XERIUM TECHNOLOGIES INC
Form 10-K/A
April 29, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10K/A
(Amendment No. 1)
þANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015
or
oTRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________
Commission File Number 001-32498
Xerium Technologies, Inc.
(Exact name of registrant as specified in its charter)

Delaware	42-1558674
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

14101 Capital Boulevard
Youngsville, North Carolina 27596
(Address of principal executive offices)
(919) 526-1400
Registrant's telephone number, including area code
SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT

Title of each class	Name of each exchange on which registered
Common Stock, $0.001 par value per share	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g)OF THE ACT: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller	Smaller reporting company o

reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No þ
The aggregate market value of the voting common stock held by non-affiliates of the registrant on June 29, 2015, the last business day in the second fiscal quarter, was approximately $197,695,061. There were 15,745,914 shares of the registrant's common stock, $0.001 par value per share, outstanding as of March 7, 2016.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes X No

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EXPLANATORY NOTE

The registrant filed an Annual Report on Form 10-K for the year ended December 31, 2015 (the “Form 10-K”) on March 14, 2016, pursuant to which it incorporated by reference into Part III thereof portions of its definitive Proxy Statement for its 2016 Annual Meeting of Shareholders to be subsequently filed with the Securities and Exchange Commission (the “Proxy Statement”). The registrant has determined to amend the Form 10-K to include such Part III information in this Amendment No. 1 on Form 10-K/A (the “Form 10-K/A”), rather than incorporating it into the Form 10-K by reference to the Proxy Statement. Accordingly, Part III of the Form 10-K is hereby amended and restated in its entirety as set forth below.

Also included in this Form 10-K/A are (a) the signature page, (b) certifications required of the principal executive officer and principal financial officer under Section 302 of the Sarbanes-Oxley Act of 2002 and (c) the Exhibit Index, which has been amended and restated in its entirety as set forth below solely to include the additional certifications. Because no financial statements are contained within this Form 10-K/A, we are not including certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

No attempt has been made in this Form 10-K/A to modify or update the other disclosures presented in the Form 10-K. This Form 10-K/A does not reflect events occurring after the filing of the Form 10-K or modify or update the Form 10-K, including the exhibits to the Form 10-K, affected by subsequent events. Accordingly, this Form 10-K/A should be read in conjunction with the Form 10-K and our other filings made with the Securities and Exchange Commission.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The following table sets forth as to each of our directors: (i) positions with us and principal occupation during the past five years; (ii) other directorships, including any directorships held during the past five years, with publicly held companies or investment companies; (iii) age as of April 29, 2016; and (iv) period of service as a director.

Name	Positions with Xerium and Principal Occupation and Other Directorships	Age	Director Since
Roger A. Bailey	Mr. Bailey has served as a director since July 11, 2012. Mr. Bailey currently serves as President of the Power Products Division, North America for ABB Inc., a global leader in power and automation technologies. He has been with ABB for more than 30 years, having served more recently as President - Process Automation North America from 2004-2011; Group Vice President - Pulp and Paper Business Unit from 2005-2011; and Senior Vice President - Paper and Minerals from 2002-2004, among other positions. Mr. Bailey brings to the Board experience at growing ABB's sales to customers in the paper industry during a time of declining paper volume, in restructuring ABB's footprint towards growth-oriented markets and knowledge of international markets, including Asia and, in particular, China.	58	July 2012
Harold C. Bevis	Mr. Bevis has served as a director and as President and Chief Executive Officer of Xerium since August 15, 2012. Mr. Bevis most recently served as the Chairman and Chief Executive Officer of Prolamina Corporation, a flexible packaging company serving the food, medical and consumer markets, from August 2010 until April 2012. Prior to that from October 2003 until December 2009 he served as Chief Executive Officer, President and director of Pliant Corporation, a film and flexible packaging products producer for personal care, medical, food, industrial and agricultural markets. In 2006 and 2009, Pliant Corporation filed for Chapter 11 protection under the Bankruptcy Code while Mr. Bevis was serving as its President and Chief Executive Officer. He has also served as President, Chief Executive Officer and director of Jordan Telecommunication Products and has held executive positions with Emerson Electric and General Cable Corporation. Since June 2014, he has served on the Board of Directors of Commercial Vehicle Group, Inc. Mr. Bevis' leadership skills and management experience, including serving as Chief Executive Officer or in executive positions for multiple companies operating internationally, qualify him to serve on the Board. As our Chief Executive Officer, Mr. Bevis brings to the Board a critical understanding of our business operations and management and the implementation of Board strategy.	56	August 2012
Ambassador April H. Foley	Ambassador Foley has served as a director since May 25, 2010. Ambassador Foley served as the United States Ambassador to Hungary from 2006 to 2009. Prior to serving as U.S. Ambassador to Hungary, she held several positions at the Export-Import Bank of the United States. After first serving as a Director of the Bank, she was appointed to be First Vice President and Vice Chairman in 2003. Ambassador Foley also previously held various positions with PepsiCo, Inc. Since January 2015, Ms. Foley has served on the Board of Vista Outdoor Inc. She also previously served on the Board of Directors of Alliant Techsystems Inc., an aerospace and defense company. Ambassador Foley's financial background and international experience, including an MBA from Harvard Graduate School of	68	May 2010

Business Administration and her public service for the federal government of the United States, qualify her to serve on the Board. Ambassador Foley’s extensive knowledge of international affairs, including the international financial system, enables her to offer valuable insight, judgment and perspectives in support of the Board’s oversight role and its other functions.

Name	Positions with Xerium and Principal Occupation and Other Directorships	Age	Director Since
Jay J. Gurandiano	Mr. Gurandiano has served as a director since December 1, 2008. From September 2012 until December 2013, Mr. Gurandiano served as the Chairman, President and Chief Executive Officer of SP Fiber Technologies LLC, a newsprint and packaging manufacturer. Additionally, he has been the Managing Director of Stone House Investment Holdings Inc., an investment holdings company, since October 2000. He has served as a director of Eacom Timber Company since 2011 and he also served as the Chairman of the Board of Directors of Ainsworth Lumber Co. Ltd., a lumber and wood products company, from 2008 until May 2010. Mr. Gurandiano brings to the Board significant management experience, particularly with respect to the paper industry, which gives him a valuable perspective in his role as a director. His qualifications to serve as a director also include his legal background and his private equity investment experience.	70	December 2008
John F. McGovern	Mr. McGovern has served as a director since May 25, 2010. Mr. McGovern is the founder, and since 1999 a partner, of Aurora Capital LLC, a private investment and consulting firm based in Atlanta, GA. Prior to founding Aurora Capital, Mr. McGovern served in a number of positions of increasing responsibility at Georgia-Pacific Corporation from 1981 to 1999, including Executive Vice President/Chief Financial Officer from 1994 to 1999. Mr. McGovern has served as a director of Neenah Paper, Inc. since 2006 and as a director of NewPage Holdings Inc. since 2012. Mr. McGovern previously served as a director of GenTek, Inc. from 2003 to 2009 and currently serves on the board of its private successor, General Chemical. He also previously served as a director of Collective Brands, Inc. from 2003 until October 2012. Mr. McGovern also serves on the boards of The Newark Group (since 2010), a recycled paperboard company, and Hoffmaster Inc. (since 2011), a producer of speciality disposable tabletop products. Mr. McGovern brings to the Board significant executive leadership and financial experience in the paper industry, including his experience as Chief Financial Officer of Georgia-Pacific Corporation. In addition, Mr. McGovern brings to the Board the experience of serving on the boards of multiple public and private companies and the views and judgment of a leader who is highly respected for his business expertise and acumen.	69	May 2010
Alexander Toeldte	Mr. Toeldte has served as a director since January 1, 2016. He is currently an Operating Director at Paine & Partners, LLC, a private equity firm. Prior to this, he served as the President, Chief Executive Officer and a Director of Boise Inc. and Executive Vice President at Boise Cascade LLC. Mr. Toeldte's previous experience includes Executive Vice President of Fonterra Co-operative Group and Chief Executive of Fonterra Enterprises; and Chief Executive Officer of Fletcher Challenge Building and Fletcher Challenge Paper. In addition, Mr. Toeldte was a Partner of McKinsey & Company serving in the Toronto, Brussels, Montreal, and Stockholm offices. Mr. Toeldte is on the Board of Clearwater Paper Corporation. In addition, Mr. Toeldte is the Chairman of the Board of Jitasa, Inc., and is on the Board of Wevorce Inc., both of which are privately-held companies.	56	January 2016
James F. Wilson		58	May 2010

Mr. Wilson has served as a director since May 25, 2010 and Chairman of the Board since August 2012. He has been a principal of Carl Marks Management Company, LLC since 2001, which manages investment partnerships focused on distressed securities. Mr. Wilson previously served as a director of Seneca Foods Corporation from 2008 to 2009. Mr. Wilson earned a BA in Economics from Dartmouth College, and an MBA from Harvard Graduate School of Business Administration. Mr. Wilson's investment management and business experience qualify him to serve on the Board. In addition, we believe that given Mr. Wilson's affiliation with Carl Marks, a significant former lender and stockholder of Xerium, he can serve as a valuable resource to the Board in understanding and interfacing with our stakeholders.

Executive Officers

The following table sets forth information regarding our executive officers as of April 29, 2016. On the date that our Chapter 11 petitions were filed, Messrs. Pretty and Fracasso were serving as executive officers of Xerium and, in some cases, executive officers of the Debtor Subsidiaries.

Name	Age	Position
Harold C. Bevis	56	President, Chief Executive Officer and Board Member
Clifford E. Pietrafitta	54	Executive Vice President and Chief Financial Officer
David Pretty	52	President – Xerium North America and Europe
Eduardo Fracasso	56	President – Xerium South America
Wern-Lirn "Paul" Wang	57	President – Xerium Asia
Michael Bly	49	Executive Vice President of Global Human Resources
William Butterfield	62	EVP and Chief Technology Officer

Harold C. Bevis has served as a director and as President and Chief Executive Officer of the Company since August 15, 2012. Mr. Bevis most recently served as the Chairman and Chief Executive Officer of Prolamina Corporation, a flexible packaging company serving the food, medical and consumer markets, from August 2010 until April 2012. Prior to that from October 2003 until December 2009 he served as Chief Executive Officer, President and director of Pliant Corporation, a film and flexible packaging products producer for personal care, medical, food, industrial and agricultural markets. In 2006 and 2009, Pliant Corporation filed for Chapter 11 protection under the Bankruptcy Code while Mr. Bevis was serving as its President and Chief Executive Officer. He has also served as President, Chief Executive Officer and director of Jordan Telecommunication Products and has held executive positions with Emerson Electric and General Cable Corporation. Since June 2014, he has served on the Board of Directors of Commercial Vehicle Group, Inc. He is a 1983 graduate of Iowa State University receiving an Industrial Engineering degree and earned a Masters of Business Administration degree from Columbia University in 1988.

Clifford E. Pietrafitta has served as Executive Vice President and Chief Financial Officer since March 14, 2011. Mr. Pietrafitta served as the Chief Financial Officer of CSS Industries, Inc., a consumer products company, from January 1999 to March 2010. Prior to that he served as the Vice President—Finance of CSS Industries from November 1995 to January 1999, and as Treasurer from 1991 to November 1995.

David Pretty has served as President—Xerium North America since February 2008 and President—Xerium Europe since April 2013. Prior to his appointment as President—Xerium Europe, he served as President—Europe PMC from February 2010. He served as President—Weavexx, our 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 April 2007 to December 2007 he served as President—Xerium Brazil. Prior to that, he held various operational positions within our Brazilian subsidiaries over a period of approximately 18 years, most recently as Operational Director.

Wern-Lirn "Paul" Wang has served as President - Xerium Asia since March 2014. From March 2011 until just prior to joining Xerium he served as the Chief Executive Officer of Asia Timber Products, where he led the medium density fiberboard and laminating flooring manufacturer in China. Mr. Wang also served as the Managing Director for China of Owens-Illinois from July 2009 until March 2011. Prior to that, he held leadership positions at International Paper, PPG Industries and Owens-Corning Fiberglass.

Michael Bly has served as Executive Vice President of Global Human Resources since April 15, 2013. From December 2009 to April 2013, he served as Vice President of Human Resources of Berry Plastics, a flexible packaging company. From August 2007 to December 2009, he served as Vice President of Human Resources at Pliant

Corporation, a film and flexible packaging products producer for personal care, medical, food, industrial and agricultural markets.

William Butterfield has served as Executive Vice President and Chief Technology Officer since April 19, 2013. Prior to that he served as Vice President for Global Rolls Technology from 2006 until his promotion in April 2013. Mr. Butterfield has been with our rolls business since 1988 and has served in several capacities.

CORPORATE GOVERNANCE

Board Meetings and Director Attendance at the Annual Meeting

The Board held nine meetings during 2015. 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 2015 (in each case, which were held during the period for which he or she served as a director and/or a member of the applicable committee). We encourage our directors to attend Annual Meetings of Stockholders and believe that attendance at Annual Meetings of Stockholders is just as important as attendance at meetings of the Board and its committees. Five of our seven directors in office at the time attended the 2015 Annual Meeting of Stockholders.

Board Leadership Structure

In 2012, the Board elected to separate the roles of Chairman of the Board and Chief Executive Officer. In connection with the separation of roles, the Board appointed Mr. Wilson as the Chairman of the Board and eliminated the former role of lead independent director held by him, though Mr. Wilson remains an independent director.

The Board concluded that having a separate Chairman of the Board and Chief Executive Officer is currently the most appropriate and effective leadership structure. In reaching this conclusion, the Board considered that separating the roles of Chairman and Chief Executive Officer would most effectively facilitate communication between management and non-employee directors between meetings of the Board. In addition, because the Chairman is primarily responsible for setting meeting agendas in consultation with Mr. Bevis, the Chief Executive Officer, Mr. Wilson is well positioned to ensure that the concerns of non-employee directors are addressed and that Board meetings make effective use of everyone's time. Mr. Bevis, in turn, is able to provide more attention to management of the Company's business.

While the Board believes the current leadership structure is appropriate and in the best long-term interest of the Company and our stockholders at this time, it reserves the right to consider alternative Board leadership structures, including those that combine the offices of Chairman and Chief Executive Officer, in the future if it determines those alternatives are appropriate for the Company under different circumstances.

Board Oversight and Risk Management

We operate in a complex environment and are subject to a number of significant risks. The Board works with our management to manage the various risks we face. The role of the Board is one of oversight of our risk management processes and procedures; the role of management is to develop and implement those processes and procedures on a strategic and daily basis and to identify, manage, and mitigate the risks that we face. As part of its oversight role, the Board regularly discusses, both with and without management present, our risk profile and how our business strategy effectively manages and leverages the risks that we face.

To facilitate its oversight of Xerium, the Board has delegated certain functions (including the oversight of risks related to these functions) to committees of the Board. The Audit Committee oversees, reviews and discusses with management our policies relating to risk assessment and management, including steps that management has taken or should have taken to minimize risk to us and the Compensation Committee evaluates the risks presented by our compensation programs and analyzes these risks when designing compensation plans. The roles of our committees are discussed in more detail below.

Although the Board has delegated certain functions to various committees, each of these committees regularly reports to and solicits input from the full Board regarding its activities.

Board Committees

The Board has standing Audit, Compensation, and Nominating and Governance Committees, as described more fully below. The Audit, Compensation and Nominating and Governance Committees are each comprised of independent directors.

Audit Committee. John F. McGovern is the Chair and Ambassador April H. Foley and Jay J. Gurandiano are the other current members of our Audit Committee. The Audit Committee met five times during 2015. The Board has determined that each member of our Audit Committee is independent and financially literate 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 us other than Board and committee fees. The Board has determined that John F. McGovern 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 is available free of charge on our website at www.xerium.com or by requesting a copy from Investor Relations, Xerium Technologies, Inc., 14101 Capital Boulevard, Youngsville, NC 27596.

The principal duties and responsibilities of the Audit Committee are as follows: (a) to monitor our financial reporting process and internal control systems, including our policies and programs relating to financial risk assessment and management; (b) to appoint and replace our independent registered public accounting firm, determine its compensation and other terms of engagement, and oversee its work; (c) to oversee the performance of our internal audit function; and (d) to oversee overall risk management and assessment and our 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 us regarding accounting, internal accounting controls, or auditing matters and for confidential, anonymous submission by our 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 we are required to provide appropriate funding, as the Audit Committee determines, to compensate any advisors retained by the Audit Committee.

Compensation Committee. Jay J. Gurandiano is the Chair and Alexander Toeldte, Roger A. Bailey and James F. Wilson are the current members of our Compensation Committee. The Compensation Committee met six times during 2015. The Board has determined that each member of the 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 our website at www.xerium.com or by requesting a copy from Investor Relations, Xerium Technologies, Inc., 14101 Capital Boulevard, Youngsville, NC 27596.

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

The report of the Compensation Committee is included in this Annual Report on Form 10-K/A under “Compensation Committee Report.”

Nominating and Governance Committee. Ambassador April H. Foley is the Chair and Alexander Toeldte and James F. Wilson are the other current members of our Nominating and Governance Committee. The Nominating and Governance Committee met five times during 2015. The Board has determined that each member of the Nominating and Governance Committee is independent within the meaning of the rules and regulations of the NYSE. The Nominating and Governance Committee operates pursuant to a written charter that is available free of charge on our website at www.xerium.com or by requesting a copy from Investor Relations, Xerium Technologies, Inc., 14101 Capital Boulevard, Youngsville, NC 27596.

The principal duties and responsibilities of the Nominating and 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 our stockholders; (c) to make recommendations to the Board regarding corporate governance matters and practices, including compensation for outside directors; and (d) to oversee the management continuity planning process and evaluate succession plans for the Chief Executive Officer and other executive officer positions.

In identifying and recommending nominees for positions on the Board, the Nominating and Governance Committee takes into account each candidate’s ability, judgment, and experience and the overall diversity and composition of the Board. A candidate’s skills and experience must also support our strategy. The Nominating and Governance Committee places primary emphasis on the criteria set forth under “Board Membership Criteria” in our Corporate Governance Guidelines, namely, and not to imply priority: (1) broad-based business skills and experiences;

(2) prominence and reputation in their profession; (3) global business perspective; (4) concern for the long-term interests of the stockholders; and (5) personal integrity and judgment. The Nominating and 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 our needs and the composition of the Board. Members of the Nominating and 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 Governance Committee wants to seriously consider and move toward nomination, the Chair of the Nominating and Governance Committee enters into a discussion with that candidate.

The Nominating and Governance Committee will consider candidates recommended by stockholders. It is the policy of the Nominating and Governance Committee that candidates recommended by stockholders will be given appropriate consideration in the same manner as other candidates.

In addition, we entered into a Director Nomination Agreement with Carl Marks, which enable it to designate one director for nomination to the Board.

Independent Director Meetings

In addition to the meetings of the committees of the Board described above, our independent directors met five times in executive session during 2015. These executive sessions were either held in connection with Board meetings or were separately called by Mr. Wilson, our Chairman during 2015. Our Corporate Governance Guidelines provide that these executive sessions be chaired by our independent Chairman, unless our Chairman is not independent at that time. The independent directors are currently Ambassador Foley and Messrs. Bailey, Gurandiano, McGovern, Wilson and Toeldte. The Board has established a procedure whereby interested parties may make their concerns known to the independent directors, which is described under “Policies on Communicating with Non-Management Directors and Reporting of Concerns Regarding Accounting and Other Matters.”

Processes and Procedures for Executive and Director Compensation

For a discussion concerning the processes and procedures for determining executive and director compensation and the role of executive officers and compensation consultants in determining or recommending the amount or form of compensation, see “Compensation Discussion & Analysis” and “Compensation of Directors.”

Corporate Code of Business Conduct and Ethics, Corporate Governance Guidelines and Director Share Ownership Guidelines

We have adopted a Corporate Code of Business Conduct and Ethics for our directors, officers, and employees, including our chief executive officer, chief financial officer, and controller. A copy of our Corporate Code of Business Conduct and Ethics may be accessed free of charge by visiting our website at www.xerium.com or by requesting a copy from Investor Relations, Xerium Technologies, Inc., 14101 Capital Boulevard, Youngsville, NC 27596. We intend 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 our chief executive officer, chief financial officer, or controller by posting the amendment or waiver to our website.

A copy of our Corporate Governance Guidelines and Director Share Ownership Guidelines may also be accessed free of charge by visiting our website at www.xerium.com or by requesting a copy from Investor Relations, Xerium Technologies, Inc., 14101 Capital Boulevard, Youngsville, NC 27596.

Policies on Communicating with Independent Directors and Reporting of Concerns Regarding Accounting and Other Matters

The Board and the Audit Committee have adopted policies on communicating with the independent directors and reporting concerns regarding accounting and other matters. Any stockholder 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, Youngsville, NC 27596. Stockholders or other interested parties who wish to communicate with the independent directors may do so by writing to: Independent Directors, c/o Chairman of the Board, Xerium Technologies, Inc., 14101 Capital Boulevard, Youngsville, NC 27596. These communications will be handled by the Chairman and forwarded to the independent directors at or prior to the next meeting of the independent directors. Stockholders 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, Youngsville, NC 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 our conduct, or any of our 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., 14101 Capital Boulevard, Youngsville, NC 27596, attention: Compliance Officer, through the Internet at www.ethicspoint.com or by calling 866-293-2399.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, certain of our officers and persons who own more than 10% of our common stock to file reports of ownership of, and transactions in, our common stock with the SEC. Based on our review of the reports required under Section 16(a) we have received, we believe that all of our directors, officers, and persons owning more than 10% of our common stock complied with all reporting requirements applicable to them with respect to transactions in 2015.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion & Analysis

This Compensation Discussion & Analysis section presents an analysis, summary and overview of our compensation philosophy and objectives; our process for determining compensation levels and programs; the elements of our compensation programs; and the material decisions made in setting compensation for 2015 for our “Named Executive Officers” listed below. Following this section, we have included certain tables where you will find detailed 2015 compensation information for the Named Executive Officers.

Executive Summary

During 2015, Xerium’s primary objective was to improve the company’s Adjusted EBITDA (as defined in our credit facility) and to continue the multi-year repositioning plan we initiated in 2013 to improve our sales and share price. These initiatives have generally been effective in improving our sales and share price, although 2015 was a challenging year for us and the industry as a whole, due to the continued significant declines in graphical grade and newsprint demand. As published by Numera Analytics, in 2015 versus 2014, newsprint production declined (9.4)% in Asia, (6.8)% in Europe, (4.7)% in South America and (13.1)% in North America.

To provide management the appropriate incentives to achieve the desired improvements, Xerium continued the use of an executive compensation program substantially similar to the 2014 program with certain limited design changes in 2015. Overall, the changes to the executive compensation programs introduced in 2015 were intended to enhance the level of alignment between our executives and shareholders and to bring our programs into closer alignment with competitive practices.

2015 Short-Term Incentive Compensation. For our annual short-term management incentive compensation program (referred to as the “2015 MIC”), Xerium used Adjusted EBITDA and Trade Working Capital as the performance measures and cash as the form of pay-out. The 2015 MIC is weighted towards the Adjusted EBITDA metric, which determines 75% of the 2015 MIC award. The remaining 25% of the 2015 MIC award is based on the Trade Working Capital metric. Under the

2015 MIC, we made payouts of 36.25% of target for our Named Executive Officers. The MIC payout percentage was determined to be 36.25% because the Company exceeded the Trade Working Capital Metric by 145%.

2015-2017 Executive Long-Term Incentive Plan. Our awards under our 2015 long-term incentive award plan (referred to as the “2015 LTIP”), consist of time-based and performance-based restricted stock units. Time-based awards made up 35% of the total award. These time-based awards will cliff vest on March 2, 2018, and will be converted to common stock, net of applicable tax withholdings.

Performance-based awards made up the remaining 65% of the total award. Half of the performance based awards under the 2015 LTIP are subject to a three-year cumulative Adjusted EBITDA metric and the other half of the performance based awards under the 2015 LTIP are subject to the performance of our stock price on the third anniversary of the grant date, or March 2, 2018.

The Adjusted EBITDA performance portion of the award measures our performance against a three-year cumulative Adjusted EBITDA metric during the term of the 2015 - 2017 Executive LTIP. These awards will convert into shares of our common stock and be paid after the close of a three-year performance period of January 1, 2015 through December 31, 2017. The amount of the payment will range from 0% to 100% of the employee's total Adjusted EBITDA performance shares. Upon attainment of cumulative Adjusted EBITDA equal to 80% or less of the target, none of the Adjusted EBITDA performance shares will vest. Upon attainment of more than 80% of the target, the adjusted EBITDA performance shares will begin vesting on a straight-line basis from 0% at 80% of the target to 100% at 100% of the target, up to a maximum payout of 100% of the Adjusted EBITDA performance shares.

The market-based performance portion of the award will vest, based on the performance of our stock price against the performance of listed companies on the S&P Global Small Cap Index, on the third anniversary of the grant date, or March 2, 2018. These awards will convert into shares of the Company’s common stock and be paid after the close of the three-year performance period of March 2, 2015 through March 2, 2018. The shares that may vest will be up to 100%, with a lower threshold of a 50% payout for 35th percentile performance and full payout at 100% for 55th percentile performance. Performance between the 35th and 55th percentile performance will result in an interpolated payout percentage between 50% and 100%.

A discussion of the 2015 LTIP and the awards granted to each Named Executive Officer appears below under “2015 Executive Compensation Components - Long-Term Compensation.”

Clawbacks. Each of our incentive plans, including the 2015 MIC and 2015 LTIP, included incentive clawback provisions. As explained more fully below under “Incentive Clawback Policies”, these provisions require participants to refund all or a portion of an award if the award was paid based on financial statements that are subsequently restated.

Named Executive Officers

Our Named Executive Officers for 2015 were:

- Harold C. Bevis, President, Chief Executive Officer and Director
- Clifford E. Pietrafitta, Executive Vice President and Chief Financial Officer
- David Pretty, President-Xerium North America and Europe
- Wern-Lirn "Paul" Wang, President-Xerium Asia
- Kevin McDougall, Executive Vice President, General Counsel and Secretary

Kevin McDougall served as our Executive Vice President, General Counsel and Secretary in 2015. However, he left the Company on April 1, 2016.

Compensation Philosophy and Objectives

We believe in aligning executive compensation with performance, and the Compensation Committee has designed our compensation programs with the following objectives in mind:

- reward executives for achievement of long-term goals with the objective of improving stockholder value;

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- motivate executives to excel with specific annual performance goals; and

- enhance our ability to retain and, as necessary, attract superior employees to key positions.

This philosophy has generally led to a significant portion of each executive's compensation being “at risk” annually and over multi-year performance periods. With respect to 2015, the Compensation Committee designed executive compensation packages for executives, including the Named Executive Officers, which included both cash and stock-based compensation. While we had no specific policy or rigid formula regarding the proportion of total compensation that constitutes cash compensation or stock-based compensation, the Compensation Committee balanced these compensation elements to meet our stated compensation objectives. In determining the appropriate balance of cash and stock-based compensation, the Compensation Committee considered, among other things, the total amount of our equity that the executive officer held, the motivational value of various components of compensation to the executive officer, the compensation practices of other similarly situated companies, the cost to us of each compensation element, and the overall balance and reasonableness of the executive officer's total compensation package. The Compensation Committee also assessed the potential share dilution resulting from “at plan” award levels of equity compensation. Finally, in setting compensation levels, the Compensation Committee aims to set fixed compensation, such as base salary, and variable incentive compensation close to the 50th percentile level of comparable companies for similar executive positions.

The primary components of our executive compensation include:

Component	Purpose	Characteristics
Base Salary	To attract and retain talented executives and to reward their scope of responsibilities, experience and industry knowledge.	Fixed cash compensation. Generally and over time, targeted at the 50th percentile for similar executive positions at comparable companies.
Short-Term Incentive Compensation	To motivate and reward executives to achieve or exceed annual goals, generally a corporate financial performance metric. In 2015, we used Adjusted EBITDA and Trade Working Capital as performance metrics. 75% of the Short-Term Incentive Compensation award was determined by Adjusted EBITDA and 25% of the award was determined by Trade Working Capital.	Annual performance-based compensation comprised of cash. Amount earned will vary depending on actual results achieved relative to targeted performance goals, which may be adjusted at our discretion to account for individual performance and contributions.
Long-Term Compensation	To align economic interests of executives with the interests of long-term stockholders and to encourage executive retention.	Consists of a mix of time-based and performance-based equity awards. Compensation realized depends on continued service with the company and company performance and company stock price over three-year periods.

Other (including benefits)	To attract and retain executives.	Employee benefits such as life insurance, retirement benefits, car allowances, country club dues and relocation expenses.

2015 “At Risk”Compensation. Approximately 75.6% of our Chief Executive Officer’s 2015 total targeted direct compensation (consisting of base salary, short-term and long-term incentive awards) and approximately 50.1% of the average 2015 targeted total direct compensation for our other Named Executive Officer who served as an executive officer throughout 2015 was “at risk”, meaning that the receipt of such compensation was not guaranteed, but was contingent upon future events when granted.

For purposes of this graph, average NEO total targeted direct compensation includes the following elements of compensation of our Named Executive Officers: salary, targeted long-term incentive compensation and targeted short-term incentive compensation.

Compensation Determination Process

The Compensation Committee operates under a written charter adopted by the Board and discharges the responsibilities of the Board relating to the compensation of our executive officers. In discharging its responsibilities, the Compensation Committee reviews and approves the goals and objectives of our executive compensation programs, evaluates performance against those goals and objectives, and approves the compensation of our executive officers.

Role of Say-on-Pay Vote. At our 2014 Annual Meeting of Stockholders, we held a stockholder advisory vote to approve our 2013 executive compensation program, and 76.4% of the shares represented at the meeting voted to approve the program. Because our 2015 programs had a similar mix of compensation elements to that of 2013, the Compensation Committee felt that their structures were appropriate and should not be reconsidered. Due to the support received and the similarities from year-to-year in our executive compensation structures, the 2014 advisory vote has had no measurable impact on our deliberations approving our 2014 or 2015 executive compensation programs.

Role of Executive Officers in Compensation Decisions. The Chief Executive Officer makes recommendations to the Compensation Committee regarding compensation, including salary adjustments, structure of annual awards, annual award amounts, and specified performance thresholds at which incentives would be earned for both himself and the other executive officers. The Chief Executive Officer discusses with the Compensation Committee our performance and the individual performance of himself and the other executive officers at least annually. While the Compensation Committee considers the recommendations of the Chief Executive Officer, the Compensation Committee ultimately decides salary adjustments, the structure of annual and long-term awards, and annual and long-term award amounts for all executive officers.

Compensation Consultant. The Compensation Committee has engaged Willis Towers Watson, an independent executive compensation consultant, to analyze our executive compensation structure and plan designs, and to assess whether the compensation programs are competitive and support the Committee’s goal to align shareholders’ interests with those of the Named Executive Officers. Willis Towers Watson also directly provides the Compensation Committee with market data, which the Compensation Committee references when determining compensation for named executive officers.

Benchmarking and Comparative Analysis. To assist in evaluating and setting compensation in 2015, Willis Towers Watson conducted an annual review of our cash and equity compensation programs for the Chief Executive Officer and other executive officers. Willis Towers Watson provided the Compensation Committee with relevant market data to consider in the context of analyzing the compensation of the executive officers.

Willis Towers Watson provided to the Compensation Committee comparative compensation data for our top executive positions at the 25th, 50th, and 75th percentile levels based on a general industry published survey analysis. The Compensation Committee used this general industry survey as its primary reference in making 2015 compensation decisions. The Compensation Committee was not aware of the constituent companies in the Willis Towers Watson survey. The compensation components considered in the benchmarking analysis were base salary, target bonus as a percentage of base salary, target total cash compensation, grant value of long-term incentives, and target total direct compensation.

In addition to the general industry survey data, Willis Towers Watson also conducted a benchmarking analysis with respect to our Named Executive Officers based on a peer-group study of the publicly disclosed cash and equity compensation practices of 21 publicly held companies in the manufacturing industry. The companies included in the study were the following:

Actuant Corporation	Kadant Inc.
Albany International Corp.	LS Starrett Co.
Altra Industrial Motion Corp.	Lydall Inc.
Ampco-Pittsburgh Corp.	Neenah Paper, Inc.
Barnes Group Inc.	NN Inc.
Blount International Inc.	RBC Bearings Inc.
CIRCOR International, Inc.	Simpson Manufacturing Co., Inc.
CLARCOR Inc.	Standex International Corp.
Columbus McKinnon Corporation	Tennant Company
EnPro Industries, Inc.	Wausau Paper Corp.
Hardinge Inc.	

These companies were chosen based on certain business characteristics similar to ours, including: annual revenues, employee headcount, geographic scope of business, and type of business.

The Compensation Committee has also historically taken into account input from other sources, including input from other independent members of the Board, publicly available data relating to the compensation practices and policies of other companies within and outside of our industry, and targeted publications of independent associations of corporate directors.

Representatives of Willis Towers Watson have periodically attended meetings of the Compensation Committee. In utilizing Willis Towers Watson, no conflicts of interest were raised between them and the Company and Willis

Towers Watson did not provide any additional consulting or other services to the Company in an amount exceeding $120,000. The Compensation Committee has in the past and may in the future retain the services of third-party executive compensation specialists, as the Committee sees fit, in connection with the establishment of cash and equity compensation and related policies. Additionally, in accordance with its charter, the Compensation Committee formally assessed the independence of Willis Towers Watson in 2015 using the criteria promulgated by the New York Stock Exchange and determined the consultant to be independent.

2015 Executive Compensation Components

For 2015, the principal components of compensation for our Named Executive Officers were base salary, short-term incentive compensation, and long-term equity based awards. Executive officers also received 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 a particular executive officer.

In general, for 2015 we did not have a 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 and Willis Towers Watson, determined what it believed to be the appropriate level and mix of the various compensation components. While the particular compensation objectives that each element of executive compensation served are set forth below, the Compensation Committee believed that each element of compensation, to a greater or lesser extent, served each of the objectives of our executive compensation program. Our goal was to provide our executive officers with compensation opportunities that were based upon our performance and their contribution to our performance.

Base Salary. The Compensation Committee annually reviews and approves the base salary of the Chief Executive Officer and our other executive officers.

In making salary determinations, the Compensation Committee considers various factors such as our performance, the executive's performance, employment contracts (as applicable), his responsibilities and leadership, years of experience, competitive salaries within the marketplace, and the executive's total compensation package. Based on these factors, the Compensation Committee determined that there would be no base salary merit increases for our other named executive officers in 2015.

In maintaining these salary levels, the Compensation Committee also felt the decision supported our compensation philosophy by allowing us to be competitive in attracting and retaining the talent we feel will help achieve our long-term goals as well as the Committee's goal to set executive officer salaries close to the median (50th percentile) of comparable companies for similar executive positions.

Short-Term Incentive Compensation. The Compensation Committee believes that a substantial portion of the potential annual compensation of each executive officer should be in the form of annual performance-based incentives. Awards are based on achievement of performance goals established in the beginning of the year and are targeted for each participant as a percentage of base salary with targets ranging from 50% to 100% for the Named Executive Officers. These target ranges have been set based on the market data previously discussed and based on the executives expected contribution to performance. In 2015, potential payments ranged from 0-150% of the target award depending on whether results fell short of a threshold performance level or exceeded the targeted performance goal and, for 2015 individual awards could be further adjusted up or down based on individual contributions, provided that individual adjustments netted to zero so the total pool of awards did not exceed 150% of the target pool. This range of potential award payments underscores the Committee’s belief that no payments should be earned if performance fails to meet minimum expectations and that the top of the range should reward exceptional performance.

Our short-term incentive compensation awards support our compensation philosophy by motivating our executives to achieve performance goals that contribute to the Company’s short-term and long-term objectives and acts as a financial incentive to attract and retain executive talent.

2015 Management Incentive Compensation Program. In March 2015, we adopted the 2015 MIC, which is our primary short-term incentive program. Each award under the 2015 MIC was entirely performance-based and vested only if (i) the participant remained continuously employed with us through December 31, 2015 and (ii) the performance criteria, detailed below, were met. The Compensation Committee selected each of our executive officers, as well as certain other key employees, as participants in the 2015 MIC after consultation with the Chief Executive Officer. Under the 2015 MIC, each participant was assigned a specific target award equal to a percentage of his or her then-current base cash compensation (pro-rated for any partial year of service during 2015) and the specified target award percentages for the Named Executive Officers were as follows:

Name	Specified Target Award as Percentage of Salary

Harold C. Bevis	1	100%
Clifford E. Pietrafitta	0.5	50%
David Pretty	0.5	50%
Kevin McDougall	0.5	50%
Wern-Lirn "Paul" Wang	0.5	50%

We paid awards earned under the 2015 MIC in cash. We determined payouts under the 2015 MIC based on our performance against an Adjusted EBITDA metric (as defined in our credit facility) and a Trade Working Capital metric, each on a sliding scale adjusted at the end of the year to reflect currency fluctuations relative to the U.S. Dollar in all markets. The 2015 MIC is weighted towards the Adjusted EBITDA metric, which determines 75% of the 2015 MIC award. The remaining 25% of the 2015 MIC award is based on the Trade Working Capital metric.

The Compensation Committee set the target Adjusted EBITDA metric at $122 million. As shown below, the sliding scale provided for payouts ranging from 0% of the potential target award under the target metric if Adjusted EBITDA was achieved at or less than a minimum threshold level, which was $116 million for 2015. The payouts increased on a straight line basis for achievement of Adjusted EBITDA above the minimum threshold level, up to the target threshold and then would increase on different straight line basis for achievement of Adjusted EBITDA up to 150% of the potential target award if we achieved Adjusted EBITDA at a maximum level, which was $128 million for 2015. Additionally, the Committee could adjust individual awards up or down by 20% based on an individual’s particular contributions during the year. Individual adjustments, however, could only be made on a zero-sum basis so that the total award pool would not exceed 150% of the target pool.

The Compensation Committee set the target Trade Working Capital metric at 26.2% of sales. As shown below, the sliding scale provided for payouts ranging from 0% of the potential target award under the target metric if Trade Working Capital was achieved at or less than a minimum threshold level, which was 27.2% for 2015. The payouts increased on a straight line basis for achievement of Trade Working Capital above the minimum threshold level, up to the target threshold and then would increase on different straight line basis for achievement of Trade Working Capital up to 150% of the potential target award if we achieved Trade Working Capital at a maximum level, which was 25.2% for 2015. Additionally, the Committee could adjust individual awards up or down by 20% based on an individual’s particular contributions during the year. Individual adjustments, however, could only be made on a zero-sum basis so that the total award pool would not exceed 150% of the target pool.

The Compensation Committee accepted the Chief Executive Officer's recommendations on each individual participants' awards under the 2015 MIC, with the exception of the award to the Chief Executive Officer, which the Compensation Committee determined on an independent basis.

In setting the Adjusted EBITDA and Trade Working Capital performance targets, our Compensation Committee believed the targets were reasonable proxies for our likely performance for 2015, based on our internal business segment and geographic region forecasts available at the time the 2015 MIC was adopted. The Compensation Committee also believed that the Adjusted EBITDA target and Trade Working Capital target were reasonably attainable, but not assured, as achievement would require, among other things, high levels of operational performance and effective responses to short-term market changes and challenges. In 2015, after adjusting actual results by the currency exchange rates in effect and other permitted adjustments when the targets were established, we achieved Adjusted EBITDA of $103.7 million, which was below the minimum threshold of $116 million, and we achieved a Trade Working Capital of 25.3%, which is better than the target level of 26.2% and only slightly higher than the maximum level of 25.2%. After assessing individual performances, the Compensation Committee and the Chief Executive Officer determined not to adjust individual awards up or down.

The performance goals for the 2015 MIC were as follows:

The performance goals for the Trade Working Capital metric under the 2015 MIC, which determined 25% of the 2015 MIC award, were as follows:

2015 MIC awards earned were as follows:

Named Executive Officer	2015 MIC Target	2015 MIC Payout
Harold C. Bevis	$665,000	$241,063
Clifford E. Pietrafitta	$177,500	$64,344
David J. Pretty	$202,500	$73,406
Kevin McDougall	$165,000	$59,813
Wern-Lirn "Paul" Wang	$150,000	$54,375

Long-Term Compensation. As part of our executive compensation philosophy, we seek to create long-term performance incentives for our executive officers by aligning their economic interests with the interests of stockholders through time- and performance-based awards that vest over a three-year period provided the executive remains with the company and the pre-established performance thresholds are met. Consistent with the terms of our employment agreement with Mr. Bevis, the Compensation Committee awarded Mr. Bevis annual long-term compensation awards equal to the greater of 200% of his then-current base salary or $1,400,000. For the other Named Executive Officers, the Compensation Committee chooses the size and mix of time- and performance-based awards based on the executive's role and positioning relative to the competitive market, as discussed above.

Besides aligning our executives' financial interests with the interests of stockholders, our long-term equity awards support our stock ownership guidelines (discussed below) and provide an incentive for our executives to remain with Xerium over the performance periods.

2015 - 2017 Executive Long-Term Incentive Plan. In 2015, the Compensation Committee adopted the 2015 LTIP applicable to a 2015 - 2017 performance period, which is our primary long-term compensation program. Awards granted in 2015 under the 2015 LTIP were made under the 2010 Equity Incentive Plan (the "2010 Plan"). For the 2015 LTIP, our President and Chief Executive Officer made recommendations to the Compensation Committee regarding the participants to be selected and the award terms.

2015 LTIP awards consists of time-based and performance-based components. The Compensation Committee set a specific total target award, expressed as a dollar amount, for each participant in the 2015 LTIP. Based on this target award amount, the number of time- and performance-based restricted stock units ("RSUs") to be awarded to each Named Executive Officer was determined by dividing the value of the target award by the stock price on the grant date. For the 2015 LTIP, the resulting number of RSUs were split among time-based andperformance-based RSUs at 35%, and 65% of the total award, respectively. The performance-based RSUs were split equally under awards subject to an Adjusted EBITDA metric and awards subject to a market price metric.% Awards for the three-year performance period (2015-2017) are intended to qualify for the performance-based compensation exception under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code")

The time-based RSUs will vest in one installment on March 2, 2018, and will be converted into shares of common stock when they vest. The time-based RSUs typically will only vest if the participant continues to be employed by us on the vesting date, but are subject to earlier vesting in certain circumstances. In particular, in the event the participant's employment terminates as a result of a "Change of Control" (as defined in the applicable RSU agreement), the entire unvested portion of the award shall become vested on the termination date. If the participant ceases to be employed by us prior to a vesting date as a result of resignation, dismissal or any other reason, then the unvested portion of the award will be forfeited automatically. In the event of termination of the participant's employment by us without "Cause" or termination for "Good Reason" (each as defined in the applicable RSU agreement), a pro rata percentage of the unvested portion of the award will become vested on the date of termination.

The performance-based RSUs typically will vest only if (i) the participant remains continuously employed with us through March 2, 2018, subject to the earlier vesting conditions described above and (ii) certain performance criteria, described below, are met. Vested RSUs will be converted into shares of our common stock ("Performance Shares") after the close of the three-year performance period. The number of performance shares paid out will be determined by our performance against a stock price performance metric for the three-year performance period, as set by the Compensation Committee.

The targeted Adjusted EBITDA performance portion of the award measures our performance against a three-year cumulative Adjusted EBITDA metric, adjusted for currency fluctuations during the term of the 2015 - 2017 Executive LTIP. These awards will convert into shares of our common stock and be paid after the close of a three-year performance period of January 1, 2015 through December 31, 2017. The amount of the payment will range from 0% to 100% of the employee's total

Adjusted EBITDA performance shares. Upon attainment of cumulative Adjusted EBITDA equal to 80% or less of the target, none of the Adjusted EBITDA performance shares will vest. Upon attainment of more than 80% of the target, the adjusted EBITDA performance shares will begin vesting on a straight-line basis from 0% at 80% of the target to 100% at 100% of the target, up to a maximum payout of 100% of the Adjusted EBITDA performance shares.

Market-based awards will vest only if (i) the participant remains continuously employed with us through March 2, 2018, subject to the earlier vesting conditions described above and (ii) certain stock price-based criteria, described below, are met. The number of shares paid out from market-based awards will be determined based on the performance of our stock price against the performance of listed companies on the S&P Global Small Cap Index, on March 2, 2018. These awards will convert into shares of the Company's common stock and be paid after the close of the three-year performance period of March 2, 2015 through March 2, 2018. The shares that may vest will be up to 100%, with a lower threshold of a 50% payout for 35th percentile performance and full payout at 100% for 55th percentile performance. Performance between the 35th and 55th percentile performance will result in an interpolated payout percentage between 50% and 100%.

As compared to our previous long-term incentive plans, the Compensation Committee chose to diversify the performance criteria. Rather than using Adjusted EBITDA as the sole performance measure, as was the case in the 2012 long-term incentive plan, and using stock price performance, as was the case in the 2013 long-term incentive plan, the Compensation Committee determined that awards under the 2015 LTIP should be based both on the our Adjusted EBITDA performance and our stock price against the performance of listed companies on the S&P Global Small Cap Index. We believe that the three different components of our 2015 LTIP promotes three of the most important elements of our compensation philosophy - employee loyalty and retention, financial growth, and shareholder value.

The following table sets forth the number of time-based restricted stock units, performance-based stock units and market-based stock units awarded to our Named Executive Officers in 2015.

Name	Time-Based RSUs(1)	Performance-Based RSUs(2)	Market-Based RSUs (3)
Harold C. Bevis(4)	30,683	28,491	28,490
Clifford E. Pietrafitta	4,931	4,579	4,579
David J. Pretty	6,027	5,596	5,596
Kevin McDougall	1,096	1,018	1,107
Wern-Lirn "Paul" Wang	3,288	3,053	3,052

(1) Time-based awards under the 2015 LTIP represent restricted stock units that vest in one installment on March 2, 2018.
(2) Performance-based awards under the 2015 LTIP represent stock units that vest if the participant remains continuously employed through December 31, 2017 and if certain performance criteria are met. As described above, depending on the level of performance achieved, the participant may receive Performance Shares up to 100% of the number of stock units listed in this column after the conclusion of the three-year performance period.
(3) Market-based awards under the 2015 LTIP represent stock units that vest if the participant remains continuously employed through March 2, 2018 and if certain stock price criteria are met. As described above, depending on the level of stock price achieved, the participant may receive shares underlying market-based RSUs in an amount up 100% of the number of stock units listed in this column after the conclusion of the three-year performance period.
(4) Mr. Bevis is eligible to receive awards under all long term incentive plans at a value at the time of grant equal to the greater of 200% of his then-current salary or $1,400,000.

Incentive Clawback Policies. Our MICs and LTIPs provide that if a participant receives an award under the applicable plan based on financial statements that are subsequently restated in a way that would decrease the amount of the award to which the participant was entitled, the participant will refund to us the difference between what the participant received and what the participant should have received. Participants will not be required to refund compensation paid more than three years prior to the applicable restatement.

401(k) Plans. Our Named Executive Officers resident in the United States participate in a tax-qualified defined contribution plan for non-union employees with a cash or deferred arrangement intended to qualify under Section 401(k) of the Code. The Named Executive Officers became eligible to participate in the plan after completing two months of employment with us. Each participant in the plan may elect to defer, in the form of contributions to the plan, up to the statutorily prescribed annual limit of compensation that would otherwise be paid to the participant in the applicable year. In 2015, under the plan in which our Named Executive Officers participate, we made a matching contribution of 100% of the first three percent of such participant's compensation and 50% of the next two percent of such participants compensation.

Retirement Benefits. We maintain a pension plan for U.S. salaried employees, including certain of our executive officers (the “non-union U.S. pension plan”). The non-union 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.” On September 24, 2008, we announced that we were freezing pension benefit accruals under the non-union U.S. pension plan effective December 31, 2008, so that future service beyond December 31, 2008 would no longer be credited under the non-union U.S. pension plan. Employees who were vested as of December 31, 2008 were entitled to their benefit earned as of December 31, 2008. Mr. Pretty was vested as of December 31, 2008. No other Named Executive Officers were participants.

Perquisites and Other Personal Benefits. We provide the Named Executive Officers with perquisites and other personal benefits that the Compensation Committee believes are reasonable and consistent with our overall compensation program to better enable us 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, housing and relocation expenses and annual physical exams. Attributed costs of the personal benefits described above for the Named Executive Officers for the fiscal year ended December 31, 2015, are included in the next to last column of the Summary Compensation Table below.

Employment Agreements. We have 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 in 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, would enhance our value by keeping our management team intact and focused on the best interests of the stockholders, rather than their own job security.

Management Stock Ownership Guidelines

Effective January 1, 2015, the Compensation Committee established stock ownership guidelines for executive officers to encourage them to have a long-term equity stake in Xerium Technologies and align their interests with shareholders. The guidelines provide that each officer should hold a multiple of the officer's annual salary, net of taxes, in shares (both held and issued), as follows:

Position	Ownership Requirement (multiple of net value)
Chief Executive Officer	5x
All other officers	1.5x

For purposes of the stock ownership guidelines, an "officer" means any member of our management that is eligible for awards under our LTIP.

Each officer has five years to achieve the minimum ownership requirement. Ownership is measured at the end of each fiscal year. In computing the ownership amount, shares and share equivalents are valued at the greater of (i) Company’s closing stock price on the last trading day of the fiscal year or (ii) $14.00 per share or share equivalent.

In addition to shares held outright, the number of vested and non-vested RSUs (net of taxes) counts towards the ownership requirement. In addition, 33% of shares underlying stock options or warrants counts towards the ownership requirement.

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 or for other reasons. For example, the Compensation

Committee approved the 2012 LTIP and 2011 LTIP, which do not qualify for the Section 162(m) exemption, however the performance-based portion of the 2015 LTIP is intended to qualify for the Section 162(m) exemption. In determining whether to structure 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 stockholder value. For a discussion of the 2015 MIC and 2015 LTIP, see the section "Short-Term Incentive Compensation" and “Long-Term Compensation” earlier in this Compensation Discussion & Analysis.

Accounting for Stock-Based Compensation. We account for stock-based awards, including our restricted stock unit awards, in accordance with the requirements of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Options (formerly Statement of Financial Accounting Standards No. 123(R), “Share-Based Payment (Revised 2004)”).

Narrative Disclosure of Our Compensation Policies and Practices As They Relate to Our Risk Management

During 2015, we conducted a risk assessment of our compensation policies and practices to ensure that they do not foster risk taking above the level of risk associated with our business model. We believe that risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on us. For additional information with respect to our risk management process, please see the section “Board Oversight and Risk Management” above.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Annual Report on Form 10-K/A 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 Annual Report on Form 10-K/A for filing with the SEC.

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

Mr. Jay J. Gurandiano, Chair
Mr. Alexander Toeldte
Mr. Roger A. Bailey
Mr. James F. Wilson

Summary Compensation Table

The following table sets forth information with respect to the compensation for our Named Executive Officers—our Chief Executive Officer, our Chief Financial Officer, and each of our three other most highly compensated executive officers (based on 2015 compensation) who were serving as executive officers at the end of 2015.

Please see the section “Compensation Philosophy and Objectives” in Compensation Discussion & Analysis for additional information with respect to the proportionate elements of total compensation.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards[1] ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation [2] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[3] ($)	All Other Compensation ($)	Total ($)
Harold C. Bevis	2015	$665,000	$—	$1,400,000	$ —	$ 241,063		$ 38,344 [4]	$2,344,407
President, Chief	2014	$665,000	$—	$1,400,000	$ —	$ 556,671	$ —	$ 40,412	$2,662,083
Executive Officer and Director	2013	$665,000	$—	$1,400,000	$ —	$ 965,713	$ —	$ 83,333	$3,114,046
Clifford E. Pietrafitta	2015	$355,000	$—	$225,000	$ —	$ 64,344	$ —	$ 25,238 [5]	$669,582
Executive Vice President and	2014	$355,000	$—	$75,000	$ —	$ 148,585	$ —	$ 28,039	$606,624
Chief Financial Officer	2013	$340,000	$—	$75,000	$ —	$ 246,874	$ —	$ 29,681	$691,555
David Pretty	2015	$405,000	$225,000[6]	$275,000	$ —	$ 73,406	$ — [7]	$ 25,238 [8]	$1,003,644
President – Xerium North	2014	$405,000	$—	$100,000	$ —	$ 169,512	$ 52,531	$ 26,507	$753,550
America and Europe	2013	$405,000	$—	$75,000	$ —	$ 294,071	$ —	$ 29,307	$803,378
Paul Wang	2015	$300,000	$—	$150,000	$ —	$ 54,375	$ —	$ 249,033 [9]	$753,408
President - Xerium Asia	2014	$300,000	$—	$150,000	$ —	$ 96,647	$ —	$ 148,683	$695,330
Kevin McDougall Executive Vice President, General Counsel and Secretary	2015	$330,000	$—	$50,000		$ 59,813		$ 21,945 [10]	$461,758

(1) The amounts in this column reflect the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 718, "Compensation – Stock Compensation" ("ASC Topic 718") of the stock awards granted to our Named Executive Officers during 2013, 2014, and 2015, excluding the impact of estimated forfeitures related to service-based vesting conditions. Assumptions used in the calculation of these amounts are included in Note 10 to our audited financial statements for the fiscal

year ended December 31, 2015. 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 our common stock at the time of vesting of restricted stock unit awards, whether we achieve certain performance goals and whether such awards actually vest. For the performance-based portion of awards under the 2013 LTIP, the 2014 LTIP, or the 2015 LTIP, the amount reported is the grant date fair value based upon the probable outcome of such conditions at the time of grant in 2013, 2014, and 2015 respectively. For awards granted under the 2015 LTIP, 35% of the awards were granted in the form of time-based restricted stock units and 65% were granted in the form of performance-based restricted stock units.

(2) Represents the cash award earned by each executive pursuant to the terms of our Management Incentive Compensation Plan. In 2015, each Named Executive Officer received awards equal to 36.25% of their targeted awards.

(3) The amounts in this column represent changes in pension value from the prior year. None of our Named Executive Officers received any preferential earnings on nonqualified deferred compensation in 2015.

(4) Includes $21,304 in respect of employer contributions to Mr. Bevis' 401(k) account and $1,260 in respect of premiums for group term life insurance policies for the benefit of Mr. Bevis. In addition, reflects perquisites and other personal benefits in the aggregate amount of $15,780, which includes (i) $9,602 associated with an automobile allowance; and (ii) $6,178 associated with country club dues.

(5) Includes $10,600 in respect of employer contributions to Mr. Pietrafitta's 401(k) account and $1,260 in respect of premiums for group term life insurance policies for the benefit of Mr. Pietrafitta. In addition, reflects perquisites and other personal benefits in the aggregate amount of $13,378, which includes (i) $7,200 associated with an automobile allowance; and (ii) $6,178 associated with country club dues.

(6) Consists of a retention bonus in the amount of $225,000 paid to Mr. Pretty, which was met upon Mr. Pretty's continued employment on August 15, 2015.

(7) The value of the pension plan for Mr. Pretty decreased by $10,337 during the year ended December 31, 2015.

(8) Includes $10,600 in respect of employer contributions to Mr. Pretty's 401(k) account and $1,260 in respect of premiums for group term life insurance policies for the benefit of Mr. Pretty. In addition, reflects perquisites and other personal benefits in the aggregate amount of $13,378, which includes (i) $7,200 associated with an automobile allowance; and (ii) $6,178 associated with country club dues.

(9) Includes $110,000 of a housing allowance for Mr. Wang, $67,385 representing an education allowance for Mr. Wang's children and $71,648 associated with an automobile allowance and related taxes and surcharges in connection with use of an automobile in China.

(10) Includes $8,063 in respect of employer contributions to Mr. McDougall's 401(k) account and $504 in respect of premiums for group term life insurance policies for the benefit of Mr. McDougall. In addition, reflects perquisites and other personal benefits in the aggregate amount of $13,778, which includes (i) $7,200 associated with an automobile allowance; and (ii) $6,178 associated with country club dues.

Grant of Plan-Based Awards

The following table sets forth information with respect to plan-based awards granted to Named Executive Officers in 2015.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards[3]
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Harold C. Bevis	3/8/16		$665,000	$997,500							
	3/2/15					56,981[4]					$909,992
	3/2/15							30,683[5]			$490,008
Clifford E. Pietrafitta	3/8/16		$177,500								