Saunders(6)	8,505	*
John S. Thompson(6)	8,505	*
Nico Hansen(8)	25,043,764	54.3%
All directors and executive officers as a group (14 people)(9)	25,418,177	55.0%

(*) Less than 1%.

- (1) Apax Europe IV GP Co. Ltd.'s address is 13-15 Victoria Road, St Peter Port, Guernsey, Channel Islands GY1 3ZD. Includes 24,963,243.53 shares held by Apax WW Nominees Ltd. and 80,520.58 shares held by Apax-Xerium APIA L.P. Apax Europe IV GP Co. Ltd. is the managing general partner of Apax Europe IV GP L.P.. Apax Europe IV GP LP is the managing general partner of Apax Europe IV-A, L.P. and of Apax-Xerium APIA LP. Apax WW Nominees Ltd. holds shares in the Company as custodian and on behalf of Apax Europe IV-A, L.P.
- (2) JANA Partners LLC's address is 200 Park Avenue, Suite 3300, New York, NY 10166.
- (3) Kent Whitaker is Managing Member of Regent Street Capital, LLC, and his address is 140 E. 45th Street, 18th Floor, New York, New York 10017. Includes 45,700 shares of common stock over which Mr. Whitaker has sole voting and investment power, and 2,919,724 shares of common stock over which Mr. Whitaker has shared voting and investment power.
- (4) Regent Street Capital, LLC's address is 140 E. 45th Street, 18th Floor, New York, New York 10017. Includes 2,919,724 shares of common stock over which Regent Street Capital, LLC has shared voting and investment power.
- (5) Brandywine Global Investment Management, LLC's address is 2929 Arch St., 8 Floor, Philadelphia, PA 19104.
- (6) Includes 8,505 shares of common stock (not including shares in respect of future dividend payments of the Company on its common stock) that will be paid to the non-management director upon the termination of the director's service on the Board in respect of outstanding restricted stock units earned as part of the director's compensation for service on the Board.
- (7) Mr. Phillips' business address is c/o Apax Partners Beteiligungsberatung GmbH, Possartstraße 11, D- 81679, München, Germany. Includes 8,505 shares of common stock (not including shares in respect of future dividend payments of the Company on its common stock) that will be paid to Mr. Phillips upon the termination of his service on the Board of Directors in respect of outstanding restricted stock units earned as part of the director's compensation for service on the Board and 25,043,764 shares of common stock described in note 1 above. Mr Phillips is a manager of Apax Partners Beteiligungsberatung GmbH, an entity indirectly advising Apax Europe IV GP, L.P., of which Apax Europe IV GP Co. Ltd. is the managing general partner. Mr Phillips disclaims beneficial ownership of the securities described in note 1 above except to the extent of his pecuniary interest therein.

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- (8) Dr. Hansen's business address is c/o Apax Partners, L.P., 153 E. 53rd St., 53rd Floor, Citigroup Center, New York, NY 10022. Includes 25,043,764 shares of common stock described in note 1 above. Dr. Hansen is a partner of Apax Partners, L.P., an entity indirectly advising Apax Europe IV GP, L.P., of which Apax Europe IV GP Co. Ltd. is the managing general partner. Dr. Hansen disclaims beneficial ownership of the securities described in note 1 above except to the extent of his pecuniary interest therein.
- (9) Includes (i) an aggregate of 8,505 shares of common stock (not including shares in respect of future dividend payments of the Company on its common stock) that will be paid to each of the non-management directors upon the termination of his service on the Board in respect of outstanding restricted stock units earned as part of the directors' compensation for service on the Board; (ii) 25,043,764 shares of common stock beneficially owned by Apax Europe IV GP Co. Ltd.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, certain of its officers and persons who own more than 10% of the Company's common stock to file reports of ownership of, and transactions in, the Company's common stock with the Securities and Exchange Commission. Based solely on the Company's review of the reports it has received, the Company believes that all of its directors, officers and persons owning more than 10% of the Company's common stock complied with all reporting requirements applicable to them with respect to transactions in 2007, except that Donald P. Aiken, Edward Paquette, Michael Phillips, John Saunders and John S. Thompson each filed one late Form 4 on July 16, 2007 with respect to transactions on June 18, 2007.

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PROPOSAL 2: APPROVAL OF AMENDMENT NO. 1 TO THE 2005 EQUITY INCENTIVE PLAN

The Board of Directors has approved, subject to approval by stockholders at the Annual Meeting, Amendment No. 1 to the 2005 Equity Incentive Plan (the "2005 Plan") to increase the aggregate number of shares of the Company's common stock that may be delivered under or in satisfaction of awards under such plan from 2,500,000 to 7,500,000. A copy of the 2005 Plan and the proposed Amendment No. 1, as well as the amendment contemplated by Proposal 3, are attached to this Proxy Statement as Appendix C.

The purpose of Amendment No. 1 is to provide for additional shares of our common stock to be made available for the grant of incentive awards consisting of or based on the common stock of the Company. Of these additional shares proposed to be added to the 2005 Plan, the Company has already made contingent grants to certain of the Company's Named Executive Officers. Therefore, if the increase in the number of shares eligible for grants under the 2005 Plan is approved, these contingent grants will remain outstanding. If stockholder approval is not obtained, then these grants will be cancelled without payment. These contingent grants are described in more detail below under the heading "Contingent Grants of Awards Under the 2005 Plan".

Summary of the 2005 Plan

Below is a summary of the principal features of the 2005 Plan. The following summary is qualified in its entirety by the specific language of the 2005 Plan and the proposed amendment attached to this Proxy Statement as Appendix C.

The 2005 Plan was adopted by our board of directors and approved by our stockholders, effective May 19, 2005. The purpose of the 2005 Plan is to attract and retain key employees, directors and consultants of the Company and its affiliates, to provide an incentive for them to achieve performance goals, and to enable them to participate in the growth of the Company by granting awards with respect to our common stock.

Administrator

The 2005 Plan requires that a committee consisting of not fewer than two members of the Board of Directors shall administer the 2005 Plan and make grants to key employees, directors, and consultants. The 2005 Plan is currently administered by the Compensation Committee. The Compensation Committee will continue to administer 2005 Plan and will have the power to select participants, determine award terms and conditions and adopt, alter and repeal administrative rules, guidelines and practices applicable to the 2005 Plan. The Compensation Committee may delegate duties and responsibilities to one or more of its members and may delegate certain functions to officers and others. The Board of Directors may perform the functions of the Compensation Committee except in those instances where applicable tax rules require that the Compensation Committee act.

Shares Reserved for Awards

If Amendment No. 1 to the 2005 Plan is approved by stockholders at the Annual Meeting, the maximum number of shares that may be delivered under or in satisfaction of awards under the 2005 Plan will increase from 2,500,000 to 7,500,000 shares of common stock, determined net of shares withheld from an award in satisfaction of tax withholding requirements. As of June 16, 2008, 287,970 shares have been delivered in satisfaction of awards under the 2005 Plan. Shares subject to but not issued under an award (for example, in the case of an award that is

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terminated or cancelled or that expires or is satisfied, in whole or in part, with cash or property other than common stock) are not counted for this purpose as shares delivered under the 2005 Plan. The aggregate limit on shares deliverable under the 2005 Plan will not be reduced by shares delivered under awards assumed in a merger, consolidation, stock purchase or similar transaction or under awards granted in substitution for another company's awards in connection with such a transaction.

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The maximum number of shares of common stock for which options and SARs may be granted to any participant in a calendar year is, in each case, 500,000, and the maximum number of shares of stock subject to other awards that may be delivered to any participant in a calendar year is 500,000. If the amendment to the Plan contemplated by Proposal 3 is approved by stockholders at the Annual Meeting, each of these 500,000 limits would increase to 750,000. These limits, and the aggregate maximum number of shares deliverable under the 2005 Plan as described in the preceding paragraph, are subject to adjustment in the case of stock dividends and other transactions affecting the Company's common stock.

Awards

The 2005 Plan provides for the grant of awards consisting of any or a combination of stock options, stock appreciation rights (SARs), restricted stock, unrestricted stock or stock unit awards.

Stock Options

The Compensation Committee may grant both (i) options to purchase shares of common stock that are intended to comply with the requirements of Section 422 of the Code and the rules thereunder (incentive stock options or ISOs) and (ii) options that are not intended to comply with such requirements (nonqualified stock options or NSOs). The exercise price for any stock option will not be less than the fair market value of the Company's common stock on the date of grant. Shares of common stock will not be delivered pursuant to any exercise of a stock option until payment in full of the exercise price for the stock option is received by the Company.

Stock Appreciation Rights

The Compensation Committee may grant rights to receive any excess in value of the shares of common stock subject to the rights over the exercise price of the rights (SARs). The Compensation Committee will determine whether SARs are settled in cash, common stock or other securities of the Company, awards or other property, and may define the manner of determining the excess in value of the shares of common stock. The grant price for any SAR will not be less than the fair market value of the Company's common stock on the date of grant.

Restricted or Unrestricted Stock Awards

The Compensation Committee may grant shares of restricted common stock. The restricted stock will vest and become transferable upon the satisfaction of conditions set forth in the respective restricted stock award agreement. Restricted stock awards may be forfeited if, for example, the recipient's employment terminates before the award vests. The Compensation Committee also may grant shares of unrestricted common stock that are not subject to restrictions or forfeiture, on such terms and conditions as the Compensation Committee may determine.

Stock Unit Awards

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The Compensation Committee may grant awards consisting of generally nontransferable units representing the right or conditional right of the holder to a future delivery of shares of common stock. Stock units awards may be subject to vesting conditions set forth in the award agreements. The holder of a restricted stock unit award will have none of the rights of a holder of common stock unless and until shares of common stock are actually delivered in satisfaction of such units.

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Performance Goals

The Compensation Committee may establish performance goals on which the granting of restricted stock, unrestricted stock, or stock unit awards, or the vesting of restricted stock or stock unit awards, will be subject. These performance goals may be based on corporate or other business criteria as the Compensation Committee may determine. The Compensation Committee will determine whether any performance goals so established have been achieved, and if so to what extent.

Acceleration

Any awards granted under the 2005 Plan may be subject to acceleration of vesting, to the extent permitted by the Compensation Committee, including, but not limited to, in the event of the participant's death, disability, retirement, or involuntary termination or due to a change in control.

Transferability

Awards granted under the 2005 Plan are generally not transferable by the participant.

Change in Control

The 2005 Plan provides that in the event of (a) a change in control (as defined by the Compensation Committee) or other consolidation, merger, or similar transaction or series of related transactions (whether or not constituting a change of control) in which we are not the surviving company or which results in the acquisition of all or substantially all of our then outstanding common stock by a single person or entity or by a group of persons and/or entities acting in concert, or (b) a sale or transfer of all or substantially all of our assets, or (c) our dissolution or liquidation (any of (a), (b) or (c) being herein referred to as a covered transaction), the Compensation Committee in its discretion may, with respect to any award, at the time the award is made or at any time thereafter, take one or more of the following actions: (1) accelerate any time period relating to exercise or payment of the award, (2) pay the participant cash or other property with a fair market value equal to the amount that would have been received if the award had been exercised or paid immediately prior to the transaction, (3) adjust the terms of the award to reflect the transaction, (4) cause the award to be assumed or new awards substituted by another entity or (5) make other provision as the Compensation Committee considers equitable to the participant and in our best interests.

However, in the absence of any such action by the Compensation Committee or an expressly applicable award document provision, immediately prior to the transaction (1) each stock option and SAR shall cease to be exercisable and shall terminate, (2) each restricted stock award and stock unit award, to the extent unvested, shall terminate, and (3) each stock unit award, to the extent vested, shall be converted into the right to receive, with respect to each unit (representing a share of our stock) subject to such award, the same per-share consideration (or other cash or property, of equivalent fair market value at the time of payment, as determined by the Compensation Committee or its successor in connection with the payment or delivery of such cash or property) as would have been retained or received by a holder of one share of our stock in the transaction. The Compensation Committee may require that any amounts delivered, exchanged or otherwise paid in respect of restricted stock or stock unit awards in connection with a covered transaction be placed in escrow or otherwise made subject to such restrictions as the committee deems appropriate to carry out the intent of the 2005 Plan.

Termination of Employment

Unless the Compensation Committee provides otherwise and subject to certain exceptions, upon termination of a participant's employment or service relationship with the Company unvested awards and awards not then exercisable will be forfeited and stock options and SARs that are then exercisable must generally be exercised within three months after termination or within one year after death, but in no event later than the expiration of the award term.

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Amendments

The Board of Directors may amend the 2005 Plan or terminate the 2005 Plan as to any further grants, subject to such stockholder approval as the Board determines to be necessary or advisable. The Compensation Committee may amend or terminate any outstanding award, but any such action shall require the participant's consent unless the Compensation Committee determines that the action would not materially and adversely affect the participant.

Contingent Grants of Awards Under the 2005 Plan

The Compensation Committee has not made any decisions on the amount and type of awards that are to be made to our employees in future years, except that the Company has made commitments to Stephen R. Light, the Company's Chief Executive Officer, in his employment agreement subject to the terms set forth therein to grant him restricted stock unit awards (half time-based and half performance-based) as of January 1, 2009 and January 1, 2010 with an aggregate fair market value in the case of each of the 2009 and 2010 grants of \$1,250,000 on the last business day prior to grant. In addition, as noted above, of the additional shares proposed to be added to the 2005 Plan, the Company has already made contingent grants of restricted stock unit awards to certain of the Company's Named Executive Officers, and the Company has made additional contingent grants of restricted stock unit awards to certain other executive officers. While some of these contingent awards have been forfeited in connection with employee departures, if the increase in the number of shares eligible for grants under the 2005 Plan is approved, these contingent grants, to the extent not previously forfeited or vested in connection with service prior to termination of employment, will remain outstanding. If stockholder approval is not obtained, then these grants will be cancelled without payment. As of June 16, 2008, there were 272,000 of these contingent shareholder return based restricted stock unit awards outstanding and 276,471 of these contingent time based restricted stock unit awards outstanding (of which time based restricted stock unit awards, 4,471 units represent the portion of certain granted to individuals whose employment has terminated that vested in connection with such terminations.)

The following table sets forth information concerning these contingent grants under the 2005 Plan with respect to the Company's Named Executive Officers, the executive officers as a group, non-executive directors as a group, and non-executive officer employees as a group assuming the increase in the number of shares is approved. Please see the section "Grant of Plan-Based Awards" in Management and Executive Compensation for additional information with respect to awards under the 2005 Plan. The Compensation Committee has the authority to grant awards in addition to the awards set forth below. This information may not be indicative of awards that will be made under the 2005 Plan in future years.

New Plan Benefits

Name and Position	Number of Shareholder Return Based Restricted Stock Units(5)	Number of Time Based Restricted Stock Units(5)
Thomas Gutierrez(1)	122,000(6)	122,000(10)
<i>Chief Executive Officer</i>		
Michael O. Donnell	49,000	49,000
<i>Chief Financial Officer</i>		
Josef Mayer(2)	20,000(7)	20,000(11)

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Executive Vice President of Business Development

Miguel Quiñonez

President Xerium South America

Douglas Milner(3)

39,000(8)

39,000(12)

President Stowe Woodward Rolls Worldwide

Executive Group(4)

203,000(9)

203,000(13)

Non-Executive Director Group

Non-Executive Officer Employee Group

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- (1) Mr. Gutierrez resigned from the Company on February 7, 2008.
- (2) On June 16, 2008, a notice of termination of employment was delivered to Mr. Mayer, effective June 30, 2009.
- (3) Mr. Milner resigned from the Company on February 8, 2008.
- (4) The Company's current executive officers are: Stephen R. Light, Michael O. Donnell, Joan John Badrinas Ardevol, Cheryl Diuguid, Josef Mayer, Peter Williamson, David Petty, Eduardo Fracasso and Michael J. Stick.
- (5) The dollar value of each restricted stock unit will be the market value of the Company's common stock on the date that such restricted stock unit vests in accordance with the award agreement.
- (6) Mr. Gutierrez's shareholder return based restricted stock units were forfeited in connection with Mr. Gutierrez's resignation from the Company on February 7, 2008.
- (7) Mr. Mayer's 20,000 shareholder return based restricted stock units will be forfeited on July 16, 2008 in connection with his receipt of a notice of termination of employment from the Company on June 16, 2008.
- (8) Mr. Milner's shareholder return based restricted stock units were forfeited in connection with Mr. Milner's resignation from the Company on February 8, 2008.
- (9) Represents the total number of shareholder return based restricted stock units issued to Joan John Badrinas Ardevol, Cheryl Diuguid, Peter Williamson, David Petty, Eduardo Fracasso and Michael J. Stick.
- (10) 3,388 time based restricted stock units vested upon Mr. Gutierrez's resignation on February 7, 2008, and the remainder were forfeited.
- (11) 3,333 time based restricted stock units will vest on July 16, 2008 in connection with Mr. Mayer's receipt of a notice of termination of employment from the Company on June 16, 2008. The remainder of Mr. Mayer's time based restricted stock units will be forfeited.
- (12) 1,083 time based restricted stock units vested upon Mr. Milner's resignation on February 8, 2008, and the remainder were forfeited.
- (13) Represents the total number of time based restricted stock units issued to Joan John Badrinas Ardevol, Cheryl Diuguid, Peter Williamson, David Petty, Eduardo Fracasso and Michael J. Stick.

Federal Income Tax Consequences

The following discussion summarizes certain federal income tax consequences of the issuance and receipt of options under the 2005 Plan under the law as in effect on the date of this proxy statement. The summary does not purport to cover federal employment tax or other federal tax consequences that may be associated with the 2005 Plan, nor does it cover state, local or non-U.S. taxes.

ISOs. In general, an optionee realizes no taxable income upon the grant or exercise of an ISO. However, the exercise of an ISO may result in an alternative minimum tax liability to the optionee. With certain exceptions, a disposition of shares purchased under an ISO within two years from the date of grant or within one year after exercise produces ordinary income to the optionee (and a deduction to Company) equal to the value of the shares at the time of exercise less the exercise price. Any additional gain recognized in the disposition is treated as a capital gain for which Company is not entitled to a deduction. If the optionee does not dispose of the shares until after the expiration of these one- and two-year holding periods, any gain or loss recognized upon a subsequent sale is treated as a long-term capital gain or loss for which Company is not entitled to a deduction.

NSOs. In general, in the case of a NSO, the optionee has no taxable income at the time of grant but realizes income in connection with exercise of the option in an amount equal to the excess (at the time of exercise) of the fair market value of the shares acquired upon exercise over the exercise price; a corresponding deduction is available to Company; and upon a subsequent sale or exchange of the shares, any recognized gain or loss after the date of exercise is treated as capital gain or loss for which Company is not entitled to a deduction.

In general, an ISO that is exercised by the optionee more than three months after termination of employment is treated as an NSO. ISOs are also treated as NSOs to the extent they first become exercisable by an individual in any calendar year for shares having a fair market value (determined as of the date of grant) in excess of \$100,000.

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Under Section 409A of the Code, certain nonqualified deferred compensation arrangements subject to the requirements of Section 409A may result in accelerated taxable income to the employee or other service provider, and in additional taxes to the service provider, if the arrangement does not satisfy the Section 409A requirements in form or in operation. The 2005 Plan is designed to provide for option grants that are not subject to these Section 409A requirements.

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Under the so-called "golden parachute" provisions of the Code, the accelerated vesting of awards in connection with a change in control of Company may be required to be valued and taken into account in determining whether participants have received compensatory payments, contingent on the change in control, in excess of certain limits. If these limits are exceeded, a substantial portion of amounts payable to the participant, including income recognized by reason of the grant, vesting or exercise of awards under the Incentive Plan, may be subject to an additional 20% federal tax and may be nondeductible to Company.

Required Vote and Board of Directors Recommendation

Approval of this Proposal requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote on this proposal. Abstentions will have the same effect as votes against this Proposal. Please note that brokers that have not received voting instructions from their clients cannot vote on their clients' behalf with respect to this proposal. Broker non-votes will have no effect on the outcome of this vote.

We are asking stockholders to ratify and approve the amendment of the 2005 Plan in order to comply with applicable requirements of the NYSE and, to the extent permitted by law, to preserve the tax deductible status for certain awards granted under the Plan.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF AMENDMENT NO. 1 TO THE 2005 EQUITY INCENTIVE PLAN.

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PROPOSAL 3: APPROVAL OF AMENDMENT NO. 2 TO THE 2005 EQUITY INCENTIVE PLAN

The Board of Directors has approved, subject to approval by stockholders at the Annual Meeting, Amendment No. 2 to the 2005 Equity Incentive Plan to increase the maximum number of shares of common stock for which options and SARs that may be granted to any participant in a calendar year, in each case, from 500,000 to 750,000 and increase the maximum number of shares of stock subject to other awards that may be granted to any participant in a calendar year from 500,000 to 750,000. A copy of the 2005 Plan and proposed Amendment No. 1 (described in Proposal 3) and proposed Amendment No. 2 are attached to this Proxy Statement as Appendix C. The 2005 Plan was adopted by the Board of Directors and approved by our stockholders, effective May 19, 2005. Proposal 2 to this Proxy Statement sets forth a summary of the principal features of the 2005 Plan.

The purpose of the amendment is to allow for grants of equity awards with respect to a larger number of shares to a participant in a particular calendar year. The inclusion of a limitation on the size of awards under the 2005 Plan to a participant for a particular period is a requirement to allow for awards under the 2005 Plan intended to qualify for exemption from the deduction limitation rules of Section 162(m) of the Internal Revenue Code. More information regarding the applicability of Section 162(m) to the 2005 Plan is provided in Proposal 4.

Required Vote and Board of Directors Recommendation

Approval of this Proposal requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote on this proposal. Abstentions will have the same effect as votes against this Proposal. Please note that brokers that have not received voting instructions from their clients cannot vote on their clients' behalf with respect to this Proposal. Broker non-votes will have no effect on the outcome of this vote.

We are asking stockholders to ratify and approve Amendment No. 2 to the 2005 Plan in order to comply with applicable requirements of the NYSE and, to the extent permitted by law, to preserve the tax deductible status for certain awards granted under the Plan.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF AMENDMENT NO. 2 TO THE 2005 EQUITY INCENTIVE PLAN.

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PROPOSAL 4: APPROVAL OF PERFORMANCE CRITERIA TERMS FOR PERFORMANCE-BASED AWARDS UNDER THE 2005 EQUITY INCENTIVE PLAN

The Board of Directors has approved, upon the recommendation of and approval by the Compensation Committee, performance criteria terms (the *Performance Criteria Terms*) for any performance award awarded under the 2005 Equity Incentive Plan that is (i) awarded on or after the date Annual Meeting, and (ii) intended to qualify for exemption from the deduction limitation rules of Section 162(m) of the Internal Revenue Code by reason of the performance based compensation exception to those rules. A copy of the Performance Criteria Terms are attached to this Proxy Statement as Appendix D.

Under Section 162(m) of the Code, a publicly held corporation is generally not entitled to a federal income tax deduction with respect to any taxable year for compensation in excess of \$1 million to its chief executive officer or any of its other four most highly compensated executive officers. Qualifying performance-based compensation is not subject to this deduction limitation. To qualify for the performance-based compensation exception under Section 162(m) of the Code, compensation must, among other things, be paid under a plan the material terms of which, including the general performance criteria used as the bases for determining awards, have been approved by stockholders. The 2005 Plan was adopted by the Board of Directors and approved by our stockholders, effective May 19, 2005. Proposal 2 to this Proxy Statement sets forth a summary of the principal features of the 2005 Plan, and a copy of the 2005 Plan and the proposed amendments are attached to this Proxy Statement as Appendix C.

Below is a summary of the Performance Criteria Terms. The following summary is qualified in its entirety by the specific language of the Performance Criteria Terms attached to this Proxy Statement as Appendix D.

Summary of Performance Criteria Terms

The Performance Criterion must be an objectively determinable measure of performance relating to any or any combination of the following (measured either absolutely or by reference to an index or indices and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof):

sales	borrowing levels, leverage ratios or credit rating; market share	sales of particular products or services
revenues	capital expenditures	customer acquisition or retention
assets	cash flow	acquisitions and divestitures (in whole or in part)
expenses	net cash from operations plus or minus such expenditures, expenses, cash proceeds from dispositions (whether or not of operating assets) and other objectively determinable adjustments, if any, as the Committee may determine	joint ventures and strategic alliances
earnings before or after deduction for all or any portion of interest	stock price	spin-offs, split-ups and the like; reorganizations

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taxes, depreciation, or amortization, whether or not on a continuing operations or an aggregate or per share basis, including, without limitation, EBITDA or adjusted EBITDA as determined for purposes of any credit agreement or other agreement to which the Company is a party

return on equity, investment, capital or assets; one or more operating ratios

stockholder return

recapitalizations, restructurings, financings (issuance of debt or equity) or re-financings.

A Performance Criterion and any targets with respect thereto determined by the Compensation Committee need not be based upon an increase, a positive or improved result or avoidance of loss. To the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m) of the Internal Revenue Code, the Compensation Committee may provide that any or any combination, or all, of the Performance Criteria applicable to an award will be adjusted in an objectively determinable manner to reflect events (for example, but without limitation, acquisitions or dispositions) occurring during the performance period that affect the applicable Performance Criterion or Criteria.

Required Vote and Board of Directors Recommendation

Approval of this Proposal requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote on this proposal. Abstentions will have the same effect as votes against this Proposal. Please note that brokers that have not received voting instructions from their clients cannot vote on their clients' behalf with respect to this Proposal. Broker non-votes will have no effect on the outcome of this vote.

We are asking stockholders to ratify and approve the Performance Criteria Terms for performance-based grants under 2005 Plan in order to preserve the tax deductible status for certain awards granted under the Plan.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE PERFORMANCE CRITERIA TERMS RELATING TO THE 2005 EQUITY INCENTIVE PLAN.

Table of Contents**PROPOSAL 5: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM*****Independent Registered Public Accounting Firm***

The Audit Committee has selected Ernst & Young LLP as the Company's independent registered public accounting firm for 2008. Ernst & Young LLP served as the Company's independent registered public accounting firm for 2007. A representative of Ernst & Young LLP is expected to be present at the Annual Meeting with the opportunity to make a statement if he or she desires and to respond to appropriate questions.

The Company's organizational documents do not require that the stockholders ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm. The Company requests such ratification as a matter of good corporate practice. If the stockholders do not ratify the selection, the Audit Committee will reconsider whether to retain Ernst & Young LLP, but still may retain them. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

The following table shows information about fees paid by the Company to Ernst & Young LLP.

	2007	2006
Audit fees(a)	\$ 2,875,518	\$ 3,458,119
Audit-related fees(b)	82,000	45,200
Tax fees(c)	105,110	469,706
All other fees(d)		9,712
Total fees	\$ 3,062,628	\$ 3,982,737

- (a) Audit fees were for professional services rendered for the audits of the consolidated financial statements of the Company (including services in connection with rendering an opinion under Section 404 of the Sarbanes-Oxley Act of 2002), foreign statutory audit fees, attest services, reviews of quarterly results, consents and assistance with and review of documents filed with the SEC, comfort letters and related out-of-pocket expenses.
- (b) Audit-related fees were for employee benefit plan compliance and technical, financial reporting and compliance services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not included under the heading "Audit fees."
- (c) Tax fees include tax compliance, tax planning and tax advice.
- (d) All other fees include services related to inter-company mergers involving subsidiaries of the Company.

The Audit Committee is responsible for pre-approving all audit and non-audit services rendered by Ernst & Young LLP. The Audit Committee has adopted a policy which sets forth procedures and conditions pursuant which services proposed to be performed by the independent registered public accounting firm may be pre-approved. Under the policy, unless the Audit Committee states a different term, the term of any pre-approval extends from the date of the pre-approval until the next meeting of the Audit Committee at which it reviews all outstanding pre-approvals and renews, modifies and/or discontinues each such pre-approval. The Audit Committee has delegated certain pre-approval to its chairman, currently Mr. Paquette. Any services pre-approved by the Chairman are to be reported to the Audit Committee at its next general meeting. Any proposed services exceeding pre-approved cost levels or with scope greater than that which is pre-approved requires specific approval by the Audit Committee in advance of the provision of the service. The Audit Committee pre-approved all audit and non-audit services rendered by Ernst & Young LLP for the fiscal years ended December 31, 2007 and December 31, 2006.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

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STOCKHOLDER PROPOSALS

Stockholders who wish to present proposals of business and nominations for directors for inclusion in the Company's proxy materials for the 2008 Annual Meeting of Stockholders may do so by following the procedures prescribed in Rule 14a-8 under the Securities Exchange Act of 1934 and the Company's By-laws. To be eligible, the stockholder proposals must be received by the Secretary of the Company on or before March 14, 2009.

Under the Company's By-laws, proposals of business and nominations for directors other than those to be included in the Company's proxy materials following the procedures described in Rule 14a-8 may be made by stockholders entitled to vote at the meeting if notice in writing that contains the information required by the By-laws is timely delivered to the Secretary, Xerium Technologies, Inc., One Technology Drive, Westborough Technology Park, Westborough, Massachusetts 01581. To be timely, a notice with respect to the 2009 Annual Meeting of Stockholders must be received by the Secretary not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the 2008 Annual Meeting, or, if the 2009 Annual Meeting of Stockholders is not held within thirty (30) days before or after such anniversary date or in the case of a special meeting, not later than the close of business on the tenth day following the date on which the notice of the meeting is mailed or public disclosure is made, whichever occurs first.

FORM 10-K

A copy of the Company's Annual Report on Form 10-K for 2007, as filed with the SEC, has been mailed with this Proxy Statement (without exhibits) and is also available without charge by writing to Investor Relations, Xerium Technologies, Inc., 14101 Capital Blvd, Suite 201, Youngsville, NC 27596. It can also be accessed free of charge by visiting the Company's website at www.xerium.com.

HOUSEHOLDING OF PROXY MATERIALS

The Securities and Exchange Commission has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This process, which is commonly referred to as householding, potentially provides extra convenience for shareholders and cost savings for companies. The Company does not household proxy materials, although some brokers may do so, delivering a single proxy statement to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker that they will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. You should notify your broker if, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their broker. In addition, the Company will promptly deliver a separate copy of the annual report and proxy statement to you if you call 508-532-1790 or write to Investor Relations, Xerium Technologies, Inc., 14101 Capital Blvd, Suite 201, Youngsville, NC 27596.

COSTS

The Company will pay the cost for the solicitation of proxies by the Board. The solicitation of proxies will be made primarily by mail. Proxies may also be solicited personally, by telephone, fax or e-mail by directors, officers and other employees of the Company and the Company's

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transfer agent, AST. Upon request, the Company will reimburse brokers, banks, custodians, other nominees and fiduciaries for their reasonable out-of-pocket expenses incurred in distributing proxy materials and voting instructions to the beneficial owners of the Company's common stock that such entities hold of record.

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OTHER BUSINESS

The Board knows of no business to be brought before the Annual Meeting which is not referred to in the accompanying Notice of Annual Meeting. Should any such matters be presented, the persons named in the proxy shall have the authority to take such action in regard to such matters as in their judgment seems advisable.

The Company's Annual Report to Stockholders, including financial statements for 2007, is being mailed to you together with this Proxy Statement.

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Appendix A

INDEPENDENCE OF BOARD AND COMMITTEE MEMBERS

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 \$100,000 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, 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.

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Appendix B

**CHARTER OF THE AUDIT COMMITTEE OF THE
BOARD OF DIRECTORS OF
XERIUM TECHNOLOGIES, INC. (THE COMPANY)**

1. **Purpose.** The purpose of the Audit Committee (the Committee) shall be to (a) appoint, oversee and replace, if necessary, the independent auditor, (b) assist the Board of Directors (the Board) in its oversight of (i) the integrity of the Company s financial statements and the Company s system of internal controls for financial reporting, (ii) the Company s compliance with legal and regulatory requirements, (iii) the independent auditor s qualifications and independence, and (iv) the performance of the Company s internal audit function and the independent auditor; and (c) prepare the report that the rules of the Securities and Exchange Commission (the SEC) require be included in the Company s annual proxy statement.

2. **Composition of the Committee.** The Committee shall consist of no fewer than three Board members. Committee members may be appointed and removed by the Board in its discretion. Each member of the Committee shall satisfy the independence requirements of the Sarbanes-Oxley Act of 2002, the SEC, and the New York Stock Exchange (the NYSE). Members of the Committee shall be versed in reading and understanding financial statements. In addition, at least one member of the Committee shall have accounting or related financial management expertise, as the Board shall interpret such qualification in its business judgment. There shall be a presumption that a person who satisfies the definition of audit committee financial expert set out in Item 401(h) of Regulation S-K has accounting or related financial management expertise. No member of the Committee may sit on more than three separate audit committees unless the Board affirmatively determines that such services will not impair such member s effectiveness.

3. **Meetings and Governance of the Committee.** The Committee shall hold at least four regularly scheduled meetings during each calendar year and such special meetings as circumstances dictate. It shall meet in separate executive sessions, at least quarterly, with management, with the internal auditor, and with the independent auditor to discuss results of examinations, or discuss any matters that the Committee or any of these persons or firms believe should be discussed privately. In order to fulfill its role, the Committee shall be governed in the following manner:

The chairman or any two members may call a meeting of the Committee upon due notice, in accordance with the Bylaws of the Company, to each other member;

A majority of the members of the Committee shall represent a quorum;

If a quorum is present, action may be taken by the Committee upon the affirmative vote of a majority of the members; and

Action may be taken by the Committee without a meeting if all of the members of the Committee indicate their approval thereof in writing.

4. **Responsibilities of the Committee.** The function of the Committee is oversight. The Committee has direct and sole responsibility for the appointment, compensation, oversight and replacement, if necessary, of the independent auditor, including the resolution of disagreements

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between management and the auditor regarding financial reporting. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company that it receives information from, and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board). While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles (GAAP). This is the responsibility of management and the independent auditor.

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5. **Duties and Proceedings of the Committee.** The Committee shall assist the Board in fulfilling the Board's and the Committee's oversight responsibilities by accomplishing the following:

5.1 **Oversight of Independent Auditor.**

(a) Appoint, oversee and terminate the independent auditor, which shall report directly to the Committee.

(b) Annually review and evaluate the qualifications and performance of the independent auditor and the lead partner of the independent auditor.

(c) Review, evaluate and discuss formal reports, at least annually, from the independent auditor regarding the auditor's independence, including a delineation of all relationships between the independent auditor and the Company and the written disclosures required by Standard No. 1 of the Independence Standards Board ("Independence Discussions with Audit Committees"); and recommend actions to satisfy the Board of the independence of the independent auditor.

(d) Approve or pre-approve all auditing services (including comfort letters and statutory audits) and all permitted non-audit services by the independent auditor and all compensation paid for such service.

(e) Establish hiring policies for employees or former employees of the independent auditors.

(f) At least annually, receive a report, orally or in writing, from the independent auditor detailing (i) the firm's internal quality control procedures and (ii) any material issues raised by the internal quality control review or peer review of the independent auditor or any governmental or other professional inquiry performed within the past five years and any remedial actions implemented by the firm.

5.2 **Oversight of Audit Process and Company's Legal Compliance Program.**

(a) Review with the independent auditor the overall scope and plans for audits, including authority and organizational reporting lines and adequacy of staffing and compensation.

(b) Review with management, the internal auditor, and the independent auditor any difficulties or disputes with management encountered in connection with audits and management's response.

(c) Review and discuss with management, the internal auditor, and independent auditor the Company's system of internal control, including information systems controls and security, its financial and critical accounting practices, and policies relating to risk assessment and

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management, including steps that management has taken or should have taken to minimize risk to the Company.

(d) Receive and review reports of the independent auditor discussing (i) all critical accounting policies and practices used in the preparation of the Company's financial statements, (ii) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (iii) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

(e) Discuss with management and the independent auditor any changes in the Company's critical accounting policies and the effects of alternative GAAP methods, off-balance sheet structures and regulatory and accounting initiatives.

(f) Review and discuss with management and the independent auditor the annual and quarterly financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) of the Company prior to the filing of the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Discuss any significant changes in the audit plan, results of the annual audit and quarterly review and any other matters required to be communicated to the Committee by the independent auditor under generally accepted auditing standards. Discuss with management and the

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independent auditor their judgment about the quality of accounting principles, the reasonableness of significant judgments, including a description of any transactions as to which the management obtained reports under Statement on Auditing Standards No. 50 (Reports on the Application of Accounting Principles), and the clarity of disclosures in the financial statements, including the Company's disclosures of critical accounting policies and other disclosures under MD&A.

(g) Review regular quarterly earnings press releases and review, or establish standards for the type of information and the type of presentation of such information to be included in, other earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies.

(h) Review material pending legal proceedings involving the Company and other material contingent liabilities.

(i) Receive from the Chief Executive Officer and Chief Financial Officer a report of all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting, and any fraud that involves management or other employees who have a significant role in the company's internal controls over financial reporting.

(j) Discuss with the independent auditor the matters required to be communicated to audit committees in accordance with Statement on Auditing Standards No. 61 (Communication with Audit Committees), including any problems or difficulties the independent auditor may have encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

(k) Establish and oversee procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.

(l) Review any code of ethics or conduct established by management intended to comply with applicable SEC rules or NYSE listing standards, and monitor compliance with such code(s).

5.3 Oversight of Internal Audit Function

(a) Review the annual audit plans of the internal auditor, including any audit plans of firms retained to provide internal audit services, to ensure that there is an appropriate control process for reviewing and approving the Company's internal transactions and accounting.

(b) Review the appointment and replacement of the senior internal auditing executive.

(c) Review the responsibilities, organizational structure, budget, and qualifications of the internal audit function.

(d) Review reports of the internal auditor, including reports of audit firms retained to provide internal audit services, management responses, plans for corrective actions, and reports on the completion of the corrective actions.

5.4 Other Responsibilities.

(a) Review the adequacy of this Charter annually and submit any proposed amendments to the Board for approval.

(b) Prepare a report for inclusion in the Company's annual proxy statement as required by the rules of the Securities and Exchange Commission.

(c) Report to the Board on a regular basis.

(d) Annually perform, or participate with the Nominating and Governance Committee in, an evaluation of the performance of the Committee, the results of which shall be presented to the Board.

(e) Perform such other activities as the Board or the Committee shall deem appropriate.

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6. Authority and Resources of the Committee. The Committee has the authority to retain legal, accounting or other experts that it determines to be necessary to carry out its duties. It also has authority to determine compensation for such advisors as well as for the independent auditor. The Committee may determine appropriate funding needs for its own ordinary administrative expenses that are necessary and appropriate to carrying out its duties. Funding for such retained services shall be provided for by the Company.

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Appendix C

XERIUM TECHNOLOGIES, INC.

2005 EQUITY INCENTIVE PLAN

1. Purpose: Term.

This Xerium Technologies, Inc. 2005 Equity Incentive Plan (the "Plan") provides for the grant of incentive awards consisting of or based on the Common Stock of the Company. The purpose of the Plan is to attract and retain key employees, directors and consultants of the Company and its Affiliates, to provide an incentive for them to achieve performance goals, and to enable them to participate in the growth of the Company by granting Awards with respect to the Company's Common Stock. No Awards may be granted under the Plan after May 19, 2015, but Awards granted prior to that date may continue in accordance with their terms. Certain capitalized terms used herein are defined in Section 3 below.

2. Administration.

The Plan shall be administered by the Committee. Except to the extent action by the Committee is required under Section 162(m) of the Code in the case of Awards intended to qualify for exemption thereunder, the Board may in any instance perform any of the functions of the Committee hereunder. The Committee shall select the Participants to receive Awards and shall determine the terms and conditions of the Awards. The Committee shall have authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the operation of the Plan as it shall from time to time consider advisable, and to interpret the provisions of the Plan. The Committee's decisions shall be final and binding. The Committee may delegate (i) to one or more of its members such of its duties, powers and responsibilities as it may determine; (ii) to one or more officers of the Company the power to grant rights or options to the extent permitted by Section 157(c) of the Delaware General Corporation Law; (iii) to one or more officers of the Company the authority to allocate other Awards among such persons (other than officers of the Company) eligible to receive Awards under the Plan as such delegated officer or officers determine consistent with such delegation; *provided*, that with respect to any delegation described in this clause (iii) the Committee (or a properly delegated member or members of such Committee) shall have authorized the issuance of a specified number of shares of Stock under such Awards and shall have specified the consideration, if any, to be paid therefor; and (iv) to such employees or other persons as it determines such ministerial tasks as it deems appropriate. In the event of any delegation described in the preceding sentence, references herein to the Committee shall include the person or persons so delegated to the extent of such delegation.

3. Certain Definitions.

Affiliate means any business entity in which the Company owns directly or indirectly 50% or more of the total voting power or has a significant financial interest as determined by the Committee.

Award means any Option, SAR, Restricted Stock, Unrestricted Stock or Stock Unit Award granted under the Plan.

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Board means the Board of Directors of the Company.

Code means the Internal Revenue Code of 1986, as amended from time to time, or any successor law.

Committee means one or more committees each comprised of not less than two members of the Board appointed by the Board to administer the Plan or a specified portion thereof. Unless otherwise determined by the Board, if a Committee is authorized to grant Awards to a Reporting Person or a Covered Employee, each member shall be a non-employee director within the meaning of Rule 16b-3 under the Exchange Act or an outside director within the meaning of Section 162(m) of the Code, respectively.

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Common Stock or Stock means the Common Stock, \$0.01 par value, of the Company.

Company means Xerium Technologies, Inc., a Delaware corporation.

Covered Employee means a covered employee within the meaning of Section 162(m) of the Code.

Designated Beneficiary means the beneficiary designated by a Participant, in a manner determined by the Committee, to receive amounts due or exercise rights of the Participant in the event of the Participant's death. In the absence of an effective designation by a Participant, Designated Beneficiary means the Participant's estate.

Exchange Act means the Securities Exchange Act of 1934, as amended from time to time, or any successor law.

Fair Market Value means, with respect to Common Stock or any other property, the fair market value of such property as determined by the Committee in good faith or in the manner established by the Committee from time to time.

Participant means a person selected by the Committee to receive an Award under the Plan.

Reporting Person means a person subject to Section 16 of the Exchange Act.

4. Eligibility.

All key employees, all directors and all consultants of the Company or of any Affiliate whom the Committee considers to be capable of contributing to the successful performance of the Company are eligible to be Participants in the Plan. Incentive Stock Options may be granted only to employees of the Company or of any parent or subsidiary corporation of the Company, as those terms are used in Section 424 of the Code.

5. Stock Available for Awards.

(a) **Amount.** Subject to adjustment under subsection (b), no more than 2,500,000 shares of Common Stock in the aggregate may be delivered under or in satisfaction of Awards. The number of shares of Common Stock delivered under or in satisfaction of Awards shall, for purposes of the immediately preceding sentence, be determined net of shares of Common Stock withheld by the Company in satisfaction of tax withholding requirements with respect to the Award. For the avoidance of doubt, the termination, cancellation or expiration of an Award or any portion thereof without the delivery of shares of Common Stock, or the satisfaction of an Award or any portion thereof by the delivery of cash or other

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property other than shares of Common Stock, shall not be treated as the delivery of shares of Common Stock for purposes of this subsection (a). Common Stock issued under awards granted by another company (other company awards) and assumed by the Company in connection with a merger, consolidation, stock purchase or similar transaction, or issued by the Company under awards substituted for other company awards in connection with a merger, consolidation, stock purchase or similar transaction, shall not reduce the shares available for Awards under the Plan; *provided*, that the maximum number of shares that may be issued pursuant to ISOs (as defined below) shall be determined in a manner consistent with Section 422 of the Code and the rules thereunder. Shares issued under the Plan may consist of authorized but unissued shares or treasury shares.

(b) ***Adjustment.*** In the event that the Committee determines that any stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares or other transaction affects the Common Stock such that an adjustment is required or appropriate to preserve the benefits intended to be provided by the Plan, then the Committee (subject in the case of ISOs, or in the case of Awards intended to qualify for exemption under Section 162(m) of the Code, to any

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limitation required under the Code) shall make such adjustment as it determines to be equitable to any or all of (i) the number and kind of shares in respect of which Awards may be made under the Plan, (ii) the number and kind of shares subject to outstanding Awards and (iii) the exercise price with respect to any of the foregoing; *provided*, that the number of shares subject to any Award shall always be a whole number.

(c) ***Limit on Individual Grants.*** The maximum number of shares of Common Stock subject to Options and Stock Appreciation Rights that may be granted to any Participant in the aggregate in any calendar year shall not exceed, in each case, 500,000, and the maximum number of shares of Common Stock that may be granted as Stock Awards pursuant to Section 8 to any Participant in the aggregate in any calendar year shall not exceed 500,000, subject in each case to adjustment under subsection (b).

6. Stock Options.

(a) ***Grant of Options.*** Subject to the provisions of the Plan, the Committee may grant both (i) options (Options) to purchase shares of Common Stock that are intended to comply with the requirements of Section 422 of the Code and the rules thereunder (ISOs) and (ii) Options that are not intended to comply with such requirements (NSOs). The Committee shall determine the number of shares subject to each Option and the exercise price therefor, which shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant.

(b) ***Terms and Conditions.*** Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may specify in the applicable grant or thereafter. The Committee may impose such conditions with respect to the exercise of Options, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable.

(c) ***Payment.*** No shares shall be delivered pursuant to any exercise of an Option until payment in full of the exercise price therefor is received by the Company. Such payment may be made in whole or in part in cash or, to the extent legally permissible and permitted by the Committee at or after the grant of the Option, by delivery of a note or other commitment satisfactory to the Committee; shares of Common Stock that have been owned by the optionee for at least six months (or such other period as the Committee may determine), valued at their Fair Market Value on the date of delivery; such other lawful consideration, including a payment commitment of a financial or brokerage institution, as the Committee may determine; or any combination of the foregoing permitted forms of payment.

7. Stock Appreciation Rights.

(a) ***Grant of SARs.*** Subject to the provisions of the Plan, on or after the date of an initial public offering of the Common Stock pursuant to an effective registration statement under the Exchange Act, the Committee may grant rights to receive any excess in value of shares of Common Stock over the exercise price (Stock Appreciation Rights or SARs). The Committee shall determine at the time of grant or thereafter whether SARs are settled in cash, Common Stock or other securities of the Company, Awards or other property, and may define the manner of determining the excess in value of the shares of Common Stock.

(b) ***Exercise Price.*** The Committee shall fix the exercise price of each SAR, which shall not be less than 100% of the Fair Market Value of the Common Stock at the date of grant.

8. Stock Awards.

(a) *Restricted or Unrestricted Stock Awards.* The Committee may grant shares of Common Stock subject to forfeiture (Restricted Stock) and determine the duration of the period (the Restricted Period) during which, and the conditions under which, the shares may be forfeited to the Company and the other terms and conditions of such Awards. Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered, except as permitted by the Committee, during the Restricted Period. Shares of Restricted Stock shall be evidenced in such manner as the Committee may determine. Any certificates issued in respect of shares of Restricted Stock shall be registered in the name of the Participant

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and unless otherwise determined by the Committee, deposited by the Participant, together with a stock power endorsed in blank, with the Company. At the expiration of the Restricted Period, the Company shall deliver such certificates to the Participant or if the Participant has died, to the Participant's Designated Beneficiary. The Committee also may make Awards of shares of Common Stock that are not subject to restrictions or forfeiture, on such terms and conditions as the Committee may determine from time to time (Unrestricted Stock). Shares of Restricted Stock or Unrestricted Stock may be issued for such consideration, if any, as the Committee may determine consistent with applicable law.

(b) **Stock Unit Awards.** The Committee may grant Awards (Stock Unit Awards) consisting of units representing shares of Common Stock. Each Stock Unit Award shall represent the unfunded and unsecured commitment of the Company to deliver to the Participant at a specified future date or dates one or more shares of Common Stock (including, if so provided with respect to the Award, shares of Restricted Stock), subject to the satisfaction of any vesting or other terms and conditions established with respect to the Award as the Committee may determine. No Participant or Designated Beneficiary holding a Stock Unit Award shall be treated as a stockholder with respect to the shares of Common Stock subject to the Award unless and until such shares are actually delivered under the Award. Stock Unit Awards may not be sold, assigned, transferred, pledged or otherwise encumbered except as permitted by the Committee.

(c) **Performance Goals.** The Committee may establish performance goals on which the granting of Restricted Stock, Unrestricted Stock, or Stock Unit Awards, or the vesting of Restricted Stock or Stock Unit Awards, will be subject. Such performance goals may be based on such corporate or other business criteria as the Committee may determine. The Committee shall determine whether any performance goals so established have been achieved, and if so to what extent, and its determination shall be binding on all persons.

9. General Provisions Applicable to Awards.

(a) **Documentation.** Each Award shall be evidenced by a writing delivered to the Participant or agreement executed by the Participant specifying the terms and conditions thereof and containing such other terms and conditions not inconsistent with the provisions of the Plan as the Committee considers necessary or advisable to achieve the purposes of the Plan or to comply with applicable tax and regulatory laws and accounting principles.

(b) **Application of Code Section 409A.** Notwithstanding anything in this Plan to the contrary, any grant of an Award shall satisfy the requirements of Code §409A, to the extent applicable.

(c) **Committee Discretion.** Awards may be made alone or in combination with other Awards, including Awards of other types. The terms of Awards of the same type need not be identical, and the Committee need not treat Participants uniformly (subject to the requirements of applicable law). Except as otherwise provided by the Plan or a particular Award, any determination with respect to an Award may be made by the Committee at the time of grant or at any time thereafter.

(d) **Dividends and Cash Awards.** In the discretion of the Committee, any Award under the Plan may provide the Participant with (i) dividends or dividend equivalents payable (in cash or in the form of Awards under the Plan) currently or deferred with or without interest and (ii) cash payments in lieu of or in addition to an Award.

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(e) **Termination of Service** Unless the Committee expressly provides otherwise, the following rules shall apply in connection with the cessation of a Participant's employment or other service relationship with the Company and its Affiliates. Immediately upon the cessation of the Participant's employment or other service relationship with the Company and its Affiliates an Award requiring exercise will cease to be exercisable and all Awards to the extent not already fully vested will be forfeited, except that:

(i) All Stock Options and SARs held by a Participant immediately prior to his or her death, to the extent then exercisable, will remain exercisable by such Participant's executor or administrator or the

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person or persons to whom the Stock Option or SAR is transferred by will or the applicable laws of descent and distribution, in each case for the lesser of (i) the one year period ending with the first anniversary of the Participant's death or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this subsection (e), and shall thereupon terminate; and

(ii) all Stock Options and SARs held by the Participant immediately prior to the cessation of the Participant's employment or other service relationship for reasons other than death and except as provided in (iii) below, to the extent then exercisable, will remain exercisable for the lesser of (1) a period of three months or (2) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this subsection (e), and shall thereupon terminate.

(iii) Unless the Committee expressly provides otherwise, a Participant's employment or other service relationship with the Company and its Affiliates will be deemed to have ceased, in the case of an employee Participant, upon termination of the Participant's employment with the Company and its Affiliates (whether or not the Participant continues in the service of the Company or its Affiliates in some capacity other than that of an employee of the Company or its Affiliates), and in the case of any other Participant, when the service relationship in respect of which the Award was granted terminates (whether or not the Participant continues in the service of the Company or its Affiliates in some other capacity).

(f) **Change in Control.** In the event of (i) a change of control of the Company (as defined by the Committee) or other consolidation, merger, acquisition of shares or similar transaction or series of related transactions (whether or not constituting a change of control) in which the Company is not the surviving corporation or which results in the acquisition of all or substantially all of the Company's then outstanding common stock by a single person or entity or by a group of persons and/or entities acting in concert, or (ii) a sale or transfer of all or substantially all the Company's assets, or (iii) a dissolution or liquidation of the Company (any of (i), (ii) or (iii) being herein referred to as a Covered Transaction), the Committee in its discretion may, with respect to any Award, at the time the Award is made or at any time thereafter, take one or more of the following actions: (A) provide for the acceleration of any time period relating to the exercise or payment of the Award, (B) provide for payment to the Participant of cash or other property with a Fair Market Value equal to the amount that would have been received (net of any exercise price) upon the exercise or payment of the Award had the Award been exercised or paid immediately prior to the covered transaction, (C) adjust the terms of the Award in a manner determined by the Committee to reflect the covered transaction, (D) cause the Award to be assumed, or new rights substituted therefor, by another entity, or (E) make such other provision as the Committee may consider equitable to Participants and in the best interests of the Company; *provided*, that in the absence of any such action by the Committee or an expressly applicable provision in the Award document, immediately prior to the covered transaction (1) each Option and SAR shall cease to be exercisable and shall terminate, (2) each Restricted Stock Award and Stock Unit Award shall terminate to the extent such Award is unvested, and (3) each Stock Unit Award, to the extent vested, shall be converted into the right to receive, with respect to each unit (representing a share of Common Stock) subject to such Award, the same per-share consideration (or other cash or property, of equivalent Fair Market Value at the time of payment, as determined by the Committee or its successor in connection with the payment or delivery of such cash or property) as would have been retained or received by a holder of one share of Common Stock in the covered transaction. The Committee may require that any amounts delivered, exchanged or otherwise paid in respect of Restricted Stock or Stock Unit Awards in connection with a covered transaction be placed in escrow or otherwise made subject to such restrictions as the Committee deems appropriate to carry out the intent of the Plan.

(g) **Transferability.** No Award may be transferred other than by will or the laws of descent and distribution and may be exercised, during the life of the Participant, only by the Participant, except that, as to Awards other than ISOs, the Committee may permit certain transfers to the Participant's family members or to certain entities controlled by the Participant or his or her family members.

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(h) ***Withholding Taxes.*** The Participant shall pay to the Company, or make provision satisfactory to the Committee for payment of, any taxes or social insurance contributions required by law to be withheld in respect of Awards under the Plan no later than the date of the event creating the tax liability. The Company and its Affiliates may, to the extent permitted by law, deduct any such tax (or social insurance) obligations from any payment of any kind due to the Participant hereunder or otherwise. In the Committee's discretion, the minimum tax (or social insurance) obligations required by law to be withheld in respect of Awards may be paid in whole or in part in shares of Common Stock, including shares retained from the Award creating the obligation, valued at their Fair Market Value on the date of retention or delivery.

(i) ***Amendment of Award.*** The Committee may amend, modify, or terminate any outstanding Award, including substituting therefor another Award of the same or a different type, changing the date of exercise or realization and converting an Incentive Stock Option to a Nonstatutory Stock Option. Any such action shall require the Participant's consent unless the Committee determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

(j) ***Foreign Nationals.*** The Committee may take any action consistent with the terms of the Plan, either before or after an Award has been granted, which the Committee deems necessary or advisable to comply with government laws or regulatory requirements of any foreign jurisdiction, including but not limited to modifying or amending the terms and conditions governing any Awards, establishing sub-plans under the Plan, or adopting such procedures as the Committee may determine to be appropriate in response to differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employment, accounting or other matters.

10. **Miscellaneous.**

(a) ***No Right To Employment.*** No person shall have any claim or right to be granted an Award. Neither the adoption, maintenance, nor operation of the Plan nor any Award hereunder shall constitute a contract of employment or confer upon any employee, director or consultant of the Company or of any Affiliate any right with respect to the continuance of his/her employment by or other service with the Company or any such Affiliate nor shall it or they be construed as affecting the rights of the Company (or Affiliate) to terminate the service of any person at any time or otherwise change the terms of such service, including, without limitation, the right to promote, demote or otherwise re-assign any employee or other service provider from one position to another within the Company or any Affiliate.

(b) ***No Rights As Stockholder.*** Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be issued under the Plan until he or she becomes the holder thereof. A Participant to whom Restricted Stock or Unrestricted Stock is awarded shall be considered a stockholder of the Company at the time of the Award except as otherwise provided in the applicable Award.

(c) ***Effective Date.*** The Plan shall be effective on the date it is approved by the stockholders.

(d) ***Amendment of Plan.*** The Board may amend, suspend, or terminate the Plan or any portion thereof at any time, subject to such stockholder approval as the Board determines to be necessary or advisable. Further, under all circumstances, the Committee may make non-substantive administrative changes to the Plan as to conform with or take advantage of governmental requirements, statutes or regulations.

(e) ***Governing Law.*** The provisions of the Plan shall be governed by and interpreted in accordance with the laws of the State of Delaware.

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**AMENDMENT NO. 1 TO
XERIUM TECHNOLOGIES, INC.
2005 EQUITY INCENTIVE PLAN**

This Amendment No. 1 to the Xerium Technologies, Inc. 2005 Equity Incentive Plan (the Amendment) is made on July , 2008 effective as of the time provided below.

WHEREAS, the Xerium Technologies, Inc. (the Company) has heretofore adopted the Xerium Technologies, Inc. 2005 Equity Incentive Plan (the Plan); and

WHEREAS , the Board of Directors of the Company has approved the Amendment contingent upon the approval of the Amendment by the stockholders of the Company;

NOW, THEREFORE, pursuant to Section 10(d) of the Plan, the Plan is hereby amended as follows, effective as of such time as the Amendment is approved by the stockholders of the Company:

Section 5(a) of the Plan is amended by deleting 2,500,000 shares in the first sentence thereof and replacing it with 7,500,000 shares .

Except as expressly amended hereby, all provisions of the Plan shall remain unamended and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms.

The Amendment shall have no effect until such time as it is approved by the stockholders of the Company.

The provisions of the Amendment shall be governed by and interpreted in accordance with the laws of the State of Delaware.

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**AMENDMENT NO. 2 TO
XERIUM TECHNOLOGIES, INC.
2005 EQUITY INCENTIVE PLAN**

This Amendment No. 2 to the Xerium Technologies, Inc. 2005 Equity Incentive Plan (the Amendment) is made on July , 2008 effective as of the time provided below.

WHEREAS, the Xerium Technologies, Inc. (the Company) has heretofore adopted the Xerium Technologies, Inc. 2005 Equity Incentive Plan (the Plan); and

WHEREAS , the Board of Directors of the Company has approved the Amendment contingent upon the approval of the Amendment by the stockholders of the Company;

NOW, THEREFORE, pursuant to Section 10(d) of the Plan, the Plan as such may have been amended, is hereby amended as follows, effective as of such time as the Amendment is approved by the stockholders of the Company:

Section 5(c) of the Plan is amended by deleting the two references to 500,000 therein and replacing each such references with 750,000 .

Except as expressly amended hereby, all provisions of the Plan shall remain unamended and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms.

The Amendment shall have no effect until such time as it is approved by the stockholders of the Company.

The provisions of the Amendment shall be governed by and interpreted in accordance with the laws of the State of Delaware.

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Appendix D

PERFORMANCE CRITERIA TERMS

A Performance Criterion must be an objectively determinable measure of performance relating to any or any combination of the following (measured either absolutely or by reference to an index or indices and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, or amortization, whether or not on a continuing operations or an aggregate or per share basis, including, without limitation, EBITDA or adjusted EBITDA as determined for purposes of any credit agreement or other agreement to which the Company is a party; return on equity, investment, capital or assets; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; net cash from operations plus or minus such expenditures, expenses, cash proceeds from dispositions (whether or not of operating assets) and other objectively determinable adjustments, if any, as the Committee may determine; stock price; stockholder return; sales of particular products or services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or re-financings. A Performance Criterion and any targets with respect thereto determined by the Committee need not be based upon an increase, a positive or improved result or avoidance of loss. The Committee may provide that any or any combination, or all, of the Performance Criteria applicable to an award will be adjusted in an objectively determinable manner to reflect events (for example, but without limitation, acquisitions or dispositions) occurring during the performance period that affect the applicable Performance Criterion or Criteria, to the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m) of the Internal Revenue Code.

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XERIUM TECHNOLOGIES, INC.

Please take note of the important information enclosed with this proxy card. Your vote counts and you are strongly encouraged to exercise your right to vote your shares.

Please vote by mail prior to the Annual Meeting of Stockholders to be held on August 6, 2008.

Thank you in advance for your prompt consideration of these matters.

XERIUM TECHNOLOGIES, INC.

1 ¢

ANNUAL MEETING OF STOCKHOLDERS - AUGUST 6, 2008

The stockholder(s) whose signature(s) appear(s) on the reverse side of this Proxy Card hereby appoint(s) Stephen R. Light and Michael O'Donnell, or any of them, each with full power of substitution, as proxies, to vote at the Annual Meeting of Stockholders of Xerium Technologies, Inc. (the Company) to be held at the offices of Apax Partners, L.P. located at 153 East 53rd Street, 53rd Floor, New York, NY 10022, on Wednesday, August 6, 2008 at 10 A.M. New York time, and any adjournment thereof, all the shares of Common Stock of the Company which the stockholder(s) could vote, if present, in such manner as the proxies may determine on any matters which may properly come before the meeting and to vote as specified on the reverse.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR PROPOSALS 2, 3, 4 AND 5. THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING AND ANY ADJOURNMENT. THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS.

(Continued and to be signed on the reverse side.)

COMMENTS:

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14475 ¢

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ANNUAL MEETING OF STOCKHOLDERS OF

XERIUM TECHNOLOGIES, INC.

August 6, 2008

Please sign, date and mail

your proxy card in the

envelope provided as soon

as possible.

À Please detach along perforated line and mail in the envelope provided. À

☉ 2083333000000001000 1

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS AND FOR PROPOSALS 2, 3, 4 AND 5.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

		FOR	AGAINST	ABSTAIN
1. Election of Directors:				
		2. Approval of Amendment No. 1 to the 2005 Equity Incentive Plan.
.. FOR ALL NOMINEES	NOMINEES: m John S. Thompson	3. Approval of Amendment No. 2 to the 2005 Equity Incentive Plan.
	m Stephen R. Light	4. Approval of performance criteria terms for performance-based awards under the 2005 Equity Incentive Plan.
.. WITHHOLD AUTHORITY	m Michael O Donnell	
FOR ALL NOMINEES	m Donald P. Aiken	5. Ratification of appointment of Ernst & Young LLP.		
.. FOR ALL EXCEPT	m Michael Phillips			
(See instructions below)	m Edward Paquette			

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m John Saunders

Copies of the Notice of Meeting and of the Proxy Statement have been received by the undersigned.

m Nico Hansen

(Use these circles to withhold authority.

TO INCLUDE ANY COMMENTS, USE THE COMMENTS BOX ON THE REVERSE SIDE OF THIS CARD.

See Instructions below.)

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s),

mark **FOR ALL EXCEPT** and fill in the circle next to

each nominee you wish to withhold, as shown here: 1

Mark box at right if you have noted comments. "

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder

Date:

Signature of Stockholder

Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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