SUPERPRIORITY PRIMING SENIOR SECURED DEBTOR-IN-POSSESSION CREDIT AND GUARANTY AGREEMENT

dated as of March [ ], 2010

among

XERIUM TECHNOLOGIES, INC., as Debtor and Debtor-in-Possession, as Borrower,

CERTAIN SUBSIDIARIES OF THE BORROWER, as Debtors and Debtors-in-Possession, as Guarantors,

VARIOUS BANKS,

CITIGROUP GLOBAL MARKETS INC., as Sole Lead Arranger and Sole Bookrunner,

CITICORP NORTH AMERICA, INC., as Collateral Agent,

and

CITICORP NORTH AMERICA, INC., as Administrative Agent

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This **SUPERPRIORITY PRIMING SENIOR SECURED DEBTOR-IN-POSSESSION CREDIT AND GUARANTY AGREEMENT**, dated as of March [ ], 2010, is entered into by and among **XERIUM TECHNOLOGIES, INC.**, a Delaware corporation (the "**Borrower**"), **CERTAIN SUBSIDIARIES OF THE BORROWER**, as Guarantors, the Banks party hereto from time to time, **CITIGROUP GLOBAL MARKETS INC.**, as Sole Lead Arranger and Sole Bookrunner (in such capacity, the "**Lead Arranger**"), **CITICORP NORTH AMERICA, INC.**, as Administrative Agent (together with its permitted successors, in such capacity, the "**Administrative Agent**") and **CITICORP NORTH AMERICA, INC.**, as Collateral Agent (together with its permitted successors, in such capacity, the "**Collateral Agent**").

RECITALS:

WHEREAS, capitalized terms used in these Recitals and not otherwise defined herein shall have the respective meanings set forth for such terms in Section 1.1 hereof;

WHEREAS, on March [ ], 2010 (the "**Petition Date**"), the Borrower and the Guarantors filed voluntary petitions for relief in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"), and commenced proceedings (the "**Cases**") under chapter 11 of the Bankruptcy Code and have continued in the possession of their assets and the management of their businesses pursuant to sections 1107 and 1108 of the Bankruptcy Code; and

WHEREAS, the Borrower has requested that the Banks extend, and the Banks have agreed to extend, a term loan and revolving credit facility to the Borrower in an aggregate amount not to exceed $80,000,000, on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions**. The following terms used herein, including in the preamble, recitals, exhibits and schedules hereto, shall have the following meanings:

"**ABR Loan**" means a Loan or any portion thereof bearing interest by reference to the Alternate Base Rate.

"**Additional Permitted Liens**" means (i) non-avoidable, valid, enforceable and perfected Permitted Liens (as defined in the Prepetition Credit Agreement) in existence on the Petition Date, (ii) non-avoidable, valid, enforceable and perfected liens that are capitalized leases listed on Schedule 6.1(i), purchase money security interests listed on Schedule 6.1(i) or mechanics' or other statutory liens in existence on the Petition Date, and (iii) non-avoidable, valid, enforceable

liens that are capitalized leases listed on Schedule 6.1(i), purchase money security interests listed on Schedule 6.1(i) or mechanics' or other statutory liens in existence on the Petition Date that are perfected subsequent to the Petition Date as permitted by section 546(b) of the Bankruptcy Code and (iv) mechanics', warehousemen's or other statutory liens arising after the Petition Date in the Ordinary Course.

"**Administrative Agent**" as defined in the preamble hereto.

"**Adverse Proceeding**" means any action, suit, proceeding (whether administrative, judicial or otherwise), governmental investigation or arbitration (whether or not purportedly on behalf of the Borrower or any of its Subsidiaries) at law or in equity, or before or by any Governmental Authority, domestic or foreign (including any Environmental Claims), whether pending or, to the knowledge of the Borrower or any of its Subsidiaries, threatened against or affecting the Borrower or any of its Subsidiaries or any property of the Borrower or any of its Subsidiaries.

"**Affected Bank**" as defined in Section 2.15(b).

"**Affected Loans**" as defined in Section 2.15(b).

"**Affiliate**" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power (i) to vote 10% or more of the Securities having ordinary voting power for the election of directors of such Person or (ii) to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise.

"**Agent**" means each of the Administrative Agent, the Collateral Agent and the Lead Arranger.

"**Agent Parties**" as defined in Section 5.1(o)(iii).

"**Aggregate Amounts Due**" as defined in Section 2.14.

"**Aggregate Payments**" as defined in Section 7.2.

"**Agreement**" means this Superpriority Priming Senior Secured Debtor-in-Possession Credit and Guaranty Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

"**Allowed Professional Fees**" as defined in Section 2.22(c).

"**Alternate Base Rate**" means, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the greater of (i) LIBOR for a one month Interest Period beginning on such day (or if such day is not a

Business Day, the immediately preceding Business Day), plus 1% and (ii) 3.00%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or LIBOR shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or LIBOR, respectively. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist.

"**Alternative Currency**" means Euros, Canadian dollars, Australian dollars and Swedish krona.

"**Apax Partners**" means Apax Europe IV GP, L.P., a Delaware limited partnership, and its Affiliates.

"**Applicable Margin**" means (i) with respect to LIBOR Loans, 4.50% and (ii) with respect to ABR Loans, 3.50%.

"**Applicable Revolving Commitment Fee Percentage**'' means 1.00%.

"**Asset Sale**" means a sale, lease or sublease (as lessor or sub-lessor), sale and leaseback, assignment, conveyance, transfer or other disposition to, or any exchange of property with, any Person (other than the Borrower or any of its Subsidiaries), in one transaction or a series of transactions, of all or any part of the Borrower's or any of its Subsidiaries' businesses, assets or properties of any kind, whether real, personal, or mixed and whether tangible or intangible, whether now owned or hereafter acquired, including, without limitation, the Capital Stock of any of the Borrower's Subsidiaries, other than (i) inventory (or other assets) sold or leased in the Ordinary Course (excluding any such sales by operations or divisions discontinued or to be discontinued), (ii) substantially worn, damaged or obsolete property disposed of in the Ordinary Course, (iii) returns of inventory in the Ordinary Course, (iv) the use of cash and Cash Equivalents in a manner not inconsistent with the provisions of this Agreement and the other Credit Documents, (v) leases of real property in the Ordinary Course and (vi) licenses or sublicenses of patents, trademarks, copyrights and other intellectual property in the Ordinary Course.

"**Assignment Agreement**" means an Assignment and Assumption Agreement substantially in the form of Exhibit A, with such amendments or modifications as may be approved by the Administrative Agent.

"**Authorized Officer**" means, as applied to any Person, any individual holding the position of chairman of the board (if an officer), chief executive officer, president or one of its vice presidents (or the equivalent thereof), and such Person's chief financial officer or treasurer.

"**Availability**" means, as of any time, the difference between (i) the Revolving Commitments at such time and (ii) the aggregate principal amount of outstanding Revolving Loans at such time.

"**Bank**" means each financial institution listed on the signature pages hereto as a Bank, and any other Person that becomes a Bank party hereto pursuant to an Assignment Agreement.

"**Bank Insolvency Event**" means that (i) a Bank or its Parent Company is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (ii) such Bank or its Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor, or sequestrator or the like has been appointed for such Bank or its Parent Company, or such Bank or its Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment.

"**Bankruptcy Code**" means Title 11 of the United States Code, as amended, and applicable to the Cases.

"**Bankruptcy Court**" as defined in the preamble hereto.

"**Beneficiary**" means each Agent, the Issuing Bank and each Bank.

"**Borrower**" as defined in the preamble hereto.

"**Business Day**" means (i) with respect to all matters except those addressed in clause (ii), any day, excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in such state or jurisdiction are authorized or required by law or other governmental action to close and (ii) with respect to all notices, determinations, fundings and payments in connection with LIBOR Loans, means any such day that is a Business Day described in clause (i) and that is also a day on which banks in the City of London are generally open for interbank or foreign exchange.

"**Business Plan**" as defined in Section 3.1(p).

"**Capital Expenditures**" means, with respect to any Person, all expenditures that, in accordance with GAAP, are or should be included in "purchase of property and equipment" or similar items reflected in the cash flows of such Person.

"**Capitalized Lease Obligation**" means, as applied to any Person, any obligation incurred or arising out of in connection with a Capital Lease.

"**Capital Lease**" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

"**Capital Stock**" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation), including, without limitation, partnership interests, membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing.

"**Carve-Out**" as defined in Section 2.22(c).

"**Carve-Out Cap**" as defined in Section 2.22(c).

"**Carve-Out Trigger Notice**" as defined in Section 2.22(c).

"**Case Professionals**" as defined in Section 2.22(c).

"**Case Professionals Carve-Out**" as defined in Section 2.22(c).

"**Cases**" as defined in the preamble hereto.

"**Cash**" means money, currency or a credit balance in any Deposit Account.

"**Cash Collateralize**" means, in respect of an obligation, to provide and pledge (as a First Priority perfected security interest) cash collateral in Dollars, at a location and pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent (and "**Cash Collateralization**" has a corresponding meaning).

"**Cash Equivalents**" means (i) Dollars and, only if Section 2.2(j)(iii) is applicable, Alternative Currencies, (ii) securities issued or directly and fully guaranteed or insured by the US government or any agency or instrumentality thereof, (iii) certificates of deposit, time deposits and Eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and surplus in excess of $1.0 billion and whose long-term debt is rated at least "A" or the equivalent thereof by Moody's or S&P, (iv) repurchase obligations for underlying securities of the types described in clauses (ii) and (iii) above entered into with any financial institution meeting the qualifications specified in the immediately preceding clause, (v) commercial paper issued by a corporation (other than an Affiliate of the Borrower) rated at least "A-2" or the equivalent thereof by Moody's or S&P and in each case maturing within one year after the date of acquisition, (vi) investment funds investing substantially all of their assets in securities of the types described in clauses (i) through (v) above, (vii) readily marketable direct obligations issued by any state of the United States or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's or S&P, and (viii) money market funds as defined in Rule 2a-7 of the General Rules and Regulations as promulgated under the Investment Company Act of 1940.

"**Certificate re Non-Bank Status**" means a certificate substantially in the form of Exhibit B.

"**Change of Control**" means, at any time, (i) any Person or "group" (within the meaning of Section 13(d) and 14(d) under the Exchange Act), other than Apax Partners and its Affiliates, shall have acquired beneficial ownership (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 35% or more on a fully diluted basis of the voting and/or economic interest in the Capital Stock of the Borrower; (ii) the Borrower shall cease to directly or indirectly beneficially own and control 100% on a fully diluted basis of the economic and voting interest in the Capital Stock of its Subsidiaries (other than Xerium Technologies Brasil Indústria e Comércio S.A., Stowe Woodward AG and PMP Xibe Roll Covering Co Ltd) including, but not

limited to, if a Person shall attain the right, even if not exercised, by contract, share ownership or otherwise, to appoint the majority of the board of directors of any such Subsidiary or to direct the manner in which the board of directors of any such Subsidiary conducts its affairs; or (iii) the majority of the seats (other than vacant seats) on the board of directors (or similar governing body) of the Borrower cease to be occupied by Persons who either (a) were members of the board of directors of the Borrower on the Closing Date or (b) were nominated for election by the board of directors of the Borrower, a majority of whom were directors on the Closing Date or whose election or nomination for election was previously approved by a majority of such directors. Notwithstanding the foregoing, the consummation of the transactions contemplated by the Prepackaged Plan of Reorganization shall not constitute a Change of Control.

"**Closing Date**" means the date on which all conditions precedent set forth in Section 3.1 are satisfied or waived in accordance with the terms of this Agreement.

"**Closing Date Certificate**" means the Closing Date Certificate substantially in the form of Exhibit L.

"**Collateral**" means, collectively, all of the real, personal and mixed property (including Capital Stock) and interests therein and proceeds and products thereof, whether now or hereafter acquired, in or upon which Liens are purported to be granted pursuant to this Agreement, the Collateral Documents, the Interim Order or the Final Order (as applicable) as security for the Obligations.

"**Collateral Agent**" as defined in the preamble hereto.

"**Collateral Documents**" means this Agreement, the Interim Order, the Final Order, the Term Loan Deposit Account Control Agreement, the Term Loan LC Collateral Account Control Agreement and all other instruments, documents and agreements delivered by any Credit Party pursuant to this Agreement or any of the other Credit Documents in order to grant to the Collateral Agent, for the benefit of the Secured Parties, a Lien on any real, personal or mixed property of that Credit Party as security for the Obligations.

"**Collateral Questionnaire**" means a certificate in form satisfactory to the Collateral Agent that provides information with respect to the personal, real and mixed property of each Credit Party.

"**Commitment**" means any Revolving Commitment or Term Loan Commitment.

"**Communications**" as defined in Section 5.1(o)(i).

"**Compliance Certificate**" means a Compliance Certificate substantially in the form of Exhibit C.

"**Constitutional Documents**" means the constitutional documents of the Credit Parties as amended from time to time in accordance with the terms of this Agreement.

"**Consummation Date**" means the date of the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which for purposes of this Agreement shall be no later

than the effective date) of the Prepackaged Plan of Reorganization that is confirmed pursuant to an order of the Bankruptcy Court.

"**Contractual Obligation**" means, as applied to any Person, any provision of any Security issued by that Person or of any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

"**Contributing Guarantors**" as defined in Section 7.2.

"**Conversion/Continuation Date**" means the effective date of a continuation or conversion of a Loan, as the case may be, as set forth in the applicable Conversion/Continuation Notice.

"**Conversion/Continuation Notice**" means a Conversion/Continuation Notice substantially in the form of Exhibit D.

"**Copyrights**" means, collectively, with respect to each Credit Party, all copyrights (whether statutory or common law, whether established or registered in the United States or any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished) and all copyright registrations and applications made by such Credit Party, in each case, whether now owned or hereafter created or acquired by or assigned to such Credit Party, together with any and all (i) rights and privileges arising under applicable law with respect to such Credit Party's use of such copyrights, (ii) reissues, renewals, continuations and extensions thereof and amendments thereto, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof (including, without limitation, the Copyrights listed on Schedule 2.23(g)).

"**Credit Date**" means the date of a Credit Extension.

"**Credit Document**" means any of this Agreement, the Interim Order, the Final Order, the Letters of Credit, the Collateral Documents, the Fee Letters, any documents or certificates executed by the Borrower in favor of the Issuing Bank relating to Letters of Credit, and all other documents, instruments or agreements executed and delivered by a Credit Party for the benefit of any Agent, the Issuing Bank or any Bank in connection herewith.

"**Credit Extension**" means the making of a Loan or the issuance of a Letter of Credit.

"**Credit Party**" means the Borrower and each Guarantor.

"**Debtors**" means the Borrower, the Guarantors and any other Subsidiary of the Borrower listed as a debtor under the Prepackaged Plan of Reorganization.

"**Default**" means a condition or event that, after notice or expiry of an applicable grace period, or the making of any determination under the Credit Documents, or any combination of any of the foregoing, would constitute an Event of Default.

"**Defaulting Bank**" means, at any time, a Bank as to which the Administrative Agent has notified the Borrower that (i) such Bank has failed for three or more Business Days to comply with its obligations under this Agreement to make a Loan (each a "**funding obligation**"), (ii) such Bank has notified the Administrative Agent or has stated publicly, that it will not comply with any such funding obligation hereunder, or has defaulted on its funding obligations under any other loan agreement or credit agreement or similar agreement, (iii) such Bank has, for three or more Business Days, failed to confirm in writing to the Administrative Agent, in response to a written request of the Administrative Agent, that it will comply with its funding obligations hereunder, or (iv) a Bank Insolvency Event has occurred and is continuing with respect to such Bank. Any determination that a Bank is a Defaulting Bank under clauses (i) through (iv) above will be made by the Administrative Agent in its sole discretion acting in good faith. The Administrative Agent will promptly send to all parties hereto a copy of any notice to the Borrower provided for in this definition.

"**Deficiency Amount**" as defined in Section 2.2(g).

"**Deposit Account**" means a demand, time, savings, passbook or like account with a bank, savings and loan association, credit union or like organization, other than an account evidenced by a negotiable certificate of deposit.

"**Depositary Bank**" means Citibank, N.A.

"**Determination Date**" means, with respect to any Letter of Credit, (i) the most recent date upon which one of the following shall have occurred: (x) the date of issuance of such Letter of Credit, (y) the date on which the Issuing Bank was or is, as applicable, required to deliver a notice of non-renewal with respect to such Letter of Credit, and (z) the first Business Day of each month, commencing on the first Business Day following the issuance of such Letter of Credit; and (ii) such other date determined by the Administrative Agent in its sole discretion.

"**DIP Budget**" means the 13-week forecast of receipts and disbursements of the Borrower and the Guarantors attached hereto as Exhibit H.

"**Distributions**" means, collectively, with respect to each Credit Party, all dividends, cash, options, warrants, rights, instruments, distributions, returns of capital or principal, income, interest, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of the Pledged Securities, from time to time received, receivable or otherwise distributed to such Credit Party in respect of or in exchange for any or all of the Pledged Securities or Intercompany Notes.

"**Dollar Equivalent**" means (i) with respect to all matters other than the Letters of Credit, (x) with respect to any amount denominated in Dollars, such amount and (y) with respect to any amount denominated in an Alternative Currency, the amount converted into Dollars using the 12:00 p.m. New York CitiFx Benchmark rate for such Alternative Currency on such day or, if such day is not a Business Day, on the immediately preceding Business Day and (ii) with respect to the Letters of Credit issued (x) in Dollars, such amount on any Determination Date and (y) in an Alternative Currency, the amount converted into Dollars using the 12:00 p.m. New

York CitiFx Benchmark rate for such Alternative Currency on such Determination Date or, if such day is not a Business Day, on the immediately preceding Business Day.

"**Dollars**" and the sign "**$**" mean the lawful money of the United States of America.

"**Eligible Assignee**" means (i) any Bank, any Affiliate of any Bank and any Related Fund (any two or more Related Funds being treated as a single Eligible Assignee for all purposes hereof), and (ii) any commercial bank, financial institution, trust fund, insurance company, investment or mutual fund or other entity that is an "accredited investor" (as defined in Regulation D under the Securities Act) and which extends credit or buys loans as one of its businesses or in the ordinary course or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets; provided, neither the Borrower nor any Affiliate of the Borrower or Apax Partners shall be an Eligible Assignee.

"**Employee Benefit Plan**" means any "employee benefit plan" as defined in Section 3(3) of ERISA which is or, within the preceding six years, was sponsored, maintained or contributed to by, or required to be contributed by, the Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates.

"**Environmental Claim**" means any investigation, notice, notice of violation, claim, action, suit, proceeding, demand, abatement order or other order or directive (conditional or otherwise), by any Governmental Authority or any other Person, arising (i) pursuant to or in connection with any actual or alleged violation of any Environmental Law; (ii) in connection with any Hazardous Material or any actual or alleged Hazardous Materials Activity; or (iii) in connection with any actual or alleged damage, injury, threat or harm to health, safety, natural resources or the environment.

"**Environmental Laws**" means any and all current or future foreign or domestic, federal, provincial or state (or any subdivision of either of them), statutes, ordinances, orders, rules, regulations, judgments, Governmental Authorizations, or any other requirements of Governmental Authorities relating to (i) environmental matters, including those relating to any Hazardous Materials Activity; (ii) the generation, use, storage, transportation or disposal of Hazardous Materials; or (iii) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health or welfare, in any manner applicable to the Borrower or any of its Subsidiaries or any Facility.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor thereto.

"**ERISA Affiliate**" means, as applied to any Person, (i) any corporation which is a member of a controlled group of corporations within the meaning of Section 414(b) of the Internal Revenue Code of which that Person is a member; (ii) any trade or business (whether or not incorporated) which is a member of a group of trades or businesses under common control within the meaning of Section 414(c) of the Internal Revenue Code of which that Person is a member; and (iii) any member of an affiliated service group within the meaning of Section 414(m) or (o) of the Internal Revenue Code of which that Person, any corporation

described in clause (i) above or any trade or business described in clause (ii) above is a member. Any former ERISA Affiliate of the Borrower or any of its Subsidiaries shall continue to be considered an ERISA Affiliate of the Borrower or any such Subsidiary within the meaning of this definition with respect to the period such entity was an ERISA Affiliate of the Borrower or such Subsidiary and with respect to liabilities arising after such period for which the Borrower or such Subsidiary could be liable under the Internal Revenue Code or ERISA.

"**ERISA Event**" means (i) a "reportable event" within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any Pension Plan (excluding those for which the provision for 30 day notice to the PBGC has been waived by regulation under subsections .21, .22, .23, .27, .28, .29, .31 and .32); (ii) the failure to meet the minimum funding standard of or other requirements of Section 412, 430 or 436 of the Internal Revenue Code with respect to any Pension Plan whether or not waived, the failure to meet the funding standards or other requirements of Section 431 or 432 of the Internal Revenue Code with respect to any Multiemployer Plan or the failure to make by its due date any required installment, contribution or premium payment to or in respect of any Pension Plan or Multiemployer Plan; (iii) the provision by the administrator of any Pension Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distress termination described in Section 4041(c) of ERISA; (iv) the withdrawal by the Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates from any Pension Plan with two or more contributing sponsors or the termination of any such Pension Plan resulting in liability to the Borrower, any of its Subsidiaries or any of their respective Affiliates pursuant to Section 4063 or 4064 of ERISA; (v) the institution by the PBGC of proceedings to terminate any Pension Plan, or the occurrence of any event or condition which could reasonably be expected to constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (vi) the imposition of liability on the Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates pursuant to Section 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (vii) the withdrawal of the Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates in a complete or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential liability therefor, or the receipt by the Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates of notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA, or that is in endangered, seriously endangered or critical status pursuant to Section 432 of the Internal Revenue Code or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA; or (viii) the imposition of a Lien pursuant to Section 401(a)(29) or 412(n) of the Internal Revenue Code or pursuant to ERISA with respect to any Pension Plan; provided that, notwithstanding the foregoing, the filing and continuation of the Cases shall not constitute an ERISA Event.

"**Event of Default**" means each of the conditions or events set forth in Section 8.1.

"**Excess Amount**" as defined in Section 2.2(g).

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

"**Excluded Taxes**" as defined in Section 2.16(a).

"**Existing Letters of Credit**" as defined in Section 2.2(b).

"**Exit Agents**" means the administrative agent and the collateral agent under the Exit Credit Agreement.

"**Exit Borrowers**" mean the borrowers under the Exit Credit Agreement.

"**Exit Credit Agreement**" means the Credit and Guaranty Agreement for the Exit Facility of reorganized Xerium Technologies, Inc. and the other Exit Borrowers, substantially in the form of Exhibit E, with such amendments, modifications, supplements and changes permitted or agreed to pursuant to the terms thereof.

"**Exit Credit Documents**" means the Credit Documents as defined in the Exit Credit Agreement.

"**Exit Facility**" means the revolving and term loan facilities under the Exit Credit Agreement.

"**Exit Guarantors**" mean the guarantors under the Exit Credit Agreement.

"**Facility**" means any real property (including all buildings, fixtures or other improvements located thereon) now, hereafter or heretofore owned, leased, operated or used by the Borrower or any of its Subsidiaries or any of their respective predecessors or Affiliates.

"**Facility Office**" means the office or offices notified by a Bank or the Issuing Bank to the Administrative Agent in writing on or before the date it becomes a Bank or the Issuing Bank (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"**Fair Share**" as defined in Section 7.2.

"**Fair Share Contribution Amount**" as defined in Section 7.2.

"**Federal Funds Effective Rate**" means, for any day, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if such day is not a Business Day, the Federal Funds Effective Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Effective Rate for such day shall be the average rate quoted to the Administrative Agent on such day on such transactions as determined by the Administrative Agent.

"**Fee Letters**" means collectively, any fee letter between the Borrower or any Credit Party on the one hand and any of the Agents or the Lead Arranger on the other hand.

"**Final Order**" as defined in Section 5.13.

"**Financial Officer Certification**" means, with respect to the financial statements for which such certification is required, the certification of the chief financial officer of the Borrower that such financial statements fairly present, in all material respects, the financial condition of the Borrower and its Subsidiaries as of the dates indicated and the results of their operations and their cash flows for the periods indicated, subject to changes resulting from audit and normal year end adjustments.

"**First Day Orders**" means all orders entered by the Bankruptcy Court on, or within five days of, the Petition Date, granting motions or applications filed by the Debtors on or about the Petition Date.

"**First Priority**" means, with respect to any Lien purported to be created in any Collateral pursuant to this Agreement, any Collateral Document, the Interim Order or the Final Order (as applicable), that such Lien is the only Lien to which such Collateral is subject, other than Permitted Liens which are junior in priority to the Collateral Agent's Lien on such Collateral.

"**Fiscal Quarter**" means a fiscal quarter of any Fiscal Year.

"**Fiscal Year**" means the fiscal year of the Borrower and its Subsidiaries ending on December 31 of each calendar year.

"**Flood Hazard Property**" means any Real Estate Asset owned by the Borrower or any Guarantor and located in an area designated by the Federal Emergency Management Agency or other Governmental Authority as having special flood or mud slide hazards.

"**Foreign Subsidiary**" means a Subsidiary organized under the laws of any jurisdiction other than the United States of America, any State thereof or the District of Columbia.

"**Funding Guarantor**" as defined in Section 7.2.

"**Funding Notice**" means a notice substantially in the form of Exhibit F.

"**FX Currency Losses**" means any losses incurred by the Issuing Bank as a result of purchasing currencies other than Dollars or exchanging Dollars into another currency in connection with any drawing under any Letter of Credit.

"**GAAP**" means, subject to the limitations on the application thereof set forth in Section 1.2, for the Borrower and its Subsidiaries, United States generally accepted accounting principles in effect as of the date of determination thereof.

"**Goodwill**" means, collectively, with respect to each Credit Party, the goodwill connected with such Credit Party's business, including all goodwill connected with (i) the use of and symbolized by any Trademark or Intellectual Property License with respect to any Trademark in which such Credit Party has any interest, (ii) all know-how, trade secrets, customer and supplier lists, proprietary information, inventions, methods, procedures, formulae, descriptions, compositions, technical data, drawings, specifications, name plates, catalogs, confidential information and the right to limit the use or disclosure thereof by any person, pricing and cost information, business and marketing plans and proposals, consulting agreements,

engineering contracts and such other assets which relate to such goodwill and (iii) all product lines of such Credit Party's business.

"**Governmental Acts**" means any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority.

"**Governmental Authority**" means any federal, provincial, state, municipal, national or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or any foreign entity or government.

"**Governmental Authorization**" means any permit, license, authorization, plan, directive, consent order or consent decree of or from any Governmental Authority.

"**Guaranteed Obligations**" as defined in Section 7.1.

"**Guarantor**" means each Guarantor listed in Schedule 1.1(a) as a Guarantor, which shall not include any Foreign Subsidiaries.

"**Guaranty**" means the guaranty of each Guarantor set forth in Section 7 or any other guaranty which purports to guaranty all or a portion of the Obligations.

"**Hazardous Materials**" means any chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Authority or which may or could pose a hazard to the health and safety of the owners, occupants or any Persons in the vicinity of any Facility or to the indoor or outdoor environment.

"**Hazardous Materials Activity**" means any past, current, proposed or threatened activity, event or occurrence involving any Hazardous Materials, including the use, manufacture, possession, storage, holding, presence, existence, location, Release, threatened Release, discharge, placement, generation, transportation, processing, construction, treatment, abatement, removal, remediation, disposal, disposition or handling of any Hazardous Materials, and any corrective action or response action with respect to any of the foregoing.

"**Hedging Obligations**" means, with respect to any Person, the obligations of such Person under (i) currency exchange, interest rate or commodity swap agreements, currency exchange, interest rate or commodity cap agreements and currency exchange, interest rate or commodity collar agreements entered into in the Borrower's or any of its Subsidiaries' Ordinary Course and not for speculative purposes and (ii) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates or commodity prices in the Borrower's or any of its Subsidiaries' Ordinary Course and not for speculative purposes.

"**Highest Lawful Rate**" means the maximum lawful interest rate, if any, that at any time or from time to time may be contracted for, charged, or received under the laws applicable to any Bank which are presently in effect or, to the extent allowed by law, under such applicable laws

which may hereafter be in effect and which allow a higher maximum non-usurious interest rate than applicable laws now allow.

"**Historical Financial Statements**" means as of the Closing Date, (i) the audited financial statements of the Borrower and its Subsidiaries, for the immediately preceding three Fiscal Years, consisting of balance sheets and the related consolidated statements of income, stockholders' equity and cash flows for such Fiscal Years, and (ii) the unaudited financial statements of the Borrower and its Subsidiaries as at the most recently ended Fiscal Quarter, consisting of a balance sheet and the related consolidated statements of income, stockholders' equity and cash flows for the three, six or nine month period, as applicable, ending on such date, and, in the case of clauses (i) and (ii), certified by the chief financial officer of the Borrower that they fairly present, in all material respects, the financial condition of the Borrower and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated, subject to changes resulting from audit and normal year end adjustments.

"**Increased Cost Banks**" as defined in Section 2.21.

"**Indebtedness**" means, with respect to any Person, the principal and premium (if any) of any indebtedness of such Person, whether or not contingent: (i) in respect of borrowed money, (ii) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof), (iii) representing the deferred and unpaid purchase price of any property, other than trade payables incurred in the Ordinary Course, (iv) in respect of Capitalized Lease Obligations, (v) the direct or indirect guaranty, endorsement (other than for collection or deposit in the Ordinary Course), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another, (vi) any obligation of such Person the primary purpose or intent of which is to provide assurance to an obligee that the obligation of the obligor thereof will be paid or discharged, or any agreement relating thereto will be complied with, or the holders thereof will be protected (in whole or in part) against loss in respect thereof or (vii) representing any Hedging Obligations, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability on a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP. To the extent not otherwise included, Indebtedness shall include (a) any obligation of such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the Indebtedness of another Person (other than by endorsement of negotiable instruments for collection in the Ordinary Course), and (b) Indebtedness of another Person secured by a Lien on any asset owned by such Person (whether or not such Indebtedness is assumed by such Person); provided, however, that the amount of such Indebtedness will be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness of such other Person. Notwithstanding the foregoing, any obligation of such Person or any of its Subsidiaries in respect of (x) minimum guaranteed commissions, or other similar payments, to clients, minimum returns to clients or stop loss limits in favor of clients or indemnification obligations to clients, in each case pursuant to contracts to provide services to clients entered into in the Ordinary Course, and (y) account credits to participants under any compensation plan, shall be deemed not to constitute Indebtedness.

"**Indemnified Liabilities**" means, collectively, any and all liabilities, obligations, losses, damages (including natural resource damages), penalties, claims (including Environmental Claims), costs (including the costs of any investigation, study, sampling, testing, abatement, cleanup, removal, remediation or other response action necessary to remove, remediate, clean up or abate any Hazardous Materials Activity), expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened by any Person, whether or not any such Indemnitee shall be designated as a party or a potential party thereto, and any fees or expenses incurred by Indemnitees in enforcing this indemnity), whether direct, indirect or consequential and whether based on any federal, provincial, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations and Environmental Laws and including any fees or expenses resulting from changes in laws in effect on the date of this Agreement), on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by, or asserted against any such Indemnitee, in any manner relating to or arising out of (i) this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby (including the Banks' agreement to make Credit Extensions or the use or intended use of the proceeds thereof, or any enforcement of any of the Credit Documents (including any sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty)); or (ii) any Environmental Claim or any Hazardous Materials Activity relating to or arising from, directly or indirectly, any past or present activity, operation, land ownership, or practice of the Borrower or any of its Subsidiaries.

"**Indemnified Taxes**" as defined in Section 2.17(a).

"**Indemnitee**" as defined in Section 10.4.

"**Information**" as defined in Section 10.18.

"**Initial Term Loan LC Deposit Amount**" as defined in Section 2.1(c).

"**Intellectual Property Collateral**" means, collectively, the Patents, Trademarks, Copyrights, Intellectual Property Licenses and Goodwill.

"**Intellectual Property Licenses**" means collectively, with respect to each Credit Party, all license and distribution agreements with, and covenants not to sue, any other party with respect to any Patent, Trademark or Copyright or any other patent, trademark or copyright, whether such Credit Party is a licensor or licensee, distributor or distributee under any such license or distribution agreement, together with any and all (i) renewals, extensions, supplements and continuations thereof, (ii) income, fees, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements or violations thereof, (iii) rights to sue for past, present and future infringements or violations thereof and (iv) other rights to use, exploit or practice any or all of the Patents, Trademarks or Copyrights or any other patent, trademark or copyright.

"**Intercompany Notes**" means, with respect to each Credit Party, all intercompany notes described in Schedule 2.23(e) and intercompany notes hereafter acquired by such Credit Party and all certificates, instruments or agreements evidencing such intercompany notes, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof to the extent permitted pursuant to the terms hereof.

"**Intercreditor Agreement**" means the Intercreditor Agreement relating to the Exit Facility, substantially in the form of Exhibit K, with such amendments, modifications, supplements and changes permitted or agreed pursuant to the terms thereof.

"**Interest Payment Date**" means (i) with respect to any LIBOR Loan, the last day of each Interest Period applicable to such LIBOR Loan, and (ii) with respect to any ABR Loan, the first Business Day of each calendar month, commencing on the first such day following the making of such ABR Loan.

"**Interest Period**" means, in connection with a LIBOR Loan, a period of one month, with the first such interest period to begin on the Closing Date and with any subsequent interest periods to begin on the last day of the prior one month interest period theretofore in effect, (i) initially, commencing on the Credit Date thereof or Conversion/Continuation Date thereof; and (ii) thereafter, commencing on the day on which the immediately preceding Interest Period expires; provided, (a) if an Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day unless no further Business Day occurs in such month, in which case such Interest Period shall expire on the immediately preceding Business Day; (b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) of this definition, end on the last Business Day of a calendar month; and (c) no Interest Period with respect to any portion of Loans shall extend beyond the Termination Date.

"**Interest Rate Agreement**" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement or other similar agreement or arrangement, each of which is for the purpose of hedging the interest rate exposure associated with the Borrower's and its Subsidiaries' operations and not for speculative purposes.

"**Interest Rate Determination Date**" means, with respect to any Interest Period, the date that is two Business Days prior to the first day of such Interest Period.

"**Interim Order**" as defined in Section 3.1(t).

"**Internal Revenue Code**" means the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter, and any successor statute.

"**Investment**" means (i) any direct or indirect purchase or other acquisition by the Borrower or any of its Subsidiaries of, or of a beneficial interest in, any of the Securities of any other Person (other than the Borrower or a Guarantor); (ii) any direct or indirect redemption, retirement, purchase or other acquisition for value, by any Subsidiary of the Borrower from any Person (other than the Borrower or a Guarantor), of any Capital Stock of such Person; and (iii) any direct or indirect loan, advance (other than advances to employees for moving,

entertainment and travel expenses, drawing accounts and similar expenditures in the Ordinary Course) or capital contribution by the Borrower or any of its Subsidiaries to any other Person (other than the Borrower or a Guarantor), including all indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the Ordinary Course. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write ups, write downs or write offs with respect to such Investment.

"**Issuance Notice**" means an Issuance Notice in the form of Exhibit I.

"**Issuing Bank**" means Citicorp North America, Inc., together with its permitted successors and assigns in such capacity.

"**Joint Venture**" means a joint venture, partnership or other similar arrangement, whether in corporate, partnership or other legal form; provided, in no event shall any corporate Subsidiary of any Person be considered to be a Joint Venture to which such Person is a party.

"**Lead Arranger**" as defined in the preamble hereto.

"**Letter of Credit**" means the Existing Letters of Credit and a commercial or standby letter of credit issued or to be issued by the Issuing Bank pursuant to this Agreement and in form and substance acceptable to the Issuing Bank and the Administrative Agent.

"**Letter of Credit Sublimit**" means $20,000,000.

"**LIBOR**" means, in relation to any LIBOR Loan, the greater of:

(i) (a) the applicable Screen Rate; or (b) (if no Screen Rate is available for the currency or Interest Period of that LIBOR Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Administrative Agent at its request quoted by the Reference Banks to leading banks in the London interbank market, as of approximately 11:00 a.m. (London time) on the Interest Rate Determination Date for the offering of deposits in the currency of that LIBOR Loan and for a period comparable to the Interest Period for that LIBOR Loan; and

(ii) 2.00%.

"**LIBOR Loan**" means a Loan or any portion thereof bearing interest by reference to the LIBOR Rate.

"**LIBOR Rate**" means the rate of interest for each Interest Period that is equal to the interest rate per annum which is the aggregate of the applicable LIBOR determined interest rate.

"**Lien**" means (i) any lien, mortgage, pledge, assignment, security interest, charge or encumbrance of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, and any lease in the nature thereof) and any option, trust or other preferential arrangement having the practical effect of any of the foregoing and (ii) in

the case of Securities, any purchase option, call or similar right of a third party with respect to such Securities.

"**Loan**" means a Term Loan and a Revolving Loan.

"**Margin Stock**" as defined in Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"**Material Adverse Effect**" means any effect, event, matter or circumstance: (a) which is materially adverse to the: (i) business, assets or financial condition or prospects of the Borrower and its Subsidiaries taken as a whole; or (ii) ability of any Credit Party to perform any of its Obligations in accordance with their terms under any of the Credit Documents; or (b) which results in any (i) Credit Document not being legal, valid and binding on and, subject to reservations contained in the legal opinions provided as conditions precedent thereto, enforceable against any party thereto from and after the date the Interim Order is entered by the Bankruptcy Court and/or (ii) this Agreement or any other Collateral Document not being a valid and effective security interest from and after the date the Interim Order is entered by the Bankruptcy Court, and in the case of (b), in each case in a manner or to an extent materially prejudicial to the interest of any Bank under the Credit Documents.

"**Material Contract**" means any contract or other arrangement to which the Borrower or any of its Subsidiaries is a party (other than the Credit Documents) for which breach, non-performance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect.

"**Monthly DIP Budget Cash Flow Update**" as defined in Section 5.1(p)(ii).

"**Moody's**" means Moody's Investors Service, Inc.

"**Multiemployer Plan**" means any Employee Benefit Plan which is a "multiemployer plan" as defined in Section 3(37) or 4001(a)(3) of ERISA.

"**NAIC**" means The National Association of Insurance Commissioners, and any successor thereto.

"**Net Asset Sale Proceeds**" means, with respect to any Asset Sale, an amount equal to: (i) Cash payments (including any Cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) received by the Borrower or any of its Subsidiaries from such Asset Sale, minus (ii) any bona fide direct costs (including, without limitation, reasonable transaction costs) incurred in connection with such Asset Sale, including (a) income or gains taxes payable by the seller as a result of any gain recognized in connection with such Asset Sale, (b) payment of the outstanding principal amount of, premium or penalty, if any, and interest on any Indebtedness (other than the Loans) that is secured by a Lien on the stock or assets in question and that is required to be repaid under the terms thereof as a result of such Asset Sale and (c) a reasonable reserve for any indemnification payments (fixed or contingent) attributable to seller's indemnities and representations and warranties to purchaser in respect of such Asset Sale undertaken by the Borrower or any of its Subsidiaries in connection with such Asset Sale.

"**Net Insurance/Condemnation Proceeds**" means an amount equal to: (i) any Cash payments or proceeds received by the Borrower or any of its Subsidiaries (a) under any casualty insurance policy in respect of a covered loss thereunder (excluding proceeds of business interruption insurance) or (b) as a result of the taking of any assets of the Borrower or any of its Subsidiaries by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking, minus (ii) (a) any actual and reasonable costs incurred by the Borrower or any of its Subsidiaries in connection with the adjustment or settlement of any claims of the Borrower or such Subsidiary in respect thereof, and (b) any bona fide direct costs incurred in connection with any sale of such assets as referred to in clause (i)(b) of this definition, including income taxes payable as a result of any gain recognized in connection therewith.

"**Non-Consenting Bank**" as defined in Section 2.21.

"**Non-Credit Party Cash Equivalents**" means (i) Dollars or any foreign currency freely exchangeable into Dollars and, in the case of any Foreign Subsidiary, such local currencies held by it from time to time in the Ordinary Course, (ii) securities issued or directly and fully guaranteed or insured by the US government or any agency or instrumentality thereof, (iii) certificates of deposit, time deposits and Eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and surplus in excess of $1 billion and whose long-term debt is rated at least "A" or the equivalent thereof by Moody's or S&P, (iv) repurchase obligations for underlying securities of the types described in clauses (ii) and (iii) above entered into with any financial institution meeting the qualifications specified in the immediately preceding clause, (v) commercial paper issued by a corporation (other than an Affiliate of Xerium) rated at least "A-2" or the equivalent thereof by Moody's or S&P and in each case maturing within one year after the date of acquisition, (vi) investment funds investing substantially all of their assets in securities of the types described in clauses (i) through (v) above, (vii) readily marketable direct obligations issued by any state of the United States or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's or S&P and (viii) instruments equivalent to those referred to above denominated in Euros or any other foreign currency that are comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction outside the United States.

"**Non-Defaulting Bank**" means, at any time, a Bank that is not a Defaulting Bank or a Potential Defaulting Bank.

"**Notice**" means a Funding Notice, Issuance Notice, a Conversion/Continuation Notice or a Withdrawal Request.

"**Obligations**" means all obligations of every nature of a Credit Party, from time to time owed to the Agents (including former Agents), the Banks, or any of them, and any Issuing Bank under any Credit Document, whether for principal, interest, reimbursement of amounts drawn under Letters of Credit, fees, expenses, indemnification or otherwise.

"**Obligee Guarantor**" as defined in Section 7.6.

"**Officers' Certificate**" means a certificate signed on behalf of the Borrower by two officers of the Borrower, one of whom must the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Borrower.

"**Ordinary Course**" means ordinary course of business or ordinary trade activities that are customary, typical and carried out in a manner consistent with past practice.

"**Organizational Documents**" means (i) with respect to any corporation, its certificate or articles of incorporation or organization, as amended, and its bylaws, as amended, (ii) with respect to any limited partnership, its certificate of limited partnership, as amended, and its partnership agreement, as amended, (iii) with respect to any general partnership, its partnership agreement, as amended, and (iv) with respect to any limited liability company, its articles of organization, as amended, and its operating agreement, as amended. In the event any term or condition of this Agreement or any other Credit Document requires any Organizational Document to be certified by a secretary of state or similar governmental official, the reference to any such "Organizational Document" shall only be to a document of a type customarily certified by such governmental official.

"**Parent Company**" means, with respect to a Bank, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Bank and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Bank.

"**Patents**" means, collectively, with respect to each Credit Party, all patents issued or assigned to, and all patent applications and registrations made by, such Credit Party (whether filed in the United States or any other country or any political subdivision thereof), together with any and all (i) rights and privileges arising under applicable law with respect to such Credit Party's use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof (including, without limitation, the Patents listed on Schedule 2.23(g)).

"**Patriot Act**" as defined in Section 10.21.

"**PBGC**" means the Pension Benefit Guaranty Corporation or any successor thereto.

"**Pension Plan**" means any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to Section 412 of the Internal Revenue Code or Section 302 of ERISA which is or, within the preceding six years, was sponsored, maintained or contributed to by, or required to be contributed by, the Borrower, any of its Subsidiaries or any of its ERISA Affiliates.

"**Permitted Liens**" means each of the Liens permitted pursuant to Section 6.2.

"**Person**" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies,

Joint Ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and Governmental Authorities.

"**Petition Date**" as defined in the preamble hereto.

"**Plan of Reorganization**" means a plan of reorganization in the Cases.

"**Platform**" as defined in Section 5.1(o)(ii).

"**Pledged Securities**" means collectively, with respect to each Credit Party, (i) all issued and outstanding Capital Stock of each issuer set forth on Schedule 2.23(e) as being owned by such Credit Party and all options, warrants, rights, agreements and additional Capital Stock of whatever class of any such issuer acquired by such Credit Party (including by issuance), together with all rights, privileges, authority and powers of such Credit Party relating to such Capital Stock in each such issuer or under any Organizational Document of each such issuer, and the certificates, instruments and agreements representing such Capital Stock and any and all interest of such Credit Party in the entries on the books of any financial intermediary pertaining to such Capital Stock, (ii) all Capital Stock of any Subsidiary, which Capital Stock is hereafter acquired by such Credit Party (including by issuance) and all options, warrants, rights, agreements and additional Capital Stock of whatever class of any such Subsidiary acquired by such Credit Party (including by issuance), together with all rights, privileges, authority and powers of such Credit Party relating to such Capital Stock or under any Organizational Document of any such Subsidiary, and the certificates, instruments and agreements representing such Capital Stock and any and all interest of such Credit Party in the entries on the books of any financial intermediary pertaining to such Capital Stock, from time to time acquired by such Credit Party in any manner, and (iii) all Capital Stock of any successor Subsidiary owned by such Credit Party (unless such successor is such Credit Party itself) formed by or resulting from any consolidation or merger in which a Credit Party is not the surviving entity; provided that the foregoing shall be limited to no more than 65% of any outstanding Capital Stock of any first tier Foreign Subsidiary (as determined for U.S. federal income tax purposes).

"**Potential Defaulting Bank**" means, at any time, a Bank (i) as to which the Administrative Agent has notified the Borrower that an event of the kind referred to in the definition of "Bank Insolvency Event" has occurred and is continuing in respect of any financial institution affiliate of such Bank, (ii) as to which the Administrative Agent or the Issuing Bank has in good faith determined and notified the Borrower and the Administrative Agent that such Bank or its Parent Company or a financial institution affiliate thereof has notified the Administrative Agent, or has stated publicly, that it will not comply with its funding obligations under any other loan agreement or credit agreement or similar agreement or (iii) that has, or whose Parent Company has, a non-investment grade rating from Moody's or S&P or another national recognized rating agency. Any determination that a Bank is a Potential Defaulting Bank under any of clauses (i) through (iii) above will be made by the Administrative Agent, in its sole discretion acting in good faith. The Administrative Agent will promptly send to all parties hereto a copy of any notice to the Borrower provided for in this definition.

"**Prepackaged Plan of Reorganization**" means the Debtors' Joint Prepackaged Plan of Reorganization filed by the Debtors with the Bankruptcy Court on March [ ], 2010 (in the form

of Exhibit G), as amended, restated, supplemented or otherwise modified prior to the Closing Date.

"**Pre-Petition Credit Agreement**" means the Amended and Restated Credit Agreement dated as of May 30, 2008 among the Borrower and certain Subsidiaries thereof, as Borrowers, certain Subsidiaries of the Borrower, as Guarantors, various banks party thereto, and Citicorp North America, Inc., as collateral agent and as administrative agent, as amended, supplemented or otherwise modified from time to time.

"**Pre-Petition Lenders**" means the financial institutions party to the Pre-Petition Credit Agreement as "Banks."

"**Prime Rate**" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective.

"**Principal Office**" means, for each of the Administrative Agent and the Issuing Bank, such Person's "Principal Office" as set forth on Appendix A, or such other office as such Person may from time to time designate in writing to the Borrower, the Administrative Agent and each Bank.

"**Projected Information**" as defined in Section 5.1(p).

"**Pro Rata Share**" means (i) with respect to all payments, computations and other matters relating to the Term Loan Commitment or Term Loan of any Bank, the percentage obtained by dividing (a) the Term Loan Exposure of such Bank by (b) the aggregate Term Loan Exposures of all Banks; and (ii) with respect to all payments, computations and other matters relating to the Revolving Commitment or Revolving Loans of any Bank, the percentage obtained by dividing (a) the Revolving Exposure of that Bank by (b) the aggregate Revolving Exposure of all Banks. For all other purposes with respect to each Bank, "**Pro Rata Share**" means the percentage obtained by dividing (A) an amount equal to the sum of the Term Loan Exposure and the Revolving Exposure of that Bank by (B) an amount equal to the sum of the aggregate Term Loan Exposure and the aggregate Revolving Exposure of all Banks.

"**Qualifying Lender**" means:

(a) a Bank which is a bank as defined in Section 991 Income Tax Act 2007 of the United Kingdom, beneficially entitled to all amounts payable to it by a Credit Party under the Credit Documents and within the charge to United Kingdom corporation tax as respects such amounts; or

(b) a bank in respect of which an order under Section 991(2)(e) Income Tax Act 2007 designating it as a bank for the purposes of Section 879 Income Tax Act 2007 of the United Kingdom provides that Section 879 Income Tax Act 2007 shall apply to it as if the words from "if" to the end in that section were omitted; or

(c) a Treaty Lender.

"**Real Estate Asset**" means, at any time of determination, any interest (fee, leasehold or otherwise) then owned by any Credit Party in any real property.

"**Reference Banks**" means, in relation to LIBOR, the principal London offices of Citibank, N.A. and such two other banks as may be appointed by the Administrative Agent in consultation with the Borrower.

"**Register**" as defined in Section 2.5(b).

"**Reimbursement Date**" as defined in Section 2.2(e).

"**Related Fund**" means, with respect to any Bank that is an investment fund, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Bank or by an Affiliate of such investment advisor.

"**Release**" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration of any Hazardous Material into the indoor or outdoor environment (including the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Material), including the movement of any Hazardous Material through the air, soil, surface water or groundwater.

"**Replacement Bank**" as defined in Section 2.21.

"**Requisite Banks**" means, collectively (i) one or more Term Loan Banks having or holding Term Loan Exposure and representing more than 50.0% of the sum of the aggregate Term Loan Exposure of all Term Loan Banks and (ii) one or more Revolving Banks having or holding Revolving Exposure and representing more than 50.0% of the sum of the aggregate Revolving Exposure of all Revolving Banks.

"**Restricted Junior Payment**" means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock of the Borrower now or hereafter outstanding, except a dividend payable solely in shares of that class of stock to the holders of that class; (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of stock of the Borrower now or hereafter outstanding, except any payment made solely in shares of that class of stock to the holders of that class; (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock of the Borrower now or hereafter outstanding; and (iv) any payment or prepayment of principal of, premium, if any, or interest on, or redemption, purchase, retirement, defeasance (including in substance or legal defeasance), sinking fund or similar payment with respect to, any subordinated debt, excluding, in respect of this clause (iv), payments in kind.

"**Revolving Bank**" means, at any time, any Bank that has a Revolving Commitment at such time.

"**Revolving Commitment**" means the commitment of a Bank to make or otherwise fund any Revolving Loan and "**Revolving Commitments**" means such commitments of all Banks in the aggregate. The amount of each Bank's Revolving Commitment is set forth on Appendix B or in the applicable Assignment Agreement, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the Revolving Commitments as of the Closing Date is $20,000,000.

"**Revolving Commitment Period**" means the period from the Closing Date to but excluding the Termination Date.

"**Revolving Exposure**" means, with respect to any Bank as of any date of determination, (i) prior to the termination of the Revolving Commitments, that Bank's Revolving Commitment; and (ii) after the termination of the Revolving Commitments, the sum of the aggregate outstanding principal amount of the Revolving Loans of that Bank.

"**Revolving Loan**" as defined in Section 2.1(a)(ii).

"**S&P**" means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies.

"**Scheduled Maturity Date**" means [July/August __,] 2010.

"**Screen Rate**" means in relation to LIBOR, the offered rate for deposits in Dollars for the applicable Interest Period appearing on the Reuters Screen LIBOR 01 Page. If such page is replaced or service ceases to be available, the Administrative Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the Banks.

"**Secured Parties**" mean the Beneficiaries.

"**Securities**" means any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"**Securities Act**" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"**Securities Collateral**" means, collectively, the Pledged Securities and the Distributions.

"**Subsidiary**" means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than 50% of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or

controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; provided, in determining the percentage of ownership interests of any Person controlled by another Person, no ownership interest in the nature of a "qualifying share" of the former Person shall be deemed to be outstanding.

"**Superpriority Claim**" means a claim against a Credit Party in any of the Cases that is a superpriority administrative expense claim having priority over any or all administrative expenses and other claims of the kind specified in, or otherwise arising or ordered under, any sections of the Bankruptcy Code (including, without limitation, sections 105, 326, 328, 330, 331, 503(b), 507(a), 507(b), 546(c) and/or 726 thereof), whether or not such claim or expenses may become secured by a judgment Lien or other non-consensual Lien, levy or attachment.

"**Tax**" means any present or future tax, levy, impost, duty, assessment, charge, fee, deduction or withholding of any nature and whatever called, by whomsoever, on whomsoever and wherever imposed, levied, collected, withheld or assessed, whether disputed or not, including any interest, penalties or additions thereto and any installments in respect thereof; provided, "Tax on the overall net income" of a Person shall be construed as a reference to a Tax imposed by the jurisdiction in which that Person is organized or in which that Person's applicable principal office (and/or, in the case of a Bank, its lending office) is located or in which that Person (and/or, in the case of a Bank, its lending office) is deemed to be doing business on all or part of the net income, profits, or gains (whether worldwide, or only insofar as such income, profits, or gains are considered to arise in or to relate to a particular jurisdiction, or otherwise) of that Person (and/or, in the case of a Bank, its applicable lending office).

"**Tax Confirmation**" means a confirmation by a Bank that it is a 991Bank.

"**Tax Credit**" means a credit against, relief or remission for or repayment of any Tax.

"**Term LC Deposit Date**" as defined in Section 2.2(g)

"**Term LC Unreimbursed Amount**" as defined in Section 2.2(e)

"**Term Loan**" as defined in Section 2.1(a)(i).

"**Term Loan Bank**" means, at any time, any Bank that has a Term Loan Commitment or holds a Term Loan at such time.

"**Term Loan Commitment**" means the commitment of a Bank to make or otherwise fund a Term Loan and "**Term Loan Commitments**" means such commitments of all Banks in the aggregate. The amount of each Bank's Term Loan Commitment is set forth on Appendix C or in the applicable Assignment Agreement. The aggregate amount of Term Loan Commitments as of the Closing Date is $60,000,000.

"**Term Loan Deposit Account**" as defined in Section 2.1(c).

"**Term Loan Deposit Account Control Agreement**" means the Account Control Agreement (Term Loan Deposit Account), dated as of the Closing Date, among the Borrower,

the Collateral Agent, the Administrative Agent and Citibank, N.A., as amended, supplemented or otherwise modified from time to time.

"**Term Loan Exposure**" means, with respect to any Bank, as of any date of determination, the outstanding principal amount of Term Loans of such Bank; provided, at any time prior to the making of the Term Loans, the Term Loan Exposure of any Bank shall be equal to such Bank's Term Loan Commitment.

"**Term Loan LC Collateral Account**" as defined in Section 2.2(j) and shall include any sub-accounts or additional accounts contemplated by Section 2.2(j)(iii).

"**Term Loan LC Collateral Account Control Agreement"** means the Account Control Agreement (Term Loan LC Collateral Account), dated as of the Closing Date, among the Borrower, the Collateral Agent, the Administrative Agent and Citibank, N.A., as amended, supplemented or otherwise modified from time to time.

"**Terminated Bank**" as defined in Section 2.21.

"**Termination Date**" means the earliest to occur of (i) the Scheduled Maturity Date, (ii) the date the Revolving Commitments are permanently reduced to zero pursuant to Section 2.10(b) or 2.11, (iii) the date of the termination of the Revolving Commitments pursuant to Section 8.1 or the date the Loans become due and payable pursuant to Section 8.1, (iv) 35 days following the entry of the Interim Order, if the Final Order has not been entered on or before such date, (v) the closing date of any sale of the Credit Parties or all or substantially all of the assets of the Credit Parties pursuant to section 363 of the Bankruptcy Code in the Cases that has been approved by an order of the Bankruptcy Court, and (vi) the Consummation Date.

"**Trademarks**" means, collectively, with respect to each Credit Party, all trademarks (including service marks), slogans, logos, certification marks, trade dress, corporate names and trade names, whether registered or unregistered, owned by or assigned to such Credit Party and all registrations and applications for the foregoing (whether statutory or common law and whether established or registered in the United States or any other country or any political subdivision thereof), together with any and all (i) rights and privileges arising under applicable law with respect to such Credit Party's use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof (including, without limitation, the Trademarks listed on Schedule 2.23(g)).

"**Treaty Lender**" means a Bank which at the time the payment is made is beneficially entitled to all amounts payable to it under the Credit Documents and is entitled pursuant to the interpretation of the taxation authorities of the jurisdiction from which the payment is made or deemed to be made under a double taxation agreement in force at that date (subject only to the completion of any necessary formalities or administrative procedures, (including, without limitation, the matters referred to in Section 2.17(e)) to receive any payments of principal,

interest, fees or other amounts under the Credit Documents without deduction or withholding for or on account of Tax.

"**Type of Loan**" means a LIBOR Loan or an ABR Loan.

"**UCC**" means the Uniform Commercial Code as from time to time in effect in the State of New York; provided, however, in the event that by reason of mandatory provisions of law, any of the attachment, perfection or priority of the Collateral Agent's and the Secured Parties' security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "**UCC**" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions of the Credit Documents relating to such attachment, perfection or priority and for purposes of definitions relating to such provisions.

"**Unpaid Sum**" means any sum due and payable but unpaid by a Credit Party under the Credit Documents.

"**Weekly Cash Flow Forecast**" as defined in Section 5.1(p)(i).

"**Withdrawal Request**" means a request by the Borrower of a withdrawal of funds from the Term Loan Deposit Account in the form of Exhibit J.

"**991 Bank**" means a Bank falling within paragraph (a) or (b) of the definition of Qualifying Lender.

The following terms shall have the meanings assigned to them in the UCC:

"**Account Debtor**"; "**Accounts**"; "**Chattel Paper**"; "**Commercial Tort Claim**"; "**Documents**"; "**Electronic Chattel Paper**"; "**Equipment**"; "**Fixtures**"; "**General Intangibles**"; "**Goods**"; "**Inventory**"; "**Instruments**"; "**Investment Property**"; "**Letter-of-Credit Rights**"; "**Money**"; "**Proceeds**"; "**Records**"; "**Supporting Obligations**"; and "**Tangible Chattel Paper**".

1.2 **Accounting Terms**. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP. Financial statements and other information required to be delivered by the Borrower to the Banks pursuant to Section 5.1(a), 5.1(b) and 5.1(c) shall be prepared in accordance with GAAP as in effect at the time of such preparation. Notwithstanding the foregoing, calculations in connection with the definitions, covenants and other provisions hereof shall utilize accounting principles and policies in conformity with those used to prepare the Historical Financial Statements for the Fiscal Year ended December 31, 2009 only.

1.3 **Interpretation, etc.** Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. References herein to any Section, Appendix, Schedule or Exhibit shall be to a Section, an Appendix, a Schedule or an Exhibit, as the case may be, hereof unless otherwise specifically provided. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the

specific items or matters set forth immediately following such word or to similar items or matters, whether or not limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter.

SECTION 2. LOANS AND LETTERS OF CREDIT

2.1 **Loans.**

(a) Commitments.

(i) Subject to the terms and conditions hereof, each Term Loan Bank severally agrees to make a term loan in Dollars to the Borrower on the Closing Date (a "**Term Loan**") in an amount equal to such Term Loan Bank's Term Loan Commitment. Any amount borrowed under this Section 2.1(a)(i) and subsequently repaid or prepaid may not be reborrowed. The Term Loan Commitment of each Term Loan Bank shall terminate upon the Term Loan borrowing on the Closing Date. Subject to Sections 2.10(a), 2.11 and 2.25, all amounts owed hereunder with respect to Term Loans shall be paid in full no later than the Termination Date.

(ii) During the Revolving Commitment Period, subject to the terms and conditions hereof, each Revolving Bank severally agrees to make revolving loans in Dollars to the Borrower ("**Revolving Loans**") in an aggregate amount up to but not exceeding such Revolving Bank's Revolving Commitment; provided, that after giving effect to the making of any Revolving Loans in no event shall the principal amount of all Revolving Loans exceed the Revolving Commitments then in effect. Subject to Sections 2.10(a) and 2.11, all amounts owed hereunder with respect to Revolving Loans shall be paid in full no later than the Termination Date.

(b) Borrowing Mechanics for Revolving Loans Generally.

(i) Except pursuant to Sections 2.2(e) and 2.2(g), Revolving Loans shall be in an aggregate minimum amount of $1,000,000 and integral multiples of $250,000 in excess of that amount.

(ii) Whenever the Borrower desires that Revolving Banks make Revolving Loans, the Borrower shall deliver to the Administrative Agent a fully executed and delivered Funding Notice no later than (A) 9:30 a.m. (New York City time) at least three Business Days in advance of the proposed Credit Date in the case of a LIBOR Loan or (B) 9:30 a.m. (New York City time) on the proposed Credit Date in the case of an ABR Loan. Except as otherwise provided herein, a Funding Notice for a Loan that is a LIBOR Loan shall be irrevocable on and after the related Interest Rate Determination Date, and the Borrower shall be

bound to make a borrowing in accordance therewith. No Funding Notice may be delivered in respect of Terms Loans other than a single Funding Notice requesting Terms Loans be made on the Closing Date.

(iii) Notice of receipt of each Funding Notice in respect of Loans, together with the amount of each Bank's Pro Rata Share thereof, if any, together with the applicable interest rate, shall be provided by the Administrative Agent to each applicable Bank by telefacsimile with reasonable promptness, but (provided the Administrative Agent shall have received such notice by 9:30 a.m. (New York City time)) not later than 3:00 p.m. (New York City time) on the same day as the Administrative Agent's receipt of such Funding Notice from the Borrower.

(iv) Each Bank shall make the amount of its Revolving Loan available to the Administrative Agent not later than 12:00 p.m. (New York City time) on the applicable Credit Date by wire transfer of same day funds in Dollars, at the Administrative Agent's Principal Office. Except as provided herein, upon satisfaction or waiver of the conditions precedent specified herein, the Administrative Agent shall make the proceeds of such Loans available to the Borrower on the applicable Credit Date by causing an amount of same day funds in Dollars equal to the proceeds of all such Loans received by the Administrative Agent from Banks to be credited to the account of the Borrower at the Administrative Agent's Principal Office or such other account as may be reasonably designated in writing no later than 3 days before to the Administrative Agent by the Borrower.

(c) Term Loan Proceeds and Term Loan Deposit Account. Proceeds from the Term Loans made on the Closing Date in the amount of $[_____][1] shall be deposited into the Term Loan LC Collateral Account (the "**Initial Term Loan LC Deposit Amount**") and utilized pursuant to and in accordance with Section 2.2(j). On or prior to the Closing Date, the Borrower shall establish a Deposit Account maintained with the Depositary Bank (the "**Term Loan Deposit Account**"). After the portion of the proceeds from the Term Loans equal to the Initial Term Loan LC Deposit Amount is deposited into the Term Loan LC Collateral Account pursuant to the immediately preceding sentence, the remainder of the proceeds from the Term Loans made on the Closing Date (other than those applied to pay fees and expenses associated with the transactions contemplated by the Credit Documents) shall be deposited into the Term Loan Deposit Account. Funds on deposit in the Term Loan Deposit Account shall be held in the form of Cash, except as described below. So long as no Default or Event of Default shall have occurred and be continuing, the Borrower is authorized to direct the Administrative Agent to make (or cause to be made) investments of funds on deposit in the Term Loan Deposit Account in Cash Equivalents as directed by the Borrower and in

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[1] Amount to equal 103% of the Dollar Equivalent of the amounts available to be drawn under Existing Letters of Credit, but not to exceed $20,000,000.

accordance with the Term Loan Deposit Account Control Agreement. Upon the occurrence and during the continuation of a Default or an Event of Default, the funds on deposit in the Term Loan Deposit Account shall be invested in accordance with the Term Loan Deposit Account Control Agreement. Subject to the satisfaction, or waiver in accordance with Section 10.6, of the conditions set forth in Section 3.3, the Borrower shall have the right to request withdrawals from the Term Loan Deposit Account for use in accordance with clauses (ii) through (v) of Section 2.4. The Borrower hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest in the Term Loan Deposit Account and all Cash, balances and Cash Equivalents therein and all proceeds of the foregoing, as security for the Borrower's Obligations.

2.2 **Issuance of Letters of Credit.**

(a) Issuance of Letters of Credit. Subject to the terms and conditions hereof, the Issuing Bank agrees to issue Letters of Credit for the account of the Borrower or any of its Subsidiaries in the aggregate amount which, when combined with the Dollar Equivalent of the aggregate face amount of Existing Letters of Credit, does not exceed the Letter of Credit Sublimit; provided, (i) each Letter of Credit (other than the Existing Letters of Credit) shall be denominated in Dollars or an Alternative Currency; (ii) the stated amount of each Letter of Credit (other than the Existing Letters of Credit) shall not be less than $500,000 (or the Dollar Equivalent thereof if issued in an Alternative Currency) or such lesser amount as is acceptable to the Issuing Bank; (iii) after giving effect to such issuance, in no event shall the amount of Cash and Cash Equivalents on deposit in the Term Loan LC Collateral Account be less than 103% of the Dollar Equivalent of the amount available to be drawn under all Letters of Credit (including the Existing Letters of Credit); (iv) in no event shall any Letter of Credit (other than the Existing Letters of Credit) have an expiration date later than 180 days from the Closing Date; and (v) in no event shall a Letter of Credit be issued if such Letter of Credit is not in a form acceptable to the Issuing Bank in its reasonable discretion. Subject to the foregoing, the Issuing Bank shall not extend any such Letter of Credit if it has received written notice from the Administrative Agent, acting on behalf of the Requisite Banks, that an Event of Default has occurred and is continuing.

(b) Existing Letters of Credit. Schedule 2.2(b) contains a schedule of certain letters of credit issued prior to the Closing Date (the "**Existing Letters of Credit**") for the account of the Borrower or one of its Subsidiaries by Citicorp North America, Inc. On the Closing Date, (i) the Existing Letters of Credit, to the extent outstanding, shall be automatically, and without further action by the parties hereto, converted to Letters of Credit issued and outstanding under this Agreement and subject to the provisions hereof, as if such Existing Letters of Credit had been issued on the Closing Date hereunder, (ii) the issuing bank of the Existing Letters of Credit shall be deemed to be the "Issuing Bank" hereunder solely for the purpose of maintaining such Existing Letters of Credit, and (iii) all liabilities of the Borrower or any of its Subsidiaries with respect to Existing Letters of Credit shall constitute Obligations. No Existing Letter of Credit shall be amended, extended or renewed without the prior written consent of the Administrative Agent.

(c) Notice of Issuance. Whenever the Borrower desires the issuance of a Letter of Credit, it shall deliver an Issuance Notice to the Administrative Agent no later than 9:30 a.m. (New York City time) at least three (3) Business Days (in the case of standby letters of credit) or five (5) Business Days (in the case of commercial letters of credit), or in each case such shorter period as may be agreed to by the Issuing Bank in any particular instance, in advance of the proposed date of issuance. Upon satisfaction or waiver of the conditions set forth in Section 3.2, the Issuing Bank shall issue the requested Letter of Credit only in accordance with the Issuing Bank's standard operating procedures. Upon the issuance of any Letter of Credit or any amendment or modification to a Letter of Credit, the Issuing Bank shall promptly notify the Administrative Agent thereof, which notice shall be accompanied by a copy of such Letter of Credit or amendment or modification to a Letter of Credit.

(d) Responsibility of Issuing Bank With Respect to Requests for Drawings and Payments. In determining whether to honor any drawing under any Letter of Credit by the beneficiary thereof, the Issuing Bank shall be responsible only to examine the documents delivered under such Letter of Credit with reasonable care so as to ascertain whether they appear on their face to be in accordance with the terms and conditions of such Letter of Credit. As between the Borrower and the Issuing Bank, the Borrower assumes all risks of the acts and omissions of, or misuse of, the Letters of Credit issued by the Issuing Bank by the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the Issuing Bank shall not be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) failure of the beneficiary of any such Letter of Credit to comply fully with any conditions required in order to draw upon such Letter of Credit; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of Issuing Bank, including any Governmental Acts; none of the above shall affect or impair, or prevent the vesting of, any of the Issuing Bank's rights or powers hereunder. Without limiting the foregoing and in furtherance thereof, any action taken or omitted by the Issuing Bank under or in connection with the Letters of Credit or any documents and certificates delivered thereunder, if taken or omitted in good faith, shall not give rise to any liability on the part of the Issuing Bank to the Borrower. Notwithstanding anything to the contrary contained in this Section 2.2(d), the Borrower shall retain any and all rights it may have against the Issuing Bank for any liability arising solely out of the gross negligence or willful misconduct of the Issuing Bank.

(e) Reimbursement of Amounts Drawn or Paid Under Letters of Credit. In the event the Issuing Bank has determined to honor a drawing under a Letter of Credit, it shall immediately notify the Borrower and the Administrative Agent, and the Borrower shall reimburse the Issuing Bank in an amount equal to the Dollar Equivalent of such drawing plus any FX Currency Losses no later than 1:00 p.m. (New York City time) on the date such drawing is honored (the "**Reimbursement Date**"), if the Borrower shall have received such notice prior to 11:00 a.m. (New York City time) on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 1:00 p.m. (New York City time) on the next Business Day; provided that (subject to the immediately succeeding sentence) unless the Borrower shall reimburse the Issuing Bank by 1:00 p.m. (New York City time) on the same day on which such drawing is made, the unpaid amount thereof shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin, for each day commencing on the date the drawing is made until the date that the Borrower pays the Issuing Bank for the Dollar Equivalent of the amount of such drawing plus any FX Currency Losses. If the Borrower does not so reimburse the Issuing Bank at or prior to the time for payment specified above in respect of such drawing under such Letter of Credit, the Administrative Agent shall promptly cause the amounts on deposit in the Term Loan LC Collateral Account to be applied to repay in full such amounts (such amounts, including any FX Currency Losses and accrued interest thereon, the "**Term LC Unreimbursed Amount**"). If amounts on deposit in the Term Loan LC Collateral Account is less than such Term LC Unreimbursed Amount, then the Administrative Agent shall promptly cause the amounts on deposit in the Term Loan Deposit Account to be applied repay in full such Term LC Unreimbursed Amount. If the application of amounts from the Term Loan Deposit Account in accordance with the immediately preceding sentence does not satisfy such Term LC Unreimbursed Amount in full then the Borrower shall be deemed to have given a timely Funding Notice to the Administrative Agent requesting Banks to make a Revolving Loan on the Reimbursement Date in the amount sufficient equal to the Term LC Unreimbursed Amount, less the amounts withdrawn from the Term Loan LC Collateral Account and the Term Loan Deposit Account pursuant to the preceding two sentences, and the Banks shall, on the Reimbursement Date, make Revolving Loans in such amount, the proceeds of which shall be applied directly by the Administrative Agent to reimburse the Issuing Bank for the Term LC Unreimbursed Amount. The conditions to the making of a Revolving Loan set forth in Section 3.2 and the minimum amount of Revolving Loans set forth in Section 2.1(b) shall not apply to Revolving Loans made pursuant to this Section 2.2(e), and the Revolving Loans made pursuant to this Section 2.2(e) shall initially be ABR Loans.

(f) Investing Funds in Term Loan LC Collateral Account. Funds on deposit in the Term Loan LC Collateral Account shall be held in the form of Cash. So long as no Default or Event of Default shall have occurred and be continuing, the Borrower is authorized to direct the Administrative Agent to make (or cause to be made) investments of funds on deposit in the Term Loan LC Collateral Account in Cash Equivalents as directed by the Borrower and in accordance with the Term Loan LC Collateral Account Control Agreement. Upon the occurrence and during the continuation of a Default or an Event of Default, the funds on deposit in the Term Loan LC Collateral

Account shall be invested in accordance with the Term Loan LC Collateral Account Control Agreement.

(g) Top-Up and Release of Funds in the Term Loan LC Collateral Account. If on the last Business Day of any month the aggregate amount of Cash and Cash Equivalents on deposit in the Term Loan LC Collateral Account exceeds 103% of the Dollar Equivalent of the amount available to be drawn under the Letters of Credit (such excess, the "**Excess Amount**"), then, upon the written request of the Borrower, no later than the second Business Day after such request the Administrative Agent shall cause an amount of Cash (including cash proceeds from the liquidation of any Cash Equivalents) equal to the Excess Amount (calculated at the date of withdrawal), to be withdrawn from the Term Loan LC Collateral Account and transferred to the Term Loan Deposit Account. If, however, on any Determination Date the aggregate amount of Cash and Cash Equivalents on deposit in the Term Loan LC Collateral Account is less than 103% of the Dollar Equivalent of the amount available to be drawn under the Letters of Credit (such shortfall, the "**Deficiency Amount**"), then no later than the next Business Day (the "**Term LC Deposit Date**") after notice thereof to the Borrower from the Administrative Agent, the Borrower shall deposit Cash or Cash Equivalents into the Term Loan LC Collateral Account in an amount or with a value equal to the Deficiency Amount. If by 11:00 a.m. (New York City time) on the Term LC Deposit Date the Borrower has failed to make such deposit, then the Administrative Agent shall promptly cause the amounts on deposit in the Term Loan Deposit Account equal to the Deficiency to be transferred to the Term Loan LC Collateral Account; provided that the conditions to the withdrawals from the Term Loan Deposit Account set forth in Section 3.3 shall not apply to withdrawals made pursuant to this Section 2.2(g). If the application of amounts from the Term Loan Deposit Account in accordance with the immediately preceding sentence does result in amounts on deposit in the Term Loan LC Collateral Account to equal or exceed 103% of the Dollar Equivalent of the amount available to be drawn under the Letters of Credit then the Borrower shall be deemed to have given a timely Funding Notice to the Administrative Agent requesting Banks to make a Revolving Loan on the Term LC Deposit Date in the amount of the Deficiency Amount, less the amounts withdrawn from the Term Loan Deposit Account pursuant to the preceding sentence, and the Banks shall, on the Term LC Deposit Date, make Revolving Loans in such amount, the proceeds of which shall be deposited by the Administrative Agent into the Term Loan LC Collateral Account. The conditions to the making of a Revolving Loan set forth in Section 3.2 and the minimum amount of Revolving Loans set forth in Section 2.1(b) shall not apply to Revolving Loans made pursuant to this Section 2.2(g) and the Revolving Loans made pursuant to this Section 2.2(g) shall be ABR Loans.

(h) Obligations Absolute. The obligation of the Borrower to reimburse the Issuing Bank for drawings honored under the Letters of Credit issued by it under Section 2.2(e) shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms hereof under all circumstances including any of the following circumstances: (i) any lack of validity or enforceability of any Letter of Credit; (ii) the existence of any claim, set off, defense or other right which the Borrower or any Bank may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons for whom any such transferee may be acting), the Issuing Bank, any Bank or

any other Person or, in the case of a Bank, against the Borrower, whether in connection herewith, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between the Borrower or one of its Subsidiaries and the beneficiary for which any Letter of Credit was procured); (iii) any draft or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; (iv) payment by the Issuing Bank under any Letter of Credit against presentation of a draft or other document which does not substantially comply with the terms of such Letter of Credit; (v) any adverse change in the business, operations, properties, assets, condition (financial or otherwise) or prospects of the Borrower or any of its Subsidiaries; (vi) any breach hereof or any other Credit Document by any party thereto; (vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing; or (viii) the fact that an Event of Default or a Default shall have occurred and be continuing; provided, in each case, that payment by the Issuing Bank under the applicable Letter of Credit shall not have constituted gross negligence or willful misconduct of the Issuing Bank under the circumstances in question.

(i) Indemnification. Without duplication of any obligation of the Borrower under Section 10.2 or 10.4, in addition to amounts payable as provided herein, the Borrower hereby agrees to protect, indemnify, pay and save harmless the Issuing Bank from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable fees, expenses and disbursements of counsel and allocated costs of internal counsel) which the Issuing Bank may incur or be subject to as a consequence, direct or indirect, of (i) the issuance and maintenance of any Letter of Credit by the Issuing Bank, other than as a result of (1) the gross negligence or willful misconduct of the Issuing Bank or (2) the wrongful dishonor by the Issuing Bank of a proper demand for payment made under any Letter of Credit issued by it, or (ii) the failure of the Issuing Bank to honor a drawing under any such Letter of Credit as a result of any Governmental Act.

(j) Term Loan LC Collateral Account.

(i) On or prior to the Closing Date, the Borrower shall establish a Deposit Account maintained with the Depositary Bank (the "**Term Loan LC Collateral Account**") for the purpose of Cash Collateralizing the Borrower's obligations to the Issuing Bank in respect of the Letters of Credit. Pursuant to Section 2.1(c), on the Closing Date, the Initial Term Loan LC Deposit Amount shall be deposited into the Term Loan LC Collateral Account.

(ii) The Borrower hereby grants to the Collateral Agent, for the benefit of the Issuing Bank, a security interest in the Term Loan LC Collateral Account and all Cash, balances and Cash Equivalents therein and all proceeds of the foregoing, as security for the Borrower's obligations in respect of the Letters of Credit (and, in addition, grants a security interest therein, for the benefit of the Secured Parties as collateral security for the Obligations, provided that amounts on deposit in the Term Loan LC Collateral Account shall be applied, *first*, to repay the Borrower's obligations to the Issuing Bank in respect of Letters of

Credit and, *second*, to all other Obligations). Except as expressly provided herein or in any other Credit Document, no Person shall have the right to make any withdrawal from the Term Loan LC Collateral Account or to exercise any right or power with respect thereto.

(iii) If an Event of Default shall have occurred and is continuing or the conversion of the Loans and the Revolving Commitment into the Exit Facility as described in Section 2.25 shall not have occurred on or before ten (10) Business Days prior to the Scheduled Maturity Date, then the Administrative Agent shall convert, or cause to be converted, amounts on deposit in the Term Loan LC Collateral Account into Alternative Currencies, to the extent necessary, so that after giving effect to such conversion the amounts on deposit in the Term Loan LC Collateral Account are in the currency which corresponds to the currency in which the Term Loan Letters of Credit are issued. The Borrower agrees that the Administrative Agent is authorized to establish additional accounts or sub-accounts as necessary to hold such funds in an Alternative Currency, and the Borrower shall execute all documents necessary to effectuate any transfers to any other accounts or sub-accounts and to create, continue or maintain the security interest and lien perfection in the applicable accounts or sub-accounts and the Cash and Cash Equivalents held therein, including the entering into any control agreements. All cost and expenses incurred by the Administrative Agent and the Collateral Agent in connection with the matters set forth in this Section 2.2(j)(iii) shall be borne by the Borrower.

2.3 **Pro Rata Shares; Availability of Funds.**

(a) Pro Rata Shares. All Loans shall be made, by Banks simultaneously and proportionately to their respective Pro Rata Shares, it being understood that no Bank shall be responsible for any default by any other Bank in such other Bank's obligation to make a Loan requested hereunder nor shall any Commitment of any Bank be increased or decreased as a result of a default by any other Bank in such other Bank's obligation to make a Loan requested hereunder.

(b) Availability of Funds. Unless the Administrative Agent shall have been notified by any Bank prior to the applicable Credit Date that such Bank does not intend to make available to the Administrative Agent the amount of such Bank's Loan requested on such Credit Date, the Administrative Agent may assume that such Bank has made such amount available to the Administrative Agent on such Credit Date and the Administrative Agent may, in its sole discretion, but shall not be obligated to, make available to the Borrower a corresponding amount on such Credit Date. If such corresponding amount is not in fact made available to the Administrative Agent by such Bank, the Administrative Agent shall be entitled to recover such amount on demand from such Bank together with interest thereon, for each day from such Credit Date until the date such amount is paid to the Administrative Agent, at the customary rate set by the Administrative Agent for the correction of errors among banks for three Business Days and thereafter at the LIBOR Rate. If such Bank does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall

promptly notify the Borrower and the Borrower shall immediately pay such amount to the Administrative Agent together with interest thereon, for each day from such Credit Date until the date such amount is paid to the Administrative Agent, at the rate payable hereunder for LIBOR Rate Loans. Nothing in this Section 2.3(b) shall be deemed to relieve any Bank from its obligation to fulfill its Commitments hereunder or to prejudice any rights that the Borrower may have against any Bank as a result of any default by such Bank hereunder.

2.4 **Use of Proceeds.** The proceeds of the Loans shall be applied as follows, in each case, consistent with the DIP Budget and in compliance with Section 6.8: (i) the proceeds of the Term Loans shall be applied in accordance with Section 2.1(c) and (ii) the proceeds of the Revolving Loans and funds withdrawn from the Term Loan Deposit Account shall be applied by the Borrower (i) to pay the fees and expenses associated with the transactions contemplated hereby, (ii) to fund working capital and general corporate purposes of the Borrower and its Subsidiaries during the pendency of the Cases, (iii) to make adequate protection payments approved by the Bankruptcy Court pursuant to the Interim Order or the Final Order (as applicable), (iv) to fund the costs and expenses incurred in connection with the administration and prosecution of the Cases, and (v) and otherwise in compliance with this Agreement; provided that in no event will the proceeds of Loans be used for the purposes of repurchasing Loans as permitted under Section 2.10. No portion of the proceeds of any Credit Extension shall be used in any manner that causes or might cause such Credit Extension or the application of such proceeds to violate Regulation T, Regulation U or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation thereof or to violate the Exchange Act.

2.5 **Evidence of Debt; Register; Banks' Books and Records; Promissory Notes.**

(a) Banks' Evidence of Debt. Each Bank may maintain on its internal records an account or accounts evidencing the Obligations of the Borrower to such Bank, including the amounts of the Loans made by it and each repayment and prepayment in respect thereof. Any such recordation shall be conclusive and binding on the Borrower, absent manifest error; provided, that the failure to make any such recordation, or any error in such recordation, shall not affect any Bank's Commitments or the Borrower's Obligations in respect of any Loans; and provided further, in the event of any inconsistency between the Register and any Bank's records, the recordations in the Register shall govern.

(b) Register. The Administrative Agent may maintain at its Principal Office a register for the recordation of the names and addresses of Banks and the Commitments and Loans of each Bank from time to time (the "**Register**"). The Administrative Agent may record in the Register the Commitments and the Loans, and each repayment or prepayment in respect of the principal amount of the Loans, and any such recordation shall be conclusive and binding on the Borrower and each Bank, absent manifest error; provided, failure to make any such recordation, or any error in such recordation, shall not affect any Bank's Commitments or the Borrower's Obligations in respect of any Loan. The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent solely for purposes of maintaining the Register as provided in

this Section 2.5, and the Borrower hereby agrees that, to the extent the Administrative Agent serves in such capacity, the Administrative Agent and its officers, directors, employees, agents and affiliates shall constitute "Indemnitees."

(c) Notes. If so requested by any Bank by written notice to the Borrower (with a copy to the Administrative Agent) at least two Business Days prior to the Closing Date, or at any time thereafter, the Borrower shall execute and deliver to such Bank (and/or, if applicable and if so specified in such notice, to any Person who is an assignee of such Bank pursuant to Section 10.7) on the Closing Date (or, if such notice is delivered after the Closing Date, promptly after the Borrower's receipt of such notice) a promissory note or promissory notes, in a form reasonably acceptable to the Administrative Agent and the Borrower, to evidence such Bank's Term Loans and/or Revolving Loans.

2.6 **Interest on Loans.**

(a) Except as otherwise set forth herein, each Loan shall bear interest on the unpaid principal amount thereof from the date made through repayment (whether by acceleration or otherwise) thereof as follows:

(i) if a LIBOR Loan, at the LIBOR Rate plus the Applicable Margin; or

(ii) if an ABR Loan, at the Alternate Base Rate plus the Applicable Margin.

(b) The basis for determining the rate of interest with respect to any Loan, shall be selected by the Borrower and notified to the Administrative Agent and Lenders pursuant to the applicable Funding Notice or Conversion/Continuation Notice, as the case may be. If on any day a Loan is outstanding with respect to which a Funding Notice or Conversion/Continuation Notice has not been delivered to the Administrative Agent in accordance with the terms hereof specifying the applicable basis for determining the rate of interest, then such Loan will automatically convert into an ABR Loan.

(c) In connection with LIBOR Loans there shall be no more than three (3) Interest Periods in the aggregate outstanding at any time. In the event the Borrower fails to specify between an ABR Loan or a LIBOR Loan in the applicable Funding Notice or Conversion/Continuation Notice, such Loan (if outstanding as a LIBOR Loan) will be automatically continued as a LIBOR Loan with an Interest Period of one month beginning on the last day of the then-current Interest Period for such Loan), or (if outstanding as an ABR Loan) will be automatically continued as an ABR Loan, or (if not then outstanding) will be automatically made as a LIBOR Loan with an Interest Period of one month. In the event the Borrower fails to specify an Interest Period for any LIBOR Loan in the applicable Funding Notice or Conversion/Continuation Notice, the Borrower shall be deemed to have selected an Interest Period of one month. As soon as practicable after 11:00 a.m. (London time) on each Interest Rate Determination Date, the Administrative Agent shall determine (which determination shall, absent manifest error,

be final, conclusive and binding upon all parties) the interest rate that shall apply to the LIBOR Loans for which an interest rate is then being determined for the applicable Interest Period and shall promptly give notice thereof (in writing or by telephone confirmed in writing) to the Borrower and each Bank.

(d) Interest payable pursuant to Section 2.6(a)(i) and any other interest, commission or fee accruing under a Credit Document (other than interest payable pursuant to Section 2.6(a)(ii)) will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days. Interest payable pursuant to Section 2.6(a)(ii) will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 or 366 days, as appropriate, when determined by reference to clause (a) of the definition of "Alternate Base Rate", and a year of 360 days at all other times.

(e) Except as otherwise set forth herein, interest on each Loan shall be payable in arrears on and to (i) each Interest Payment Date applicable to that Loan; (ii) upon any prepayment of that Loan, whether voluntary or mandatory, to the extent accrued on the amount being prepaid; and (iii) at maturity, including final maturity, and on the Termination Date.

(f) Interest payable pursuant to Section 2.2(e) shall be computed on the basis of a 365/366 day year for the actual number of days elapsed in the period during which it accrues, and shall be payable on demand or, if no demand is made, on the date on which the related drawing under a Letter of Credit is reimbursed in full by the Borrower, including or pursuant to Section 2.2(e).

2.7 **Conversion and Continuation.**

(a) Subject to Section 2.15 and so long as no Default or Event of Default shall have occurred and then be continuing, the Borrower shall have the option:

(i) to convert at any time all or any part of any Loan equal to $1,000,000 and integral multiples of $250,000 in excess of that amount from one Type of Loan to another Type of Loan; provided, a LIBOR Loan may only be converted on the expiration of the Interest Period applicable to such LIBOR Loan unless the Borrower shall pay all amounts due under Section 2.15 in connection with any such conversion; or

(ii) upon the expiration of any Interest Period applicable to any LIBOR Loan, to continue all or any portion of such Loan equal to $1,000,000 and integral multiples of $250,000 in excess of that amount as a LIBOR Loan.

(b) The Borrower shall deliver a Conversion/Continuation Notice to the Administrative Agent no later than noon (New York City time) on the date of the proposed conversion date (in the case of a conversion to an ABR Loan) and at least three Business Days in advance of the proposed Conversion/Continuation Date (in the case of a conversion to, or a continuation of, a LIBOR Loan). Except as otherwise provided herein, a Conversion/Continuation Notice for conversion to, or continuation of, any LIBOR

Loans (or telephonic notice in lieu thereof) shall be irrevocable and the Borrower shall be bound to effect a conversion or continuation in accordance therewith.

(c) Notwithstanding anything to the contrary in the foregoing, no conversion in whole or in part to a LIBOR Loan shall be permitted at any time at which (i) a Default or Event of Default shall have occurred and be continuing or (ii) the continuation of, or conversion into, a LIBOR Loan would violate any provision of Sections 2.15 or 2.16.

(d) If a Default or Event of Default shall have occurred and be continuing, LIBOR Loans shall automatically convert to ABR Loans upon the expiration of the Interest Period applicable thereto.

2.8 **Default Interest**. Notwithstanding anything to the contrary in Section 2.6, upon the occurrence and during the continuance of an Event of Default, the principal amount of all Loans outstanding and, to the extent permitted by applicable law, any interest payments on the Loans or any fees or other amounts owed hereunder shall thereafter bear interest payable upon demand, at a rate that is 2% per annum in excess of the interest rate otherwise payable under this Agreement with respect to the applicable Loans (or, in the case of any such fees and other amounts, at a rate which is 2% per annum in excess of the interest rate otherwise payable under this Agreement for ABR Loans). Payment or acceptance of the increased rates of interest provided for in this Section 2.8 is not a permitted alternative to timely payment and shall not constitute a waiver of any Default or Event of Default or otherwise prejudice or limit any rights or remedies of the Administrative Agent or any Bank.

2.9 **Fees**. (a) The Borrower agrees to pay to Banks having:

(i) Revolving Exposure (A) commitment fees equal to (1) the average of the daily Availability, times (2) the Applicable Revolving Commitment Fee Percentage; and (B) an upfront fee equal to 1.00% times the aggregate amount of the Revolving Commitments;

(ii) Term Loan Exposure an upfront fee equal to 0.50% times the aggregate amount of the Term Loan Commitments; and

(iii) All fees referred to in this Section 2.9(a) shall be paid in Cash in Dollars to the Administrative Agent at its Principal Office and upon receipt, the Administrative Agent shall promptly distribute to each Bank its Pro Rata Share thereof.

(b) The Borrower agrees to pay directly to the Issuing Bank, for its own account, the following fees:

(i) a fronting fee equal to 0.25%, per annum, times the average aggregate daily amount available to be drawn under all Letters of Credit (determined as of the close of business on any date of determination); and

(ii) such documentary and processing charges for any issuance, amendment, transfer or payment of a Letter of Credit as are in accordance with Issuing Bank's standard schedule for such charges and as in effect at the time of such issuance, amendment, transfer or payment, as the case may be.

(c) The fees referred to in Sections 2.9(a)(i)(A) and in Section 2.9(b)(i) shall be calculated on the basis of a 360 day year and the actual number of days elapsed and shall be payable in arrears on the first Business Day of each calendar month during the Revolving Commitment Period, commencing on the first such date to occur after the Closing Date, and on the Termination Date. The fees referred to in Sections 2.9(a)(i)(B) and 2.9(a)(ii) shall be payable on the Closing Date.

(d) In addition to any of the foregoing fees, the Borrower agrees to pay to the Agents and the Lead Arranger such other fees in the amounts and at the times separately agreed upon.

2.10 **Voluntary Prepayments/Commitment Reductions.**

(a) Voluntary Prepayments.

(i) Any time and from time to time, the Borrower may prepay any Loans on any Business Day in whole or in part in an aggregate minimum principal amount of $1,000,000 and integral multiples of $250,000 in excess of that amount.

(ii) All such prepayments shall be made upon not less than three Business Days' prior written or telephonic notice (in the case of LIBOR Loans) or upon not less than one Business Days' prior written or telephonic notice (in the case of ABR Loans), in each case given to the Administrative Agent by 12:00 p.m. (New York City time) on the date required and, if given by telephone, promptly confirmed in writing to the Administrative Agent (and the Administrative Agent will promptly transmit such telephonic or original notice by telefacsimile or telephone to each Bank). Upon the giving of any such notice, the principal amount of the Loans specified in such notice shall become due and payable on the prepayment date specified therein. Any such voluntary prepayment shall be applied as specified in Section 2.12(a).

(b) Voluntary Commitment Reductions.

(i) The Borrower may, upon not less than three Business Days' prior written or telephonic notice confirmed in writing to the Administrative Agent (which original written or telephonic notice the Administrative Agent will promptly transmit by telefacsimile or telephone to each applicable Bank), at any time and from time to time terminate in whole or permanently reduce in part, without premium or penalty, the Revolving Commitments in an amount up to the amount by which the Revolving Commitments exceed the outstanding principal amount of the Revolving Loans at the time of such proposed termination or reduction; provided, any such partial

reduction of the Revolving Commitments shall be in an aggregate minimum principal amount of $1,000,000 and integral multiples of $250,000 in excess of that amount.

(ii) The Borrower's notice to the Administrative Agent shall designate the date (which shall be a Business Day) of such termination or reduction and the amount of any partial reduction, and such termination or reduction of the Revolving Commitments shall be effective on the date specified in the Borrower's notice and shall reduce the applicable Revolving Commitment of each Bank proportionately to its Pro Rata Share thereof.

2.11 **Mandatory Prepayments/Commitment Reductions.**

(a) Asset Sales. No later than the second Business Day following the date of receipt by the Borrower or any of its Subsidiaries of any Net Asset Sale Proceeds, the Borrower shall prepay the Loans and/or the Revolving Commitments shall be permanently reduced as set forth in Section 2.12(b) in an aggregate amount equal to such Net Asset Sale Proceeds; provided, however, that the Borrower shall not be required to make any prepayment hereunder with Net Asset Sales proceeds unless and until the aggregate amount of all such Net Asset Sales Proceeds that have not theretofore been applied to prepay the Loans exceeds $250,000 (and at such time the Borrower shall be required to make a prepayment hereunder with such excess Net Asset Sales Proceeds).

(b) Insurance/Condemnation Proceeds. No later than the second Business Day following the date of receipt by the Borrower or any of its Subsidiaries, or the Administrative Agent as loss payee, of any Net Insurance/Condemnation Proceeds, the Borrower shall prepay the Loans and/or the Revolving Commitments shall be permanently reduced as set forth in Section 2.12(b) in an aggregate amount equal to such Net Insurance/Condemnation Proceeds.

(c) Revolving Loans. The Borrower shall from time to time prepay the Revolving Loans to the extent necessary so that the outstanding principal amount of the Revolving Loans shall not at any time exceed the Revolving Commitments then in effect.

(d) Prepayment Certificate. Concurrently with any prepayment of the Loans and/or reduction of the Revolving Commitments pursuant to Sections 2.11(a) and 2.11(b), the Borrower shall deliver to the Administrative Agent a certificate of an Authorized Officer demonstrating the calculation of the amount of the applicable net proceeds; provided, if such officer's certificate is subsequently determined to be inaccurate, such Authorized Officer (or such Authorized Officer's successor) must deliver a new certificate setting forth in detail the adjustments necessary to make the prior certificate accurate in all respects. In the event that the Borrower shall subsequently determine that the actual amount exceeded the amount set forth in such certificate, the Borrower shall promptly make an additional prepayment of the Loans and/or the Revolving Commitments shall be permanently reduced in an amount equal to such

excess, and the Borrower shall concurrently therewith deliver to the Administrative Agent the certificate as set forth above in this Section 2.11(d).

2.12 **Application of Prepayments/Reductions.**

(a) Application of Voluntary Prepayments. Any prepayment of any Loan pursuant to Section 2.10(a) shall be applied, at the Borrower's sole discretion, to prepay Revolving Loans or the Term Loans.

(b) Application of Mandatory Prepayments. Any amount required to be paid pursuant to Sections 2.11(a) and (b) shall be applied as follows:

first, to prepay the Term Loans to the full extent thereof;

second, to prepay the Revolving Loans to the full extent thereof and to further permanently reduce the Revolving Commitments by the amount of such prepayment; and

third, to further permanently reduce the Revolving Commitments to the full extent thereof.

2.13 **General Provisions Regarding Payments.**

(a) Except as otherwise provided in Section 2.17, all payments by the Borrower of principal, interest, fees and other Obligations shall be made in Dollars and in same day funds, without defense, setoff or counterclaim, free of any restriction or condition, and delivered to the Administrative Agent not later than 12:00 p.m. (New York City time) on the date due at the Administrative Agent's Principal Office for the account of Banks; funds received by the Administrative Agent after that time on such due date shall be deemed to have been paid by the Borrower on the next succeeding Business Day.

(b) All payments in respect of the principal amount of any Loan shall be accompanied by payment of accrued interest on the principal amount being repaid or prepaid.

(c) The Administrative Agent shall promptly distribute to each Bank at such address as such Bank shall indicate in writing, such Bank's applicable Pro Rata Share of all payments and prepayments of principal and interest due hereunder, together with all other amounts due thereto, including, without limitation, all fees payable with respect thereto, to the extent received by the Administrative Agent.

(d) Subject to the provisos set forth in the definition of "Interest Period", whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest hereunder or of the Revolving Commitment fees hereunder.

(e) The Borrower hereby authorizes the Administrative Agent to charge the Borrower's accounts with the Administrative Agent in order to cause timely payment to be made to the Administrative Agent of all principal, interest, fees and expenses due hereunder (subject to sufficient funds being available in its accounts for that purpose).

(f) The Administrative Agent shall deem any payment by or on behalf of the Borrower hereunder that is not made in same day funds prior to 12:00 p.m. (New York City time) to be a non-conforming payment. Any such payment shall not be deemed to have been received by the Administrative Agent until the later of (i) the time such funds become available funds, and (ii) the applicable next Business Day. The Administrative Agent shall give prompt telephonic notice to the Borrower and each applicable Bank (confirmed in writing) if any payment is non-conforming. Any non-conforming payment may constitute or become a Default or Event of Default in accordance with the terms of Section 8.1(a). Interest shall continue to accrue on any principal as to which a non-conforming payment is made until such funds become available funds (but in no event less than the period from the date of such payment to the next succeeding applicable Business Day) at the rate determined pursuant to Section 2.8 from the date such amount was due and payable until the date such amount is paid in full.

(g) If an Event of Default shall have occurred and not otherwise been waived, and the maturity of the Obligations shall have been accelerated pursuant to Section 8.1, all payments or proceeds received by any Agents hereunder in respect of any of the Obligations (except as expressly provided elsewhere in a Credit Document), shall be forwarded to the Administrative Agent and applied in full or in part by the Administrative Agent against, the Obligations in the following order of priority: *first*, to the payment of all costs and expenses of such sale, collection or other realization, including reasonable compensation to the Administrative Agent and Collateral Agent and their agents and counsel, and all other expenses, liabilities and advances made or incurred by the Administrative Agent or Collateral Agent in connection therewith, and all amounts for which the Administrative Agent or Collateral Agent is entitled to indemnification hereunder (each in its capacity as the Administrative Agent or Collateral Agent, and not as a Bank) and all advances made by the Administrative Agent or Collateral Agent hereunder for the account of the applicable Credit Party, and to the payment of all costs and expenses paid or incurred by the Administrative Agent or Collateral Agent in connection with the exercise of any right or remedy hereunder or under any Credit Document, all in accordance with the terms hereof or thereof; *second*, to the extent of any excess of such proceeds, to the payment of all other Obligations for the ratable benefit of the Banks; and *third*, to the extent of any excess of such proceeds, to the payment to or upon the order of such Credit Party or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

2.14 **Ratable Sharing.**

The Banks hereby agree among themselves that, if any of them shall, whether by voluntary payment (other than a voluntary prepayment of Loans made and applied in accordance with the terms hereof), through the exercise of any right of set off or banker's lien, by

counterclaim or cross action or by the enforcement of any right under the Credit Documents or otherwise, or as adequate protection of a deposit treated as cash collateral under the Bankruptcy Code, receive payment or reduction of a proportion of the aggregate amount of principal, interest, amounts payable in respect of Letters of Credit, fees and other amounts then due and owing to such Bank hereunder or under the other Credit Documents (collectively, the "**Aggregate Amounts Due**" to such Bank) which is greater than the proportion received by any other Bank in respect of the Aggregate Amounts Due to such other Bank, then the Bank receiving such proportionately greater payment shall (a) notify the Administrative Agent and each other Bank of the receipt of such payment and (b) apply a portion of such payment to purchase participations (which it shall be deemed to have purchased from each seller of a participation simultaneously upon the receipt by such seller of its portion of such payment) in the Aggregate Amounts Due to the other Banks so that all such recoveries of Aggregate Amounts Due shall be shared by all Banks in proportion to the Aggregate Amounts Due to them; provided, if all or part of such proportionately greater payment received by such purchasing Bank is thereafter recovered from such Bank upon the bankruptcy or reorganization of such Borrower or otherwise, those purchases shall be rescinded and the purchase prices paid for such participations shall be returned to such purchasing Bank ratably to the extent of such recovery, but without interest. The Borrower expressly consents to the foregoing arrangement and agrees that any holder of a participation so purchased may exercise any and all rights of banker's lien, set off or counterclaim with respect to any and all monies owing by the Borrower to that holder with respect thereto as fully as if that holder were owed the amount of the participation held by that holder.

2.15 **Making or Maintaining LIBOR Loans.**

(a) Inability to Determine Applicable Interest Rate. In the event that the Administrative Agent shall have determined (which determination shall be final and conclusive and binding upon all parties hereto), on any Interest Rate Determination Date with respect to any LIBOR Loans, that by reasons of circumstances affecting the London interbank market adequate and fair means do not exist for ascertaining the interest rate applicable to such LIBOR Loans on the basis provided for in the definition of LIBOR Rate, the Administrative Agent shall on such date give notice (by telefacsimile or by telephone confirmed in writing) to the Borrower and each Bank of such determination, whereupon (i) no Loans may be made as, or converted to, LIBOR Loans until such time as the Administrative Agent notifies the Borrower and Banks that the circumstances giving rise to such notice no longer exist, (ii) any Funding Notice or Conversion/Continuation Notice given by the Borrower with respect to the LIBOR Loans in respect of which such determination was made shall be deemed to be rescinded by the Borrower and (iii) the interest rate applicable to such LIBOR Loans shall be the Alternate Base Rate until such time as the Administrative Agent notifies the Borrower and Banks that the circumstances giving rise to such notice no longer exist.

(b) Illegality or Impracticability of LIBOR Loans. In the event that on any date any Bank shall have determined (which determination shall be final and conclusive and binding upon all parties hereto but shall be made only after consultation with the Borrower and the Administrative Agent) that the making, maintaining or continuation of all or any of its Loans, (i) has become unlawful as a result of compliance

by such Bank in good faith with any law, treaty, governmental rule, regulation, guideline or order (or would conflict with any such treaty, governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful), or (ii) has become impracticable, as a result of contingencies occurring after the date hereof which materially and adversely affect the London interbank market or the position of such Bank in that market, then, and in any such event, such Bank shall be an "**Affected Bank**" and it shall on that day give notice (by telefacsimile or by telephone confirmed in writing) to the Borrower and the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each other Bank). Thereafter (1) the Commitments and obligation of the Affected Bank to make Loans as, or to convert Loans to, LIBOR Loans shall be suspended until such notice shall be withdrawn by the Affected Bank, (2) to the extent such determination by the Affected Lender relates to a LIBOR Loan then being requested by the Borrower pursuant to a Funding Notice or a Conversion/Continuation Notice, the Affected Lender shall make such Loan as (or continue such Loan as or convert such Loan to, as the case may be) an ABR Loan, (3) the Affected Bank's obligation to maintain its outstanding LIBOR Loans (the "**Affected Loans**") shall be terminated at the earlier to occur of the expiration of the Interest Period then in effect with respect to the Affected Loans or when required by law, and (4) the interest rate applicable to such Affected Loans shall be the Alternate Base Rate, provided the Affected Bank shall make commercially reasonable efforts to assign the Affected Loans according to Section 10.7. Notwithstanding the foregoing, to the extent a determination by an Affected Bank as described above relates to a LIBOR Loan then being requested by the Borrower pursuant to a Funding Notice or a Conversion/Continuation Notice, the Borrower shall have the option, subject to the provisions of Section 2.15(c), to rescind such Funding Notice or Conversion/Continuation Notice as to all Banks by giving notice (by telefacsimile or by telephone confirmed in writing) to the Administrative Agent of such rescission on the date on which the Affected Bank gives notice of its determination as described above (which notice of rescission the Administrative Agent shall promptly transmit to each other Bank). Except as provided in the immediately preceding sentence, nothing in this Section 2.15(b) shall affect the obligation of any Bank other than an Affected Bank to make or maintain Loans as, or to convert Loans to, LIBOR Loans in accordance with the terms hereof.

(c) Compensation for Breakage or Non-Commencement of Interest Periods. The Borrower shall compensate each Bank, upon written request by such Bank to the Administrative Agent within five (5) Business Days after the applicable event (which request shall set forth the basis for requesting such amounts), for all reasonable losses, expenses and liabilities (including any interest paid by such Bank to banks of funds borrowed by it to make or carry its LIBOR Loans and any loss, expense or liability sustained by such Bank in connection with the liquidation or re employment of such funds but excluding loss of anticipated profits) which such Bank may sustain: (i) if for any reason (other than a default by such Bank) a borrowing of any LIBOR Loan does not occur on a date specified therefor in a Funding Notice or a telephonic request for borrowing or a conversion or continuation of any LIBOR Loan does not occur on a date specified therefor in a Conversion/Continuation Notice or a telephonic request for conversion or continuation; (ii) if any conversion or any prepayment or other principal

payment occurs on a date prior to the last day of an Interest Period applicable to that LIBOR Loan (including, without limitation, pursuant to Section 2.15(b) hereof); or (iii) if any prepayment of any of its LIBOR Loans is not made on any date specified in a notice of prepayment given by the Borrower.

(d) Booking of LIBOR Loans. Any Bank may make, carry or transfer LIBOR Loans at, to, or for the account of any of its branch offices or the office of an Affiliate of such Bank.

(e) Assumptions Concerning Funding of LIBOR Loans. Calculation of all amounts payable to a Bank under this Section 2.15 and under Section 2.16 shall be made as though such Bank had actually funded each of its relevant LIBOR Loans through the purchase of a LIBOR deposit bearing interest at the rate in an amount equal to the amount of such LIBOR Loan and having a maturity comparable to the relevant Interest Period and through the transfer of such LIBOR deposit from an offshore office of such Bank to a domestic office of such Bank in the United States of America; provided, however, each Bank may fund each of its LIBOR Loans in any manner it sees fit and the foregoing assumptions shall be utilized only for the purposes of calculating amounts payable under this Section 2.15 and under Section 2.16.

2.16 **Increased Costs; Capital Adequacy.**

(a) Compensation For Increased Costs and Taxes. Subject to the provisions of Section 2.17 (which shall be controlling with respect to the matters covered thereby), in the event that any Bank (which term shall include the Issuing Bank for purposes of this Section 2.16(a)) shall determine (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto) that any law, treaty or governmental rule, regulation or order, or any change therein or in the interpretation, administration or application thereof (including the introduction of any new law, treaty or governmental rule, regulation or order), or any determination of a court or governmental authority, in each case that becomes effective after the date hereof, or compliance by such Bank with any guideline, request or directive issued or made after the date hereof by any central bank or other governmental or quasi governmental authority (whether or not having the force of law): (i) subjects such Bank (or its applicable lending office) to any additional Tax (other than (A) any Tax on the overall net income of such Bank or its applicable lending office or (B) any Tax imposed as a result of the Administrative Agent's or any Bank's (including the Issuing Bank's) failure to satisfy the applicable requirements as set forth in any statute enacted (or regulation or administrative guidance promulgated thereunder) after the date hereof that is based on, or similar to, Subtitle A - Foreign Account Tax Compliance of H.R. 2847, as passed by the United States House of Representatives on March 4, 2010 ((A) and (B), collectively, "**Excluded Taxes**")) with respect to this Agreement or any of the other Credit Documents or any of its obligations hereunder or thereunder or any payments to such Bank (or its applicable lending office) of principal, interest, fees or any other amount payable hereunder; (ii) imposes, modifies or holds applicable any reserve (including any marginal, emergency, supplemental, special or other reserve), special deposit, compulsory loan, FDIC insurance or similar requirement against assets held by, or

deposits or other liabilities in or for the account of, or advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Bank (other than any such reserve or other requirements with respect to LIBOR Loans); or (iii) imposes any other condition (other than with respect to a Tax matter) on or affecting such Bank (or its applicable lending office) or its obligations hereunder or the London interbank market; and the result of any of the foregoing is to increase the cost to such Bank of agreeing to make, making or maintaining Loans hereunder or to reduce any amount received or receivable by such Bank (or its applicable lending office) with respect thereto; then, in any such case, the Borrower shall promptly pay to such Bank, upon receipt of the statement referred to in the next sentence, such additional amount or amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank in its sole discretion shall determine) as may be necessary to compensate such Bank for any such increased cost or reduction in amounts received or receivable hereunder. Such Bank shall deliver to the Borrower (with a copy to the Administrative Agent) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to such Bank under this Section 2.16(a), which statement shall be conclusive and binding upon all parties hereto absent manifest error.

(b) Capital Adequacy Adjustment. In the event that any Bank (which term shall include the Issuing Bank for purposes of this Section 2.16(b)) shall have determined that the adoption, effectiveness, phase in or applicability after the Closing Date of any law, rule or regulation (or any provision thereof) regarding capital adequacy, or any change therein or in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its applicable lending office) with any guideline, request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the capital of such Bank or any corporation controlling such Bank as a consequence of, or with reference to, such Bank's Loans or Commitments or Letters of Credit, or other obligations hereunder with respect to the Loans or the Letters of Credit to a level below that which such Bank or such controlling corporation could have achieved but for such adoption, effectiveness, phase in, applicability, change or compliance (taking into consideration the policies of such Bank or such controlling corporation with regard to capital adequacy), then from time to time, within five Business Days after receipt by the Borrower from such Bank of the statement referred to in the next sentence, the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank or such controlling corporation on an after tax basis for such reduction. Such Bank shall deliver to the Borrower (with a copy to the Administrative Agent) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to Bank under this Section 2.16(b), which statement shall be conclusive and binding upon all parties hereto absent manifest error.

2.17 **Taxes; Withholding, etc.**

(a) Payments to Be Free and Clear. All sums payable by any Credit Party hereunder and under the other Credit Documents shall (except to the extent

required by law) be paid free and clear of, and without any deduction or withholding on account of, any Tax (other than any Excluded Taxes) imposed, levied, collected, withheld or assessed by or within the United States of America or any political subdivision in or of the United States of America or any other jurisdiction from or to which a payment is made by or on behalf of any Credit Party or by any federation or organization of which the United States of America or any such jurisdiction is a member at the time of payment (such Taxes, "**Indemnified Taxes**").

(b) Withholding of Taxes. If any Credit Party or any other Person is required by law to make any deduction or withholding on account of any Tax from any sum paid or payable by any Credit Party to the Administrative Agent or any Bank (which term shall include the Issuing Bank for purposes of this Section 2.17(b)) under any of the Credit Documents: (i) the Borrower shall notify the Administrative Agent of any such requirement or any change in any such requirement as soon as the Borrower becomes aware of it; (ii) the Borrower shall pay to the appropriate taxing or other authority any such Tax before the date on which penalties attach thereto, such payment to be made (if the liability to pay is imposed on any Credit Party) for its own account or (if that liability is imposed on the Administrative Agent or such Bank, as the case may be) on behalf of and in the name of the Administrative Agent or such Bank; (iii) the sum payable by such Credit Party in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment, (including deductions, withholdings or payments applicable to additional sums payable under this Section 2.17(b)) the Administrative Agent or such Bank, as the case may be, receives on the due date a net sum equal to what it would have received had no such deduction, withholding or payment been required or made in respect of Indemnified Taxes; and (iv) within thirty days after paying any sum from which it is required by law to make any deduction or withholding, and within thirty days after the due date of payment of any Tax which it is required by clause (ii) above to pay, each Credit Party shall deliver to the Administrative Agent evidence satisfactory to the other affected parties of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority. Each Credit Party shall indemnify the Administrative Agent, each Bank and the Issuing Bank, within 10 days after written demand therefor, which demand shall identify in reasonable detail the nature and amount of such Indemnified Taxes (and provide such other evidence thereof as has been received by the Administrative Agent, such Bank or the Issuing Bank, as the case may be), for the full amount of any Indemnified Taxes paid by the Administrative Agent, such Bank or the Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of such Credit Party hereunder and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to a Credit Party by a Bank or the Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Bank or the Issuing Bank, shall be conclusive absent manifest error.

(c) Evidence of Exemption From U.S. Withholding Tax. Each Bank that is not a United States Person (as such term is defined in Section 7701(a)(30) of the

Internal Revenue Code) for U.S. federal income tax purposes (a "**Non-US Bank**") shall deliver to the Administrative Agent for transmission to the Borrower, on or prior to the Closing Date (in the case of each Bank listed on the signature pages hereof on the Closing Date) or on or prior to the date of the Assignment Agreement pursuant to which it becomes a Bank (in the case of each other Bank), and at such other times as may be necessary in the determination of the Borrower or the Administrative Agent (each in the reasonable exercise of its discretion), (i) two original copies of Internal Revenue Service Form W-8BEN or W-8ECI (or any successor forms), properly completed and duly executed by such Bank, and such other documentation required under the Internal Revenue Code and reasonably requested by the Borrower to establish that such Bank is not subject to deduction or withholding of United States federal income tax with respect to any payments to such Bank of principal, interest, fees or other amounts payable under any of the Credit Documents, or (ii) if such Bank is not a "bank" or other Person described in Section 881(c)(3) of the Internal Revenue Code and cannot deliver Internal Revenue Service Form W-8ECI pursuant to clause (i) above, a Certificate re Non-Bank Status together with two original copies of Internal Revenue Service Form W-8BEN (or any successor form), properly completed and duly executed by such Bank, and such other documentation required under the Internal Revenue Code and reasonably requested by the Borrower to establish that such Bank is not subject to deduction or withholding of United States federal income tax with respect to any payments to such Bank of principal, interest, fees or other amounts payable under any of the Credit Documents. Each Bank that is a United States Person (as such term is defined in Section 7701(a)(30) of the Internal Revenue Code) for U.S. federal income tax purposes (a "**US Bank**") shall deliver to the Administrative Agent for transmission to the Borrower, on or prior to the Closing Date (in the case of each Bank listed on the signature pages hereof on the Closing Date) or on or prior to the date of the Assignment Agreement pursuant to which it becomes a Bank (in the case of each other Bank), and at such times as may be necessary in the determination of the Borrower or the Administrative Agent (each in the reasonable exercise of its discretion), such other form or forms, certificates or documentation, including two original copies of Internal Revenue Service Form W-9, as reasonably requested by the Borrower to confirm or establish that such Bank is not subject to deduction, withholding, or backup withholding of United States federal income tax with respect to any payments to such Bank of principal, interest, fees or other amounts payable under any of the Credit Documents. Each Bank required to deliver any forms, certificates or other evidence with respect to United States federal income tax withholding matters pursuant to this Section 2.17(c) hereby agrees, from time to time after the initial delivery by such Bank of such forms, certificates or other evidence, whenever a lapse in time or change in circumstances renders such forms, certificates or other evidence obsolete or inaccurate in any material respect, that such Bank shall promptly deliver to the Administrative Agent for transmission to the Borrower two new original copies of Internal Revenue Service Form W-8BEN or W-8ECI, or a Certificate re Non-Bank Status and two original copies of Internal Revenue Service Form W-8BEN (or any successor form), or two new original copies of Internal Revenue Service Form W-9, as the case may be, properly completed and duly executed by such Bank, and such other documentation required under the Internal Revenue Code and reasonably requested by the Borrower to confirm or establish that such Bank is not subject to deduction or

withholding of United States federal income tax with respect to payments to such Bank under the Credit Documents, or notify the Administrative Agent and the Borrower of its inability to deliver any such forms, certificates or other evidence. The Borrower shall not be required to pay any additional amount to any Non-US Bank under Section 2.17(b) if such Bank shall have failed (1) to deliver the forms, certificates or other evidence referred to in the first three sentences of this Section 2.17(c), or (2) to notify the Administrative Agent and the Borrower of its inability to deliver any such forms, certificates or other evidence, as the case may be; provided, if such Bank shall have satisfied the requirements of the first sentence of this Section 2.17(c) on the Closing Date or on the date of the Assignment Agreement pursuant to which it became a Bank, as applicable, nothing in this last sentence of Section 2.17(c) shall relieve each Borrower of its obligation to pay any additional amounts pursuant to this Section 2.17 in the event that, as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof, such Bank is no longer properly entitled to deliver forms, certificates or other evidence at a subsequent date establishing the fact that such Bank is not subject to withholding as described herein.

(d) Withholding or Deduction for or on Account of Non-US Tax. A Credit Party shall not be required to pay any additional amount under Section 2.17(b) if, on the date on which the payment falls due (i) the payment could have been made to the relevant Bank without deduction or withholding for or on account of any Tax imposed by any jurisdiction other than the United States ("**Non-US Tax**") if that Bank was a Qualifying Lender but on that date that Bank is not or has ceased to be a Qualifying Lender (other than where such Bank was a Qualifying Lender on the Closing Date or on the date of the Assignment Agreement pursuant to which it became a Bank, as applicable, and has ceased to be a Qualifying Lender as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof); (ii) the relevant Bank is a Treaty Lender and the payment could have been made to the Lender without deduction or withholding for or on account of Non-US Tax had that Bank complied with its obligations under Section 2.17(e) below; or (iii) the relevant Bank is a 991 Bank and has not given a Tax Confirmation to the Administrative Agent (other than by reason of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof after the Closing Date or the date of the Assignment Agreement pursuant to which the relevant Bank became a Bank, as applicable). The provisions of this Section 2.17(d) are subject always to the proviso contained in Section 2.17(b) above.

(e) Completion of Procedural Formalities. A Treaty Lender and each Credit Party which makes a payment to which that Treaty Lender is entitled shall co-operate in completing as soon as reasonably practicable after the Closing Date (or the date of the Assignment Agreement pursuant to which the relevant Bank becomes a Bank, as applicable) any procedural formalities necessary for that Credit Party to obtain authorization to make that payment without deduction or withholding for or on account of Non-US Tax (including for the avoidance of doubt the completion and submission to the Tax authority in the relevant Treaty Lender's country of incorporation (or, if

different, its country of residence for the purposes of the relevant double taxation agreement) of appropriate forms and documents that are provided to it by the relevant Credit Party).

(f) Change in Circumstance. A Bank that is a 991 Bank shall promptly notify the Administrative Agent if there is any change in the position from that set out in the Tax Confirmation.

(g) Certain Documents. If any Tax was not correctly or legally asserted, the relevant Bank(s) shall, upon the Borrower's reasonable request and at the expense of the Borrower, provide such documents to the Borrower to enable the Borrower to contest such Tax pursuant to appropriate proceedings then available to the relevant Bank(s) (so long as providing such documents shall not, in the good faith determination of the relevant Bank(s) result in any liability to the relevant Bank(s) and doing so is otherwise permitted under applicable law as determined by the relevant Bank(s)).

2.18 **Obligation to Mitigate**. Each Bank (which term shall include the Issuing Bank for purposes of this Section 2.18) agrees that, as promptly as practicable after the officer of such Bank responsible for administering its Loans or Letters of Credit, as the case may be, becomes aware of the occurrence of an event or the existence of a condition that would cause such Bank to become an Affected Bank or that would entitle such Bank to receive payments under Section 2.15, 2.16 or 2.17, it will, to the extent not inconsistent with the internal policies of such Bank and any applicable legal or regulatory restrictions, use reasonable efforts to (a) make, issue, fund or maintain its Credit Extensions, including any Affected Loans, through another office of such Bank, or (b) take such other measures as such Bank may deem reasonable, if as a result thereof the circumstances which would cause such Bank to be an Affected Bank would cease to exist or the additional amounts which would otherwise be required to be paid to such Bank pursuant to Section 2.15, 2.16 or 2.17 would be materially reduced and if, as determined by such Bank in its sole discretion, the making, issuing, funding or maintaining of such Commitments, Loans or Letters of Credit through such other office or in accordance with such other measures, as the case may be, would not otherwise adversely affect such Commitments, Loans or Letters of Credit or the interests of such Bank; provided, such Bank will not be obligated to utilize such other office pursuant to this Section 2.18 unless the Borrower agrees to pay all incremental expenses incurred by such Bank as a result of utilizing such other office as described in clause (a) above. A certificate as to the amount of any such expenses payable by the Borrower pursuant to this Section 2.18 (setting forth in reasonable detail the basis for requesting such amount) submitted by such Bank to the Borrower (with a copy to the Administrative Agent) shall be conclusive absent manifest error.

2.19 **Tax Credit.** If a Credit Party pays any additional amount under Section 2.17(b) and the relevant Bank (or the Administrative Agent, as the case may be) determines in its sole discretion that (a) a Tax Credit is attributable either to an increased payment of which that additional amount forms part, or to that additional amount and (b) that Bank (or the Administrative Agent, as the case may be) has obtained, utilized and retained that Tax Credit, the Bank (or the Administrative Agent, as the case may be) shall, to the extent that it can do so without prejudice to the retention of the Tax Credit, pay an amount to the Credit Party

which that Credit Party determines in its absolute discretion but in good faith will leave it (after that payment) in the same after-Tax position as it would have been in had the additional amount not been required to be paid by the Credit Party. Nothing herein contained shall interfere with the right of any Bank (or the Administrative Agent, as the case may be) to arrange its affairs in whatever manner it thinks fit and, in particular, no Bank (or the Administrative Agent, as the case may be) shall be under any obligation to claim a Tax Credit on its corporate profits or otherwise, or to claim such relief in priority to any other claims, reliefs, credits or deductions available to it or to disclose details of its affairs. Any amount to be paid by a bank pursuant to this Section 2.19 shall be made promptly on the date of receipt of the relevant Tax Credit by such Bank(or the Administrative Agent, as the case may be) or, if later, on the last date on which the applicable taxation authority would be able in accordance with applicable law to reclaim or reduce such Tax Credit.

2.20 **Defaulting Banks.**

(a) No Fees. Anything herein to the contrary notwithstanding, during such period as a Bank is a Defaulting Bank, such Defaulting Bank will not be entitled to any fees accruing during such period pursuant to Section 2.9(a)(i)(A) (without prejudice to the rights of the Banks other than Defaulting Banks in respect of such fees).

(b) Termination of Commitment. The Borrower may terminate the unused amount of the Commitment of a Defaulting Bank upon not less than three (3) Business Days' prior notice to the Administrative Agent (which will promptly notify the Banks thereof), and in such event the provisions of Section 2.13(g) will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Bank under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that such termination will not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, the Issuing Bank or any Bank may have against such Defaulting Bank.

(c) Reinstatement. If the Borrower, the Administrative Agent and the Issuing Bank agree in writing in their discretion that a Bank that is a Defaulting Bank or a Potential Defaulting Bank should no longer be deemed to be a Defaulting Bank or a Potential Defaulting Bank, as the case may be, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, such Bank will, to the extent applicable, purchase such portion of outstanding Loans of the other Banks and/or make such other adjustments as the Administrative Agent may determine to be necessary to cause the Revolving Exposure of the Banks to be based upon their respective Pro Rata Shares, whereupon such Bank will cease to be a Defaulting Bank or Potential Defaulting Bank and will be a Non-Defaulting Bank (and the Revolving Exposure will automatically be adjusted on a prospective basis to reflect the foregoing); provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Bank was a Defaulting Bank; and provided further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Bank or Potential Defaulting Bank to Non-Defaulting Bank will constitute a

waiver or release of any claim of any party hereunder arising from such Bank's having been a Defaulting Bank or Potential Defaulting Bank.

2.21 **Removal or Replacement of a Bank.** Anything contained herein to the contrary notwithstanding, in the event that: (a) (i) any Bank (an "**Increased Cost Bank**") shall give notice to the Borrower that such Bank is an Affected Bank or that such Bank is entitled to receive payments under Section 2.15, 2.16 or 2.17, (ii) the circumstances which have caused such Bank to be an Affected Bank or which entitle such Bank to receive such payments shall remain in effect, and (iii) such Bank shall fail to withdraw such notice within five Business Days after the Borrower's request for such withdrawal; (b) any Bank is a Defaulting Bank; or (c) in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions hereof as contemplated by Section 10.6(b), the consent of Requisite Banks shall have been obtained but the consent of one or more of such other Banks (each a "**Non-Consenting Bank**") whose consent is required shall not have been obtained; then, with respect to each such Increased Cost Bank, Defaulting Bank or Non-Consenting Bank (the "**Terminated Bank**"), the Borrower may, by giving written notice to Administrative Agent and any Terminated Bank of its election to do so, elect to cause such Terminated Bank (and such Terminated Bank hereby irrevocably agrees) to assign its outstanding Loans and its Commitments, if any, in full to one or more Eligible Assignees (each a "**Replacement Bank**") in accordance with the provisions of Section 10.6 and the Borrower shall pay any fees payable thereunder in connection with such assignment; provided, (1) on the date of such assignment, the Replacement Bank shall pay to the Terminated Bank an amount equal to the sum of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Terminated Bank, (B) an amount equal to all unreimbursed drawings that have been funded by such Terminated Bank, together with all then unpaid interest with respect thereto at such time and (C) an amount equal to all accrued, but theretofore unpaid fees owing to such Terminated Bank pursuant to Section 2.9; (2) on the date of such assignment, the Borrower shall pay any amounts payable to such Terminated Bank pursuant to Section 2.15(c), 2.16 or 2.17 or otherwise as if it were a prepayment; and (3) in the event such Terminated Bank is a Non-Consenting Bank, each Replacement Bank shall consent, at the time of such assignment, to each matter in respect of which such Terminated Bank was a Non-Consenting Bank; provided, the Borrower may not make such election with respect to any Terminated Bank that is also the Issuing Bank unless, prior to the effectiveness of such election, the Borrower shall have caused each outstanding Letter of Credit issued thereby to be cancelled. Upon the prepayment of all amounts owing to any Terminated Bank and the termination of such Terminated Bank's Commitments, if any, such Terminated Bank shall no longer constitute a "Bank" for purposes hereof; provided, any rights of such Terminated Bank to indemnification hereunder shall survive as to such Terminated Bank.

2.22 **Priority of Liens.**

(a) Each of the Credit Parties hereby covenants, represents and warrants that, as of the entry of the Interim Order (and except as otherwise provided in this Section 2.22(a)), the Obligations: (i) pursuant to section 364(c)(l) of the Bankruptcy Code, shall at all times constitute an allowed Superpriority Claim, subject and subordinated only to claims secured by Permitted Liens, claims secured by Additional Permitted Liens, and the Carve-Out, and (ii) pursuant to section 364(c)(2) of the Bankruptcy Code, subject and subordinated only to

the Permitted Liens, Additional Permitted Liens, and the Carve-Out, shall at all times be secured by a perfected First Priority Lien on all existing and after acquired real and personal, tangible and intangible, property of the Credit Parties that is not otherwise subject to a Lien in favor of the Pre-Petition Lenders, including without limitation, (x) any such property that is subject to valid and perfected Liens in existence on the Petition Date which Liens are thereafter released or otherwise extinguished in connection with the satisfaction of the obligations secured by such Liens, (y) all cash maintained as cash collateral with respect to outstanding Obligations in respect of Letters of Credit (including pursuant to Section 2.2(j)) and any investment of such cash collateral funds, and (z) upon entry of the Final Order, all causes of action arising under chapter 5 of the Bankruptcy Code and all proceeds thereof; and (iii) pursuant to Section 364(d)(l) of the Bankruptcy Code, shall at all times be secured by a fully perfected First Priority priming Lien upon all existing and after acquired real and personal, tangible and intangible, property of the Credit Parties that is subject to Liens securing the Pre-Petition Credit Agreement, including without limitation, all cash maintained as cash collateral with respect to outstanding Obligations in respect of Letters of Credit (including pursuant to Section 2.2(j)) and any investment of such cash collateral funds that is subject to any other Lien subject and subordinated only to the Permitted Liens, Additional Permitted Liens, and the Carve-Out.

(b) Each of the Credit Parties hereby covenants, represents and warrants that, as of the entry of the Interim Order, the covenants, representations and warranties set forth in Section 2.22(a) shall be true and correct in all respects, provided that in addition thereto, pursuant to section 364(c)(2) of the Bankruptcy Code, upon entry of the Final Order, the Obligations shall be secured at all times by all causes of action arising under Chapter 5 of the Bankruptcy Code, and any and all proceeds thereof, subject only to the Permitted Liens, the Additional Permitted Liens and the Carve-Out.

(c) For purposes hereof, the term "**Carve-Out**" means (i) all fees required to be paid to the Clerk of the Bankruptcy Court and statutory fees payable to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) and 28 U.S.C. § 156(c), and all fees, expenses, and disbursements payable to any professionals retained by the Debtors pursuant to 28 U.S.C. $ 156(c); and (ii) in the event of an occurrence and during the continuance of an Event of Default, the "**Case Professionals Carve-Out**", comprising the sum of (A) all allowed unpaid fees, expenses and disbursements (regardless of when such fees, expenses and disbursements become allowed by order of the Bankruptcy Court) for any professionals retained by the Debtors or any statutory committee appointed in the Cases pursuant to sections 327, 328, 363 or 1103, as applicable, of the Bankruptcy Code (the "**Case Professionals**") incurred subsequent to receipt of notice delivered by the Administrative Agent to counsel for the Debtors following the occurrence of an Event of Default expressly stating that the Carve-Out has been invoked (a "**Carve-Out Trigger Notice**") in an aggregate amount not in excess of $3,000,000 (the "**Carve-Out Cap**"), plus (B) all unpaid professional fees, expenses and disbursements of such Case Professionals incurred prior to receipt of the Carve-Out Trigger Notice to the extent previously or subsequently allowed pursuant to an order of the Bankruptcy Court (collectively, "**Allowed Professional Fees**") under sections 328, 330 and/or 331 of the Bankruptcy Code. For the avoidance of doubt, so long as a Carve-Out Trigger Notice has not been delivered, the Carve-Out Cap shall not be reduced by the payment of fees or expense allowed by the Bankruptcy Court (whether allowed before or after delivery of any Carve-Out Trigger Notice) and payable under sections 328, 330, or 331 of the Bankruptcy Code, or 28 U.S.C. § 156(c).

2.23 **Grant of Security Interest.**

As collateral security for the payment and performance in full of all the Obligations, each Credit Party hereby pledges and grants to the Collateral Agent for the benefit of the Secured Parties, a First Priority Lien on and security interest in (subject to the Permitted Liens, the Additional Permitted Liens, the Carve-Out and, in the case of the Term Loan LC Collateral Account, the provisions of Section 2.2(j)) all of the right, title and interest of such Credit Party in, to and under the following property, wherever located, and whether now existing or hereafter arising or acquired from time to time:

(a) all Accounts;

(b) all Equipment, Goods, Inventory and Fixtures;

(c) all Documents, Instruments and Chattel Paper, including the Instruments and Tangible Chattel Paper described on Schedule 2.23(c);

(d) all Letters of Credit (as defined in the UCC) and Letter-of-Credit Rights;

(e) all Securities Collateral;

(f) all Investment Property;

(g) all Intellectual Property Collateral;

(h) all Commercial Tort Claims described on Schedule 2.23(h);

(i) all General Intangibles;

(j) all Money and all Deposit Accounts (as defined in the UCC), including the Term Loan Deposit Account;

(k) all Supporting Obligations;

(l) all Real Estate Assets;

(m) all books and records relating to the Collateral;

(n) upon entry of the Final Order, all causes of action arising under Chapter 5 of the Bankruptcy Code; and

(o) to the extent not covered by clauses (a) through (n) of this Section 2.23, all other real and personal property of such Credit Party, whether tangible or intangible, and all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing, any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to such Credit Party from time to time with respect to any of the foregoing.

2.24 **No Filings Required.**

(a) The Liens and security interests in favor of the Collateral Agent referred to herein shall be deemed valid and perfected by entry of the Interim Order; provided, however, that any liens on the Debtors' causes of action arising under chapter 5 of the Bankruptcy Code and all proceeds thereof shall be deemed valid and perfected only upon entry of the Final Order. The Collateral Agent shall not be required to file any financing statements, mortgages, notices of Lien or similar instruments in any jurisdiction or filing office or take any other action in order to validate or perfect the Lien and security interest granted by or pursuant to this Agreement or any other Credit Document.

2.25 **Conversion to Exit Facility.** Upon the satisfaction or waiver by the Requisite Banks of the conditions precedent set forth in Section [3.1] of the Exit Credit Agreement, automatically and without any further consent or action required by the Administrative Agent, any Bank or any Credit Party, (i) the Borrower, in its capacity as reorganized Xerium Technologies, Inc., each Guarantor, in its respective capacity as a reorganized Debtor, and the Exit Borrowers and Exit Guarantor (other than the aforementioned reorganized Borrower and reorganized Guarantor) and the other Borrowers under the Exit Credit Agreement shall assume all Obligations in respect of the Loans hereunder and all other monetary obligations in respect hereof, (ii) the Borrower shall cause the Exit Borrowers and Exit Guarantors to execute the Exit Credit Agreement, the agreements and instruments listed on Schedule 2.25 (which shall be in form and substance reasonably satisfactory to the Administrative Agent) and all other Exit Credit Documents, (iii) each outstanding Term Loan hereunder shall be continued as a Term Loan (as defined in the Exit Credit Agreement) under the Exit Facility, (iv) each outstanding Revolving Loan hereunder shall be continued as a Revolving Loan (as defined in the Exit Credit Agreement), (v) each Bank hereunder shall be a Bank (as defined in the Exit Credit Agreement) under the Exit Facility, (vi) each of the Letters of Credit (including the Existing Letters of Credit) shall be continued as Letters of Credit (as defined in the Exit Credit Agreement), and (vii) this Agreement and the Credit Documents shall be superseded and replaced by the Exit Credit Documents. Each of the Credit Parties, the Administrative Agent, the Issuing Bank and the Banks shall take such actions and execute and deliver such agreements, instruments or other documents as the Administrative Agent may reasonably request to give effect to the provisions of this Section 2.25 and as are required to complete the Schedules to the Exit Credit Documentation; provided, however, that any such action by the Administrative Agent or any of the Banks shall not be a condition precedent to the effectiveness of the provisions of this Section 2.25.

SECTION 3. CONDITIONS PRECEDENT

3.1 **Conditions to Closing Date**. The occurrence of the Closing Date and the obligation of each Bank to make Credit Extensions hereunder, in each case as of the Closing Date, are, in addition to the conditions specified in Section 3.2, subject at the time of the occurrence of the Closing Date to the satisfaction, or waiver in accordance with Section 10.6, of the following conditions on or before April 12, 2010:

(a) Credit Documents. The Administrative Agent shall have received sufficient copies of each Credit Document to be executed by the appropriate Credit Party on the Closing Date and delivered by each applicable Credit Party for each Bank (which may be delivered by facsimile or other electronic means for the purposes of satisfying this Section 3.1(a) on the Closing Date, with signed originals to be delivered promptly thereafter), and such Credit Documents shall be in form and substance satisfactory to the Borrower and its counsel and the Administrative Agent and its counsel.

(b) Organizational Documents; Incumbency. The Administrative Agent shall have received (i) a copy of each Organizational Document of each Credit Party, certified as of a recent date by the appropriate governmental official, each dated the Closing Date or a recent date prior thereto; (ii) signature and incumbency certificates of the officers of each Credit Party executing the Credit Documents to which it is a party; (iii) resolutions of the board of directors or similar governing body of each Credit Party approving and authorizing the execution, delivery and performance of this Agreement and the other Credit Documents to which it is a party or by which it or its assets may be bound as of the Closing Date, certified as of the Closing Date by its secretary or an assistant secretary as being in full force and effect without modification or amendment; and (iv) a good standing certificate from the applicable Governmental Authority of each Credit Party's jurisdiction of incorporation, organization or formation, each dated a recent date prior to the Closing Date.

(c) Closing Date Certificate. The Administrative Agent shall have received a Closing Date Certificate, dated the Closing Date and signed by an Authorized Officer of the Borrower.

(d) Governmental Authorizations and Consents. All material necessary Governmental Authorizations and third party consents and approvals necessary in connection with the transactions contemplated by this Agreement and the other Credit Documents shall have been obtained (without the imposition of any adverse conditions that are not reasonably acceptable to the Banks) and shall remain in effect, and all applicable governmental filings shall have been made and all applicable waiting periods shall have expired without in either case any action being taken by any competent authority; and no law or regulation shall be applicable in the judgment of the Banks that restrains, prevents or imposes materially adverse conditions upon the Credit Documents or the transactions contemplated thereby.

(e) Insurance. The Collateral Agent shall have received a certificate from the Borrower's insurance broker or other evidence satisfactory to the Collateral Agent that all insurance required to be maintained pursuant to Section 5.5 is in full force and effect, together with endorsements naming the Collateral Agent, for the benefit of the Secured Parties, as additional insured and loss payee thereunder to the extent required under Section 5.5.

(f) Opinions of Counsel to Credit Parties. The Administrative Agent and its counsel shall have received executed copies of the favorable written opinions of counsel to the Credit Parties as to such customary matters as the Administrative Agent

may reasonably request, dated as of the Closing Date and otherwise in form and substance reasonably satisfactory to the Administrative Agent.

(g) Financial Statements; DIP Budget and Cash Flow Forecast. The Banks shall have received from the Borrower (i) the audited consolidated balance sheets of the Borrower and its Subsidiaries as of December 31, 2009 for the Fiscal Year then ended and the related consolidated statements of income, stockholders' equity and cash flows of the Borrower and its Subsidiaries for such Fiscal Year, together with a report thereon of Ernst & Young LLP, which financial statements and report shall be in form and substance reasonably satisfactory to the Administrative Agent, and (ii) the initial Weekly Cash Flow Forecast and the DIP Budget in form and substance satisfactory to the Banks.

(h) Fees. The Borrower shall have paid (i) the fees payable on the Closing Date referred to in Section 2.9 and (ii) all out-of-pocket fees and expenses (including reasonable fees and expenses of counsel) required to be paid to the Agents and the Banks.

(i) No Litigation. There shall exist no action, suit, investigation, litigation or proceeding pending or threatened in writing in any court or before any arbitrator or Governmental Authority (other than the Cases) that (i) could reasonably be expected to have a Material Adverse Effect or (ii) restrains, prevents or imposes or can reasonably be expected to impose materially adverse conditions upon the Credit Documents or the transactions contemplated thereby.

(j) Completion of Proceedings. All partnership, corporate and other proceedings taken or to be taken in connection with the transactions contemplated by the Credit Documents and all documents incidental thereto not previously found acceptable by the Banks and their counsel shall be satisfactory in form and substance to the Banks and such counsel, and the Banks and such counsel shall have received all such counterpart originals or certified copies of such documents as the Banks may reasonably request.

(k) Representations and Warranties. The representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects on and as of the Closing Date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date.

(l) No Default. No event shall have occurred and be continuing or would result from the consummation of the transactions contemplated hereunder or under the Credit Documents that would constitute an Event of Default or a Default.

(m) Material Adverse Effect. There shall not have been a material adverse change, or any event or occurrence which could reasonably be expected to result in a material adverse change, in (i) the business, assets, financial condition or prospects

of the Credit Parties and their respective Subsidiaries, taken as a whole, since September 30, 2009 (other than events leading up to and resulting from the anticipated filing of the Cases), (ii) the ability of any Credit Party to perform any of its obligations in accordance with its terms under the Credit Documents, or (iii) the ability of the Administrative Agent and the Banks to enforce any of the Credit Documents, provided that the filing of the Cases will not be deemed to constitute an impediment to enforcement thereunder.

(n) Compliance with Law and Regulations. All Loans and all other financings to the Borrower (and all guaranties thereof and security therefor), as well as the transactions contemplated by the Credit Documents and the consummation thereof, shall be in full compliance in all material respects with all applicable requirements of law, including Regulations T, U and X of the Federal Reserve Board.

(o) No Conflict with Material Contracts. After giving effect to the transactions contemplated by the Credit Documents, there shall be no conflict with, or default under, any Material Contract, except as a result of the Cases.

(p) Business Plan. The Administrative Agent shall have received a detailed consolidated business plan of the Borrower and its Subsidiaries through Fiscal Year 2015 (including a projected consolidated balance sheet and related statements of projected operations and cash flow as of the end of Fiscal Year 2015) in form and substance reasonably satisfactory to the Banks (the "**Business Plan**"); provided that with respect to Fiscal Year 2010, the Business Plan shall be prepared by calendar month.

(q) Patriot Act Information. Each of the Credit Parties shall have provided the documentation and other information to the Banks that is required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act.

(r) Security Interest. The Secured Parties shall have a valid and perfected Lien on and security interest in the Collateral having the priority described in Section 2.22, and all searches necessary or desirable in connection with such Liens and security interests that have been reasonably requested by the Administrative Agent shall have been duly made.

(s) Bankruptcy Cases. The Borrower and each Guarantor shall have filed with the Bankruptcy Court voluntary petitions for relief under chapter 11 of the Bankruptcy Code, thereby commencing the Cases.

(t) Interim Order. Not later than April 12, 2010, the Bankruptcy Court shall have entered an order (in form and substance acceptable to the Requisite Banks and the Administrative Agent) approving the transactions contemplated hereunder on an interim basis (the "**Interim Order**"), on motion by the Debtors, such motion to be in form and substance reasonably satisfactory to the Requisite Banks and the Administrative Agent, which Interim Order shall have been entered on such notice to such parties as may be reasonably satisfactory to the Requisite Banks and the

Administrative Agent and as otherwise required by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, orders of the Bankruptcy Court, and any applicable local bankruptcy rules, and shall not have been reversed, modified, amended or stayed in any respect (or application therefor made), (i) approving the transactions contemplated by the Credit Documents and authorizing extensions of credit thereunder, (ii) approving the payment by the Borrower and the Guarantors of all the fees and expenses that are required to be paid under or in connection with the Credit Documents, (iii) providing, after five (5) Business Days' written notice of an Event of Default, which written notice shall be provided by the Administrative Agent to the Debtors, counsel to the Debtors, counsel to any statutory committee(s) appointed in the Cases, and the Office of the United States Trustee for the District of Delaware, and which written notice shall be filed with the Bankruptcy Court by counsel to the Administrative Agent, for the automatic termination of the automatic stay (but solely with respect to the transactions contemplated by the Credit Documents), with a full waiver by the Borrower and the Guarantors of all rights to contest such termination except with respect to the existence of an Event of Default, and (iv) having such other findings, orders and relief typical for financings of the type contemplated by this Agreement.

(u) First Day Orders. Any First Day Orders entered by the Bankruptcy Court authorizing the use of cash collateral and any other orders entered by the Bankruptcy Court affecting the Collateral shall be in form and substance reasonably satisfactory to the Administrative Agent and the Credit Parties.

(v) Administrative Claims. No administrative claim that is senior to, or pari passu with, the Superpriority Claims in respect of the Obligations shall exist, except claims secured by the Permitted Liens, the Additional Permitted Liens and the Carve-Out.

(w) Votes. The Debtors shall have received the requisite votes needed to confirm the Prepackaged Plan of Reorganization pursuant to chapter 11 of the Bankruptcy Code.

(x) Collateral Questionnaire. The Collateral Agent shall have received a completed Collateral Questionnaire dated the Closing Date and executed by an Authorized Officer of each Credit Party, together with all attachments contemplated thereby, including the results of a recent search, by a Person satisfactory to the Collateral Agent, of all effective UCC financing statements (or equivalent filings) made with respect to any personal, real or mixed property of any Credit Party in the jurisdictions specified in the Collateral Questionnaire, together with copies of all such filings disclosed by such search.

3.2 **Conditions to Each Credit Extension.**

(a) Conditions Precedent. The obligation of each Bank to make or convert any Loan, or the Issuing Bank to issue any Letter of Credit, on any Credit Date, including the Closing Date, is subject to the satisfaction, or waiver in accordance with Section 10.6, of the following conditions precedent:

(i) the Administrative Agent shall have received a fully executed and delivered Funding Notice or Issuance Notice, as the case may be;

(ii) after making the Credit Extensions requested in respect of such Credit Date, the aggregate principal amount of all Revolving Loans shall not exceed the Revolving Commitments then in effect;

(iii) as of such Credit Date, the representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects on and as of that Credit Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date;

(iv) as of such Credit Date, no event shall have occurred and be continuing or would result from the consummation of the applicable Credit Extension that would constitute an Event of Default or a Default;

(v) on or before the date of issuance of any Letter of Credit, the Administrative Agent shall have received all other information required by the applicable Issuance Notice, and such other documents or information as the Issuing Bank may reasonably require in connection with the issuance of such Letter of Credit;

(vi) the conditions set forth in Section 3.1 shall have been satisfied or waived in accordance with Section 10.6;

(vii) if the proceeds of the Credit Extension requested in respect of such Credit Date are to be used in a manner or for a purpose which requires the prior approval of the Bankruptcy Court, then such approval shall have been obtained;

(viii) the Interim Order or the Final Order, as the case may be, shall be in full force and effect, and shall not have been reversed, modified, amended or stayed (or application therefor made, other than with respect to the Final Order, which need not become final and non-appealable), except for modifications and amendments reasonably acceptable to the Administrative Agent and the Credit Parties;

(ix) there shall not be any administrative claim that ranks senior to, or pari passu with, the Superpriority Claim in respect of the Obligations except for claims secured by the Permitted Liens, the Additional Permitted Lines and the Carve-Out; and

(x) the aggregate principal amount of Revolving Loans plus amounts withdrawn from the Term Loan Deposit Account pursuant to

Section 2.1(c) shall be consistent with the DIP Budget and in compliance with Section 6.8.

The request for and acceptance of each Credit Extension by the Borrower shall constitute a representation and warranty that the conditions to such Credit Extension as set forth in this Section 3.2 have been satisfied.

Any Agent or Requisite Banks shall be entitled, but not obligated to, request and receive, prior to the making of any Credit Extension, additional information reasonably satisfactory to the requesting party confirming the satisfaction of any of the foregoing if, in the good faith judgment of such Agent or Requisite Banks, such request is warranted under the circumstances.

(b) Notices. Any Notice shall be executed by an Authorized Officer in a writing delivered to the Administrative Agent. In lieu of delivering a Notice, the Borrower may give the Administrative Agent telephonic notice by the required time of any proposed borrowing or conversion or continuation of any Loan, as the case may be; provided each such notice shall be promptly confirmed in writing by delivery of the applicable Notice to the Administrative Agent on or before the applicable date of borrowing, conversion or continuation. Neither the Administrative Agent nor any Bank shall incur any liability to the Borrower in acting upon any telephonic notice referred to above that the Administrative Agent believes in good faith to have been given by a duly authorized officer or other person authorized on behalf of the Borrower or for otherwise acting in good faith.

3.3 **Conditions Precedent to Withdrawals from the Term Loan Deposit Account.** The obligation of the Administrative Agent to honor any request by the Borrower to withdraw funds on deposit in the Term Loan Deposit Account any time is subject to the satisfaction, or waiver in accordance with Section 10.6, of the following conditions precedent:

(a) the Administrative Agent shall have received a fully executed and delivered Withdrawal Request at least one (1) Business Day prior to the date on which the Borrower is requesting such funds to be withdrawn;

(b) as of the date of the applicable Withdrawal Request and as of the date of the disbursement of funds from the Term Loan Deposit Account, no event shall have occurred and be continuing or would result from the consummation of such disbursement that would constitute an Event of Default or Default;

(c) the aggregate principal amount of Revolving Loans plus amounts withdrawn from the Term Loan Deposit Account pursuant to Section 2.1(c) shall be consistent with the DIP Budget and in compliance with Section 6.8; and

(d) the other conditions set forth in Section 3.2 shall have been satisfied.

SECTION 4. REPRESENTATIONS AND WARRANTIES

In order to induce the Banks and the Issuing Bank to make each Credit Extension to be made by this Agreement, each Credit Party represents and warrants to each Bank, and the Issuing Bank, on the Closing Date, and each Credit Date, that the following statements are true and correct:

4.1 **Organization; Requisite Power and Authority; Qualification.** Each of the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization as identified in Schedule 4.1, (b) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into the Credit Documents to which it is a party and to carry out the transactions contemplated thereby, and (c) is qualified to do business and in good standing in every jurisdiction where its assets are located and wherever necessary to carry out its business and operations, except in jurisdictions where the failure to be so qualified or in good standing has not had, and could not be reasonably expected to have, a Material Adverse Effect.

4.2 **Capital Stock and Ownership.** The Capital Stock of each of the Borrower and its Subsidiaries has been duly authorized and validly issued and is fully paid and non-assessable. Except as set forth on Schedule 4.2, as of the date hereof, there is no existing option, warrant, call, right, commitment or other agreement to which the Borrower or any of its Subsidiaries is a party requiring, and there is no membership interest or other Capital Stock of the Borrower or any of its Subsidiaries outstanding which upon conversion or exchange would require, the issuance by the Borrower or any of its Subsidiaries of any additional membership interests or other Capital Stock of the Borrower or any of its Subsidiaries or other Securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase, a membership interest or other Capital Stock of the Borrower or any of its Subsidiaries. Schedules 4.1 and 4.2 correctly set forth the ownership interest of the Borrower and each of its Subsidiaries in their respective Subsidiaries as of the Closing Date.

4.3 **Due Authorization.** The execution, delivery and performance of the Credit Documents have been duly authorized by all necessary action on the part of each Credit Party that is a party thereto.

4.4 **No Conflict**. The execution, delivery and performance by Credit Parties of the Credit Documents to which they are parties and the consummation of the transactions contemplated by the Credit Documents do not and will not (a) violate any provision of any law or any governmental rule or regulation applicable to the Borrower or any of its Subsidiaries, any of the Organizational Documents of the Borrower or any of its Subsidiaries, or any order, judgment or decree of any court or other agency of government binding on the Borrower or any of its Subsidiaries; (b) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contractual Obligation of the Borrower or any of its Subsidiaries except to the extent such conflict, breach or default could not reasonably be expected to have a Material Adverse Effect; (c) result in or require the creation or imposition of any Lien upon any of the properties or assets of the Borrower or any of its Subsidiaries (other than any Liens created under any of the Credit Documents, under the Interim Order or under the

Final Order); or (d) require any approval of stockholders, members or partners or any approval or consent of any Person under any Contractual Obligation of the Borrower or any of its Subsidiaries, except for such approvals or consents which will be obtained on or before the Closing Date and disclosed in writing to the Banks and except for any such approvals or consents the failure of which to obtain will not have a Material Adverse Effect.

4.5 **Governmental Consents**. The execution, delivery and performance by Credit Parties of the Credit Documents to which they are parties and the consummation of the transactions contemplated by the Credit Documents do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority except for entry of the Interim Order and Final Order, as required under the Bankruptcy Code and applicable state and federal bankruptcy rules.

4.6 **Binding Obligation**. Each Credit Document has been duly executed and delivered by each Credit Party that is a party thereto and, subject to the entry by the Bankruptcy Court of (x) the Interim Order at any time prior to the entry of the Final Order and (y) the Final Order at any time thereafter, is the legally valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its respective terms.

4.7 **Historical Financial Statements**. The Historical Financial Statements were prepared in conformity with GAAP and fairly present, in all material respects, the financial position, on a consolidated basis, of the Persons described in such financial statements as at the respective dates thereof and the results of operations and cash flows, on a consolidated basis, of the entities described therein for each of the periods then ended, subject, in the case of any such unaudited financial statements, to changes resulting from audit and normal year end adjustments. As of the Closing Date, neither the Borrower nor any of its Subsidiaries has any contingent liability or liability for taxes, long term lease or unusual forward or long term commitment that is not reflected in the Historical Financial Statements or the notes thereto and which in any such case is material in relation to the business, operations, properties, assets, condition (financial or otherwise) or prospects of the Borrower and any of its Subsidiaries taken as a whole.

4.8 **Business Plan, DIP Budget and Cash Flow Forecast**. On and as of the Closing Date, the Business Plan, the DIP Budget and the initial Weekly Cash Flow Forecast are based on good faith estimates made by the management of the Borrower based on assumptions believed to be reasonable when made; provided, that it is understood and agreed that actual results of the Borrower and its Subsidiaries may differ from the results projected in the Business Plan, the DIP Budget and the initial Weekly Cash Flow Forecast.

4.9 **No Material Adverse Change**. Since the Petition Date, no event, circumstance or change has occurred that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect.

4.10 **No Restricted Junior Payments**. Since the Petition Date, neither the Borrower nor any of its Subsidiaries has directly or indirectly declared, ordered, paid or made, or set apart any sum or property for, any Restricted Junior Payment or agreed to do so except as permitted pursuant to Section 6.5.

4.11 **Adverse Proceedings, etc.** There are no Adverse Proceedings, individually or in the aggregate, that could reasonably be expected to have a Material Adverse Effect other than proceedings attendant to confirmation of the Prepackage Plan of Reorganization. Neither the Borrower nor any of its Subsidiaries (a) is in violation of any applicable laws (including Environmental Laws) that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, or (b) is subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any court or any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

4.12 **Payment of Taxes**. Except as otherwise permitted under Section 5.3, all tax returns and reports of the Borrower and its Subsidiaries required to be filed by any of them have been timely filed, and all taxes shown on such tax returns to be due and payable and all assessments, fees and other governmental charges upon the Borrower and its Subsidiaries and upon their respective properties, assets, income, businesses and franchises which are due and payable have been paid when due and payable. The Borrower knows of no proposed tax assessment against the Borrower or any of its Subsidiaries which is not being actively contested by the Borrower or such Subsidiary in good faith and by appropriate proceedings; provided, such reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall have been made or provided therefor.

4.13 **Properties.**

(a) Title. Each of the Borrower and its Subsidiaries has (i) good, sufficient and legal title to (in the case of fee interests in real property), (ii) valid leasehold interests in (in the case of leasehold interests in real or personal property), and (iii) good title to (in the case of all other personal property), all of their respective properties and assets reflected in their respective Historical Financial Statements referred to in Section 4.7 and in the most recent financial statements delivered pursuant to Section 5.1, in each case except for assets disposed of since the date of such financial statements in the Ordinary Course or as otherwise permitted under Section 6.9. Except as permitted by this Agreement, all such properties and assets are free and clear of Liens.

(b) Real Estate. As of the Closing Date, Schedule 4.13(b) contains a true, accurate and complete list of (i) all Real Estate Assets, and (ii) all leases, subleases or assignments of leases (together with all amendments, modifications, supplements, renewals or extensions of any thereof) affecting each Real Estate Asset of any Credit Party, regardless of whether such Credit Party is the landlord or tenant (whether directly or as an assignee or successor in interest) under such lease, sublease or assignment. Each agreement listed in clause (ii) of the immediately preceding sentence is in full force and effect and the Borrower does not have knowledge of any default that has occurred and is continuing thereunder except where the consequences, direct or indirect, of such default or defaults, if any, could not be reasonably expected to have a Material Adverse Effect, and each such agreement constitutes the legally valid and binding obligation of each applicable Credit Party, enforceable against such Credit Party in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization,

moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles.

4.14 **Environmental Matters**. Neither the Borrower nor any of its Subsidiaries nor any of their respective Facilities or operations are subject to any outstanding written order, consent decree or settlement agreement with any Person relating to any Environmental Law, any Environmental Claim, or any Hazardous Materials Activity that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. There are and, to each of the Borrower's and its Subsidiaries' knowledge, have been, no conditions, occurrences, or Hazardous Materials Activities which could reasonably be expected to form the basis of an Environmental Claim against the Borrower or any of its Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries nor, to any Credit Party's knowledge, any predecessor of the Borrower or any of its Subsidiaries has filed any notice under any Environmental Law indicating past or present treatment of Hazardous Materials at any Facility that, individually or in the aggregate, could be reasonably expected to have a Material Adverse Effect, and none of the Borrower's or any of its Subsidiaries' operations involves the generation, transportation, treatment, storage or disposal of Hazardous Materials, except as would not reasonably be expected to form the basis of an Environmental Claim against the Borrower or any of its Subsidiaries, or as listed on Schedule 4.14. Compliance with all current or reasonably foreseeable future requirements pursuant to or under Environmental Laws could not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. No event or condition has occurred or is occurring with respect to the Borrower or any of its Subsidiaries relating to any Environmental Law, any Release of Hazardous Materials, or any Hazardous Materials Activity which individually or in the aggregate has had, or could reasonably be expected to have, a Material Adverse Effect.

4.15 **No Defaults**. Neither the Borrower nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any of its Contractual Obligations, and no condition exists which, with the giving of notice or the lapse of time or both, could constitute such a default, except where the consequences, direct or indirect, of such default or defaults, if any, could not reasonably be expected to have a Material Adverse Effect.

4.16 **Material Contracts**. Schedule 4.16 contains a true, correct and complete list of all the Material Contracts in effect on the Closing Date, and except as described thereon, all such Material Contracts are in full force and effect and no defaults currently exist thereunder, any such default or failure to be in force and effect which could not reasonably be expected to result in an exercise of remedies or acceleration of the indebtedness created thereunder, except as a result of the Cases.

4.17 **Governmental Regulation**. Neither the Borrower nor any of its Subsidiaries is subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or under any other federal, provincial or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. Neither the Borrower nor any of its Subsidiaries is a "registered investment company" or a company "controlled" by a "registered investment company" or a

"principal underwriter" of a "registered investment company" as such terms are defined in the Investment Company Act of 1940.

4.18 **Margin Stock**. Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans made to such Credit Party will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock or for any purpose that violates, or is inconsistent with, the provisions of Regulation T, U or X of said Board of Governors.

4.19 **Employee Matters**. Neither the Borrower nor any of its Subsidiaries is engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (a) no unfair labor practice complaint pending against the Borrower or any of its Subsidiaries, or to the best knowledge of the Borrower and each other Credit Party, threatened against any of them before the National Labor Relations Board and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement that is so pending against the Borrower or any of its Subsidiaries or to the best knowledge of the Borrower and each other Credit Party, threatened against any of them, (b) no strike or work stoppage in existence or threatened involving the Borrower or any of its Subsidiaries, and (c) to the best knowledge of the Borrower and each other Credit Party, no union representation question existing with respect to the employees of the Borrower or any of its Subsidiaries and, to the best knowledge of the Borrower and each other Credit Party, no union organization activity that is taking place, except (with respect to any matter specified in clause (a), (b) or (c) above, either individually or in the aggregate) such as is not reasonably likely to have a Material Adverse Effect.

4.20 **Employee Benefit Plans.** The Borrower, each of its Subsidiaries and each of their respective ERISA Affiliates are in compliance with all applicable provisions and requirements of ERISA and the Internal Revenue Code and the regulations and published interpretations thereunder with respect to each Employee Benefit Plan, and have performed all their obligations under each Employee Benefit Plan, other than any non-compliance or non-performance that would not be reasonably expected to have a Material Adverse Effect. Each Employee Benefit Plan which is intended to qualify under Section 401(a) of the Internal Revenue Code has received a recent favorable determination letter from the Internal Revenue Service indicating that such Employee Benefit Plan is so qualified and nothing has occurred subsequent to the issuance of such determination letter which would cause such Employee Benefit Plan to lose its qualified status, except such defect that can be corrected pursuant to Rev. Proc. 2003-44 or any successor ruling or regulation without giving rise to a Material Adverse Effect. No liability to the PBGC (other than required premium payments), the Internal Revenue Service, any Employee Benefit Plan or any trust established under Title IV of ERISA (other than Ordinary Course contribution obligations) has been or is expected to be incurred by the Borrower, any of its Subsidiaries or any of their ERISA Affiliates that could reasonably be expected to have a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur which could reasonably be expected to result in a Material Adverse Effect.

4.21 **Certain Fees**. No broker's or finder's fee or commission will be payable with respect hereto or any of the transactions contemplated by the Credit Documents.

4.22 **Compliance with Statutes, etc.** Each of the Borrower and its Subsidiaries is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all Governmental Authorities, in respect of the conduct of its business and the ownership of its property (including compliance with all applicable Environmental Laws with respect to any Real Estate Asset or governing its business and the requirements of any permits issued under such Environmental Laws with respect to any such Real Estate Asset or the operations of the Borrower or any of its Subsidiaries), except such non-compliance that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

4.23 **Disclosure.** No representation or warranty of any Credit Party contained in any Credit Document or in any other documents, certificates or written statements, including without limitation, information contained in the presentations made to the Banks, furnished to Banks by or on behalf of the Borrower or any of its Subsidiaries for use in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact (known to the Borrower or any other Credit Party, in the case of any document not furnished by either of them) necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. Any projections and pro forma financial information contained in such materials are based upon good faith estimates and assumptions believed by the Borrower or any other Credit Party to be reasonable at the time made, it being recognized by Banks that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results. There are no facts known (or which should upon the reasonable exercise of diligence be known) to the Borrower or any other Credit Party (other than matters of a general economic nature) that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect and that have not been disclosed herein or in such other documents, certificates and statements furnished to Banks for use in connection with the transactions contemplated hereby.

4.24 **Insurance.** All policies of insurance of the Borrower or any of its Subsidiaries, including policies of fire, theft, product liability, public liability, property damage, other casualty, employee fidelity and workers' compensation, are in full force and effect and are of a nature and provide such coverage as is sufficient and as is customarily carried by businesses of the size and character of such Person.

4.25 **Use of Proceeds.** The proceeds of the Loans shall be used by the Borrower solely in accordance with Section 2.4, the Interim Order and the Final Order, as applicable.

4.26 **Status as Superpriority Claim; Effectiveness of Order.** The Loans and other Obligations constitute an allowed Superpriority Claim, and the Interim Order or the Final Order, as the case may be, is in full force and effect.

4.27 **Perfection of Security Interests.** This Agreement and the Interim Order (and the Final Order when entered) create a valid and perfected security interest in the Collateral having the priority set forth herein and therein securing the payment of the Obligations, and all filings and other actions necessary to perfect and protect such security interest have been duly taken, provided that such security interest in the Debtors' causes of action arising under chapter 5 of the Bankruptcy Code and all proceeds thereof shall be created and become valid and perfected only upon entry of the Final Order.

SECTION 5. AFFIRMATIVE COVENANTS

Each Credit Party covenants and agrees that so long as any Commitment is in effect and until payment in full of all Obligations and cancellation or expiration of all Letters of Credit, each Credit Party shall perform, and shall cause each of its Subsidiaries to perform, all covenants in this Section 5.

5.1 **Financial Statements and Other Reports**. The Borrower will deliver to the Administrative Agent:

(a) Monthly Financial Statements. As soon as available, and in any event within 15 Business Days after the end of each calendar month, or, in the case of a calendar month that is the end of a Fiscal Quarter, within 30 days after the end of each Fiscal Quarter, the consolidated unaudited balance sheets of the Borrower and its Subsidiaries as at the end of such calendar month and the related consolidated statements of income, stockholders' equity and cash flows of the Borrower and its Subsidiaries for such calendar month and for the period from the beginning of the then current Fiscal Year to the end of such calendar month, setting forth in each case in comparative form the corresponding figures for the previous calendar month and the corresponding figures contained in the Business Plan, together with a Financial Officer Certification with respect thereto and including a detailed explanation as to material variances that may have occurred from the prior calendar month and figures contained in the Business Plan for the current Fiscal Year;

(b) Quarterly Financial Statements. As soon as available, and in any event within 45 days after the end of the first three Fiscal Quarters of each Fiscal Year, the consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such Fiscal Quarter and the related consolidated statements of income, stockholders' equity and cash flows of the Borrower and its Subsidiaries for such Fiscal Quarter and for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, setting forth in each case in comparative form (x) the corresponding figures for the corresponding periods of the previous Fiscal Year, and (y) the figures contained in the Business Plan for the current Fiscal Year, together with a Financial Officer Certification with respect thereto and including a detailed explanation as to the material variances that may have occurred from the prior Fiscal Quarter and the figures contained in the Business Plan for the current Fiscal Year;

(c) [Reserved];

(d) Compliance Certificate. Together with each delivery of financial statements of the Borrower and its Subsidiaries pursuant to Sections 5.1(a) and 5.1(b), a duly executed and completed Compliance Certificate; provided, that in respect of the fourth Fiscal Quarter of each Fiscal Year, it shall also deliver a duly executed and completed Compliance Certificate as soon as available, and in any event within 90 days after the end of the fourth Fiscal Quarter;

(e) Statements of Reconciliation after Change in Accounting Principles. If, as a result of any change in accounting principles and policies from those used in the preparation of the Historical Financial Statements, the Compliance Certificate of the Borrower and its Subsidiaries delivered pursuant to Section 5.1(d) will differ in any material respect in the manner in which computations are derived from the Borrower's financial statements for the Compliance Certificate that would have been delivered pursuant to such subsection had no such change in accounting principles and policies been made, then, together with the first delivery of such Compliance Certificate after such change, the Borrower will deliver one or more statements of explanation of such difference(s) in form and substance satisfactory to the Administrative Agent and, if appropriate, the Borrower's proposal for amending any terms or requirements used or addressed in the Compliance Certificate to adjust for such change(s);

(f) Sufficiency of Public Quarterly and Annual Reports. Notwithstanding anything to the contrary contained herein, delivery to the Administrative Agent by the Borrower of its quarterly report on Form 10-Q and its annual report on form 10-K shall satisfy the requirements of Section 5.1(b), for so long as the Borrower remains a reporting company under the Exchange Act.

(g) Notice of Default. Promptly upon any officer of the Borrower obtaining knowledge (i) of any condition or event that constitutes a Default or an Event of Default or that notice has been given to the Borrower with respect thereto; (ii) that any Person has given any notice to the Borrower or any of its Subsidiaries or taken any other action with respect to any event or condition set forth in Section 8.1(b); or (iii) of the occurrence of any event or change that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect, a certificate of its Authorized Officers specifying the nature and period of existence of such condition, event or change, or specifying the notice given and action taken by any such Person and the nature of such claimed Event of Default, Default, default, event or condition, and what action the Borrower has taken, is taking and proposes to take with respect thereto;

(h) Notice of Litigation. Promptly upon any officer of the Borrower obtaining knowledge of (i) the institution of, or non-frivolous threat of, any Adverse Proceeding not previously disclosed in writing by the Borrower to the Banks, or (ii) any material development in any Adverse Proceeding that, in the case of either (i) or (ii) could be reasonably expected to have a Material Adverse Effect, or seeks to enjoin or otherwise prevent the consummation of, or to recover any damages or obtain relief as a result of, the transactions contemplated hereby, written notice thereof together with such other information as may be reasonably available to the Borrower to enable the Banks and their counsel to evaluate such matters;

(i) ERISA. (i) Promptly upon becoming aware of the occurrence of or forthcoming occurrence of any ERISA Event, a written notice specifying the nature thereof, what action the Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates has taken, is taking or proposes to take with respect thereto and, when known, any action taken or threatened by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto; and (ii) with reasonable promptness, copies of (1) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed by the Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates with the Internal Revenue Service with respect to each Pension Plan; (2) all notices received by the Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates from a Multiemployer Plan sponsor concerning an ERISA Event; and (3) copies of such other documents or governmental reports or filings relating to any Employee Benefit Plan as the Administrative Agent shall reasonably request;

(j) Insurance Report. As soon as practicable following any material change in the insurance coverage, notice to the Administrative Agent of such change and an explanation in form and substance reasonably satisfactory to the Administrative Agent of such change;

(k) Environmental Reports and Audits. As soon as practicable following receipt thereof, copies of all environmental audits and reports with respect to environmental matters at any Facility or which relate to any environmental liabilities of the Borrower or its Subsidiaries which, in any such case, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(l) Information Regarding Collateral. The Borrower will furnish to the Collateral Agent prompt written notice of any change (i) in any Credit Party's corporate name, (ii) in any Credit Party's identity or corporate structure or (iii) in any Credit Party's Federal Taxpayer Identification Number. The Borrower agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral as contemplated in the Collateral Documents. The Borrower also agrees promptly to notify Collateral Agent if any material portion of the Collateral is damaged or destroyed;

(m) Bankruptcy Pleadings. As soon as practicable in advance of filing with the Bankruptcy Court, or providing to the United States Trustee for the District of Delaware, the Final Order, all other proposed orders, pleadings or other information and documents relating to the transactions contemplated by the Credit Documents, the Prepackaged Plan of Reorganization and/or any disclosure statement related thereto (which must be in form and substance satisfactory to the Administrative Agent);

(n) Other Information. (i) Promptly upon their becoming available, copies of (A) all financial statements, reports, notices and proxy statements sent or made available generally by the Borrower to its security holders acting in such capacity or by any Subsidiary of the Borrower to its security holders other than the Borrower or another

Subsidiary of the Borrower, (B) all regular and periodic reports and all registration statements and prospectuses, if any, filed by the Borrower or any of its Subsidiaries with any securities exchange or with the Securities and Exchange Commission and (C) all press releases and other statements made available generally by the Borrower or any of its Subsidiaries to the public concerning material developments in the business of the Borrower or any of its Subsidiaries, and (ii) such other information and data with respect to the Borrower or any of its Subsidiaries as from time to time may be reasonably requested by the Administrative Agent;

(o) Electronic Delivery.

(i) Notwithstanding anything in any Credit Document to the contrary, each Credit Party hereby agrees that it will use its reasonable best efforts to provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Credit Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (A) relates to a request for a new Credit Extension or other extension of credit (including any election of an interest rate relating thereto), (B) relates to the payment of any principal or other amount due under any Credit Document prior to the scheduled date therefor, (C) provides notice of any Default or Event of Default under any Credit Document or (D) is required to be delivered to satisfy any condition set forth in Sections 3.1 and/or 3.2 (all such non-excluded communications being referred to herein collectively as the "**Communications**"), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Administrative Agent to oploanswebadmin@citi.com, with a copy to [ ]@citi.com. In addition, each Credit Party agrees to continue to provide the Communications to the Administrative Agent in the manner specified in the Credit Documents, but only to the extent requested by the Administrative Agent.

(ii) Each Credit Party further agrees that the Administrative Agent may make the Communications available to the Banks by posting the Communications on IntraLinks, Fixed Income Direct or a substantially similar electronic transmission system (each such system, a "**Platform**"). Each Credit Party acknowledges that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution.

(iii) **EACH PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF ANY PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS**

FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR ANY PLATFORM. IN NO EVENT SHALL ANY AGENT OR ANY OF ITS AFFILIATES OR ANY OF THEIR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES (COLLECTIVELY, THE "AGENT PARTIES") HAVE ANY LIABILITY TO THE BORROWER, ANY OTHER CREDIT PARTY, ANY BANK OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER'S OR THE AGENTS' TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(iv) The Administrative Agent agrees that the receipt of the Communications by it at its e-mail address set forth in Annex B shall constitute effective delivery of the Communications to the Administrative Agent for purposes of this Section 5.1(o). Each Bank agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to a Platform shall constitute effective delivery of the Communications to such Bank for purposes of this Section 5.1(o). Each Bank agrees (A) to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Bank's e-mail address to which the foregoing notice may be sent by electronic transmission and (B) that the foregoing notice may be sent to such e-mail address.

(v) Nothing in this Section 5.1(o) shall prejudice the right of any Agent or any Bank to give any notice or other communication pursuant to any Credit Document in any other manner specified in such Credit Document.

(p) Cash Flow Forecasts.

(i) By no later than 10:00 am on the Friday of each week, commencing April [__], 2010, the Borrower shall prepare and deliver to the Administrative Agent and the Banks on a weekly basis a thirteen (13) week cash flow forecast in the form attached hereto as Exhibit M (a "**Weekly Cash Flow Forecast**") setting forth for the periods covered thereby (i) the projected operating cash receipts and resulting cash balances, (ii) the projected weekly operating cash disbursements, (iii) the projected aggregate principal amount of Loans, and (iv) projected weekly Availability (including estimates of the Allowed

Professional Fees used by the Borrower in computing such Availability); provided, however, that if Monthly DIP Budget Cash Flow Update is required to be delivered during the same week that a Weekly Cash Flow Forecast is required to be delivered pursuant to this Section 5.1(p)(i), then the Borrower shall not be required to deliver the Weekly Cash Flow Forecast for such week.

(ii) By no later than 10:00 am on the 20th calendar day of each month, commencing April [__], 2010, the Borrower shall prepare and deliver to the Administrative Agent and the Banks on a monthly basis a thirteen (13) week cash flow forecast in form and substance satisfactory to the Administrative Agent and based on the same format and methodology used in the preparation of the DIP Budget (a "**Monthly DIP Budget Cash Flow Update**") setting forth for the periods covered thereby (i) the projected operating cash receipts and resulting cash balances, (ii) the projected weekly operating cash disbursements, (iii) the projected aggregate principal amount of Loans, and (iv) projected weekly Availability (including estimates of the Allowed Professional Fees used by the Borrower in computing such Availability) (collectively, the "**Projected Information**"). The Monthly DIP Budget Cash Flow Update, as updated in accordance with the terms hereof, shall be reviewed by the Borrower and its management and shall set forth for the periods covered thereby the Projected Information for each week covered by such Monthly DIP Budget Cash Flow Update. Together with such Monthly DIP Budget Cash Flow Update, the Borrower shall furnish to the Administrative Agent, in form and substance satisfactory to the Administrative Agent, a report that sets forth for the immediately preceding four weeks a detailed comparison of the cash receipts, cash disbursements, Loan balance and Availability to the Projected Information for such weekly periods set forth in the applicable Monthly DIP Budget Cash Flow Update on a cumulative, four-weeks roll-forward basis, together with a detailed explanation from the chief financial officer or treasurer of the Borrower as to any material deviations that may have occurred with respect thereto.

(iii) If the Borrower becomes aware of any inaccuracies or errors in a Weekly Cash Flow Forecast or Monthly DIP Budget Cash Flow Update previously delivered under this Section 5.1(p), the Borrower shall immediately furnish to the Administrative Agent a revised Weekly Cash Flow Forecast or Monthly DIP Budget Cash Flow Update, together with a detailed explanation of the inaccuracy or error from the chief financial officer or treasurer of the Borrower.

(q) Financial Covenant Certificate. Commencing with [_____],[2] 2010 and every Friday thereafter, the Borrower shall deliver to the Administrative Agent an officer's certificate certifying compliance with the covenants set forth in Section 6.8

[2] Date that is the fifth week anniversary of the Closing Date to be inserted.

for the immediately preceding week, and setting forth in reasonable detail calculations demonstrating such compliance.

5.2 **Existence**. Except as otherwise permitted under Section 6.9, each Credit Party will, and will cause each of its Subsidiaries to, at all times preserve and keep in full force and effect its existence and all rights and franchises, licenses and permits material to its business; provided, no Credit Party or any of its Subsidiaries shall be required to preserve any such existence, right or franchise, licenses and permits if such Person's board of directors (or similar governing body) shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Person, and that the loss thereof is not disadvantageous in any material respect to such Person or to Banks.

5.3 **Payment of Taxes and Claims**. Each Credit Party will, and will cause each of its Subsidiaries to, pay all material Taxes imposed upon it or any of its properties or assets or in respect of any of its profits, income, capital, capital gains, payroll businesses or franchises before any penalty or fine accrues thereon, and all Taxes or claims (including claims for labor, services, materials and supplies) for sums that have become due and payable and that by law have or may become a Lien upon any of its properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, no such Tax or claim need be paid if it is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as (a) adequate reserve or other appropriate provision, as shall be required in conformity with GAAP, shall have been made therefor, and (b) in the case of a Tax or claim which has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such Tax or claim. No Credit Party will, nor will it permit any of its Subsidiaries to, file or consent to the filing of any consolidated income tax return with any Person (other than the Borrower or any of its Subsidiaries).

5.4 **Maintenance of Properties**. Each Credit Party will, and will cause each of its Subsidiaries to, maintain or cause to be maintained in good repair, working order and condition, ordinary wear and tear excepted, all material properties used or useful in the business of the Borrower and its Subsidiaries and from time to time will make or cause to be made all appropriate repairs, renewals and replacements thereof except where the failure to maintain such properties could not reasonably be expected in any individual case or in the aggregate to have a Material Adverse Effect.

5.5 **Insurance**. The Borrower will maintain or cause to be maintained, with financially sound and reputable insurers, such public liability insurance, third party property damage insurance, business interruption insurance and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of the Borrower and its Subsidiaries as may customarily be carried or maintained under similar circumstances by Persons of established reputation engaged in similar businesses, in each case in such amounts (giving effect to self insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for such Persons. Without limiting the generality of the foregoing, the Borrower will maintain or cause to be maintained (a) flood insurance with respect to each Flood Hazard Property that is located in a community that participates in the National Flood Insurance Program, in each case in compliance with any

applicable regulations of the Board of Governors of the Federal Reserve System, and (b) replacement value casualty insurance on the Collateral under such policies of insurance, with such insurance companies, in such amounts, with such deductibles, and covering such risks as are at all times carried or maintained under similar circumstances by Persons of established reputation engaged in similar businesses. Each such policy of insurance issued by an insurer organized or incorporated in the United States shall (i) name the Collateral Agent, on behalf of the Banks as an additional insured thereunder as its interests may appear and (ii) in the case of each casualty insurance policy, contain a loss payable clause or endorsement, satisfactory in form and substance to the Collateral Agent, that names the Collateral Agent, on behalf of the Banks, as the loss payee thereunder for losses of $1,000,000 or greater and provides for at least thirty days' prior written notice to the Collateral Agent of any modification or cancellation of such policy.

5.6 **Books and Records; Inspections**. Each Credit Party will, and will cause each of its respective Subsidiaries to, keep books and records which accurately reflect its business affairs in all material respects and material transactions and each Credit Party will, and will cause each of its respective Subsidiaries to, permit any authorized representatives designated by the Administrative Agent to visit and inspect any of the properties of any Credit Party and any of its respective Subsidiaries, to inspect, copy and take extracts from its and their financial and accounting records, and to discuss its and their affairs, finances and accounts with its and their officers and independent public accountants, all upon reasonable notice and at such reasonable times during normal business hours and as often as may reasonably be requested. Each Credit Party will cause its officers to participate in update calls with the Agents and the Banks, upon reasonable notice and request from the Administrative Agent.

5.7 **[Reserved]**

5.8 **Compliance with Laws**. Each Credit Party will comply, and shall cause each of its Subsidiaries and all other Persons, if any, on or occupying any Facilities to comply in all material respects, with the requirements of all applicable laws, rules, regulations and orders of any Governmental Authority (including all Environmental Laws).

5.9 **Environmental.**

(a) Environmental Disclosure. The Borrower will deliver to the Administrative Agent:

(i) as soon as practicable following receipt thereof, copies of all environmental audits, investigations, analyses and reports of any kind or character, whether prepared by personnel of the Borrower or any of its Subsidiaries or by independent consultants, governmental authorities or any other Persons, with respect to significant environmental matters at any Facility or with respect to any Environmental Claims that could reasonably be expected to have a Material Adverse Effect;

(ii) promptly upon the occurrence thereof, written notice describing in reasonable detail (1) any Release required to be reported to any

federal, provincial, state or local governmental or regulatory agency under any applicable Environmental Laws, (2) any remedial action taken by the Borrower or any other Person in response to (A) any Hazardous Materials Activities the existence of which has a reasonable possibility of resulting in one or more Environmental Claims having, individually or in the aggregate, a Material Adverse Effect, or (B) any Environmental Claims that, individually or in the aggregate, have a reasonable possibility of resulting in a Material Adverse Effect, and (3) the Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of any Facility that could cause such Facility or any part thereof to be subject to any material restrictions on the ownership, occupancy, transferability or use thereof under any Environmental Laws;

(iii) as soon as practicable following the sending or receipt thereof by the Borrower or any of its Subsidiaries, a copy of any and all written communications with respect to (1) any Environmental Claims that, individually or in the aggregate, have a reasonable possibility of giving rise to a Material Adverse Effect, (2) any Release required to be reported to any federal, state or local governmental or regulatory agency, and (3) any request for information from any governmental agency that suggests such agency is investigating whether the Borrower or any of its Subsidiaries may be potentially responsible for any Hazardous Materials Activity;

(iv) prompt written notice describing in reasonable detail (1) any proposed acquisition of stock, assets, or property by the Borrower or any of its Subsidiaries that could reasonably be expected to (A) expose the Borrower or any of its Subsidiaries to, or result in, Environmental Claims that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or (B) adversely affect the ability of the Borrower or any of its Subsidiaries to maintain in full force and effect all material Governmental Authorizations required under any Environmental Laws for their respective operations and (2) any proposed action to be taken by the Borrower or any of its Subsidiaries to modify current operations in a manner that could reasonably be expected to subject the Borrower or any of its Subsidiaries to any additional material obligations or requirements under any Environmental Laws; and

(v) with reasonable promptness, such other documents and information as from time to time may be reasonably requested by the Administrative Agent in relation to any matters disclosed pursuant to this Section 5.9(a).

(b) Hazardous Materials Activities, Etc. Each Credit Party shall promptly take, and shall cause each of its Subsidiaries promptly to take, any and all actions necessary to (i) cure any violation of applicable Environmental Laws by such Credit Party or its Subsidiaries that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and (ii) make an appropriate response to any Environmental Claim against such Credit Party or any of its Subsidiaries and discharge any obligations it may have to any Person thereunder where failure to do so could

reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.10 **Further Assurances**. At any time or from time to time upon the request of the Administrative Agent, each Credit Party will, at its expense, promptly execute, acknowledge and deliver such further documents and do such other acts and things as the Administrative Agent or the Collateral Agent may reasonably request in order to effect fully the purposes of the Credit Documents. In furtherance and not in limitation of the foregoing, each Credit Party shall take such actions as the Administrative Agent or the Collateral Agent may reasonably request from time to time to ensure that the Obligations are guarantied by the Guarantors and are secured by the Collateral.

5.11 **Intellectual Property**. The Borrower and each of its Subsidiaries will continue to own or possess the right to use, free from any restrictions, all patents, trademarks, copyrights, and domain names that are used in the operation of their respective businesses as presently conducted and as proposed to be conducted, except to the extent the failure to so own or possess would not reasonably be expected to have a Material Adverse Effect.

5.12 **Know-Your-Customer Rules.**

If:

(i) (A) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the Closing Date;

(B) any change in the status of a Credit Party after the Closing Date; or

(C) a proposed assignment or transfer by a Bank of any of its rights and obligations under this Agreement to a party that is not a Bank prior to such assignment or transfer,

obliges the Administrative Agent or any Bank (or, in the case of paragraph (C) above, any prospective new Bank) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Credit Party shall promptly upon the request of the Administrative Agent or any Bank supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent (for itself or on behalf of any Bank) or any Bank (for itself or, in the case of the event described in paragraph (C) above, on behalf of any prospective new Bank) in order for the Administrative Agent, such Bank or, in the case of the event described in paragraph (C) above, any prospective new Bank to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Credit Documents.

(ii) Each Bank shall promptly upon the request of the Administrative Agent supply, or procure the supply of, such documentation and

other evidence as is reasonably requested by the Administrative Agent (for itself) in order for the Administrative Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Credit Documents.

Following the giving of any notice pursuant to paragraph (iii) above, if the accession of such Subsidiary obliges the Administrative Agent or any Bank to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Administrative Agent or any Bank supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent (for itself or on behalf of any Bank) or any Bank (for itself or on behalf of any prospective new Bank) in order for the Administrative Agent or such Bank or any prospective new Bank to carry out and be satisfied it has complied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement.

5.13 **Final Order**. Not later than 35 days after the entry of the Interim Order by the Bankruptcy Court, the Bankruptcy Court shall have entered an order in form and substance satisfactory to the Administrative Agent and the Requisite Banks (the "**Final Order**") on an application or motion by the Debtors, such motion to be in form and substance reasonably satisfactory to the Administrative Agent and the Requisite Banks, approving, on a final basis (but which Final Order need not have become final and non-appealable) the transactions contemplated by the Credit Documents, granting allowed Superpriority Claim status to the Loans and the other Obligations of the Borrower and granting the Liens set forth in Section 2.23 (with the priority there described in Section 2.22 and Section 2.23) and which Final Order, among other things, shall (a) approve the transactions contemplated by the Credit Documents and authorize the extensions of credit under this Agreement, (b) approve the payment by the Borrower and the Guarantors of all the fees provided for herein, (c) provide, after five (5) Business Days' written notice of an Event of Default, which notice shall be provided by the Administrative Agent to the Debtors, counsel to the Debtors, counsel to any statutory committee(s) appointed in the Cases, and the Office of the United States Trustee for the District of Delaware, and which notice shall be filed with the Bankruptcy Court by counsel to the Administrative Agent, for the automatic termination of the automatic stay (but solely with respect to the transactions contemplated by the Credit Documents), with a full waiver by the Borrower and the Guarantors of all rights to contest such termination except with respect to the existence of an Event of Default, (d) not have been reversed, modified, amended, or stayed, and (e) contain such other findings, orders and relief typical for financings of the type contemplated by the Credit Documents. The Final Order shall have been entered on such notice to such parties as may be reasonably satisfactory to the Banks and as required by the Bankruptcy Court, the Federal Rules of Bankruptcy Procedure, orders of the Bankruptcy Court, and any applicable local bankruptcy rules.

SECTION 6. NEGATIVE COVENANTS

Each Credit Party covenants and agrees that, so long as any Commitment is in effect and until payment in full of all Obligations and cancellation or expiration of all Letters of Credit, such Credit Party shall perform, and shall cause each of its Subsidiaries to perform, all covenants in this Section 6.

6.1 **Indebtedness**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or guaranty, or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except:

(a) the Obligations;

(b) Indebtedness of (i) any Credit Party to any other Credit Party, and (ii) intercompany loans made by Credit Party to a Foreign Subsidiary in an aggregate amount, when added to the Investments made pursuant to Section 6.7(f), not to exceed $7,500,000 from the Closing Date through May 31, 2010 and $5,000,000 thereafter; provided, (x) all such Indebtedness shall be evidenced by promissory notes and all such notes shall be subject to a Superpriority Claim pursuant to this Agreement, (y) all such Indebtedness shall be unsecured and subordinated in right of payment to the payment in full of the Obligations pursuant to the terms of the applicable promissory notes or an intercompany subordination agreement that in any such case, is reasonably satisfactory to the Administrative Agent, and (z) any payment by any such Credit Party under any guaranty of the Obligations shall result in a *pro tanto* reduction of the amount of any Indebtedness owed by such Credit Party to the Borrower or to any of its Subsidiaries for whose benefit such payment is made;

(c) [Reserved];

(d) [Reserved];

(e) Indebtedness which may be deemed to exist pursuant to any guaranties, performance, surety, statutory, appeal or similar obligations incurred in the Ordinary Course;

(f) Indebtedness in respect of netting services, overdraft protections and otherwise in connection with Deposit Accounts;

(g) guaranties in the Ordinary Course of obligations to suppliers, customers, franchisees and licensees of the Borrower and its Subsidiaries;

(h) guaranties by (i) any Credit Party of Indebtedness of another Credit Party or (ii) any non-Credit Party of Indebtedness of a Credit Party, in each case, with respect to Indebtedness otherwise permitted to be incurred pursuant to this Section 6.1; and

(i) existing Indebtedness described in Schedule 6.1(i) and, except with respect to any such Indebtedness of a Credit Party (as a primary obligor or guarantor),

any refinancings, refundings, renewals or extensions thereof (without increasing or shortening the maturity or principal amount thereof) (any such indebtedness, "Refinancing Indebtedness"); provided, however, that (i)the obligors in respect of such Refinancing Indebtedness (including in their capacities as primary obligor and guarantor) are the same as for the Indebtedness being refinanced, (ii) the aggregate principal amount of the Indebtedness being refinanced shall not be increased and (iii) the Refinancing Indebtedness shall not rank senior to the Indebtedness being refinanced;

(j) Indebtedness secured by Permitted Liens and Additional Permitted Liens; and

(k) Hedging Obligations entered into for the purpose of hedging currency exchange risks associated with the operations of the Borrower and its Subsidiaries.

6.2 **Liens**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any property or asset of any kind (including any document or instrument in respect of goods or accounts receivable) of the Borrower or any of its Subsidiaries, whether now owned or hereafter acquired, or any income or profits therefrom, or file or permit the filing of, or permit to remain in effect, any financing statement or other similar notice of any Lien with respect to any such property, asset, income or profits under the Uniform Commercial Code of any State or under any similar recording or notice statute, except:

(a) Liens in favor of the Collateral Agent for the benefit of the Secured Parties granted pursuant to any Credit Document;

(b) Liens for Taxes not then due or if due obligations with respect to such Taxes that are not at such time required to be paid pursuant to Section 5.3 or which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which an adequate reserve has been made in accordance with GAAP;

(c) statutory Liens of landlords, banks (and rights of set off), of carriers, warehousemen, mechanics, repairmen, workmen and materialmen, and other Liens imposed by law (other than any such Lien imposed pursuant to Section 401 (a)(29) or 412(n) of the Internal Revenue Code or by ERISA), in each case incurred in the Ordinary Course (i) for amounts not yet overdue or (ii) for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of fifteen (15) days) are being contested in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made for any such contested amounts;

(d) Liens incurred in the Ordinary Course in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other

similar obligations (exclusive of obligations for the payment of borrowed money or other Indebtedness), so long as no foreclosure, sale or similar proceedings have been commenced with respect to any portion of the Collateral on account thereof;

(e) easements, rights of way, restrictions, encroachments, and other minor defects or irregularities in title, in each case which do not and will not interfere in any material respect with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(f) any (i) interest or title of a lessor or sublessor under any lease of real estate permitted hereunder, (ii) restriction or encumbrance that the interest or title of such lessor or sublessor may be subject to, or (iii) subordination of the interest of the lessee or sublessee under such lease to any restriction or encumbrance referred to in the preceding clause (ii), so long as the holder of such restriction or encumbrance agrees to recognize the rights of such lessee or sublessee under such lease, each as in effect on the Closing Date;

(g) [Reserved];

(h) purported Liens evidenced by the filing of precautionary UCC financing statements or, for property located in foreign jurisdictions, the preparation and/or filing of functionally similar documents, relating solely to operating leases of personal property entered into in the Ordinary Course;

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(j) any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property;

(k) (i) licenses of patents, trademarks and other intellectual property rights granted by the Borrower or any of its Subsidiaries in the Ordinary Course and not interfering in any material respect with the ordinary conduct of the business of the Borrower or such Subsidiary and (ii) leases or subleases granted by the Borrower of any of its Subsidiaries to third parties in respect of surplus property which is not fundamental to the operation of the business in the Ordinary Course; provided that such leases and subleases are on arms-length commercial terms and are otherwise satisfactory to the Administrative Agent;

(l) existing Liens described in Schedule 6.2(l); and

(m) Additional Permitted Liens.

6.3 **[Reserved.]**

6.4 **No Further Negative Pledges**. Except with respect to (a) restrictions by reason of customary provisions restricting assignments, subletting or other transfers contained in

leases, licenses and similar agreements entered into in the Ordinary Course (provided that such restrictions are limited to the property or assets secured by such Liens or the property or assets subject to such leases, licenses or similar agreements, as the case may be), (b) Liens permitted to be incurred under Section 6.2 and restrictions in the agreements relating thereto that limit the right of any Credit Party to dispose of or transfer the assets subject to such Liens, and (c) restrictions imposed by customary provisions in partnership agreements, limited liability company organizational governance documents, joint venture agreements and other similar agreements that restrict the transfer of ownership interest in such partnership, limited liability company, joint venture or similar Person, each as in effect on the Closing Date, no Credit Party nor any of its Subsidiaries shall enter into any agreement prohibiting the creation or assumption of any Lien upon any of its properties or assets, whether now owned or hereafter acquired.

6.5 **Restricted Junior Payments**. No Credit Party shall, nor shall it permit any of its Subsidiaries or Affiliates through any manner or means or through any other Person to, directly or indirectly, declare, order, pay, make or set apart, or agree to declare, order, pay, make or set apart, any sum for any Restricted Junior Payment, except Restricted Junior Payments by any Subsidiary of the Borrower to the Borrower, any Guarantor or wholly-owned Subsidiary of the Borrower.

6.6 **Restrictions on Subsidiary Distributions**. Except as provided herein, no Credit Party shall, nor shall it permit any of its Subsidiaries to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary of the Borrower to (a) pay dividends or make any other distributions on any of such Subsidiary's Capital Stock owned by the Borrower or any other Subsidiary of the Borrower, (b) repay or prepay any Indebtedness owed by such Subsidiary to the Borrower or any other Subsidiary of the Borrower, (c) make loans or advances to the Borrower or any other Subsidiary of the Borrower, or (d) transfer any of its property or assets to the Borrower or any other Subsidiary of the Borrower, other than restrictions (i) by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses, and similar agreements entered into in the Ordinary Course; (ii) in the Pre-Petition Credit Agreement as in effect on the Closing Date; and (iii) set forth in the agreements, documents or instruments in effect on the Closing Date and set forth on Schedule 6.6.

6.7 **Investments**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, make or own any Investment in any Person, including without limitation any Joint Venture, except:

(a) Investments by a Credit Party (other than XTI LLC) in Cash and Cash Equivalents (other than Alternative Currencies), (ii) Investments by Subsidiaries of the Borrower (other than the Credit Parties) in Cash and Non-Credit Party Cash Equivalents, and (iii) Investments by XTI LLC in Cash and Cash Equivalents (other than Alternative Currencies except for Euros);

(b) (i) equity Investments as of the Closing Date in any Subsidiary, (ii) equity Investments made after the Closing Date by any Credit Party in another Credit Party and (iii) equity Investments made on the Consummation Date as contemplated by the Prepackaged Plan of Reorganization by any Credit Party in Foreign Subsidiaries;

(c) Investments (i) in any Securities received in satisfaction or partial satisfaction of obligations of financially troubled account debtors and (ii) deposits, prepayments and other credits to suppliers made in the Borrower's and its Subsidiaries' Ordinary Course;

(d) intercompany loans and guaranties to the extent permitted under Section 6.1(b), (e), (g) and (h);

(e) loans and advances to employees of the Borrower and its Subsidiaries made in the Ordinary Course in an aggregate principal amount not to exceed $50,000 in the aggregate;

(f) Investments in Foreign Subsidiaries in an aggregate amount, when added to the intercompany loans permitted under Section 6.1(b)(ii), not to exceed $7,500,000 from the Closing Date through May 31, 2010 and $5,000,000 thereafter; and

(g) existing Investments described in Schedule 6.7(g).

Notwithstanding the foregoing, in no event shall any Credit Party make any Investment which results in or facilitates in any manner any Restricted Junior Payment not otherwise permitted under the terms of Section 6.5.

6.8 **Financial Covenants.**

(a) Minimum Cash, Cash Equivalents and Availability. The Borrower and the Guarantors shall maintain at all times during the periods set forth below Availability and unrestricted Cash and Cash Equivalents on hand and amounts held in the Term Loan Deposit Account in an amount equal to or greater than the amount set forth below for the applicable period:

Period	Amount
From the Closing Date through May 31, 2010	$40,000,000
From June 1, 2010 and thereafter	$35,000,000

For the purpose of this Section 6.8, Cash and Cash Equivalents shall not include Cash or Cash Equivalents of any Subsidiary of the Borrower other than the Guarantors.

(b) Compliance with Cash Flow Forecast. The Credit Parties shall not permit, for any period of four weeks (i) actual average cash receipts of the Credit Parties for such period to be less than 80% of projected average cash receipts for such period as set forth in the DIP Budget, or (ii) actual average cash expenditures (calculated without giving effect to debt service, professional fees, and other restructuring expenses) of the Credit Parties for such period to be more than 120% of projected average cash

expenditures for such period as set forth in the DIP Budget, in each case tested on a rolling weekly basis, commencing with the four-week period beginning [ ], 2010[3].

6.9 **Fundamental Changes; Disposition of Assets; Acquisitions**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, enter into any merger or consolidation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease or sub lease (as lessor or sublessor), exchange, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any part of its business, assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, whether now owned or hereafter acquired, or acquire by purchase or otherwise (other than purchases or other acquisitions of inventory, materials and equipment in the Ordinary Course) the business, property or fixed assets of, or stock or other evidence of beneficial ownership of, any Person or any division or line of business or other business unit of any Person, except:

(a) any Subsidiary of the Borrower may be merged with or into the Borrower, any Guarantor or any other wholly-owned Subsidiary, or be liquidated, wound up or dissolved, or all or any part of its business, property or assets may be conveyed, sold, leased, transferred or otherwise disposed of, in one transaction or a series of transactions, to the Borrower or any Guarantor; provided, however, in the case of such a merger involving the Borrower or a Guarantor merging with a non-Guarantor, the Borrower or Guarantor shall be the continuing or surviving Person;

(b) sales or other dispositions of assets that do not constitute Asset Sales;

(c) disposals of obsolete, worn out or surplus property in the Ordinary Course; and

(d) Investments made in accordance with Section 6.7.

6.10 **Disposal of Subsidiary Interests**. Except for any sale of all of its interests in the Capital Stock of any of its Subsidiaries in compliance with the provisions of Section 6.9, no Credit Party shall, nor shall it permit any of its Subsidiaries to, (a) directly or indirectly sell, assign, pledge or otherwise encumber or dispose of any Capital Stock of any of its Subsidiaries, except to qualify directors if required by applicable law; or (b) permit any of its Subsidiaries directly or indirectly to sell, assign, pledge or otherwise encumber or dispose of any Capital Stock of any of its Subsidiaries, except to another Credit Party (subject to the restrictions on such disposition otherwise imposed hereunder), or to qualify directors if required by applicable law.

6.11 **Sales and Lease Backs**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, become or remain liable as lessee or as a guarantor or other surety with respect to any lease of any property (whether real, personal or mixed), whether now owned or hereafter acquired, which such Credit Party (a) has sold or transferred or is to sell

[3] Date that is four weeks following Closing Date to be inserted.

or to transfer to any other Person (other than the Borrower or any of its Subsidiaries), or (b) intends to use for substantially the same purpose as any other property which has been or is to be sold or transferred by such Credit Party to any Person (other than the Borrower or any of its Subsidiaries) in connection with such lease.

6.12 **Transactions with Shareholders and Affiliates**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any holder of 5% or more of any class of Capital Stock of the Borrower or any of its Subsidiaries or with any Affiliate of the Borrower or of any such holder, on terms that are (x) outside of the Ordinary Course or (y) less favorable to the Borrower or that Subsidiary, as the case may be, than those that might be obtained at the time from a Person who is not such a holder or Affiliate; provided, the foregoing restriction shall not apply to (a) any transaction between the Borrower or any Guarantor or between Guarantors; (b) reasonable and customary fees paid to members of the board of directors (or similar governing body) of the Borrower and its Subsidiaries; (c) compensation arrangements for officers and other employees of the Borrower and its Subsidiaries entered into in the Ordinary Course; (d) the agreements and instruments listed on Schedule 2.25 and the transactions related thereto (which agreements and instruments shall be in form and substance reasonably satisfactory to the Administrative Agent); and [(e) transactions described in Schedule 6.12.]

6.13 **Conduct of Business**. From and after the Closing Date, no Credit Party shall, nor shall it permit any of its Subsidiaries to, engage in any business other than the businesses engaged in by one or more Credit Parties on the Closing Date and reasonably related businesses.

6.14 **Limitation on Issuance of Capital Stock**. Neither the Borrower nor any Subsidiary shall issue any Capital Stock (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, any Capital Stock, except such issuances on the Consummation Date as contemplated by the Prepackaged Plan of Reorganization.

6.15 **Amendments or Waivers of Organizational Documents**. No Credit Party shall terminate or agree to any amendment, restatement, supplement or other modification to, any Organizational Document that would be materially adverse to the Banks.

6.16 **Prepayments of Other Indebtedness; Modification of Other Documents, etc.**

(a) Prepayments, etc. Except as otherwise allowed pursuant to the Interim Order, the Final Order or any order of the Bankruptcy Court, in each case as approved by the Requisite Banks, no Credit Party shall make (or give any notice in respect thereof), nor shall it permit any of its Subsidiaries to make (or give any notice in respect thereof), any voluntary or optional payment or prepayment on or redemption or acquisition for value of, or any prepayment as a result of any asset sale, change of control or similar event of, any Indebtedness other than Indebtedness consisting of Obligations.

(b) Modification of Other Documents. No Credit Party shall, nor shall it permit any of its Subsidiaries to, amend or modify, or permit the amendment or modification of, any provision of any agreement governing Indebtedness in any manner that is adverse in any material respect to the Banks.

6.17 **Fiscal Year; Accounting Changes**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, change its Fiscal Year end from December 31st.

6.18 **Chapter 11 Claims**. No Credit Party shall incur, create, assume, suffer to exist or permit any other Superpriority Claim or Lien which is senior to, or *pari passu* with, the Obligations hereunder, in each case, except for the Permitted Liens, the Additional Permitted Liens and the Carve-Out.

SECTION 7. GUARANTY

7.1 **Guaranty of the Obligations**. Subject to the provisions of Section 7.2, the Guarantors jointly and severally hereby irrevocably and unconditionally guaranty to the Administrative Agent for the ratable benefit of the Beneficiaries the due and punctual payment in full of all Obligations when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (collectively, the "**Guaranteed Obligations**").

7.2 **Contribution by Guarantors**. All Guarantors desire to allocate among themselves (collectively, the "**Contributing Guarantors**"), in a fair and equitable manner, their obligations arising under this Guaranty. Accordingly, in the event any payment or distribution is made on any date by a Guarantor (a "**Funding Guarantor**") under this Guaranty such that its Aggregate Payments exceed its Fair Share as of such date, such Funding Guarantor shall be entitled to a contribution from each of the other Contributing Guarantors in an amount sufficient to cause each Contributing Guarantor's Aggregate Payments to equal its Fair Share as of such date. "**Fair Share**" means, with respect to a Contributing Guarantor as of any date of determination, an amount equal to (a) the ratio of (i) the Fair Share Contribution Amount with respect to such Contributing Guarantor to (ii) the aggregate of the Fair Share Contribution Amounts with respect to all Contributing Guarantors multiplied by (b) the aggregate amount paid or distributed on or before such date by all Funding Guarantors under this Guaranty in respect of the obligations Guaranteed. "**Fair Share Contribution Amount**" means, with respect to a Contributing Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such Contributing Guarantor under this Guaranty that would not render its obligations hereunder or thereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any comparable applicable provisions of state law; provided, solely for purposes of calculating the "Fair Share Contribution Amount" with respect to any Contributing Guarantor for purposes of this Section 7.2, any assets or liabilities of such Contributing Guarantor arising by virtue of any rights to subrogation, reimbursement or indemnification or any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such Contributing Guarantor. "**Aggregate Payments**" means, with respect to a Contributing Guarantor as of any date of determination, an

amount equal to (1) the aggregate amount of all payments and distributions made on or before such date by such Contributing Guarantor in respect of this Guaranty (including, without limitation, in respect of this Section 7.2), minus (2) the aggregate amount of all payments received on or before such date by such Contributing Guarantor from the other Contributing Guarantors as contributions under this Section 7.2. The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Funding Guarantor. The allocation among Contributing Guarantors of their obligations as set forth in this Section 7.2 shall not be construed in any way to limit the liability of any Contributing Guarantor hereunder. Each Guarantor is a third party beneficiary to the contribution agreement set forth in this Section 7.2.

7.3 **Payment by Guarantors**. Subject to Section 7.2, the Guarantors hereby jointly and severally agree, in furtherance of the foregoing and not in limitation of any other right which any Beneficiary may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of the Borrower to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, the Guarantors will upon demand pay, or cause to be paid, in Cash, to the Administrative Agent for the ratable benefit of Beneficiaries, an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations and all other Guaranteed Obligations then owed to Beneficiaries as aforesaid.

7.4 **Liability of Guarantors Absolute**. Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

(a) this Guaranty is a guaranty of payment when due and not of collectability. This Guaranty is a primary obligation of such Guarantor and not merely a contract of surety;

(b) subject to the five (5) Business Day notice requirement in Section 8.1, the Administrative Agent may enforce this Guaranty upon the occurrence of an Event of Default;

(c) the obligations of such Guarantor hereunder are independent of the obligations of the Borrower and the obligations of any other guarantor (including any other Guarantor) of the obligations of the Borrower, and a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against the Borrower or any of such other guarantors and whether or not the Borrower is joined in any such action or actions;

(d) payment by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid. Without limiting the generality of the foregoing, if the Administrative Agent is awarded a

judgment in any suit brought to enforce any Guarantor's covenant to pay a portion of the Guaranteed Obligations, such judgment shall not be deemed to release such Guarantor from its covenant to pay the portion of the Guaranteed Obligations that is not the subject of such suit, and such judgment shall not, except to the extent satisfied by such Guarantor, limit, affect, modify or abridge any other Guarantor's liability hereunder in respect of the Guaranteed Obligations;

(e) any Beneficiary, upon such terms as it deems appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations; (iii) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment hereof or the Guaranteed Obligations; (iv) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guaranties of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations, provided, however, that no Credit Document to which such Guarantor is party may be amended without its written consent; (v) enforce and apply any security now or hereafter held by or for the benefit of such Beneficiary in respect hereof or the Guaranteed Obligations, and direct the order or manner of sale thereof, or exercise any other right or remedy that such Beneficiary may have against any such security, in each case as such Beneficiary in its discretion may determine consistent herewith and any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or non-judicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against the Borrower or any security for the Guaranteed Obligations; and (vi) exercise any other rights available to it under the Credit Documents; and

(f) this Guaranty and the obligations of the Guarantors hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment in full of the Guaranteed Obligations), including the occurrence of any of the following, whether or not any Guarantor shall have had notice or knowledge of any of them: (i) any failure or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under the Credit Documents, at law, in equity or otherwise) with respect to the Guaranteed Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms

or provisions (including provisions relating to events of default) hereof, any of the other Credit Documents or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for the Guaranteed Obligations, in each case whether or not in accordance with the terms hereof or such Credit Document or any agreement relating to such other guaranty or security; (iii) the Guaranteed Obligations or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the application of payments received from any source (other than payments received pursuant to the other Credit Documents or from the proceeds of any security for the Guaranteed Obligations, except to the extent such security also serves as collateral for indebtedness other than the Guaranteed Obligations) to the payment of indebtedness other than the Guaranteed Obligations, even though any Beneficiary might have elected to apply such payment to any part or all of the Guaranteed Obligations; (v) any Beneficiary's consent to the change, reorganization or termination of the corporate structure or existence of the Borrower or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (vi) any failure to perfect or continue perfection of a security interest in any collateral which secures any of the Guaranteed Obligations; (vii) any defenses, set offs or counterclaims which the Borrower may allege or assert against any Beneficiary in respect of the Guaranteed Obligations, including failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; (viii) any law or regulation of any jurisdiction or any other event affecting any term of the Guaranteed Obligations and (ix) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

7.5 **Waivers by Guarantors**. Each Guarantor hereby waives, for the benefit of Beneficiaries: (a) any right to require any Beneficiary, as a condition of payment or performance by such Guarantor, to (i) proceed against the Borrower, any other guarantor (including any other Guarantor) of the Guaranteed Obligations or any other Person, (ii) proceed against or exhaust any security held from the Borrower, any such other guarantor or any other Person, (iii) proceed against or have resort to any balance of any Deposit Account or credit on the books of any Beneficiary in favor of the Borrower or any other Person, or (iv) pursue any other remedy in the power of any Beneficiary whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Borrower or any other Guarantor including any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations, or any agreement or instrument relating thereto or by reason of the cessation of the liability of the Borrower or any other Guarantor from any cause other than payment in full of the Guaranteed Obligations; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (d) any defense based upon any Beneficiary's errors or omissions in the administration of the Guaranteed Obligations, except behavior which amounts to bad faith; (e) (i) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement hereof, (iii) any rights to set offs, recoupments and counterclaims, and (iv) promptness, diligence and any requirement that any Beneficiary protect, secure, perfect or insure any security interest or lien or any property

subject thereto; (f) other than with respect to written notice of an Event of Default as provided in Section 8.1, notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Guaranteed Obligations or any agreement related thereto, notices of any extension of credit to the Borrower and notices of any of the matters referred to in Section 7.4 and any right to consent to any thereof; and (g) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

Until the Guaranteed Obligations shall have been indefeasibly paid in full and the Revolving Commitments shall have terminated and all Letters of Credit shall have expired or been cancelled, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against the Borrower or any other Guarantor or any of its assets in connection with this Guaranty or the performance by such Guarantor of its respective obligations hereunder, in each case whether such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise and including without limitation (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against the Borrower with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that any Beneficiary now has or may hereafter have against the Borrower, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by any Beneficiary. In addition, until the Guaranteed Obligations shall have been indefeasibly paid in full and the Commitments shall have terminated and all Letters of Credit shall have expired or been cancelled, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations, including, without limitation, any such right of contribution as contemplated by Section 7.2. Each Guarantor further agrees that, to the extent the waiver or agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification such Guarantor may have against the Borrower or against any collateral or security, and any rights of contribution such Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights any Beneficiary may have against the Borrower, to all right, title and interest any Beneficiary may have in any such collateral or security, and to any right any Beneficiary may have against such other guarantor. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally and indefeasibly paid in full, such amount shall be held in trust for the Administrative Agent on behalf of Beneficiaries and shall forthwith be paid over to the Administrative Agent for the benefit of Beneficiaries to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

7.6 **Subordination of Other Obligations**. Any Indebtedness of the Borrower or any Guarantor now or hereafter held by the Guarantor (the "**Obligee Guarantor**") is hereby subordinated in right of payment to the Guaranteed Obligations, and any such indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for the Administrative Agent on behalf of Beneficiaries and shall

forthwith be paid over to the Administrative Agent for the benefit of Beneficiaries to be credited and applied against the Guaranteed Obligations, but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

7.7 **Continuing Guaranty**. This Guaranty is a continuing guaranty and shall remain in effect until all of the Guaranteed Obligations shall have been paid in full and the Commitments shall have terminated and all Letters of Credit shall have expired or been cancelled. Each Guarantor hereby irrevocably waives any right to revoke this Guaranty as to future transactions giving rise to any Guaranteed Obligations.

7.8 **Authority of Guarantors or Borrower**. It is not necessary for any Beneficiary to inquire into the capacity or powers of any Guarantor or the Borrower or the officers, directors or any agents acting or purporting to act on behalf of any of them.

7.9 **Financial Condition of the Borrower**. Any Credit Extension may be made to the Borrower or continued from time to time without notice to or authorization from any Guarantor regardless of the financial or other condition of the Borrower at the time of any such grant or continuation. No Beneficiary shall have any obligation to disclose or discuss with any Guarantor its assessment, or any Guarantor's assessment, of the financial condition of the Borrower. Each Guarantor has adequate means to obtain information from the Borrower on a continuing basis concerning the financial condition of the Borrower and its ability to perform its respective obligations under the Credit Documents, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Borrower and of all circumstances bearing upon the risk of non-payment of the Guaranteed Obligations. Each Guarantor hereby waives and relinquishes any duty on the part of any Beneficiary to disclose any matter, fact or thing relating to the business, operations or conditions of the Borrower now known or hereafter known by any Beneficiary.

7.10 **Payments Set Aside**. In the event that all or any portion of the Guaranteed Obligations are paid by the Borrower, the obligations of Guarantors hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from any Beneficiary for any reason, and any such payments which are so rescinded or recovered shall constitute Guaranteed Obligations for all purposes hereunder.

7.11 **Validity and Effectiveness**. This Guaranty shall remain wholly valid and effective until the full, unconditional and irrevocable performance and discharge of the Guaranteed Obligations, and for all the period during which payments effected in such respect are subject to the claw back and/or avoidance under any applicable law.

SECTION 8. EVENTS OF DEFAULT

8.1 **Events of Default**. If any one or more of the following conditions or events shall occur:

(a) Failure to Make Payments When Due. Failure by the Borrower to pay (i) when due any installment of principal of any Loan, whether at stated maturity, by acceleration, by notice of voluntary prepayment, by mandatory prepayment or otherwise; or (ii) any interest on any Loan or any fee or any other amount due hereunder, which failure continues for three (3) Business Days; or

(b) Default in Other Agreements. (i) Failure of any Credit Party or any of their respective Subsidiaries to pay when due any principal of or interest on or any other amount payable in respect of one or more items of Indebtedness (other than Indebtedness referred to in Section 8.1(a) and other than Indebtedness arising under the Prepetition Credit Agreement) with an aggregate principal amount of $5,000,000 or more, in each case beyond the grace period, if any, provided therefor; or (ii) breach or default by any Credit Party with respect to any other material term of (1) one or more items of Indebtedness in the individual or aggregate principal amounts referred to in clause (i) above or (2) any loan agreement, mortgage, indenture or other agreement relating to such item(s) of Indebtedness, in each case beyond the grace period, if any, originally provided therefor, if the effect of such breach or default is to cause, or to permit the holder or holders of that Indebtedness (or a trustee on behalf of such holder or holders), to cause, that Indebtedness to become or be declared due and payable (or redeemable) prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be; provided that this Section 8.1(b) shall not apply to any failure, default or breach resulting solely from or caused only by the filing of the Cases; or

(c) Breach of Certain Covenants. Failure of any Credit Party to perform or comply with any term or condition contained in Section 2.4, Section 5.1(g)(i), Section 5.1(p), Section 5.1(q), Section 5.2 or Section 6; or

(d) Breach of Representations, etc. Any representation, warranty, certification or other statement made or deemed made by any Credit Party in any Credit Document or in any statement or certificate at any time given by any Credit Party or any of its Subsidiaries in writing pursuant hereto or thereto or in connection herewith or therewith shall be false in any material respect as of the date made or deemed made; or

(e) Other Defaults Under Credit Documents. Any Credit Party shall default in the performance of or compliance with any term contained herein or any of the other Credit Documents, other than any such term referred to in any other subsection of this Section 8.1, and such default shall not have been remedied or waived within twenty (20) Business Days after the earlier of (i) an officer of such Credit Party becoming aware of such default or (ii) receipt by the Borrower of notice from the Administrative Agent or any Bank of such default; or

(f) Involuntary Bankruptcy; Appointment of Receiver, etc. (i) A court of competent jurisdiction shall enter a decree or order for relief in respect of any of the Borrower's Subsidiaries in an involuntary case under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, which decree or order is not stayed; or any other similar relief shall be granted under any applicable federal, provincial or state law; or (ii) an involuntary case shall be commenced against any of the Borrower's Subsidiaries under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, or any application shall have been made, or is required by applicable law to be made, with a court for the opening of insolvency proceedings with regard to any of such Subsidiaries; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over any of such Subsidiaries, or over all or a substantial part of its property, shall have been entered; or there shall have occurred the involuntary appointment of an interim receiver, trustee or other custodian of any of such Subsidiaries for all or a substantial part of its property; or a warrant of attachment, execution or similar process shall have been issued against any substantial part of the property of any of such Subsidiaries, and any such event described in this clause (ii) shall continue for sixty (60) days without having been dismissed, bonded or discharged, provided, however, that this Section 8.1(f) shall not apply with respect to any Subsidiaries that are the subject of the Cases; or

(g) Voluntary Bankruptcy; Appointment of Receiver, etc. (i) Any of the Borrower's Subsidiaries shall have an order for relief entered with respect to it or shall commence a voluntary case under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property; or any of the Borrower's Subsidiaries shall make any assignment for the benefit of creditors; or (ii) any of the Borrower's Subsidiaries shall be unable, or shall fail generally, or shall admit in writing its inability, to pay its debts as such debts become due; or the board of directors (or similar governing body) of any of the Borrower's Subsidiaries (or any committee thereof) shall adopt any resolution or otherwise authorize any action to approve any of the actions referred to herein or in Section 8.1(f) provided, however, that this Section 8.1 (g) shall not apply with respect to any Subsidiaries that are the subject of the Cases; or

(h) Judgments and Attachments. Any money judgment, writ or warrant of attachment or similar process involving in the aggregate at any time an amount in excess of $5,000,000 (in either case to the extent not adequately covered by insurance as to which a solvent and unaffiliated insurance company has acknowledged coverage) shall be entered or filed against the Borrower or any of its Subsidiaries or any of their respective assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of sixty (60) days (or in any event later than five days prior to the date of any proposed sale thereunder); or

(i) [Reserved]

(j) Employee Benefit Plans. There shall occur one or more ERISA Events which individually or in the aggregate results in or could reasonably be expected to result in a Material Adverse Effect; or

(k) Change of Control. A Change of Control shall occur other than as a result of the transactions contemplated by the Prepackaged Plan of Reorganization; or

(l) Guaranties, Collateral Documents and Other Credit Documents. At any time after the execution and delivery thereof, (i) any Guaranty for any reason, other than the satisfaction in full of all Obligations, shall cease to be in full force and effect (other than in accordance with its terms) or shall be declared to be null and void or any Guarantor shall repudiate its obligations thereunder, (ii) this Agreement or any other Collateral Document ceases to be in full force and effect (other than by reason of a release of Collateral in accordance with the terms hereof or thereof or the satisfaction in full of the Obligations in accordance with the terms hereof or any other termination of such Collateral Document in accordance with the terms thereof) or shall be declared null and void, or the Collateral Agent shall not have or shall cease to have a valid and perfected Lien in any Collateral purported to be covered by the Collateral Documents with the priority required by the relevant Collateral Document, in each case for any reason other than the failure of the Collateral Agent or any Secured Party to take any action within its control, or (iii) any Credit Party shall contest the validity or enforceability of any Credit Document in writing or deny in writing that it has any further liability, including with respect to future advances by Banks, under any Credit Document to which it is a party; or

(m) Relief from Automatic Stay. The Bankruptcy Court shall enter an order or orders granting relief from the automatic stay applicable under section 362 of the Bankruptcy Code to the holder or holders of any security interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any assets of any Credit Party which have a value in excess of $1,000,000; or

(n) Order Appointing Trustee or Examiner. Entry of an order by the Bankruptcy Court in any of the Cases appointing a trustee under section 1104 of the Bankruptcy Code, a responsible officer or an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code) under section 1106(b) of the Bankruptcy Code; or

(o) Conversion of Cases. Any of the Cases shall be converted to a case under Chapter 7 of the Bankruptcy Code; or

(p) Invalid Plan; Dismissal of Cases. (i) Submission by any Credit Party of, or entry of, an order in any of the Cases confirming a Plan of Reorganization that does not (A) provide for termination of the Revolving Commitments and payment in full in cash of the Obligations, in each case, on or before the effective date of such Plan of Reorganization, except pursuant to a conversion of the credit facility governed by this Agreement to the Exit Facility substantially in accordance with the terms and conditions contained in the Exit Credit Agreement, with such changes as may be agreed to with the

unanimous written consent of the Banks (as defined in the Exit Credit Agreement) or (B) provide for the continuation of the Liens of the Collateral Agent under this Agreement and the other Collateral Documents and continued priority thereof, in each case, until the Consummation Date pursuant to such Plan of Reorganization; or (ii) an entry of an order by the Bankruptcy Court dismissing any of the Cases and which order does not provide for termination of the Commitments and payment in full in cash of the Obligations; or (iii) any Credit Party shall seek or support the filing or confirmation of such a Plan of Reorganization or the entry of such an order; or (iv) the board of directors of any Credit Party shall have authorized a liquidation of any Credit Party; or

(q) Orders. (i) The Final Order shall not have been entered by the Bankruptcy Court on or before 35 days after the Interim Order is entered by the Bankruptcy Court, (ii) an order of the Bankruptcy Court shall be entered revoking, reversing, amended, supplementing staying, vacating or otherwise modifying the Interim Order or the Final Order, (iii) an order of the Bankruptcy Court shall be entered which permits any administrative priority under the Bankruptcy Code as to any Credit Party equal to or superior to the Superpriority Claim of the Agents and the Banks hereunder and pursuant to the Interim Order or Final Order, as applicable, other than the Permitted Liens, the Additional Permitted Liens and the Carve-Out, (iv) an order of the Bankruptcy Court shall be entered which grants or permits the granting of Liens on the Collateral other than Liens permitted hereby and permitted under the Interim Order or Final Order, as applicable, (v) the Interim Order or the Final Order (as applicable) shall cease to create a valid and perfected Lien or to be in fully force and effect or (vi) any Credit Party shall fail to comply with any material term, provision or condition of the Interim Order or the Final Order; or

(r) Superpriority Claims. An application shall be filed by any Credit Party for the approval of any Superpriority Claim (other than claims secured by Permitted Liens, Additional Permitted Liens and the Carve-Out) in any of the Cases which is *pari passu* with or senior to the claims of the Beneficiaries against any Credit Party, or there shall arise or be granted any such *pari passu* or senior Superpriority Claim; or

(s) Supportive Actions. Any Credit Party or any of its Subsidiaries shall take any action in support of any matter set forth in paragraph (n), (o), (p), (q) or (r) above or any other Person shall do so and such application is not contested in good faith by the Credit Parties and the relief requested is granted in an order that is not stayed pending appeal; or

(t) Sale of Collateral. There shall be filed by any Credit Party any motion to sell all or a substantial part of the Collateral on terms that are not acceptable to the Requisite Banks; or

(u) Liens. Any Credit Party shall file any action, suit or other proceeding or contested matter challenging the validity, perfection or priority of any Liens securing the Pre-Petition Credit Agreement, or the validity or enforceability of any of the Credit Documents (as defined in the Pre-Petition Credit Agreement), or asserting

any avoidance claim against, or seeking to recover any monetary damages from, any agent or lender under the Pre-Petition Credit Agreement; or

(v) Operations. Without the consent of the Requisite Banks, any Credit Party shall discontinue or suspend all or any material part of its business or commence an orderly wind-down or liquidation of any material part of the Collateral; or

(w) Failure to Reimburse Issuing Bank from Revolving Loans. The failure of the Issuing Bank to be reimbursed in full for any drawings under any Letter of Credit from proceeds of Revolving Loans required to be made pursuant to Section 2.2(e); or

(x) Failure to Top-Up the Term Loan LC Collateral Account from Revolving Loans. The failure of the Term Loan LC Collateral Account to be funded from proceeds of Revolving Loans required to be made pursuant to Section 2.2(g); or

(y) Consolidation of the Credit Parties. Except for the procedural consolidation relating to the administration of the Cases as contemplated in the Plan of Reorganization, the entry of an order of by the Bankruptcy Court substantively consolidating the Credit Parties;

THEN, (1) upon the occurrence of any Event of Default described in Section 8.1(f), (g), (k), (n), (o) or (p), the Administrative Agent (with or without the consent or request of the Requisite Banks) and (2) upon the occurrence and during the continuance of any other Event of Default, at the request of (or with the consent of) the Requisite Banks, and, in each case upon (a) the provision by the Administrative Agent to the Debtors of five (5) Business Days' written notice of such Event of Default, which written notice shall also be provided by the Administrative Agent to counsel to the Debtors, counsel to any statutory committee(s) appointed in the Cases, and the Office of the United States Trustee for the District of Delaware, and which written notice shall be filed by counsel to the Administrative Agent with the Bankruptcy Court, and (b) the expiration of such five (5) Business Day period, (i) the Commitments, if any, of each Bank having such Commitments shall immediately and automatically terminate; (ii) each of the following shall immediately become due and payable, in each case without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by each Credit Party: (A) the unpaid principal amount of and accrued interest on the Loans, and (B) all other Obligations; and (iii) the Administrative Agent may cause the Collateral Agent to enforce any and all Liens and security interests created pursuant to this Agreement and the Collateral Documents and may seek any and all other remedies provided for in the Interim Order or the Final Order; provided, for the avoidance of doubt, that neither the Administrative Agent, the Collateral Agent, nor any Bank shall exercise such rights and remedies on account of an Event of Default until after expiration of the above-referenced five (5) Business Days' written notice period.

SECTION 9. AGENTS

9.1 **Appointment of Agents**. Citigroup Global Markets Inc. is hereby appointed Lead Arranger hereunder, and each Bank hereby authorizes the Lead Arranger to act as its agent in accordance with the terms hereof and the other Credit Documents. Citicorp North America, Inc. is hereby appointed Administrative Agent and Collateral Agent hereunder and under the other Credit Documents and each Bank hereby authorizes the Administrative Agent and the Collateral Agent to act as its agent in accordance with the terms hereof and the other Credit Documents. Each Agent hereby agrees to act upon the express conditions contained herein and the other Credit Documents, as applicable. The provisions of this Section 9 are solely for the benefit of the Agents and Banks and no Credit Party shall have any rights as a third party beneficiary of any of the provisions thereof. In performing its functions and duties hereunder, each Agent shall act solely as an agent of Banks and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for the Borrower or any of its Subsidiaries. The Lead Arranger, without consent of or notice to any party hereto, may assign any and all of its respective rights or obligations hereunder to any of its Affiliates. As of the Closing Date, Citigroup Global Markets Inc, in its capacity as Lead Arranger, shall not have any obligations hereunder but shall be entitled to all benefits of this Section 9.

9.2 **Powers and Duties**. Each Bank irrevocably authorizes each Agent to take such action on such Bank's behalf and to exercise such powers, rights and remedies hereunder and under the other Credit Documents as are specifically delegated or granted to such Agent by the terms hereof and thereof, together with such powers, rights and remedies as are reasonably incidental thereto. Each Agent shall have only those duties and responsibilities that are expressly specified herein and the other Credit Documents. Each Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees. No Agent shall have, by reason hereof or any of the other Credit Documents, a fiduciary relationship in respect of any Bank; and nothing herein or any of the other Credit Documents, expressed or implied, is intended to or shall be so construed as to impose upon any Agent any obligations in respect hereof or any of the other Credit Documents except as expressly set forth herein or therein.

9.3 **General Immunity**

(a) No Responsibility for Certain Matters. No Agent shall be responsible to any Bank for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or any other Credit Document or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by any Agent to Banks or by or on behalf of any Credit Party to any Agent or any Bank in connection with the Credit Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Credit Party or any other Person liable for the payment of any Obligations, nor shall any Agent be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Credit Documents or as to the use of the proceeds of the Revolving Loans or as to the existence or possible existence of any Event of Default or Default or to make any disclosures with respect to the foregoing. Anything contained

herein to the contrary notwithstanding, the Administrative Agent shall not have any liability arising from confirmations of the amount of outstanding Revolving Loans or the Letter of Credit Usage or the component amounts thereof.

(b) Exculpatory Provisions. No Agent or any of its officers, partners, directors, employees or agents shall be liable to Banks for any action taken or omitted by any Agent under or in connection with any of the Credit Documents except to the extent caused by such Agent's gross negligence or willful misconduct. No Agent shall have an obligation to act without receiving a satisfactory indemnity from the parties to this Agreement. Each Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Credit Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until such Agent shall have received instructions in respect thereof from the Requisite Banks (or such other Banks as may be required to give such instructions under Section 10.6) and, upon receipt of such instructions from the Requisite Banks (or such other Banks, as the case may be), such Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions. Without prejudice to the generality of the foregoing, (i) each Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for the Borrower and its Subsidiaries), accountants, experts and other professional advisors selected by it; and (ii) no Bank shall have any right of action whatsoever against any Agent as a result of such Agent acting or (where so instructed) refraining from acting hereunder or any of the other Credit Documents in accordance with the instructions of the Requisite Banks (or such other Banks as may be required to give such instructions under Section 10.6).

9.4 **Agents Entitled to Act as Bank**. The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, any Agent in its individual capacity as a Bank hereunder. With respect to its participation in the Revolving Loans and the Letters of Credit, each Agent shall have the same rights and powers hereunder as any other Bank and may exercise the same as if it were not performing the duties and functions delegated to it hereunder, and the term "Bank" shall, unless the context clearly otherwise indicates, include each Agent in its individual capacity. Any Agent and its Affiliates may accept deposits from, lend money to, own securities of, and generally engage in any kind of banking, trust, financial advisory or other business with the Borrower or any of its Affiliates as if it were not performing the duties specified herein, and may accept fees and other consideration from the Borrower for services in connection herewith and otherwise without having to account for the same to Banks.

9.5 **Banks' Representations, Warranties and Acknowledgment**. Each Bank represents and warrants that it has made its own independent investigation of the financial condition and affairs of the Borrower and its Subsidiaries in connection with Credit Extensions hereunder and that it has made and shall continue to make its own appraisal of the creditworthiness of the Borrower and its Subsidiaries. No Agent shall have any duty or

responsibility, either initially or on a continuing basis, to make any such investigation or any such appraisal on behalf of Banks or to provide any Bank with any credit or other information with respect thereto, whether coming into its possession before the making of the Revolving Loans or at any time or times thereafter, and no Agent shall have any responsibility with respect to the accuracy of or the completeness of any information provided to Banks.

9.6 **Right to Indemnity**. Each Bank, in proportion to its Pro Rata Share, severally agrees to indemnify each Agent, to the extent that such Agent shall not have been reimbursed by any Credit Party (and without limiting the Borrower's obligation to do so), for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Agent in exercising its powers, rights and remedies or performing its duties hereunder or under the other Credit Documents or otherwise in its capacity as such Agent in any way relating to or arising out of this Agreement or the other Credit Documents; provided, no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct. If any indemnity furnished to any Agent for any purpose shall, in the opinion of such Agent, be insufficient or become impaired, such Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; provided, in no event shall this sentence require any Bank to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Bank's Pro Rata Share thereof; and provided further, this sentence shall not be deemed to require any Bank to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement described in the proviso in the immediately preceding sentence.

9.7 **Successor Administrative Agent and Collateral Agent**. The Administrative Agent and the Collateral Agent may resign at any time by giving thirty days' prior written notice thereof to the Banks and Xerium, and the Administrative Agent and the Collateral Agent may be removed at any time (with or without cause) by the Requisite Banks giving ten days' prior written notice thereof delivered to Xerium and the Administrative Agent and the Collateral Agent and the Administrative Agent shall then promptly give notice of such removal to the Banks. During the first two Business Days after notice from the Administrative Agent and the Collateral Agent of its resignation or removal, one or more Revolving Banks (other than the then Administrative Agent and Collateral Agent if it is a Revolving Bank) shall have the right to propose a successor Administrative Agent and Collateral Agent (the "**Proposed Successor Agent**"). The Proposed Successor Agent shall become the Administrative Agent and Collateral Agent if approved by the Requisite Banks. If such Proposed Successor Agent is not approved by the Requisite Banks within five Business Days after proposed by such Revolving Banks, then the Requisite Banks shall have the right upon five Business Days' notice to Xerium, to appoint a successor Administrative Agent and Collateral Agent. Upon the acceptance of any appointment as Administrative Agent or Collateral Agent hereunder by a successor Administrative Agent or Collateral Agent, that successor Administrative Agent or Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Administrative Agent or Collateral Agent and the retiring or removed Administrative Agent or Collateral Agent shall promptly (i) transfer to such successor

Administrative Agent or Collateral Agent all sums, Securities and other items of Collateral held under the Collateral Documents, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Administrative Agent or Collateral Agent under the Credit Documents, and (ii) execute and deliver to such successor Administrative Agent or Collateral Agent such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Administrative Agent or Collateral Agent of the security interests created under the Collateral Documents, whereupon such retiring or removed Administrative Agent or Collateral Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents. Regardless of whether a replacement Administrative Agent or Collateral Agent, as applicable, has been appointed, the removal or resignation will, to the fullest extent permitted by applicable law, be effective upon the earlier (i) the date the successor Administrative Agent or Collateral Agent is appointed and (ii) the date that is thirty days after the giving of the written notice of resignation or removal. After any retiring or removed Administrative Agent's or Collateral Agent's resignation or removal hereunder as Administrative Agent or Collateral Agent, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent or Collateral Agent hereunder.

9.8 **Collateral Documents and Guaranty; Intercreditor Agreement.**

(a) Agents under Collateral Documents and Guaranty. Each Bank hereby further authorizes the Administrative Agent or the Collateral Agent, as applicable, on behalf of and for the benefit of Banks, to be the agent for and representative of the Banks with respect to the Guaranty, the Collateral and the Collateral Documents. Subject to Section 10.6, without further written consent or authorization from the Banks, the Administrative Agent or the Collateral Agent, as applicable, may execute any documents or instruments necessary to (i) release any Lien encumbering any item of Collateral that is the subject of a sale or other disposition of assets permitted hereby or to which the Requisite Banks (or such other Banks as may be required to give such consent under Section 10.6) have otherwise consented or (ii) release any Guarantor from the Guaranty with respect to which the Requisite Banks (or such other Banks as may be required to give such consent under Section 10.6) have otherwise consented.

(b) Right to Realize on Collateral and Enforce Guaranty. Anything contained in any of the Credit Documents to the contrary notwithstanding, the Borrower, the Administrative Agent, the Collateral Agent and each Bank hereby agrees that (i) no Bank shall have any right individually to realize upon any of the Collateral or to enforce the Guaranty, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of Banks in accordance with the terms hereof and all powers, rights and remedies under the Collateral Documents may be exercised solely by the Collateral Agent, and (ii) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale, the Collateral Agent or any Bank may be the purchaser of any or all of such Collateral at any such sale and the Collateral Agent, as agent for and representative of Secured Parties (but not any Bank or Banks in its or their respective individual capacities unless Requisite Banks shall otherwise agree in writing) shall be entitled, for the purpose

of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Collateral Agent at such sale.

(c) Intercreditor Agreement. Each Bank and the Issuing Bank hereby acknowledge that it has fully reviewed the Intercreditor Agreement and, by its execution of this Agreement, hereby consents to the execution and delivery of the Intercreditor Agreement by the Exit Agents on the closing date of the Exit Facility, and agrees to comply with the terms thereof as if such Bank or Issuing Bank were a direct signatory thereto.

9.9 **Reliance and Engagement Letters**. Each Bank confirms that each of the Lead Arranger and the Administrative Agent has authority to accept on its behalf the terms of any reliance or engagement letters relating to any reports or letters provided by accountants in connection with the Credit Documents or the transactions contemplated in the Credit Documents (including any net asset letter in connection with the financial assistance procedures) and to bind it in respect of those reports or letters and to sign such on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

SECTION 10. MISCELLANEOUS

10.1 **Notices**. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given to a Credit Party, the Collateral Agent, the Administrative Agent, the Issuing Bank or the Lead Arranger, shall be sent to such Person's address as set forth on Appendix D or in the other relevant Credit Document, and in the case of any Bank, the address as indicated on Appendix D or otherwise indicated to the Administrative Agent in writing. Each notice hereunder shall be in writing and may be personally served, telexed or sent by telefacsimile or mail or courier service and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of telefacsimile or telex, or three Business Days after depositing it in the mail with postage prepaid and properly addressed; provided, no notice to any Agent shall be effective until received by such Agent and all notices from or to a Credit Party shall be sent through the applicable Agent.

10.2 **Expenses**. Whether or not the transactions contemplated hereby shall be consummated, the Borrower agrees to pay promptly (a) all the actual and reasonable costs and expenses of preparation of the Credit Documents and any consents, amendments, waivers or other modifications thereto; (b) all the costs of furnishing all opinions by counsel for the Borrower and the other Credit Parties; (c) the reasonable fees, expenses and disbursements of counsel to the Agents (in each case including allocated costs of internal counsel) in connection with the negotiation, preparation, execution and administration of the Credit Documents, advising the Administrative Agent with regard to its rights and obligations under the Credit Documents and any consents, amendments, waivers or other modifications thereto and any other documents or matters requested by the Borrower; (d) all the actual costs and reasonable expenses

of creating and perfecting Liens in favor of the Collateral Agent, for the benefit of the Secured Parties pursuant hereto, including filing and recording fees, expenses stamp, registration, transfer, documentary and other similar taxes, search fees, title insurance premiums and reasonable fees, expenses and disbursements of counsel to each Agent and of counsel providing any opinions that any Agent or the Requisite Banks may reasonably request in respect of the Collateral, the Liens created pursuant to the Collateral Documents or any Agent's rights and obligations under any Credit Document; (e) all the actual costs and reasonable fees, expenses and disbursements of any auditors, accountants, consultants, advisors or appraisers retained by the Administrative or the Collateral Agent with the prior consent of the Borrower (not to be unreasonably withheld); (f) all actual cost and reasonable expenses of Lazard and Capstone Advisor Group, LLC (advisors to the Administrative Agent), in accordance with their respective engagement letters; (g) all the actual costs and reasonable expenses (including the reasonable fees, expenses and disbursements of any appraisers, consultants, advisors and agents employed or retained by the Collateral Agent and its counsel) in connection with the custody or preservation of any of the Collateral; (h) all other actual and reasonable costs and expenses incurred by each Agent in connection with the negotiation, preparation and execution of the Credit Documents and any consents, amendments, waivers or other modifications thereto and the transactions contemplated thereby; and (i) after the occurrence of a Default or an Event of Default, all costs and expenses, including reasonable attorneys' fees (including allocated costs of internal counsel) and costs of settlement, incurred by any Agent and the Banks in enforcing any Obligations of or in collecting any payments due from any Credit Party hereunder or under the other Credit Documents by reason of such Default or Event of Default (including in connection with the sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty).

10.3 **[Reserved]**

10.4 **Indemnity**. (a) In addition to the payment of expenses pursuant to Section 10.2, whether or not the transactions contemplated hereby shall be consummated, each Credit Party agrees to defend (subject to Indemnitees' reasonable approval of counsel), indemnify, pay and hold harmless, each Agent and Bank and the officers, partners, directors, trustees, investment advisors, employees, agents and Affiliates of each Agent and each Bank (each, an "**Indemnitee**"), from and against any and all Indemnified Liabilities; provided, no Credit Party shall have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities arise from the gross negligence or willful misconduct of that Indemnitee. To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this Section 10.4 may be unenforceable in whole or in part because they are in violation of any law or public policy, the applicable Credit Party shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them.

(b) To the extent permitted by applicable law, no Credit Party shall assert, and each Credit Party hereby waives, any claim against the Banks, Agents and their respective Affiliates, directors, employees, attorneys or agents, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) in connection with, arising out of, as a

result of, or in any way related to, this Agreement or any other Credit Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and the Borrower and each other Credit Party hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

10.5 **Set Off**. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, subject to the terms of the Interim Order or the Final Order, as applicable, and upon the occurrence and continuation of an Event of Default, each Bank and each of its respective Affiliates is hereby authorized by each Credit Party at any time or from time to time subject to the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed), without notice to any Credit Party or to any other Person (other than the Administrative Agent), any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Indebtedness at any time held or owing by such Bank or its Affiliate to or for the credit or the account of any Credit Party against and on account of the obligations and liabilities of any Credit Party to such Bank hereunder, the Letters of Credit and under the other Credit Documents, including all claims of any nature or description arising out of or connected hereto, the Letters of Credit or with any other Credit Document, irrespective of whether or not (a) such Bank shall have made any demand hereunder or (b) the principal of or the interest on the Loans or any amounts in respect of the Letters of Credit or any other amounts due hereunder shall have become due and payable pursuant to Section 2 and although such obligations and liabilities, or any of them, may be contingent or unmatured.

10.6 **Amendments and Waivers.**

(a) Requisite Banks' and Borrower Consent. Subject to Section 10.6(b) and 10.6(c), no amendment, modification, termination or waiver of any provision of the Credit Documents (other than the Fee Letters), or consent to any departure by any Credit Party therefrom, shall in any event be effective without the written concurrence of the Credit Parties and the Requisite Banks.

(b) Affected Banks' Consent. Without the written consent of the Credit Parties and each Bank that would be affected thereby, no amendment, modification, termination, or consent shall be effective if the effect thereof would:

(i) extend the scheduled final maturity of any Loan;

(ii) waive, reduce or postpone any scheduled repayment (but not prepayment);

(iii) reduce the rate of interest on any Loan (other than any waiver of any increase in the interest rate applicable to any Loan pursuant to Section 2.8) or any fee payable hereunder;

(iv) extend the time for payment of any such interest or fees;

(v) reduce or forgive the principal amount of any Loan or any reimbursement obligation in respect of any Letter of Credit;

(vi) amend, modify, terminate or waive any provision of this Section 10.6(b) or Section 10.6(c);

(vii) amend the definition of "**Requisite Banks**" or "**Pro Rata Share**";

(viii) extend the Termination Date;

(ix) release all or substantially all of the Collateral or all or substantially all of the Guarantors from the Guaranty except as expressly provided in the Credit Documents;

(x) consent to the assignment or transfer by any Credit Party of any of its rights and obligations under any Credit Document (other than the Fee Letters); or

(xi) amend, modify or waive any provision of Section 2.12 or 2.13(g).

(c) Other Consents. No amendment, modification, termination or waiver of any provision of the Credit Documents (other than the Fee Letters), or consent to any departure by any Credit Party therefrom, shall:

(i) increase any Commitment of any Bank over the amount thereof then in effect without the consent of each Credit Party and such Bank; provided, no amendment, modification or waiver of any condition precedent, covenant, Default or Event of Default shall constitute an increase in any Commitment of any Bank;

(ii) amend, modify, terminate or waive any provision of Section 9 as the same applies to any Agent, or any other provision hereof as the same applies to the rights or obligations of any Agent, in each case without the consent of each Credit Party and such Agent; or

(iii) amend, modify, terminate or waive any provision hereof as the same applies to the rights and obligations of the Issuing Bank without the consent of each Credit Party and the Issuing Bank.

(d) Execution of Amendments, etc. The Administrative Agent may, but shall have no obligation to, with the concurrence of any Bank, execute amendments, modifications, waivers or consents on behalf of such Bank. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on any Credit Party in any case shall entitle any Credit

Party to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 10.6 shall be binding upon each Bank at the time outstanding, each future Bank and, if signed by a Credit Party, on such Credit Party.

(e) Defaulting Banks. Anything herein to the contrary notwithstanding, during such period as a Bank is a Defaulting Bank, to the fullest extent permitted by applicable law, such Bank will not be entitled to vote in respect of amendments and waivers hereunder and the Commitment and the outstanding Loans of such Bank hereunder will not be taken into account in determining with the Requisite Banks or all of the Banks, as required, have approved any such amendment or waiver (and the definition of "Requisite Banks" will automatically be deemed modified accordingly for the duration of such period); provided that any such amendment or waiver that would increase or extend the term of the Commitment of such Defaulting Bank, extend the date fixed for the payment of principal or interest owing to such Defaulting Bank, reduce the amount of or the rate or amount of interest on any amount owing to such Defaulting Bank or of any fee payable to such Defaulting Bank hereunder, or alter the terms of this proviso, will require the consent of such Defaulting Bank.

10.7 **Successors and Assigns; Participations.**

(a) Generally. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of Banks. No Credit Party's rights or obligations hereunder nor any interest therein may be assigned or delegated by any Credit Party without the prior written consent of all Banks. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, Affiliates of each of the Agents and Banks) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Register. The Borrower, the Administrative Agent and each Bank shall deem and treat the Persons listed as Banks in the Register as the holders and owners of the corresponding Commitments and Loans listed therein for all purposes hereof, and no assignment or transfer of any such Commitment or Loan shall be effective, in each case, unless and until an Assignment Agreement effecting the assignment or transfer thereof shall have been delivered to and accepted by the Administrative Agent and recorded in the Register as provided in Section 10.7(e). Prior to such recordation, all amounts owed with respect to the applicable Commitment or Loan shall be owed to the Bank listed in the Register as the owner thereof, and any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is listed in the Register as a Bank shall be conclusive and binding on any subsequent holder, assignee or transferee of the corresponding Commitments or Loans.

(c) Right to Assign. Each Bank shall have the right at any time to sell, assign or transfer all or a portion of its rights and obligations under this Agreement, including, without limitation, all or a portion of its Commitment or Loans owing to it or

other Obligation (provided, however, that each such assignment shall be of a uniform, and not varying, percentage of all rights and obligations under and in respect of any Loan and any related Commitments):

(i) to any Person meeting the criteria of clause (i) of the definition of the term "Eligible Assignee" upon the giving of notice to the Borrower and the Administrative Agent; and

(ii) to any Person meeting the criteria of clause (ii) of the definition of the term "Eligible Assignee" upon the giving of notice to the Borrower and the Administrative Agent; subject, however, in the case of assignments of Revolving Loans or Revolving Commitments to any such Person, to prior written consent by, the Administrative Agent and the Issuing Bank (such consent not to be (x) unreasonably withheld or delayed); provided, further, each such assignment pursuant to this Section 10.7(c)(ii) shall be in an aggregate amount of not less than $2,500,000 and increments of $1,000,000 in excess thereof such lesser amount as may be agreed to by the Administrative Agent or as shall constitute the aggregate amount of the Commitments and Loans of the assigning Bank) with respect to the assignment of the Commitments and Loans.

(d) Mechanics. The assigning Bank and the assignee thereof shall execute and deliver to the Administrative Agent an Assignment Agreement, together with (i) a processing and recordation fee of $3,500 (except (A) in the case of assignments pursuant to Section 10.7(c)(i), no processing or recordation fee shall be required and (B) that only one fee shall be payable in the case of contemporaneous assignments to or by Related Funds), and (ii) such forms, certificates or other evidence, if any, with respect to United States federal income tax withholding matters as the assignee under such Assignment Agreement may be required to deliver to Administrative Agent pursuant to Section 2.17(c).

(e) Notice of Assignment. Upon its receipt of a duly executed and completed Assignment Agreement, together with the processing and recordation fee referred to in Section 10.7(d) (and any forms, certificates or other evidence required by this Agreement in connection therewith), the Administrative Agent shall record the information contained in such Assignment Agreement in the Register, shall give prompt notice thereof to the Borrower and shall maintain a copy of such Assignment Agreement.

(f) Representations and Warranties of Assignee. Each Bank, upon execution and delivery hereof or upon executing and delivering an Assignment Agreement, as the case may be, represents and warrants as of the Closing Date or as of the applicable Effective Date (as defined in the applicable Assignment Agreement) that (i) it is an Eligible Assignee; (ii) it has experience and expertise in the making of or investing in commitments or loans such as the applicable Commitments or Loans, as the case may be; and (iii) it will make or invest in, as the case may be, its Commitments or Loans for its own account in the Ordinary Course and without a view to distribution of such Commitments or Loans within the meaning of the Securities Act or the Exchange Act or other federal securities laws (it being understood that, subject to the provisions of

this Section 10.7, the disposition of such Revolving Commitments or Revolving Loans or any interests therein shall at all times remain within its exclusive control).

(g) Effect of Assignment. Subject to the terms and conditions of this Section 10.7, as of the "Effective Date" specified in the applicable Assignment Agreement: (i) the assignee thereunder shall have the rights and obligations of a "Bank" hereunder to the extent such rights and obligations hereunder have been assigned to it pursuant to such Assignment Agreement and shall thereafter be a party hereto and a "Bank" for all purposes hereof, and in the case of an assignment from the Issuing Bank, shall have the rights and obligations of an "Issuing Bank" hereunder to the extent such rights and obligations hereunder have been assigned to it pursuant to such Assignment Agreement and shall thereafter be an "Issuing Bank" for all purposes hereof; (ii) the assigning Bank thereunder shall, to the extent that rights and obligations hereunder have been assigned thereby pursuant to such Assignment Agreement, relinquish its rights (other than any rights which survive the termination hereof under Section 10.9) and be released from its obligations hereunder (and, in the case of an Assignment Agreement covering all or the remaining portion of an assigning Bank's rights and obligations hereunder, such Bank shall cease to be a party hereto and, if such Bank were an Issuing Bank, relinquish its rights (other than any rights which survive the termination hereof under Section 10.9) and be released from its obligations hereunder as an "Issuing Bank"; provided, anything contained in any of the Credit Documents to the contrary notwithstanding, such assigning Bank shall continue to be entitled to the benefit of all indemnities hereunder as specified herein with respect to matters arising out of the prior involvement of such assigning Bank as a Bank hereunder); and (iii) the Commitments shall be modified to reflect the Commitment of such assignee and any Commitment of such assigning Bank, if any. Any assignment or transfer by a Bank of rights or obligations under this Agreement that does not comply with subsections (c) through (g) of this Section 10.7 shall be treated for purposes of this Agreement as a sale by such Bank of a participation in such rights and obligations in accordance with clause (h).

(h) Participations. Each Bank shall have the right at any time to sell one or more participations to any Person (other than the Borrower, any of its Subsidiaries or any of its Affiliates) in all or any part of its Commitments or Loans or in any other Obligation. The holder of any such participation, other than an Affiliate of the Bank granting such participation, shall not be entitled to require such Bank to take or omit to take any action hereunder except with respect to any amendment, modification or waiver that would (i) extend the final scheduled maturity of any Loan, in which such participant is participating, or reduce the rate or extend the time of payment of interest or fees thereon (except in connection with a waiver of applicability of any post default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Commitment shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof), (ii) consent to the assignment or transfer by any Credit Party of any of its rights and obligations under this Agreement or (iii) release all or substantially all of the Collateral

under the Collateral Documents (except as expressly provided in the Credit Documents) supporting the Loans hereunder in which such participant is participating. The Borrower agrees that each participant shall be entitled to the benefits of Sections 2.15(c), 2.16 and 2.17 to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (c) of this Section; provided, (i) a participant shall not be entitled to receive any greater payment under Section 2.16 or 2.17 than the applicable Bank would have been entitled to receive with respect to the participation sold to such participant, unless the sale of the participation to such participant is made with the Borrower's prior written consent, and (ii) a participant that would be a Non-US Bank if it were a Bank shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such participant and such participant agrees, for the benefit of the Borrower, to comply with Section 2.17 as though it were a Bank. To the extent permitted by law, each participant also shall be entitled to the benefits of Section 10.6 as though it were a Bank, provided such participant agrees to be subject to Section 2.14 as though it were a Bank.

(i) Certain Other Assignments. In addition to any other assignment permitted pursuant to this Section 10.7, any Bank may assign and/or pledge all or any portion of its Loans, the other Obligations owed by or to such Bank, to secure obligations of such Bank including, without limitation, any Federal Reserve Bank as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any operating circular issued by such Federal Reserve Bank; provided, no Bank, as between the Borrower and such Bank, shall be relieved of any of its obligations hereunder as a result of any such assignment and pledge, and provided, further, in no event shall the applicable Federal Reserve Bank, pledgee or trustee be considered to be a "Bank" or be entitled to require the assigning Bank to take or omit to take any action hereunder.

10.8 **Independence of Covenants**. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

10.9 **Survival of Representations, Warranties and Agreements**. All representations, warranties and agreements made herein shall survive the execution and delivery hereof and the making of any Credit Extension. Notwithstanding anything herein or implied by law to the contrary, the agreements of each Credit Party set forth in Sections 2.15(c), 2.16, 2.17, 10.2, 10.4 and 10.5 and the agreements of the Banks set forth in Sections 2.14, 9.3(b) and 9.6 shall survive the payment of the Loans, the cancellation or expiration of the Letters of Credit and the reimbursement of any amounts drawn thereunder, and the termination hereof.

10.10 **No Waiver; Remedies Cumulative**. No failure or delay on the part of any Agent or any Bank in the exercise of any power, right or privilege hereunder or under any other Credit Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or

privilege. The rights, powers and remedies given to each Agent and each Bank hereby are cumulative and shall be in addition to and independent of all rights, powers and remedies existing by virtue of any statute or rule of law or in any of the other Credit Documents. Any forbearance or failure to exercise, and any delay in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

10.11 **Marshalling; Payments Set Aside**. Neither any Agent nor any Bank shall be under any obligation to marshal any assets in favor of any Credit Party or any other Person or against or in payment of any or all of the Obligations. To the extent that any Credit Party makes a payment or payments to the Administrative Agent or the Banks (or to the Administrative Agent, on behalf of the Banks), or the Administrative Agent or the Banks enforce any security interests or exercise their rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, any other provincial, state or federal law, common law or any equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be revived and continued in full force and effect as if such payment or payments had not been made or such enforcement or setoff had not occurred.

10.12 **Severability**. In case any provision in or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

10.13 **Obligations Several**. The obligations of the Banks hereunder are several and no Bank shall be responsible for the obligations or Commitment of any other Bank hereunder. Nothing contained herein or in any other Credit Document, and no action taken by Banks pursuant hereto or thereto, shall be deemed to constitute Banks as a partnership, an association, a joint venture or any other kind of entity.

10.14 **Headings**. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

10.15 **APPLICABLE LAW**. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING GENERAL OBLIGATIONS LAW 5-1401, AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE.

10.16 **CONSENT TO JURISDICTION AND SERVICE OF PROCESS**. EACH CREDIT PARTY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE BANKRUPTCY COURT, AND IF THE BANKRUPTCY COURT DOES NOT HAVE (OR ABSTAINS FROM) JURISDICTION, IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY AND CITY OF NEW YORK

OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY CREDIT DOCUMENT OR ANY OF THE OBLIGATIONS. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH CREDIT PARTY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (i) ACCEPTS GENERALLY AND UNCONDITIONALLY THE EXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS; (ii) WAIVES ANY DEFENSE OF *FORUM NON-CONVENIENS*; (iii) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE CREDIT PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 10.1; (iv) AGREES THAT SERVICE AS PROVIDED IN CLAUSE (iii) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE CREDIT PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (v) AGREES AGENTS AND BANKS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY CREDIT PARTY IN THE COURTS OF ANY OTHER JURISDICTION;

10.17 **WAIVER OF JURY TRIAL**. EACH OF THE PARTIES HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER CREDIT DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE BANK/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 10.17 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER CREDIT DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

10.18 **Confidentiality**. Each of the Administrative Agent, the Issuing Bank and the Banks agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, trustees, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, including the NAIC, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 10.18, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement, (ii) any rating agency, or (iii) the CUSIP Service Bureau or any similar organization, (g) with the consent of the Borrower, (h) to any pledgee referred to in Section 10.7(i) or any actual or prospective party (or its managers, administrators, trustees, partners, directors, officers, employees, agents, advisors or other representatives) to any swap or derivatives or similar transaction under which payments are to be made by reference to the Borrower and the Obligations, this Agreement or payments hereunder), so long as such pledgee or any actual or prospective counterparty (or its managers, administrators, trustees, partners, directors, officers, employees, agents, advisors and other representatives) agrees to be bound by the provisions of this Section 10.18, or (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 10.18 or (ii) becomes available to any Agent, the Issuing Bank or any Bank on a non-confidential basis from a source other than the Borrower. For the purposes of this Section 10.18, "**Information**" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to any Agent, the Issuing Bank or any Bank on a non-confidential basis prior to disclosure by the Borrower. Any Person required to maintain the confidentiality of Information as provided in this Section 10.18 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Notwithstanding anything in this Agreement or in any other Credit Document to the contrary, the Borrower and each Bank (and each employee, representative or other agent of the Borrower) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Borrower relating to such U.S. tax treatment and U.S. tax structure.

10.19 **Usury Savings Clause**. Notwithstanding any other provision herein, the aggregate interest rate charged with respect to any of the Obligations, including all charges or fees in connection therewith deemed in the nature of interest under applicable law shall not exceed the Highest Lawful Rate. If the rate of interest (determined without regard to the preceding sentence) under this Agreement at any time exceeds the Highest Lawful Rate, the outstanding amount of the Loans made hereunder shall bear interest at the Highest Lawful Rate until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In addition, if when the Loans made hereunder are repaid in full the total interest due

hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, the Borrower shall pay to the Administrative Agent an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the Highest Lawful Rate had at all times been in effect. Notwithstanding the foregoing, it is the intention of each Bank and the Borrower to conform strictly to any applicable usury laws. Accordingly, if any Bank contracts for, charges, or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such Bank's option be applied to the outstanding amount of the Loans made hereunder or be refunded to the Borrower.

10.20 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed original, but all such counterparts together shall constitute but one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission or "PDF" shall be effective as delivery of a manually executed counterpart hereof.

10.21 **USA Patriot Act Notice**. Each Bank and the Agents (for the Agents and not on behalf of any Bank) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-5 (signed into law on October 26, 2001)), as amended (the "**Patriot Act**"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Bank or the applicable Agent, as applicable, to identify the Borrower in accordance with the Act.

10.22 **No Setoffs and Defenses**. Each Credit Party acknowledges it has no setoffs or defenses to their respective obligations under the Credit Documents and no claims or counterclaims against any of the Agents or the Banks.

10.23 **Conflicts**. If any term or provision of this Agreement conflicts with any of the terms of the Interim Order or Final Order, as applicable, the Interim Order or Final Order, as applicable, shall govern.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

XERIUM TECHNOLOGIES, INC.

By: _____
Name:
Title:

XERIUM III (US) LIMITED, as a Guarantor

By:_____
Name:
Title:

XERIUM IV (US) LIMITED, as a Guarantor

By:_____
Name:
Title:

XERIUM V (US) LIMITED, as a Guarantor

By:_____
Name:
Title:

HUYCK LICENSCO INC., as a Guarantor

By:_____
Name:
Title:

STOWE WOODWARD LLC, as a Guarantor

By:_____
Name:
Title:

STOWE WOODWARD LICENSCO LLC, as a Guarantor

By:_____
Name:
Title:

WEAVEXX, LLC, as a Guarantor

By:_____
Name:
Title:

WANGNER ITELPA I LLC, as a Guarantor

By:_____
Name:
Title:

WANGNER ITELPA II LLC, as a Guarantor

By:_____
Name:
Title:

XERIUM ASIA, LLC, as a Guarantor

By:_____
Name:
Title:

XTI LLC, as a Guarantor

By:_____
Name:
Title:

CITIGROUP GLOBAL MARKETS INC.,
as Lead Arranger and Bookrunner

By:_____
Name:
Title:

CITICORP NORTH AMERICA, INC.
as Administrative Agent, Issuing Bank, Collateral Agent and a Bank

By:_____
Name:
Title:

_____, as a
Bank (please print name of institution)

By[4]::_____
Name:
Title:

[4] Bank: If more than one signature is required, please add accordingly. Please delete this footnote before executing.

APPENDIX A
TO SUPERPRIORITY PRIMING SENIOR SECURED DEBTOR-IN-POSSESSION CREDIT AND GUARANTY AGREEMENT

PRINCIPAL OFFICE:

Citicorp North America, Inc.
1615 Brett Rd
OPSIII
New Castle, DE 19720
Attention: Annemarie Pavco
Telephone: 302-894-6010
Facsimile: 212-994-0961
Email: Global.loans.Support@citi.com

For payments:
Bank: Citibank NA
ABA: 021000089
Acct#: 36852248
Acct Name: Medium Term Finance
Ref: Xerium

APPENDIX B
TO SUPERPRIORITY PRIMING SENIOR SECURED DEBTOR-IN-POSSESSION CREDIT AND GUARANTY AGREEMENT

Revolving Commitments

Bank	**Revolving Commitment**	**Pro Rata Share**
Citicorp North America, Inc.	$ 15,000,000.00	75.000000000%
Tennenbaum DIP Opportunity Fund, LLC	$ 5,000,000.00	25.000000000%
Total	**$ 20,000,000.00**	**100.000000000%**

APPENDIX C
TO SUPERPRIORITY PRIMING SENIOR SECURED DEBTOR-IN-POSSESSION CREDIT AND GUARANTY AGREEMENT

Term Loan Commitments

Bank	**Term Loan Commitment**	**Pro Rata Share**
Citicorp North America, Inc.	$ 55,000,000.00	91.666666667%
Tennenbaum DIP Opportunity Fund, LLC	$ 5,000,000.00	8.333333333%
Total	**$ 60,000,000.00**	**100.000000000%**

APPENDIX D
TO CREDIT AND GUARANTY AGREEMENT

Notice Addresses

"**NOTE**: THE TAKING OF THIS DOCUMENT OR ANY CERTIFIED COPY OR ANY DOCUMENT WHICH CONSTITUTES SUBSTITUTE DOCUMENTATION THEREOF, INCLUDING WRITTEN CONFIRMATIONS OR REFERENCES THERETO, INTO AUSTRIA AS WELL AS PRINTING OUT ANY E-MAIL COMMUNICATION WHICH REFERS TO THIS DOCUMENT IN AUSTRIA OR SENDING ANY E-MAIL COMMUNICATION TO WHICH A PDF SCAN OF THIS DOCUMENT IS ATTACHED TO AN AUSTRIAN ADDRESSEE OR SENDING ANY E-MAIL COMMUNICATION CARRYING AN ELECTRONIC OR DIGITAL SIGNATURE WHICH REFERS TO THIS DOCUMENT TO AN AUSTRIAN ADDRESSEE MAY CAUSE THE IMPOSITION OF AUSTRIAN STAMP DUTY. ACCORDINGLY, IN PARTICULAR KEEP THE ORIGINAL DOCUMENT AS WELL AS ALL CERTIFIED COPIES THEREOF AND WRITTEN AND SIGNED REFERENCES THERETO OUTSIDE OF AUSTRIA AND AVOID PRINTING OUT ANY EMAIL COMMUNICATION WHICH REFERS TO THIS DOCUMENT IN AUSTRIA OR SENDING ANY E-MAIL COMMUNICATION TO WHICH A PDF SCAN OF THIS DOCUMENT IS ATTACHED TO AN AUSTRIAN ADDRESSEE OR SENDING ANY E-MAIL COMMUNICATION CARRYING AN ELECTRONIC OR DIGITAL SIGNATURE WHICH REFERS TO THIS DOCUMENT TO AN AUSTRIAN ADDRESSEE."

XERIUM TECHNOLOGIES, INC.
8537 Six Forks Rd, Suite 300
Raleigh, NC 27615
Attn: Ted Orban
Fax: 919 526-1430
Phone: 919 526-1406
Email: ted.orban@xerium.com

XTI LLC
8537 Six Forks Rd, Suite 300
Raleigh, NC 27615
Attn: Ted Orban
Fax: 919 526-1430
Phone: 919 526-1406
Email: ted.orban@xerium.com

HUYCK LICENSCO INC.
STOWE WOODWARD LLC
STOWE WOODWARD LICENSCO LLC
WEAVEXX, LLC
XERIUM III (US) LIMITED
XERIUM IV (US) LIMITED
XERIUM V (US) LIMITED

WANGNER ITELPA I LLC
WANGNER ITELPA II LLC
XERIUM ASIA LLC

in each case, with a copy to:

Xerium Technologies, Inc.
8537 Six Forks Rd, Suite 300
Raleigh, NC 27615
Attn: Ted Orban
Fax: 919 526-1430
Phone: 919 526-1406
Email: ted.orban@xerium.com

CITIGROUP GLOBAL MARKETS INC.,
as Lead Arranger and Bookrunner

Citigroup Global Markets Inc.
388 Greenwich St., 23rd Floor
New York, NY 10013
Attn.: Ryan Falconer
Phone: 212-816-3130
Facsimile: 866-535-9445
Email: ryan.falconer@citi.com

CITICORP NORTH AMERICA, INC.,
as Administrative Agent, Collateral Agent and a Bank

Citicorp North America, Inc.
388 Greenwich St., 23rd Floor
New York, NY 10013
Attn.: Ryan Falconer
Phone: 212-816-3130
Facsimile: 866-535-9445
Email: ryan.falconer@citi.com

SCHEDULE 1.1(a)

Guarantors

Xerium III (US) Limited
Xerium IV (US) Limited
Xerium V (US) Limited
Huyck Licensco Inc.
Stowe Woodward Licensco LLC
Stowe Woodward LLC
Wangner Itelpa I LLC
Wangner Itelpa II LLC
Xerium Asia, LLC
XTI LLC
Weavexx, LLC

SCHEDULE 2.2(b)

Existing Letters of Credit

[TO BE UPDATED]

Xerium Entity	Entity Letter of Credit Issued To	Amount	Currency
Xerium Technologies Ltd.	Deutsche Bank	5,000,000	EUR
Xerium Canada Inc.	RBC	2,000,000	CAD
Stowe Woodward Sweden AB	Kockums	10,000,000	SEK
Xerium Technologies do Brasil Indústria e Comércio S.A.	Dilo	565,000	USD
Stowe Woodward Germany AG	Commerzbank	2,250,000	EUR
Huyck Wangner Australia Pty Ltd.	ANZ	2,000,000	AUD
Huyck Wangner Germany GmbH	Schlatter	1,759,122	EUR
Xerium Technologies do Brasil Indústria e Comércio S.A.	Schlatter	85,575	EUR

SCHEDULE 2.25

Intercompany Arrangements

1) Assignment & Assumption Agreement between Xerium Technologies Ltd. and XTI LLC, pursuant to which Xerium Technologies Ltd. assumed $19.5M USD of XTI LLC's debt in partial settlement of existing payable.

2) Assignment & Assumption Agreement between Huyck Wangner Austria GmbH and Xerium Technologies Ltd., pursuant to which Huyck Wangner Austria GmbH assumed $7M USD of XTL UK debt in exchange for partial settlement of existing intercompany payable.

3) Assignment & Assumption Agreement between Xerium Italia S.p.A. and Huyck Wangner Austria GmbH, pursuant to which Xerium Italia S.p.A. assumed $3M USD of Huyck Wangner Austria GmbH debt in exchange for a note from Huyck Wangner Austria GmbH.

4) Assignment & Assumption Agreement between Xerium Germany Holding GmbH and Xerium Technologies Ltd., pursuant to which Xerium Germany Holding GmbH assumed $12.5M USD of Xerium Technologies Ltd. debt in exchange for partial settlement of existing intercompany payable.

5) Assignment & Assumption Agreement between XTI LLC and Xerium Technologies, Inc., pursuant to which XTI LLC assumed $23.5 of Xerium Technologies, Inc. 3rd party debt in exchange for $20.8M USD note and settlement of 2M Euros ($2.7M USD value) existing intercompany debt.

6) Intercompany Note issued by Huyck Wangner Austria GmbH to Xerium Italia S.p.A. in consideration of assumption of $3M USD of Huyck Wangner Austria GmbH debt.

7) Intercompany Note issued by Xerium Technologies, Inc. to XTI LLC in consideration of assumption of $20.8M USD of Xerium Technologies, Inc. 3rd party debt.

8) Funding Agreement between Xerium Canada Inc. and Xerium Technologies, Inc.

SCHEDULE 4.1

Jurisdictions of Organization

Name of Entity	Jurisdiction of Organization/ Formation
Beloit Asia Pacific (M) Ltd	Mauritius
Beloit Xibe Roll Covering Co Ltd	China
Huyck Argentina SA	Argentina
Huyck Licensco Inc.	Delaware (USA)
Huyck Wangner (UK) Limited	England & Wales
Huyck Wangner Scandinavia AB	Sweden
Huyck.Wangner Australia Pty. Limited	Victoria, Australia
Huyck.Wangner Austria GmbH	Austria
Huyck.Wangner Germany GmbH	Germany
Huyck.Wangner Italia SpA	Italy
Huyck.Wangner Japan Limited	Japan
Huyck.Wangner Shanghai Trading Co Ltd	China
Huyck.Wangner Spain SA	Spain
Huyck.Wangner Vietnam Co. Ltd.	Vietnam
Robec Brazil LLC	Delaware (USA)
Robec Walzen GmbH	Germany
Stowe Woodward (Changzhou) Roll Technologies Co Ltd	China
Stowe Woodward (UK) Ltd	England & Wales
Stowe Woodward AG	Germany
Stowe Woodward Finland Oy	Finland
Stowe Woodward France SAS	France
Stowe Woodward Licensco LLC	Delaware (USA)
Stowe Woodward LLC	Delaware (USA)
Stowe Woodward México, S.A. de C.V.	Mexico
Stowe Woodward Sweden AB	Sweden
Tiag Transworld Interweaving GmbH (in liquidation)	Switzerland
Wangner Itelpa I LLC	Delaware (USA)
Wangner Itelpa II LLC	Delaware (USA)
Wangner Itelpa Participações Ltda	Brazil
Wangner Limited	Ireland
Weavexx LLC	Delaware (USA)
Xerium Asia Holding Ltd	Hong Kong
Xerium Asia LLC	Delaware (USA)
Xerium Canada Inc	New Brunswick (Canada)
Xerium do Brasil Ltda.	Brazil
Xerium France SAS	France
Xerium Germany Holding GmbH	Germany
Xerium III (US) Limited	Delaware (USA)
Xerium Italia S.p.A.	Italy
Xerium IV (US) Limited	Delaware (USA)
Xerium Technologies do Brasil Indústria e Comércio S.A.	Brazil
Xerium Technologies Limited	England & Wales
Xerium Technologies, Inc.	Delaware (USA)

Name of Entity	Jurisdiction of Organization/ Formation
Xerium V (US) Limited	Delaware (USA)
XTI LLC	Delaware (USA)

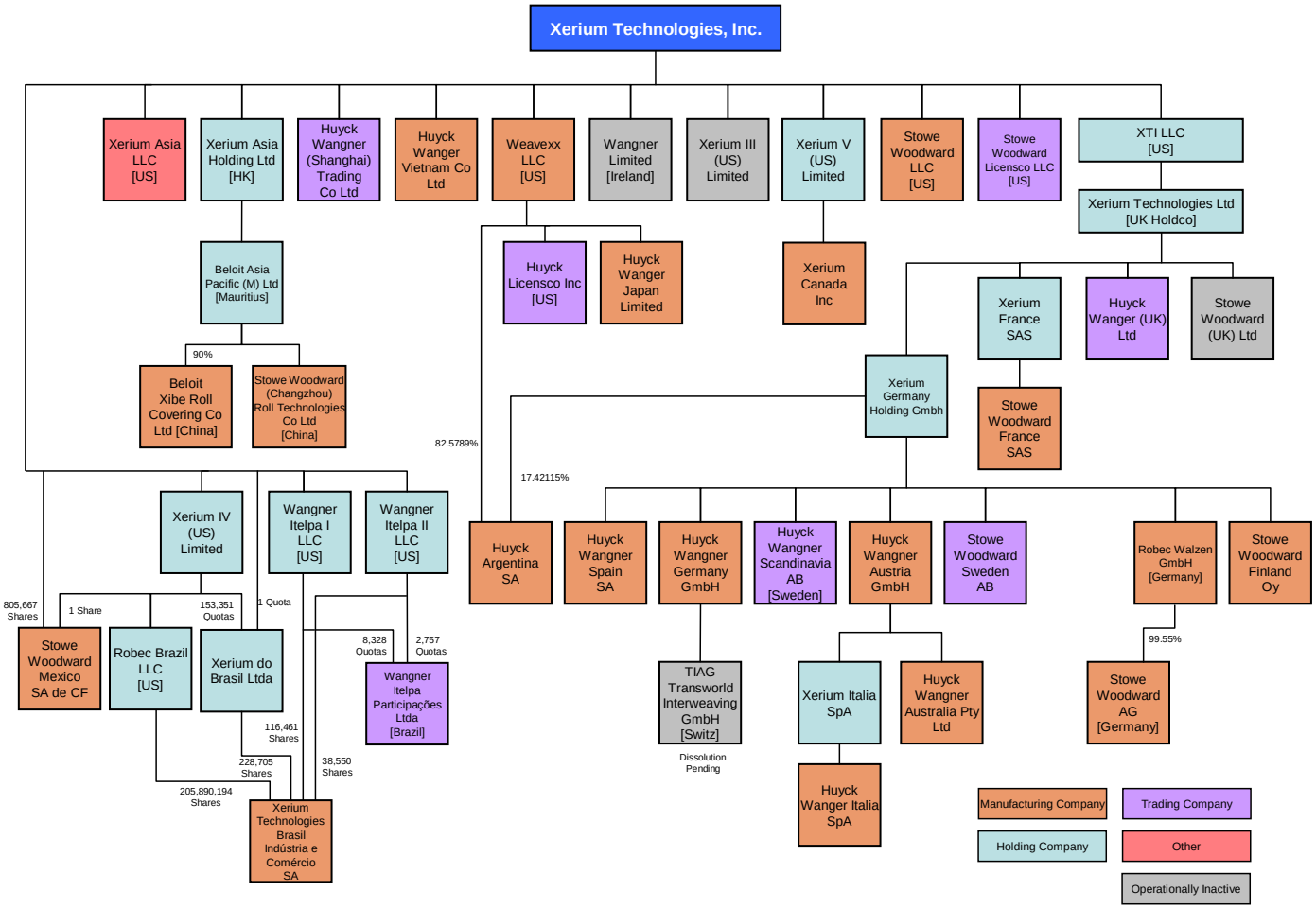
SCHEDULE 4.2

Capital Stock and Ownership

1. Options, Warrants, Calls, Rights, etc.

   None

2. Ownership of subsidiaries is 100% unless otherwise indicated:



SCHEDULE 4.13(b)

Real Estate Assets

(i) Real Estate Assets Owned:

Property	Owner
60 Old Turnpike Road, Concord, NY 03301, USA	Stowe Woodward LLC
1075 Everee Inn Road, Griffin, GA 30223, USA	Stowe Woodward LLC
2209 Talley Way, Kelso, WA 98626 USA	Stowe Woodward LLC
8207 Valley Pike, Middletown, VA 22645, USA	Stowe Woodward LLC
912 Haase Street, Neenah, WI 54956, USA	Stowe Woodward LLC
3101 McDonald Ave, Ruston, LA 71270, USA	Stowe Woodward LLC
2000 Donald Ross Road, Charlotte, NC 28208, USA	Stowe Woodward LLC
401 Hwy 12 West, Starkville, MS 39759, USA	Weavexx, LLC
400 Industrial Park Road, RT 15/460, Farmville, VA 23901, USA	Weavexx, LLC

(ii) Real Estate Assets Leased:

Property	Lessee
51 Flex Way, Youngsville, NC 27596, USA	Weavexx, LLC
14101 Capital Blvd, Youngsville, NC 27596, USA	Weavexx, LLC
One Technology Dr, Westborough, NC 01581, USA	Xerium Technologies, Inc.

SCHEDULE 4.14

Environmental Matters

1. In connection with closure of certain manufacturing facilities under its restructuring program in 2004 the Borrower conducted environmental site assessments which indicated potential contamination at the Wake Forest, NC and Farmville, VA sites. The Borrower has sold the Wake Forest, NC facility and completed the remediation of that site based upon the requirements of the applicable North Carolina regulatory authority. The Borrower is attempting to sell the Farmville, VA site and believes that it has substantially completed the remediation of this site and does not expect that any future costs related to the environmental remediation of this site would be material.

2. The Borrower received a letter from the United States Environmental Protection Agency dated May 4, 2004 and addressed to Weavexx, a brand used by the Borrower and part of the name of one of the Borrower's subsidiaries. The letter seeks information about business transactions between Huyck Felt Co. and Safety Light Corporation (including Safety Light Corporation's predecessors and affiliates), and the disposal of hazardous substances and/or radioactive wastes at Safety Light Corporation's site in Bloomsburg, Pennsylvania between 1945 and the present. The Borrower's response to the EPA was dated July 30, 2004 and explained that the Borrower has no information about a relationship with Safety Light Corporation or any related hazardous substances.

3. The Borrower has never used asbestos in its manufacturing process. However, in the past other manufacturers of clothing did sometimes use asbestos and, as a result, have been named as defendants in lawsuits in the United States brought by individuals alleging injuries caused by such use of asbestos. While the Borrower has also been named as a defendant in a number of cases, it has been able to show that it did not use asbestos and, as a result, has typically been successful in getting dismissed from such lawsuits. Accordingly, the Borrower does not anticipate incurring any material liabilities for asbestos-related claims.

4. The U.S. federal *Comprehensive Environmental Response, Compensation and Liability Act*, as amended ("CERCLA") provides for response to, and, in some instances, joint and several liability for releases of hazardous substances into the environment. The Borrower has been identified as a potentially responsible party under CERCLA or similar state requirements for the following two off-site locations to date: the Avanti Corporation Site, Indianapolis, IN; Maxey Flats Nuclear Disposal Site, Hillsboro, KY. The Borrower has also disclosed that it has received a 104(e) information request concerning the Safety Light Corporation site in Pennsylvania.

SCHEDULE 4.16

Material Contracts

None

SCHEDULE 6.1(i)

Certain Existing Indebtedness

1. Loans from Österreichische Forschungsforderungsgesellschaft mbH (Austrian agency for research and development programs) to Huyck Wangner Austria GmbH via Bank Austria Creditanstalt in the amounts of €260,000, €758,000, €340,000, and €110,000 with maturity dates of June 30, 2011, Sept. 30, 2011, Sept. 30, 2011, and March 31, 2014 respectively.

2. The following local working capital lines of credit and term loans:

Borrower	Lender	Expiration	Maximum Amount (local currency)	Currency
Xerium Technologies Ltd.	Deutsche Bank	Open	3,000,000	EUR
Xerium Technologies do Brasil Indústria e Comércio S.A.	Banco Itaú S/A	Open	1,000,000	BRL
Huyck Wangner Japan Ltd	Sumitomo Mitsui	Open	125,000,000	JPY
Huyck Wangner Japan Ltd	Mitsubishi Tokyo UFJ	Sept. 30, 2011	52,500,000	JPY
Huyck Wangner Japan Ltd	Mitsubishi Tokyo UFJ	Mar. 30, 2012	120,000,000	JPY
Huyck Wangner Japan Ltd	Mitsubishi Tokyo UFJ	June 29, 2012	100,000,000	JPY
Huyck Wangner Japan Ltd	Mitsubishi Tokyo UFJ	June 29, 2013	140,000,000	JPY
Xerium Canada Inc.	RBC	Open	2,000,000	CAD
Huyck.Wangner Spain, S.A.	BSCH	Open	90,000	EUR
Huyck Wangner Australia Pty Ltd	ANZ Bank	Open	2,000,000	AUD

SCHEDULE 6.2(l)

Certain Existing Liens

1. Mortgage of property held by Huyck Wangner Japan Ltd, dated Feb. 2, 1998, granted to Bank of Tokyo Mitsubishi UFJ securing loan facilities totaling Japanese Yen four hundred twelve million five hundred thousand (JPY 412,500,000) granted by Bank of Tokyo Mitsubishi UFJ to Huyck Wangner Japan Ltd.

2. Mortgage of inventory and accounts receivable held by Huyck Wangner Japan Ltd, dated August 31, 2009 granted to Bank of Tokyo Mitsubishi UFJ securing loan facilities totaling Japanese Yen four hundred twelve million five hundred thousand (JPY 412,500,000) granted by Bank of Tokyo Mitsubishi UFJ to Huyck Wangner Japan Ltd.

3. Two mortgages of real property held by Huyck Wangner Spain, SA: (i) Euro 635,450.09 in favor of Kutxa dated March 25, 1993, and (ii) Euro 1,621.981.42 in favor of the Autonomous Community of the Basque Country dated March 25, 1993.

4. Two mortgages of machinery and equipment held by Huyck Wangner Spain, SA: (i) Euro 747,058.05 in favor of the Social Security dated September 16, 1993, and (ii) Euro 478,526.78 in favor of the Provincial Council of Guipuzcoa dated November 9, 1995.

5. Two land charges over the real property owned by Huyck Wangner GmbH registered in the land register of Reutlingen, Germany under no. 39575 in favor of Dresdner Bank AG, Reutlingen, in the amounts of Euro 1,022,583.76 and Euro 2,300,813.47.

All indebtedness related to the mortgages listed in items 3-5 above has been paid off.

SCHEDULE 6.6

Restrictions on Subsidiary Distributions

None

SCHEDULE 6.7(i)

Certain Existing Investments

1. 90% of PMP Xibe Roll Covering Co Ltd is held by Beloit Asia Pacific Mauritius Ltd. The remaining 10% is owned by Xi'an Paper Machinery Works which is not affiliated with Xerium Technologies, Inc.

SCHEDULE 6.12

Certain Affiliate Transactions

1. Employment agreements between Xerium and its Subsidiaries and certain of their employees.

2. Restricted stock grants from Xerium to certain employees and directors of Xerium and its Subsidiaries.

3. Loans among Xerium, the Credit Parties, and Subsidiaries.

1. Intercompany Debts Among Credit Parties.

Credit Party	Issuer of Instrument	Principal Amount of Instrument
XTI LLC	Xerium Technologies Inc	EUR 14,385,172
Xerium Technologies, Inc.	XTI LLC	EUR 825,000

2. Intercompany Debts Between Credit Party and Non-Credit Party Subsidiaries.

Holder of Instrument	Issuer of Instrument	Principal Amount of Instrument
Xerium Technologies, Inc.	PMP (Changzhou) Roll Technologies Co Ltd	USD 720,990
Huyck Wangner Italia SpA	XTI LLC	EUR 4,925,000
Huyck Argentina SA	Xerium Technologies, Inc.	USD 2,192,232
Beloit Asia Pacific (M) Ltd (Mauritius)	Xerium Technologies, Inc.	USD 815,000
Xerium Technologies, Inc.	Stowe Woodward UK	GBP 2,012,000
Xerium Technologies, Inc.	Huyck Wangner Australia Pty Ltd	AUD 4,540,041
Xerium do Brasil Ltda	Xerium IV (US) Ltd	BRL 1,636,277
Xerium Technologies, Inc.	Huyck.WangnerVietnam Co Ltd	USD 6,000,000
Xerium Technologies, Inc.	Huyck Wangner Japan Ltd	JPY 60,000,000
XTI LLC	Xerium Technologies Ltd	EUR 87,954,549
Stowe Woodward Mexico	Xerium Technologies, Inc.	USD 3,470,000

SCHEDULE 2.23(c)

Instruments and Tangible Chattel Paper

None

SCHEDULE 2.23(e)

Intercompany Notes; Pledged Securities

Pledged Securities

1. Equity Interests.

Credit Party	Issuer	Type of Organization	# of Shares Owned	Total Shares Outstanding	% of Interest Pledged	Certificate No.	Par Value (Local currency unless noted)
XTI LLC	Xerium Technologies Limited	Private limited company	11,565	11,565	65% securing all obligations 35% securing non-U.S. obligation	5	1
Xerium Technologies, Inc.	Wangner Itelpa I LLC	Limited Liability Company	100	100	100%	1	N/A
Xerium Technologies, Inc.	Wangner Itelpa II LLC	Limited Liability Company	100	100	100%	1	N/A
Xerium IV Ltd	Robec Brazil LLC	Limited Liability Company	100	100	100%	1	N/A
Xerium V (US) Limited	Xerium Canada Inc.	Corporation	1000	1000	65% securing all obligations 35% securing non-U.S. obligation	C-1 and C-2	N/A
Xerium Technologies, Inc.	Xerium V (US) Limited	Corporation	1	1	100%	2	0.01
Xerium Technologies, Inc.	Xerium III (US) Limited	Corporation	1	1	100%	2	0.01
Xerium Technologies, Inc.	Stowe Woodward LLC	Limited Liability Company	100	100	100%	1	N/A
Xerium Technologies, Inc.	Stowe Woodward Licensco LLC	Limited Liability Company	1	1	100%	1	N/A
Xerium Technologies, Inc.	Stowe Woodward México, S.A. de C.V.	Corporation (Sociedad Anonima de Capital Variable)	100% less 1 share	805,668	65% securing all obligations 35% securing non-U.S. obligations	8, 9 and 10	$1.00 each
Xerium IV (US) Limited	Stowe Woodward México, S.A. de C.V.	Corporation (Sociedad Anonima de Capital Variable)	1	805,668	65% securing all obligations 35% securing non-U.S. obligations		$1.00 each
Xerium Technologies, Inc.	Xerium IV (US) Limited	Corporation	1	1	100%	2	.01
Xerium Technologies, Inc.	Xerium do Brasil Ltda.	Limited Liability quota company (Sociedade limitada)	1	153,352	65% securing all obligations 35% securing non-U.S. obligation	No certificate issued	R$1.00

Credit Party	Issuer	Type of Organization	# of Shares Owned	Total Shares Outstanding	% of Interest Pledged	Certificate No.	Par Value (Local currency unless noted)
Xerium IV (US) Limited	Xerium do Brasil Ltda.	Limited Liability quota company (Sociedade limitada)	153,351	153,352	65% securing all obligations 35% securing non-U.S. obligation	No certificate issued	R$1.00
Xerium Technologies, Inc.	XTI LLC	Limited Liability Company	100%	100	100%	2	N/A
Weavexx LLC	Huyck Licensco, Inc.	Corporation	100	100	100%	2	23,350.00
Weavexx LLC	Huyck.Wangner Japan Limited	Corporation, Ltd.	2,099,998	2,099,998	65% securing all obligations 35% securing non-U.S. obligation	2	NA
Weavexx LLC	Huyck Argentina S.A.	Corporation (“Sociedad Anónima”)	825,798	1,000,010	65% securing all obligations 35% securing non-U.S. obligation	6/04 and 7/04	AR $825,798
Wangner Itelpa I LLC	Xerium Technologies do Brasil Indústria e Comércio S.A.	Corporation ("Sociedade Anónima")	16,461	206,273,951	65% securing all obligations 35% securing non-U.S. obligation	No certificate issued	N/A
Wangner Itelpa II LLC	Xerium Technologies do Brasil Indústria e Comércio S.A.	Corporation ("Sociedade Anónima")	38,551	206,273,951	65% securing all obligations 35% securing non-U.S. obligation	No certificate issued	N/A
Robec Brazil LLC	Xerium Technologies do Brasil Indústria e Comércio S.A.	Corporation ("Sociedade Anónima")	205,890,231	206,273,951	65% securing all obligations 35% securing non-US obligations	No certificate issued	N/A
Wangner Itelpa I LLC	Wangner Itelpa Participações Ltda.	Limited Liability Company (Sociedade Limitada)	8,328	11,085	65% securing all obligations 35% securing non-US obligations	No certificate issued	R$1.00
Wangner Itelpa II LLC	Wangner Itelpa Participações Ltda.	Limited Liability Company (Sociedade Limitada)	2,757	11,085	65% securing all obligations 35% securing non-US obligations	No certificate issued	R$1.00
Xerium Technologies, Inc.	Huyck Wangner Vietnam Co. Ltd.	One-Member Limited Liability Company	N/A	N/A	65% securing all obligations 35% securing non-US obligations	No certificate issued	N/A
Xerium Technologies, Inc.	Wangner Limited (Ireland)	Limited Liability Company	100	100	65% securing all obligations		EUR .01

Credit Party	Issuer	Type of Organization	# of Shares Owned	Total Shares Outstanding	% of Interest Pledged	Certificate No.	Par Value (Local currency unless noted)
					35% securing non-US obligations		
Xerium Technologies, Inc.	Xerium Asia Holding Ltd.	Limited Liability Company	10,000	10,000	65% securing U.S. obligations 35% securing non-US obligations	2, 3	HKD 1
Xerium Technologies, Inc.	Weavexx LLC	Limited Liability Company	N/A	N/A	100%	1	
Xerium Technologies, Inc.	Xerium Asia LLC	Limited Liability Company	N/A	N/A	100%	1	
Xerium Technologies, Inc.	Huyck.Wangner (Shanghai) Trading Co Ltd	Limited Liability Company	100%		65% securing all obligations 35% securing non-US obligations		

2. Intercompany Loans.

   See Schedule 6.12 to the Credit Agreement.

SCHEDULE 2.23(g)

Copyrights, Patents and Trademarks

[See Schedule CQD-Na, Schedule CQD-Nb, Schedule CQD-Nc, Schedule CQD-Nd attached hereto]

Licenses

Licensor	Licensee	Date	Territory	Fee	Subject Matter
Weavexx LLC	SVS, Inc.	2/9/1999	Worldwide	Weavexx receives 20% net sales of handheld devices sold by SVS; SVS receives 20% of net sales of mounted devices sold by Weavexx	WET STIXX technology (US Patent Appl 09/134,271 and foreign counterparts)
Weavexx LLC	Asten	3/3/1999	Worldwide	$203,000 plus 3% of invoiced price	Titan 400: US RE 35777
Weavexx LLC	Albany	10/1/2001	Worldwide	$500,000 plus 5% of net sales price	Huytexx / Optiply: US5967195 and US6145550 and foreign counterparts
Weavexx LLC	Voith	3/19/2004	Worldwide	600,000 Euros plus 5 percent royalty	Huytexx / Optiply: US5967195 and US6145550 and foreign counterparts
Weavexx LLC	Tamfelt	7/25/2007	Worldwide	royalty free	Huytexx / Optiply: US5967195 and US6145550 and foreign counterparts
					Vortexx/Selectra Patent Applications: EP1605095 and foreign counterparts
					Avantexx: EP1767692
					Apexx: US Appl. 11/669,490
Stowe Woodward LLC	Meiji Rubber & Chemical	9/16/90	Japan (exclusive)	5% of net realized annual roll sales; 6% of net realized "MH" roll sales	Rolls, Roll Coverings, Mt. Hope Expander Rolls
Stowe Woodward LLC	Han Hap Corporation	3/10/91	Korea (exclusive)	$250,000 plus 5% of net realized annual roll sales	Rolls, Roll Coverings, Mt. Hope Expander Rolls
Stowe Woodward LLC	Sensor Products, Inc.	1/8/08	Any country the Licensor owns the patents.	10% of Net Sales	Hand held nip width measurement system.
Stowe Woodward LLC	Lathia Rubber Mfg Co.	10/3/94	India, Bangladesh, Pakistan, Sri Lanka, Nepal, Burma and Thailand	$75,000 plus 5% of net realized annual roll sales	Rolls & Roll Coverings

Schedule CQD-Nb

Copyrights

Company File #	Copyright #	Owner	Date of Registration	Subject Matter	Company File #
5689-2A	TXu000806674	Weavexx, LLC	1/9/98	Fabric Surface Analysis Program	5689-2A

Trademarks

Registration No	Owner	Date of Registration	Trademark
US 0796464	Unavailable	9/21/1965	4D
AR 1792895	Stowe Woodward Licensco, Inc.	30-Apr-90	(Design)
BR 0066364420	Stowe Woodward Licensco, Inc.	25-Dec-87	(Design)
BR 608744387	Stowe Woodward Licensco, Inc.	27-Oct-91	(Design)
AR 1605684	Huyck Licensco Inc	5-Jul-96	ABSORBER
PY 191281	Huyck Licensco Inc	19-Dec-96	ABSORBER
PY 191282	Huyck Licensco Inc	19-Dec-96	ABSORBER
PY 191283	Huyck Licensco Inc	19-Dec-96	ABSORBER
US 1138222	Stowe Woodward Licensco, Inc.	29-Jul-80	AIRLIFT
US 2393030	Stowe Woodward LLC	10-Oct-00	AQUALOK
MX 353999	Stowe Woodward LLC	14-Oct-88	AQUAMATE
US 2477132	Stowe Woodward LLC	14-Aug-01	AQUAWELL
CA 669125	Weavexx, LLC	2-Aug-06	AVANTEXX
MX	Weavexx, LLC		AVANTEXX
US 2361623	Weavexx, LLC	27-Jun-00	AVANTEXX
CA 289414	Huyck Licensco Inc	30-Mar-84	BETABOND
AR 1519310	Stowe Woodward Licensco, Inc.	29-Apr-94	BLACK DIAMOND
US 642560	Stowe Woodward Licensco, Inc.	12-Mar-57	BLACK DIAMOND
US 2493155	Weavexx, LLC	25-Sep-01	BLUE MAXX
CA1341603	Stowe Woodward LLC	4-Aug-08	BLUE STEEL
AR 2461657	Xerium Technologies Inc	1-Apr-05	C DESIGN
AR 2461658	Xerium Technologies Inc	1-Apr-05	C DESIGN
AR 2461659	Xerium Technologies Inc	1-Apr-05	C DESIGN
AU 970990	Xerium Technologies Inc	1-Jun-04	C DESIGN
BR	Xerium Technologies Inc		C DESIGN
BR	Xerium Technologies Inc		C DESIGN
BR	Xerium Technologies Inc		C DESIGN
CA 669592	Xerium Technologies Inc	10-Aug-06	C DESIGN
EU 3374931	Xerium Technologies Inc	14-Apr-05	C DESIGN
JP 4791748	Xerium Technologies Inc	6-Aug-04	C DESIGN
MX 862121	Xerium Technologies Inc	30-Nov-04	C DESIGN
MX 862122	Xerium Technologies Inc	30-Nov-04	C DESIGN
MX 864395	Xerium Technologies Inc	16-Dec-04	C DESIGN
US 3104609	Xerium Technologies Inc	13-Jun-06	C DESIGN
US 2317835	Weavexx, LLC	15-Feb-00	CAPILLARIS
US 1789135	Stowe Woodward Licensco, Inc.	24-Aug-93	CENTEROK
US 1054875	Stowe Woodward Licensco, Inc.	21-Dec-76	COMPUT-A-COVER
US 3299187	Stowe Woodward LLC	25-Sep-07	COVERFLEX
BR 6920900	Stowe Woodward Licensco, Inc.	25-Apr-89	DRI PRESS
CA 242740	Stowe Woodward Licensco, Inc.	11-Apr-80	DRI PRESS
AR 1870124	Stowe Woodward Licensco, Inc.	6-May-02	DYNAROK
MX 354000	Stowe Woodward Licensco, Inc.	14-Oct-88	DYNAROK
US 2395187	Stowe Woodward LLC	17-Oct-00	DYNASIZE
US 2393041	Stowe Woodward LLC	10-Oct-00	DYNAWEAR
US 2393029	Stowe Woodward LLC	10-Oct-00	DYNA-X
CA 712674	Stowe Woodward LLC	24-Apr-08	EC-1000
US 3399882	Stowe Woodward LLC	18-Mar-08	EC-1000
US 2698740	Stowe Woodward LLC	18-Mar-03	ECLIPSE
US	Weavexx, LLC		EDC
US 2395286	Stowe Woodward LLC	17-Oct-00	EVERGREEN
US 2565437	Weavexx, LLC	30-Apr-02	FLOMAXX
US 3497074	Stowe Woodward LLC	2-Sep-08	FLYBOW
CA 219015	Huyck Licensco Inc	18-Feb-77	FORMEX
MX 857952	Stowe Woodward LLC	30-May-07	GEMINI
US 3477267	Stowe Woodward LLC	29-July-08	GEMINI

AR 1412664	Huyck Licensco Inc	18-Dec-69	HUYCK
AR 1551808	Huyck Licensco Inc	18-Dec-69	HUYCK
AR 1551809	Huyck Licensco Inc	18-Dec-69	HUYCK
AT 63057	Huyck Corporation	13-Nov-68	HUYCK
AU A221796	Huyck Licensco Inc	26-Aug-68	HUYCK
AU A221797	Huyck Licensco Inc	26-Aug-68	HUYCK
AU A221798	Huyck Licensco Inc	26-Aug-68	HUYCK
BR 6104762	Huyck Licensco Inc	25-Jun-75	HUYCK
CH 235717	Huyck Licensco Inc	4-Sep-68	HUYCK
DE 1022955	Huyck Licensco Inc	14-Aug-68	HUYCK
FI 57440	Huyck Licensco Inc	6-Oct-70	HUYCK
GB 929453	Huyck Licensco Inc	14-Aug-68	HUYCK
IT 552937	Huyck Licensco Inc	20-Aug-68	HUYCK
JP 863360	Huyck Licensco Inc	2-Jul-70	HUYCK
JP 897925	Huyck Licensco Inc	19-May-71	HUYCK
NO 79426	Huyck Licensco Inc	28-May-70	HUYCK
NZ 87694	Huyck Licensco Inc	13-Aug-68	HUYCK
NZ 87695	Huyck Licensco Inc	13-Aug-68	HUYCK
NZ 87696	Huyck Licensco Inc	13-Aug-68	HUYCK
SE 126055	Huyck Licensco Inc	17-Jan-69	HUYCK
US 1213807	Huyck Licensco Inc	26-Oct-82	HUYCK
US 1213808	Huyck Licensco Inc	26-Oct-82	HUYCK
ZA 70/0317	Huyck Licensco Inc	26-Jan-70	HUYCK
ZA 68/3475	Huyck Licensco Inc	13-Aug-68	HUYCK
ZA 68/3476	Huyck Licensco Inc	13-Aug-68	HUYCK
ZA 68/3477	Huyck Licensco Inc	13-Aug-68	HUYCK
AU 1182060	Xerium Technologies Inc	12. Mar. 08	HUYCK.WANGNER
CN 6119902	Xerium Technologies Inc		HUYCK.WANGNER
ID D002007 021474	Xerium Technologies Inc		HUYCK.WANGNER
IN 1575087	Xerium Technologies Inc		HUYCK.WANGNER
JP 5134646	Xerium Technologies Inc	17-Mar-08	HUYCK.WANGNER
KR 40-751447	Xerium Technologies Inc	26-Jun-08	HUYCK.WANGNER
MY 07020909	Xerium Technologies Inc		HUYCK.WANGNER
PH 4-2007-006311	Xerium Technologies Inc	1-Dec-07	HUYCK.WANGNER
PK 237664	Xerium Technologies Inc		HUYCK.WANGNER
TH 664601	Xerium Technologies Inc		HUYCK.WANGNER
TW 1308089	Xerium Technologies Inc	16-Apr-08	HUYCK.WANGNER
VN114261	Xerium Technologies Inc	20-Nov-08	HUYCK.WANGNER
BR 816380376	Huyck Licensco Inc	28-Sep-93	HUYFLYER
BR 816380384	Huyck Licensco Inc	20-Jul-93	HUYFLYER
CA 166828	Huyck Licensco Inc	12-Dec-69	HUYLIFE
US 2598499	Weavexx, LLC	23-Jul-02	HUYPERPUNCH
MX 889603	Weavexx, LLC	17-Oct-07	HUYSPEED
BR 816380392	Huyck Licensco Inc	30-Aug-94	HUYSTAR
BR 816380406	Huyck Licensco Inc	20-Jul-93	HUYSTAR
EU 1825868	Weavexx, LLC	5-Oct-01	HUYTEXX
US 2443119	Weavexx, LLC	10-Apr-01	HUYTEXX
BR 810667380	Stowe Woodward Licensco, Inc.	21-Sep-92	METROL
BR 780084683	Stowe Woodward Licensco, Inc.	16-Feb-82	MICROMATE
CA 351407	Stowe Woodward Licensco, Inc.	10-Feb-89	MICROMATE
MX 396711	Stowe Woodward Licensco, Inc.	21-Jul-91	MICROMATE
US 751635	Stowe Woodward Licensco, Inc.	25-Jun-63	MICROMATE
US 2393035	Stowe Woodward LLC	10-Oct-00	MICRO-PEELER
BR 6697410	Stowe Woodward Licensco, Inc.	10-Jun-78	MICROROK
CA 106957	Stowe Woodward Licensco, Inc.	14-Jun-57	MICROROK
MX 353997	Stowe Woodward Licensco, Inc.	14-Oct-88	MICROROK
AR 1792897	Stowe Woodward Licensco, Inc.	30-Apr-90	MOUNT HOPE

AR 1792899	Stowe Woodward Licensco, Inc.	30-Apr-90	MOUNT HOPE
AU 1271095	Stowe Woodward Licensco, Inc.	13-Jul-09	MOUNT HOPE
BR 327695	Stowe Woodward Licensco, Inc.	29-May-56	MOUNT HOPE
CA 193/49015	Stowe Woodward Licensco, Inc.	5-Feb-54	MOUNT HOPE
CN	Stowe Woodward Licensco, Inc.		MOUNT HOPE
ID	Stowe Woodward Licensco, Inc.		MOUNT HOPE
JP	Stowe Woodward Licensco, Inc.		MOUNT HOPE
KR	Stowe Woodward Licensco, Inc.		MOUNT HOPE
MX 36037/2004	Stowe Woodward Licensco, Inc.	23-Jul-54	MOUNT HOPE
NZ 798617	Stowe Woodward Licensco, Inc.	7/ May/ 09	MOUNT HOPE
TH	Stowe Woodward Licensco, Inc.		MOUNT HOPE
US 510918	Stowe Woodward Licensco, Inc.	14-Jun-49	MOUNT HOPE
VN	Stowe Woodward Licensco, Inc.		MOUNT HOPE
US 3326363	Stowe Woodward LLC	30-Oct-2007	MSEC
US 2395185	Stowe Woodward LLC	17-Oct-00	MULTICHEM
US 2526224	Stowe Woodward LLC	1-Jan-02	NIPPROFILER
US 3403386	Stowe Woodward LLC	25-Mar-08	ONE-TRAC
AR 1718368	Stowe Woodward Licensco, Inc.	2-Feb-99	PEELER
MX 364157	Stowe Woodward Licensco, Inc.	6-Jul-89	PEELER
US 620811	Stowe Woodward Licensco, Inc.	7-Feb-56	PEELER
BR 006870503	Stowe Woodward LLC	10-Feb-89	PEELER-PRESS
MX 353998	Stowe Woodward Licensco, Inc.	14-Oct-88	PERMAVENT
BR 6995217	Stowe Woodward Licensco, Inc.	25-Sep-79	PLASTALOY
US 2393028	Stowe Woodward LLC	10-Oct-00	PLASTECH
AR 1384191	Stowe Woodward Licensco, Inc.	31-Jan-91	POLYLAST
MX 354002	Stowe Woodward Licensco, Inc.	14-Oct-88	POLYLAST
US 1456160	Stowe Woodward Licensco, Inc.	8-Sep-87	POLYLAST
US 2393036	Stowe Woodward LLC	10-Oct-00	POLYREEL
US 3248423	Stowe Woodward LLC	29-May-07	POLYTRAC
US 642545	Stowe Woodward LLC	12-Mar-57	PRESTOW
CA 389688	Huyck Licensco Inc	25-Oct-91	PULPMASTER
US 1676568	Huyck Licensco Inc	25-Feb-92	PULPMASTER
US	Stowe Woodward LLC	22-Jul-08	QUANTUM
CA 1340470	Stowe Woodward LLC	22-Mar-07	R2
US 3399881	Stowe Woodward LLC	18-Mar-08	R2
CA 1340468	Stowe Woodward LLC	22-Mar-07	REELTIGHT
US 3399879	Stowe Woodward LLC	18-Mar-08	REELTIGHT
AR2238086 / AR1649532 Aktenkennzeichen = 2783808	Stowe Woodward Licensco, Inc.	1-Apr-05	RESISTEX
AR2027553 / AR1854329 Aktenkennzeichen	Stowe Woodward Licensco, Inc.	18-May-05	RESISTEX
BR 006870546	Stowe Woodward Licensco, Inc.	10-Feb-79	RESISTEX
MX 354,728	Stowe Woodward Licensco, Inc.	3-Nov-88	RESISTEX
US 2600318	Weavexx, LLC	30-Jul-02	SEAMEXX
US 2686915	Stowe Woodward LLC	11-Feb-03	SMART
US 3118491	Stowe Woodward LLC	18-Jul-06	STABILIZER
US 3399558	Stowe Woodward LLC	18-Mar-08	STARGATE
US 2441915	Stowe Woodward LLC	10-Apr-01	STOMATE
BR 6079890	Stowe Woodward Licensco, Inc.	12-Dec-95	STONITE
CA 165503	Stowe Woodward Licensco, Inc.	31-Dec-34	STONITE
US 2395189	Stowe Woodward LLC	17-Oct-00	STOROK
US 3190182	Stowe Woodward LLC	26-Dec-06	STO-TRAC
AR 1792895	Stowe Woodward Licensco, Inc.	30-Apr-90	STOWE WOODWARD
AU	Stowe Woodward Licensco, Inc.		STOWE WOODWARD
BR	Stowe Woodward Licensco, Inc.	yes	STOWE WOODWARD SW

BR608744387	Stowe Woodward Licensco, Inc.	yes	STOWE WOODWARD
BR006636420	Stowe Woodward Licensco, Inc.	25-Dec-77	STOWE WOODWARD
CN class 07	Stowe Woodward Licensco, Inc.		STOWE WOODWARD
CN class 17	Stowe Woodward Licensco, Inc.		STOWE WOODWARD
ID	Stowe Woodward Licensco, Inc.		STOWE WOODWARD
JP	Stowe Woodward Licensco, Inc.		STOWE WOODWARD
KR	Stowe Woodward Licensco, Inc.		STOWE WOODWARD
NZ 798616	Stowe Woodward Licensco, Inc.	7-May-09	STOWE WOODWARD
TH	Stowe Woodward Licensco, Inc.		STOWE WOODWARD
US 789000	Stowe Woodward Licensco, Inc.	4-May-65	STOWE WOODWARD
VN	Stowe Woodward Licensco, Inc.		STOWE WOODWARD
US 2393032	Stowe Woodward LLC	10-Oct-00	STOWLOY
AR 1883718	Huyck Licensco Inc	30-Apr-92	STRATAPLEX
BR 812469690	Huyck Licensco Inc	3-Feb-09	STRATAPLEX
AR 1393560	Huyck Licensco Inc	30-Apr-92	STRATATWIN
BR 816246211	Huyck Licensco Inc	13-Jan-93	STRATATWIN
BR 816246220	Huyck Licensco Inc	5-Jan-93	STRATATWIN
AR 1393561	Huyck Licensco Inc	2-May-02	SUPERPLEX
US 2441916	Stowe Woodward LLC	10-Apr-01	SUPERSIZE XL
EU 1851823	Weavexx, LLC	13-Nov-01	SYNERGIE
US 2393038	Stowe Woodward LLC	10-Oct-00	TEFROK
CA 533914	Huyck Licensco Inc	16-Nov-01	TEXXTRA-TXT
US 3238252	Stowe Woodward LLC	1-May-07	TITAN
US 1309063	Huyck Licensco Inc	11-Dec-84	ULTRACOIL
CA 487352	Huyck Licensco Inc	22-Dec-97	ULTRALOC
MX 526803	Huyck Licensco Inc	11-Jun-96	ULTRALOC
US 3568440	Stowe Woodward Licensco, Inc.	27-Jan-09	ULTRELEASE
CA 850173	Huyck Licensco Inc	4-Jun-68	VACUFOIL
BD	Xerium Technologies Inc		VALUE PAPER NET.
BD	Xerium Technologies Inc		VALUE PAPER NET.
BD	Xerium Technologies Inc		VALUE PAPER NET.
ID	Xerium Technologies Inc		VALUE PAPER NET.
IN	Xerium Technologies Inc		VALUE PAPER NET.
MY	Xerium Technologies Inc		VALUE PAPER NET.
MY	Xerium Technologies Inc		VALUE PAPER NET.
MY	Xerium Technologies Inc		VALUE PAPER NET.
PH	Xerium Technologies Inc		VALUE PAPER NET.
PK	Xerium Technologies Inc		VALUE PAPER NET.
PK	Xerium Technologies Inc		VALUE PAPER NET.
PK	Xerium Technologies Inc		VALUE PAPER NET.
BR 2947854	Stowe Woodward Licensco, Inc.	6-Mar-64	VARI-BOW
CA 110992	Unavailable	25-Jul-58	VARI-BOW
US 2395194	Stowe Woodward LLC	17-Oct-00	VARIOKOTE
CA 415090	Weavexx, LLC	30-Jul-93	WEAVEXX
US 2961976	Weavexx, LLC	14-Jun-05	WEAVEXX
US 831774	Unavailable	11-Jul-67	WEFTROL
CA 1340469	Stowe Woodward LLC	22-Mar-07	WIRESAVER
US 3399880	Stowe Woodward LLC	18-Mar-08	WIRESAVER
CA 355141	Huyck Licensco Inc	28-Apr-89	X
BR 006870490	Stowe Woodward Licensco, Inc.	10-Feb-89	X-300
MX 367809	Stowe Woodward Licensco, Inc.	29-Sep-89	X-300
AR 1856573	Xerium Technologies Inc	4-Jan-02	XERIUM
AR 1856575	Xerium Technologies Inc	4-Jan-02	XERIUM
AR 1857141	Xerium Technologies Inc	9-Jan-02	XERIUM
AU 828050	Xerium Technologies Inc	8-Jan-01	XERIUM
BR 822312573	Xerium Technologies Inc	29-Aug-06	XERIUM
BR 822312581	Xerium Technologies Inc	1-Aug-06	XERIUM
BR 822312590	Xerium Technologies Inc	1-Aug-06	XERIUM
CA 591185	Xerium Technologies Inc	30-Sep-03	XERIUM

EU 1551209	Xerium Technologies Inc	10-Mar-00	XERIUM
JP 4455608	Xerium Technologies Inc	23-Feb-01	XERIUM
US 2896000	Xerium Technologies Inc	19-Oct-04	XERIUM
US 2517805	Unavailable	11-Dec-01	XL2000
BR 816380430	Huyck Licensco Inc	15-Aug-95	X-WEAVE
BR 814070337	Huyck Licensco Inc		X-WEAVE
CA 355140	Huyck Licensco Inc	28-Apr-89	X-WEAVE

Patents

Entity	Patent Number	Issue Date	Description
Weavexx, LLC	5110672	5/5/1992	Papermakers' Press Felt with Base Fabric that Does Not Require Seaming
Weavexx, LLC	5135802	8/4/1992	Absorber Felt
Weavexx, LLC	92023886	7/25/2000	Absorber Felt
Weavexx, LLC	549917	8/26/1998	Absorber Felt
Weavexx, LLC	E170244	8/26/1998	Absorber Felt
Weavexx, LLC	549917	8/26/1998	Absorber Felt
Weavexx, LLC	2070303	3/18/2003	Absorber Felt
Weavexx, LLC	3425605	5/9/2003	Absorber Felt
Weavexx, LLC	549917	8/26/1998	Absorber Felt
Weavexx, LLC	692267581	8/26/1998	Absorber Felt
Weavexx, LLC	549917	8/26/1998	Absorber Felt
Weavexx, LLC	549917	8/26/1998	Absorber Felt
Weavexx, LLC	549917	8/26/1998	Absorber Felt
Weavexx, LLC	549917	8/26/1998	Absorber Felt
Weavexx, LLC	649386	12/4/1992	Absorber Felt
Weavexx, LLC	96705	8/12/1996	Absorber Felt
Weavexx, LLC	6383339	7/5/2002	Transfer Belt
Weavexx, LLC	1169513	9/8/2004	Transfer Belt
Weavexx, LLC	1169513	9/8/2004	Transfer Belt
Weavexx, LLC	DE50009115 / 1169513	9/8/2004	Transfer Belt
Weavexx, LLC	1169513	9/8/2004	Transfer Belt
Weavexx, LLC	1169513	9/8/2004	Transfer Belt
Weavexx, LLC	1169513	9/8/2004	Transfer Belt
Weavexx, LLC	1169513	9/8/2004	Transfer Belt
Weavexx, LLC	1169513	9/8/2004	Transfer Belt
Weavexx, LLC	1169513	9/8/2004	Transfer Belt
Weavexx, LLC	771158	7/1/2004	Transfer Belt
Weavexx, LLC			Transfer Belt
Weavexx, LLC	2365951	4/5/2000	Transfer Belt
Weavexx, LLC			Transfer Belt
Weavexx, LLC	226874	3/22/2005	Transfer Belt
Weavexx, LLC			Transfer Belt
Weavexx, LLC	1270807	1/11/2006	Pin Seamed Papermaker's Press Felt with Laminated Base Fabric Having Low Melt Material Machine Direction Yarns
Weavexx, LLC	1270807	1/11/2006	Pin Seamed Papermaker's Press Felt with Laminated Base Fabric Having Low Melt Material Machine Direction Yarns
Weavexx, LLC	1270807	1/11/2006	Pin Seamed Papermaker's Press Felt with Laminated Base Fabric Having Low Melt Material Machine Direction Yarns
Weavexx, LLC	1270807	1/11/2006	Pin Seamed Papermaker's Press Felt with Laminated Base Fabric Having Low Melt Material Machine Direction Yarns
Weavexx, LLC	1270807	1/11/2006	Pin Seamed Papermaker's Press Felt with Laminated Base Fabric Having Low Melt Material Machine Direction Yarns
Weavexx, LLC	1270807	1/11/2006	Pin Seamed Papermaker's Press Felt with Laminated Base Fabric Having Low Melt Material Machine Direction Yarns
Weavexx, LLC	1270807	1/11/2006	Pin Seamed Papermaker's Press Felt with Laminated Base Fabric Having Low Melt Material Machine Direction

			Yarns
Weavexx, LLC	1270807	1/11/2006	Pin Seamed Papermaker's Press Felt with Laminated Base Fabric Having Low Melt Material Machine Direction Yarns
Weavexx, LLC			Multilayer Press Felt with Low Melt MD Yarns
Weavexx, LLC			Multilayer Press Felt with Low Melt MD Yarns
Weavexx, LLC	7135093	11/14/2006	Pin Seamed Papermaker's Press Felt with Cross Machine Direction Yarns Woven In Dreher Weave at Seam Loops
Weavexx, LLC	ZL2004100 301293 / CN127002 4C	8/16/2006	Pin Seamed Papermaker's Press Felt with Cross Machine Direction Yarns Woven In Dreher Weave at Seam Loops
Weavexx, LLC	624836	9/8/2006	Pin Seamed Papermaker's Press Felt with Cross Machine Direction Yarns Woven In Dreher Weave at Seam Loops
Weavexx, LLC		Prior Art!!	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	1460173	5/14/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	200420098 8	8/28/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	1460173	5/14/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC			Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	2459832C	8/12/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	1460173	5/14/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC			Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	1460173	5/14/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	1460173	5/14/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	1460173	5/14/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	1460173	5/14/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	1460173	5/14/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	1460173	5/14/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	4178120	8/29/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	260072	8/29/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	1460173	5/14/2008	Pin Seamed Papermaker's Press Felt With Cross Machine Direction Yarns Woven In Dreher Weave At Seam Loops
Weavexx, LLC	5891516	4/6/1999	Fabric for Forming Fiber Cement Articles
Weavexx, LLC	5518042	5/21/1996	Papermaker's Forming Fabric with Additional Cross Machine Direction Locator and Fiber Supporting Yarns
Weavexx, LLC	2150190	5/11/1999	Papermaker's Forming Fabric
Weavexx, LLC	RE35777	4/28/1998	Self-stitching Multilayer Papermaking Fabric
Weavexx, LLC	5967195	10/19/1999	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	6145550	11/14/2000	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	RE40066	2/19/2008	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1000197	6/12/2002	Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface

Weavexx, LLC	1158090	8/20/2003	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	729942	5/31/2001	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	P197148130	10/10/2006	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	2288029	12/24/2002	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	ZL971822445X	8/20/2003	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1000197	6/12/2002	Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	697242986	8/20/2003	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	29724238.5	8/3/2000	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1000197	6/12/2002	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1158090	8/20/2003	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1000197	6/12/2002	Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1158090	8/20/2003	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1000197	6/12/2002	Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1158090	8/20/2003	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1000197	6/12/2002	Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1158090	8/20/2003	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1000197	6/12/2002	Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1158090	8/20/2003	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	4106176	4/4/2008	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	547086	1/20/2006	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1000197	6/12/2002	Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	1158090	8/20/2003	Multi-Layer Forming Fabric with Stitching Yarn Pairs Integrated into Papermaking Surface
Weavexx, LLC	6112774	9/5/2000	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	1084294	7/16/2003	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	765700	1/8/2004	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	PI99108941	2/10/2009	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	2349907	4/17/2007	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	1084294	7/16/2003	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	1084294	7/16/2003	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	1084294	7/16/2003	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	1084294	7/16/2003	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	1084294	7/16/2003	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	3917818	2/16/2007	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	242367	11/30/2006	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	1084294	7/16/2003	Papermaker's Double Layer Forming Fabric
Weavexx, LLC	6244306	6/12/2001	Papermaker's Forming Fabric
Weavexx, LLC	1158089	8/11/2004	Papermaker's Forming Fabric

Weavexx, LLC	7691284	5/6/2004	Papermaker's Forming Fabric
Weavexx, LLC			Papermaker's Forming Fabric
Weavexx, LLC	2345894	7/10/2007	Papermaker's Forming Fabric
Weavexx, LLC	158089	5/6/2004	Papermaker's Forming Fabric
Weavexx, LLC	1158089	8/11/2004	Papermaker's Forming Fabric
Weavexx, LLC	1158089	8/11/2004	Papermaker's Forming Fabric
Weavexx, LLC	1158089	8/11/2004	Papermaker's Forming Fabric
Weavexx, LLC	1158089	8/11/2004	Papermaker's Forming Fabric
Weavexx, LLC	1158089	8/11/2004	Papermaker's Forming Fabric
Weavexx, LLC	3847576	9/1/2006	Papermaker's Forming Fabric
Weavexx, LLC	MXPA010 05311	6/19/2003	Papermaker's Forming Fabric
Weavexx, LLC	1158089	8/11/2004	Papermaker's Forming Fabric
	6837277	1/4/2005	Papermaker's Forming Fabric
	1587984	2/27/2008	Papermaker's Forming Fabric
Weavexx, LLC	2483822	6/3/2008	Papermaker's Forming Fabric
Weavexx, LLC	1587984 DE603194 36T2	27.02.2008 26.02.2009	Papermaker's Forming Fabric
Weavexx, LLC	1587984	2/27/2008	Papermaker's Forming Fabric
Weavexx, LLC	1587984	2/27/2008	Papermaker's Forming Fabric
Weavexx, LLC	1587984	2/27/2008	Papermaker's Forming Fabric
Weavexx, LLC	1587984	2/27/2008	Papermaker's Forming Fabric
Weavexx, LLC	1587984	2/27/2008	Papermaker's Forming Fabric
Weavexx, LLC			Papermaker's Forming Fabric
Weavexx, LLC	1587984	2/27/2008	Papermaker's Forming Fabric
Weavexx, LLC	7484538	2/3/2009	Papermaker's Triple Layer Forming Fabric with Non-Uniform Top CMD Floats
Weavexx, LLC			Papermaker's Triple Layer Forming Fabric with Non-Uniform Top CMD Floats
Weavexx, LLC			Papermaker's Triple Layer Forming Fabric with Non-Uniform Top CMD Floats
Weavexx, LLC			Papermaker's Triple Layer Forming Fabric with Non-Uniform Top CMD Floats
Weavexx, LLC			Papermaker's Triple Layer Forming Fabric with Non-Uniform Top CMD Floats
Weavexx, LLC			Papermaker's Triple Layer Forming Fabric with Non-Uniform Top CMD Floats
Weavexx, LLC			Papermaker's Triple Layer Forming Fabric with Non-Uniform Top CMD Floats
Weavexx, LLC			Papermaker's Triple Layer Forming Fabric with Non-Uniform Top CMD Floats
Weavexx, LLC			Papermaker's Triple Layer Forming Fabric with Non-Uniform Top CMD Floats
Weavexx, LLC	865773	10/22/2008	Papermaker's Triple Layer Forming Fabric with Non-Uniform Top CMD Floats
Weavexx, LLC			Papermaker's Triple Layer Forming Fabric with Non-Uniform Top CMD Floats
Weavexx, LLC	7059357	6/13/2006	Warped-Stitched Multilayer Papermaker's Fabric
Weavexx, LLC	200422344 0	2/8/2007	Warped-Stitched Multilayer Papermaker's Fabric
Weavexx, LLC			Warped-Stitched Multilayer Papermaker's Fabric
Weavexx, LLC	2519223	12/9/2008	Warped-Stitched Multilayer Papermaker's Fabric
Weavexx, LLC			Warped-Stitched Multilayer Papermaker's Fabric
Weavexx, LLC			Warp-Stitched Multilayer Papermaker's Fabric
Weavexx, LLC			Warped-Stitched Multilayer Papermaker's Fabric
			Warped-Stitched Multilayer Papermaker's Fabric
Weavexx, LLC	71191	4/20/2007	Warped-Stitched Multilayer Papermaker's Fabric
Weavexx, LLC	262509	11/26/2008	Warped-Stitched Multilayer Papermaker's Fabric
Weavexx, LLC	7243687	7/17/2007	Papermaker's Forming Fabric with Twice as Many Bottom

			MD Yarks as Top MD Yarns
Weavexx, LLC			Papermaker's Forming Fabric with Twice as Many Bottom MD Yarns as Top MD Yarns
Weavexx, LLC	200520041 2	6/21/2007	Papermaker's Forming Fabric with Twice as Many Bottom MD Yarns as Top MD Yarns
Weavexx, LLC			Papermaker's Forming Fabric with Twice as Many Bottom MD Yarns as Top MD Yarns
Weavexx, LLC	2497010	4/21/2009	Papermaker's Forming Fabric with Twice as Many Bottom MD Yarns as Top MD Yarns
Weavexx, LLC			Papermaker's Forming Fabric with Twice as Many Bottom MD Yarns as Top MD Yarns
Weavexx, LLC			Papermaker's Forming Fabric with Twice as Many Bottom MD Yarns as Top MD Yarns
Weavexx, LLC	202005020 5	8/10/2006	Papermaker's Forming Fabric with Twice as Many Bottom MD Yarks as Top MD Yarns
Weavexx, LLC			Papermaker's Forming Fabric with Twice as Many Bottom MD Yarns as Top MD Yarns
Weavexx, LLC			Papermaker's Forming Fabric with Twice as Many Bottom MD Yarns as Top MD Yarns
Weavexx, LLC	603865	7/14/2006	Papermaker's Forming Fabric with Twice as Many Bottom MD Yarks as Top MD Yarns
Weavexx, LLC	260152	9/2/2008	Papermaker's Forming Fabric with Twice as Many Bottom MD Yarns as Top MD Yarns
Weavexx, LLC	7195040	3/27/2007	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	1693506	5/21/2008	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	200620066 4	10/11/2007	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	602006002 1	5/21/2008	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	1693506	5/21/2008	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	1693506	5/21/2008	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	1693506	5/21/2008	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	1693506	5/21/2008	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	1693506	5/21/2008	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	732001	6/19/2007	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	1693506	5/21/2008	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	7219701	5/22/2007	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles

Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	200622266 5	2/14/2008	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	2559163	6/23/2009	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	830573	5/13/2008	Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC			Papermaker's Forming Fabric with Machine Direction Stitching Yarns that Form Machine Side Knuckles
Weavexx, LLC	7581567	9/1/2009	Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom Machine Direction Yarns of 2:3
Weavexx, LLC	200720140 0	11/21/2008	Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom Machine Direction Yarns of 2:3
Weavexx, LLC			Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom
Weavexx, LLC			Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom Machine Direction Yarns of 2:3
Weavexx, LLC			Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom Machine Direction Yarns of 2:3
Weavexx, LLC			Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom Machine Direction Yarns of 2:3
Weavexx, LLC			Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom Machine Direction Yarns of 2:3
Weavexx, LLC	880854	1/21/2009	Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom Machine Direction Yarns of 2:3
Weavexx, LLC			Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom Machine Direction Yarns of 2:3
Weavexx, LLC	7487805	2/10/2009	Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom Machine Direction Yarns of Less Than 1
Weavexx, LLC			Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom Machine Direction Yarns of Less Than 1
Weavexx, LLC			Papermaker's Forming Fabric with Cross-Direction Yarn Stitching and Ratio of Top Machined Direction Yarns to Bottom Machine Direction Yarns of Less Than 1
Weavexx, LLC	first publ. US2008223 474		Warped Stitched Papermaker's Forming Fabric
Weavexx, LLC	first publ. AR065773		Warped Stitched Papermaker's Forming Fabric

Weavexx, LLC	App. No. 12/018385		Multi-Layer Papermaker's Forming Fabric With Long Machine Side MD Floats
Weavexx, LLC			Multi-Layer Papermaker's Forming Fabric With Long Machine Side MD Floats
Weavexx, LLC			Multi-Layer Papermaker´s Forming Fabric with Alternating Paired and Single Top CMD yarns
			Multi-Layer Papermaker´s Forming Fabric with Alternating Paired and Single Top CMD yarns
			Warp-stitched Forming Fabric with twill Top Surface
			Papermaker's fabric with engineered drainage channels
Weavexx, LLC	5207873	5/4/1993	Anti-contaminant Treatment for Papermaking Fabrics
Weavexx, LLC	5395868	3/7/1995	Solution for Anti-Contaminant Coating Treatment for Papermakers' Fabric
Weavexx, LLC	5306393	4/26/1994	Method for Installing a Fabric in a Paper Machine
Weavexx, LLC	5651394	7/29/1997	Papermakers Fabric Having Cabled Monofilament Oval-shaped Yarns

SCHEDULE 2.23(h)

Commercial Tort Claims

None

[FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT]

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the "**Assignment**") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "**Assignor**") and [*Insert name of Assignee*] (the "**Assignee**"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as it may be amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"; terms defined therein and not otherwise defined herein being used herein as therein defined), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, the interest in and to all of the Assignor's rights and obligations under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and percentage interest identified below of all of the Assignor's outstanding rights and obligations under the respective facilities identified below (including, to the extent included in any such facilities and letters of credit) (the "**Assigned Interest**"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and the Credit Agreement, without representation or warranty by the Assignor.

1. Assignor:	_____
2. Assignee:	_____ [and is an **Affiliate/Eligible Assignee[1]]**
3. Borrower:	Xerium Technologies, Inc., as debtor and debtor-in-possession, as borrower (the "**Borrower**").
4. Administrative Agent:	Citicorp North America, Inc., as the

[1] Select as applicable.

administrative agent under the Credit Agreement

5. Credit Agreement: Superpriority Priming Senior Secured Debtor-in-Possession Credit and Guaranty Agreement dated as of [_____], 2010, among the Borrower, the companies named therein as Guarantors, Citigroup Global Markets Inc. as Sole Lead Arranger and Sole Bookrunner, Citicorp North America, Inc. as Collateral Agent and Administrative Agent, and the other Banks party thereto.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Banks	Amount of Commitment/ Loans Assigned	Percentage Assigned of Commitment/Loans[2]
Term Loan Commitment	$_____	$_____	_____%
Term Loan Amount	$_____	$_____	_____%
Revolving Commitment	$_____	$_____	_____%
Revolving Loan Amount	$_____	$_____	_____%

Effective Date: _____ 20 __ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

7. Notice and Wire Instructions:

[NAME OF ASSIGNOR]	**[NAME OF ASSIGNEE]**
Notices:	Notices:
_____	_____
_____	_____
_____	_____
Attention:	Attention:

[2] Set forth, to at least 9 decimals, as a percentage of the Loans of all Banks thereunder.

Telecopier:	Telecopier:
with a copy to:	with a copy to:
_____	_____
_____	_____
_____	_____
Attention:	Attention:
Telecopier:	Telecopier:
Wire Instructions:	Wire Instructions:
[Name of Bank]	[Name of Bank]
Beneficiary:	Beneficiary:
Account No.: [number]	Account No.: [number]
ABA No.: [number]	ABA No.: [number]
Attn: [name]	Attn: [name]

[*Signature Page Follows*]

The terms set forth in this Assignment are hereby agreed to:

[NAME OF ASSIGNOR], as Assignor

By: _____
Name:
Title:

[NAME OF ASSIGNEE], as Assignee

By:_____
Name:
Title:

[Consented to and][1] Accepted:

CITICORP NORTH AMERICA, INC,
as Administrative Agent

By: _____
Name:
Title:

[Consented to and][2] Accepted:

[NAME OF ISSUING BANK],
as Issuing Bank

By: _____
Name:
Title:

---

1 If the consent of the Administrative Agent is required by the terms of the Credit Agreement.

2 If the consent of the Issuing Bank is required by the terms of the Credit Agreement.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT
AND ASSUMPTION AGREEMENT

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with any Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document delivered pursuant thereto, other than this Assignment (herein collectively the "**Credit Documents**"), or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and to consummate the transactions contemplated hereby and to become a Bank under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement and, to the extent of the Assigned Interest, shall have the obligations of a Bank thereunder, (iv) it has received a copy of the Credit Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and to purchase the Assigned Interest on the basis of which it has made such analysis and decision, and (v) if it is a Non-US Bank, attached to the Assignment is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Bank, and based on such documents and information as it shall deem appropriate at that time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Bank.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding

the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.[1]

3. General Provisions. This Assignment shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment. This Assignment shall be governed by, and construed in accordance with, the internal laws of the State of New York.

[1] Depending on Administrative Agent's systems, the following alternative language may be appropriate: "From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to or on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

EXHIBIT B TO
SUPERPRIORITY PRIMING SENIOR
SECURED DEBTOR-IN-POSSESSION
CREDIT AND GUARANTY AGREEMENT

[FORM OF CERTIFICATE RE NON-BANK STATUS]

CERTIFICATE RE NON-BANK STATUS

Reference is made to the Superpriority Priming Senior Secured Debtor-in-Possession Credit and Guaranty Agreement dated as of [_____], 2010 (as it may be amended, supplemented or otherwise modified, the "**Credit Agreement**"; terms defined therein and not otherwise defined herein being used herein as therein defined) among Xerium Technologies, Inc., as debtor and debtor-in-possession, as Borrower, the companies named therein as Guarantors, Citigroup Global Markets Inc. as Sole Lead Arranger and Sole Bookrunner, Citicorp North America, Inc. as Collateral Agent and as Administrative Agent, and the other Banks party thereto. Pursuant to Section 2.17(c) of the Credit Agreement, the undersigned (the "**Lender**") hereby certifies that:

1. The Lender is not a "bank" or other Person described in Section 881(c)(3) of the Internal Revenue Code of 1986, as amended.

2. The Lender is not subject to regulatory or other legal requirements as a "bank" in any jurisdiction and has not been treated as a "bank" for purposes of any tax, securities law or other filing or submission made to any governmental authority, any application made to a rating agency or qualification for any exemption from tax, securities law or other legal requirements.

DATED: _____

[NAME OF LENDER]

By: _____
Name:
Title:

Note: The Lender is also to deliver two accurate and complete original signed copies of IRS Form W-8BEN or IRS Form W-8ECI (or successor Form).

[FORM OF COMPLIANCE CERTIFICATE]

COMPLIANCE CERTIFICATE

THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

1. I am the Chief Financial Officer of XERIUM TECHNOLOGIES, INC. ("**Xerium**").

2. I have reviewed the terms of that certain Superpriority Priming Senior Secured Debtor-in-Possession Credit and Guaranty Agreement dated as of [_____], 2010 (as it may be amended, supplemented or otherwise modified, the "**Credit Agreement**"; terms defined therein and not otherwise defined herein being used herein as therein defined) among Xerium Technologies, Inc., as debtor and debtor-in-possession, as Borrower, the companies named therein as Guarantors, Citigroup Global Markets Inc. as Sole Lead Arranger and Sole Bookrunner, Citicorp North America, Inc. as Collateral Agent and as Administrative Agent, and the other Banks party thereto, and I have made, or have caused to be made under my supervision, a review in reasonable detail of the transactions and condition of Xerium and its Subsidiaries during the accounting period covered by the attached financial statements.

3. The examination described in paragraph 2 above did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth in a separate attachment, if any, to this Certificate, describing in detail, the nature of the condition or event, the period during which it has existed and the action which Xerium has taken, is taking, or proposes to take with respect to each such condition or event.

4. The foregoing certifications, together with the computations set forth on Annex A hereto and the financial statements delivered with this Certificate and in support hereof, are made and delivered **[mm/dd/yr]** pursuant to Section 5.1(d) of the Credit Agreement.

XERIUM TECHNOLOGIES, INC.

By: _____
Name:
Title: Chief Financial Officer

Annex A
to Compliance Certificate

Minimum Cash, Cash Equivalents and Availability.

Not less than [$40,000,000][1][$35,000,000][2]:

1. Cash and Cash Equivalents	$_____
2. Amounts held in Term Loan Deposit Account	$_____
3. Availability (a) - (b)	$_____
(a.) Revolving Commitments, *minus*	$_____
(b) Aggregate principal amount of outstanding Revolving Loans	$_____
TOTAL (sum of 1, 2 and 3):	**$_____**

For the Fiscal [Quarter][Month] ending _____, 2010.

[1] From the Closing Date through May 31, 2010

[2] From June 1, 2010 and thereafter

[FORM OF CONVERSION/CONTINUATION NOTICE]

CONVERSION/CONTINUATION NOTICE

Reference is made to the Superpriority Priming Senior Secured Debtor-in-Possession Credit and Guaranty Agreement, dated as of March [__], 2010 (as it may be amended, supplemented, restated or otherwise modified from time to time, the "**Credit Agreement**"), among Xerium Technologies, Inc., as debtor and debtor-in-possession, as Borrower, the companies named therein as Guarantors, Citigroup Global Markets Inc. as Sole Lead Arranger and Sole Bookrunner, Citicorp North America, Inc. as Collateral Agent and as Administrative Agent, and the other Banks party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

Pursuant to Section 2.7(b) of the Credit Agreement, the Borrower hereby irrevocably notifies the Administrative Agent, that it requests the conversion or continuation of the following Loans, each such conversion and/or continuation to be effective as of_____, 2010[1]:

Loans:	**Amount[2]**
LIBOR Loans with an Interest Period ending on _____ to be continued with Interest Period of one month	**$_____**
ABR Loans to be converted to LIBOR Loans with Interest Period of one month	**$_____**
LIBOR Loans with an Interest Period ending on _____ to be converted to ABR Loans[3]	**$_____**

The Borrower hereby certifies that

---

1 The Borrower shall deliver this Conversion/Continuation Notice to the Administrative Agent no later than noon (New York City time) on the date of the proposed conversion date (in the case of a conversion to an ABR Loan) and at least three Business Days in advance of the proposed Conversion/Continuation Date (in the case of a conversion to, or a continuation of, a LIBOR Loan).

2 All amounts must be at least $1,000,000 and integral multiples of $250,000 in excess thereof.

3 A LIBOR Loan may only be converted on the expiration of the Interest Period applicable to such LIBOR Loan unless the Borrower pays all amounts due under Section 2.15 in connection with any such conversion.

(i) as of the Conversion/Continuation Date, the representations and warranties contained in each of the Credit Documents are true and correct in all material respects on and as of the Conversion/Continuation Date to the same extent as though made on and as of such date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties are true and correct in all material respects on and as of such earlier date;

(iii) as of the date hereof, no event has occurred and is continuing that would constitute a Default or an Event of Default; and

(iii) as of the Conversion/Continuation Date, the conditions of Sections 3.2 of the Credit Agreement have been satisfied or waived in accordance therewith.

IN WITNESS WHEREOF, the Borrower has caused this Conversion/Continuation Notice to be executed and delivered by its duly Authorized Officer as of the date set forth below.

Date: _____, 20___

XERIUM TECHNOLOGIES, INC.,
as debtor and debtor-in-possession, as Borrower

By: _____
Name:
Title:

[EXIT CREDIT AGREEMENT]

[See attached]

CREDIT AND GUARANTY AGREEMENT (FIRST LIEN)

dated as of [_____], 2010

among

XERIUM TECHNOLOGIES, INC., XTI LLC, XERIUM ITALIA S.P.A.,
XERIUM CANADA INC. ,
HUYCK.WANGNER AUSTRIA GMBH and XERIUM GERMANY HOLDING GMBH
as Borrowers,

CERTAIN SUBSIDIARIES OF THE BORROWERS,
as Guarantors,

VARIOUS BANKS,

CITIGROUP GLOBAL MARKETS INC.
as Sole Lead Arranger and Sole Bookrunner,

CITICORP NORTH AMERICA, INC.,
as Collateral Agent,

and

CITICORP NORTH AMERICA, INC.,
as Administrative Agent

U.S. $80,000,000

"**NOTE**: THE TAKING OF THIS DOCUMENT OR ANY CERTIFIED COPY OR ANY DOCUMENT WHICH CONSTITUTES SUBSTITUTE DOCUMENTATION THEREOF, INCLUDING WRITTEN CONFIRMATIONS OR REFERENCES THERETO, INTO AUSTRIA AS WELL AS PRINTING OUT ANY E-MAIL COMMUNICATION WHICH REFERS TO THIS DOCUMENT IN AUSTRIA OR SENDING ANY E-MAIL COMMUNICATION TO WHICH A PDF SCAN OF THIS DOCUMENT IS ATTACHED TO AN AUSTRIAN ADDRESSEE OR SENDING ANY E-MAIL COMMUNICATION CARRYING AN ELECTRONIC OR DIGITAL SIGNATURE WHICH REFERS TO THIS DOCUMENT TO AN AUSTRIAN ADDRESSEE MAY CAUSE THE IMPOSITION OF AUSTRIAN STAMP DUTY. ACCORDINGLY, IN PARTICULAR KEEP THE ORIGINAL DOCUMENT AS WELL AS ALL CERTIFIED COPIES THEREOF AND WRITTEN AND SIGNED REFERENCES THERETO OUTSIDE OF AUSTRIA AND AVOID PRINTING OUT ANY EMAIL COMMUNICATION WHICH REFERS TO THIS DOCUMENT IN AUSTRIA OR SENDING ANY E-MAIL COMMUNICATION TO WHICH A PDF SCAN OF THIS DOCUMENT IS ATTACHED TO AN AUSTRIAN ADDRESSEE OR SENDING ANY E-MAIL COMMUNICATION CARRYING AN ELECTRONIC OR DIGITAL SIGNATURE WHICH REFERS TO THIS DOCUMENT TO AN AUSTRIAN ADDRESSEE."

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EXHIBITS:

CREDIT AND GUARANTY AGREEMENT (FIRST LIEN)

This **CREDIT AND GUARANTY AGREEMENT (FIRST LIEN)**, dated as of [_____], 2010, is entered into by and among **XERIUM TECHNOLOGIES, INC**. ("**Xerium**"), a Delaware corporation, as reorganized pursuant to and under the Plan of Reorganization (as defined herein), **XTI LLC** ("**XTI**"), a Delaware limited liability company, as reorganized pursuant to and under the Plan of Reorganization, **XERIUM ITALIA S.P.A. ("Italia SpA")**, an Italian società per azioni, as reorganized pursuant to and under the Plan of Reorganization, **XERIUM CANADA INC. ("Xerium Canada")**, a New Brunswick (Canada) corporation, as reorganized pursuant to and under the Plan of Reorganization, **HUYCK.WANGNER AUSTRIA GMBH ("Huyck Austria")**, an Austrian limited liability company (formerly known as Huyck Austria GmbH) , as reorganized pursuant to and under the Plan of Reorganization, and **XERIUM GERMANY HOLDING GMBH ("Germany Holdings")**, a German limited liability company, as reorganized pursuant to and under the Plan of Reorganization, (each of Xerium, XTI, Italia SpA, Xerium Canada, Huyck Austria and Germany Holdings, individually, a "**Borrower**" and, collectively, the "**Borrowers**"), **CERTAIN SUBSIDIARIES OF THE BORROWERS**, as Guarantors, the Banks party hereto from time to time, **CITIGROUP GLOBAL MARKETS INC.**, as Sole Lead Arranger and Sole Bookrunner (in such capacity, "**Lead Arranger**"), **CITICORP NORTH AMERICA, INC.**, as Administrative Agent (together with its permitted successors, in such capacity, "**Administrative Agent**") and **CITICORP NORTH AMERICA, INC.**, as Collateral Agent (together with its permitted successors, in such capacity, "**Collateral Agent**").

RECITALS:

WHEREAS, capitalized terms used in these Recitals and not otherwise defined herein shall have the respective meanings set forth for such terms in Section 1.1 hereof;

WHEREAS, on March [_____], 2010 (the "**Petition Date**") the Borrowers, together with certain direct and indirect wholly-owned Subsidiaries of Xerium (collectively, the "**Debtors**"), filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court and the cases in the Bankruptcy Court have been consolidated for purposes of joint administration of the Debtors (the "**Bankruptcy Cases**");

WHEREAS, the Debtors' respective chapter 11 cases (collectively, the "**Bankruptcy Cases**") have been consolidated for procedural purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure;

WHEREAS, pursuant to the DIP Credit Agreement, the Banks party hereto extended term loans and revolving loans to Xerium and the Issuing Bank issued or, with respect to certain existing letters of credit, was deemed to have issued, certain letters of credit;

WHEREAS, as agreed by the Banks and pursuant to the DIP Credit Agreement and the Plan of Reorganization, and as approved by the order entered by the Bankruptcy Court confirming the Plan of Reorganization (the "**Confirmation Order**"), the loans under the DIP Credit Agreement will continue to be outstanding loans under this Agreement, the letters of credit outstanding

under the DIP Credit Agreement will continue as Term Loan Letters of Credit under this Agreement, and the DIP Credit Agreement shall be superseded and replaced by this Agreement;

WHEREAS, pursuant to the Plan of Reorganization and the Confirmation Order, the Obligations of the Borrowers under this Agreement shall be secured by the grant to the Collateral Agent, for the benefit of the Secured Parties, of a First Priority Lien on the Collateral owned by them; and

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions**. The following terms used herein, including in the preamble, recitals, exhibits and schedules hereto, shall have the following meanings:

"**ABR Loan**" means a Loan or any portion thereof bearing interest by reference to the Alternate Base Rate.

"**Adjusted EBITDA**" means, with respect to any Person for any period, the total of (A) the Consolidated Net Income of such Person and its Subsidiaries for such period, plus (B), without duplication, to the extent that any of the following were included in computing such Consolidated Net Income for such period: (i) provision for taxes based on income or profits, (ii) Consolidated Interest Expense, (iii) Consolidated Depreciation and Amortization Expense, (iv) reserves for inventory in connection with plant closures, (v) Consolidated Operational Restructuring Costs, (vi) Consolidated Financial Restructuring Costs, (vii) non-cash charges or gains resulting from the application of purchase accounting, including push-down accounting, (viii) non-cash expenses resulting from the granting of stock options, restricted stock or restricted stock unit awards under equity compensation programs solely with respect to Common Stock, (ix) non-cash items related to a change in or adoption of accounting policies, and (x) expenses incurred as a result of the repurchase, redemption or retention by Xerium of Common Stock earned under equity compensation programs solely in order to make withholding tax payments. Notwithstanding the foregoing, taxes paid and provision for taxes based on the income or profits of, and the Consolidated Depreciation and Amortization Expense of, a Subsidiary of such Person shall be added to Consolidated Net Income of such Person to compute Adjusted EBITDA only to the extent (and in the same proportion) that the Consolidated Net Income of such Subsidiary was included in calculating Consolidated Net Income of such Person. Notwithstanding the foregoing, Adjusted EBITDA for the Fiscal Quarter ended December 31, 2009 shall be $24,600,000.

"**Administrative Agent**" as defined in the preamble hereto.

"**Adverse Proceeding**" means any action, suit, proceeding (whether administrative, judicial or otherwise), governmental investigation or arbitration (whether or not purportedly on behalf of Xerium or any of its Subsidiaries) at law or in equity, or before or by any Governmental Authority, domestic or foreign (including any Environmental Claims), whether pending or, to the knowledge of Xerium or any of its Subsidiaries, threatened against or affecting Xerium or any of its Subsidiaries or any property of Xerium or any of its Subsidiaries.

"**Affected Bank**" as defined in Section 2.18(b).

"**Affected Loans**" as defined in Section 2.18(b).

"**Affiliate**" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power (i) to vote 10% or more of the Securities having ordinary voting power for the election of directors of such Person or (ii) to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise.

"**Affiliate Subordination Agreement**" means the Affiliate Subordination Agreement, dated the date hereof, among the Credit Parties and the Administrative Agent, substantially in the form of Exhibit J, as amended, supplemented or otherwise modified from time to time.

"**Agent**" means each of the Administrative Agent, the Collateral Agent and the Lead Arranger.

"**Agent Parties**" as defined in Section 5.1(o)(iii).

"**Agent's Spot Rate of Exchange**" means the Administrative Agent's spot rate of exchange for the purchase of the relevant currency with Dollars in the foreign exchange market at or about 11:00 a.m. (New York City time) on a particular day.

"**Aggregate Amounts Due**" as defined in Section 2.17.

"**Agreement**" means this Credit and Guaranty Agreement (First Lien), as it may be amended, restated, supplemented or otherwise modified from time to time.

"**Alternate Base Rate**" means, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the greater of (i) LIBOR for a one month Interest Period beginning on such day (or if such day is not a Business Day, the immediately preceding Business Day), plus 1% and (ii) 3.00%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or LIBOR shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or LIBOR, respectively. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist.

"**Alternative Currency**" means Euros, Canadian dollars, Australian dollar and Swedish krona.

"**Applicable Margin**" means (i) with respect to LIBOR Loans, 4.50% and (ii) with respect to ABR Loans, 3.50%.

"**Applicable Revolving Commitment Fee Percentage**'' means 1.00%.

"**Asset Sale**" means a sale, lease or sublease (as lessor or sub-lessor), sale and leaseback, assignment, conveyance, transfer or other disposition to, or any exchange of property with, any Person (other than Xerium or any of its Subsidiaries), in one transaction or a series of transactions, of all or any part of Xerium's or any of its Subsidiaries' businesses, assets or properties of any kind, whether real, personal, or mixed and whether tangible or intangible, whether now owned or hereafter acquired, including, without limitation, the Capital Stock of any of Xerium's Subsidiaries, other than (i) inventory (or other assets) sold or leased in the Ordinary Course (excluding any such sales by operations or divisions discontinued or to be discontinued), (ii) substantially worn, damaged or obsolete property disposed of in the Ordinary Course, (iii) returns of inventory in the Ordinary Course, (iv) the use of cash and Cash Equivalents in a manner not inconsistent with the provisions of this Agreement and the other Credit Documents, (v) leases of real property in the Ordinary Course, (vi) licenses or sublicenses of patents, trademarks, copyrights and other intellectual property in the Ordinary Course and (vii) sales of other assets for gross consideration of less than $100,000 with respect to any transaction or series of related transactions.

"**Assignment Agreement**" means an Assignment and Assumption Agreement substantially in the form of Exhibit C, with such amendments or modifications as may be approved by the Administrative Agent.

"**Australia Asset Sales**" means Asset Sales relating to the business, assets or properties of Huyck.Wangner Australia Pty Limited.

"**Australian Obligor**" means Huyck.Wangner Australia Pty Limited.

"**Austria Term Loan**" means an Austria Term Loan deemed made by a Bank to Huyck Austria pursuant to Section 2.1(a)(v).

"**Austria Term Loan Amount**" means the principal amount of the Austria Term Loan a Bank is deemed to have made on the Closing Date. The "Austria Term Loan Amount" of each Bank, if any, is set forth on Appendix A-5 or in the applicable Assignment Agreement. The aggregate amount of the Austria Term Loan Amounts as of the Closing Date is set forth on Appendix A-5.

"**Austria Term Loan Exposure**" means, with respect to any Bank, as of any date of determination, the outstanding principal amount of the Austria Term Loans of such Bank.

"**Authorized Officer**" means, as applied to any Person, any individual holding the position of chairman of the board (if an officer), chief executive officer, president or one of its vice presidents (or the equivalent thereof), and such Person's chief financial officer or treasurer.

"**Bank**" means each financial institution listed on Appendix A-1, A-2, A-3, A-4, A-5, A-6 or B, and any other Person that becomes a Bank party hereto pursuant to an Assignment Agreement.

"**Bank Counterparty**" means each Bank, or any Affiliate of a Bank, counterparty to the applicable documentation creating Hedging Obligations (including any Person who is a Bank (and any Affiliate thereof) as of the Closing Date and party to such documentation as of the Closing Date but subsequently, after entering into the applicable documentation creating Hedging Obligations, ceases to be a Bank) including, without limitation, each such Affiliate that enters into a joinder agreement with the Collateral Agent.

"**Bank Insolvency Event**" means that (i) a Bank or its Parent Company is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (ii) such Bank or its Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor, or sequestrator or the like has been appointed for such Bank or its Parent Company, or such Bank or its Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment.

"**Bankruptcy Cases**" as defined in the recitals hereto.

"**Bankruptcy Code**" means Title 11 of the United States Code, as amended, and applicable to the Bankruptcy Cases.

"**Bankruptcy Court**" means the United States Bankruptcy Court for the District of Delaware.

"**Beneficiary**" means each Agent, the Issuing Bank, Bank and each Bank Counterparty.

"**Borrower**" as defined in the preamble hereto.

"**Business Day**" means (i) with respect to all matters except those addressed in clause (ii), any day, excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in such state or jurisdiction are authorized or required by law or other governmental action to close and (ii) with respect to all notices, determinations, fundings and payments in connection with LIBOR Loans, means any such day that is a Business Day described in clause (i) and that is also a day on which banks in the City of London are generally open for interbank or foreign exchange.

"**Business Plan**" as defined in Section 5.1(q).

"**CAM Exchange**" means the exchange of the Banks' interests provided for in Section 8.2.

"**CAM Exchange Date**" means the date on which any Event of Default referred to in Section 8.01(f) or (g) shall occur.

"**CAM Percentage**" means, as to each Bank, a fraction, expressed as a decimal, of which (a) the numerator shall be the aggregate outstanding principal amount of the Designated Obligations owed to such Bank (whether or not at the time due and payable) on the date immediately prior to the CAM Exchange Date and (b) the denominator shall be the aggregate amount of the Designated Obligations owed to all the Banks (whether or not at the time due and payable) on the date immediately prior to the CAM Exchange Date.

"**Canadian Guarantor**" as defined in 7.14(e).

"**Canadian Pension Plan Event**" means (i) the failure by Xerium Canada, or any Affiliate of Xerium Canada to make any required contribution or premium payment to a Canadian Registered Pension Plan in a timely manner in accordance with the terms of the applicable Canadian Registered Pension Plan and all applicable laws; (ii) the withdrawal by Xerium Canada or any Affiliate of Xerium Canada as a participating employer under any multi-employer pension plan, as defined under applicable laws; (iii) the termination, in whole or in part, of any Canadian Registered Pension Plan; (iv) the institution of proceedings by a pension regulator which has jurisdiction over a Canadian Registered Pension Plan to terminate the Canadian Registered Pension Plan in whole or in part; or (v) the occurrence of any event or condition which could reasonably be expected to result in the institution of proceedings by the applicable pension regulator to terminate a Canadian Registered Pension Plan, in whole or in part.

"**Canadian Registered Pension Plan**" means a "registered pension plan", as defined in subsection 248(1) of the Income Tax Act (Canada) which is or, within the preceding six years, was sponsored, maintained or contributed to by, or required to be contributed to by, Xerium Canada or any Affiliate of Xerium Canada.

"**Capital Expenditures**" means, with respect to any Person, all expenditures that, in accordance with GAAP, are or should be included in "purchase of property and equipment" or similar items reflected in the cash flows of such Person.

"**Capitalized Lease Obligation**" means, as applied to any Person, any obligation incurred or arising out of in connection with a Capital Lease.

"**Capital Lease**" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

"**Capital Stock**" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation), including, without limitation, partnership interests, membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing.

"**Cash**" means money, currency or a credit balance in any Deposit Account.

"**Cash Collateral Account**" means a deposit account maintained by the Borrowers with the Administrative Agent, for the Secured Parties, for the purpose of holding deposits of Net

Asset Sale Proceeds and Net Insurance/Condemnation Proceeds that are allowed to be reinvested by the Borrowers in accordance with Sections 2.14(a) and 2.14(b), respectively; provided that the Administrative Agent shall require any such deposits remaining in such deposit account for three hundred sixty-one (361) days to be applied by the Borrowers to repay Loans, in each case, to the extent required by and in a manner consistent with Section 2.15(b).

"**Cash Collateralize**" means, in respect of an obligation, to provide and pledge (as a First Priority perfected security interest) cash collateral in Dollars, at a location and pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent (and "**Cash Collateralization**" has a corresponding meaning).

"**Cash Equivalents**" means (i) Dollars or any foreign currency freely exchangeable into Dollars and, in the case of any Foreign Subsidiary, such local currencies held by it from time to time in the Ordinary Course, (ii) securities issued or directly and fully guaranteed or insured by the US government or any agency or instrumentality thereof, (iii) certificates of deposit, time deposits and Eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and surplus in excess of $1 billion and whose long-term debt is rated at least "A" or the equivalent thereof by Moody's or S&P, (iv) repurchase obligations for underlying securities of the types described in clauses (ii) and (iii) above entered into with any financial institution meeting the qualifications specified in the immediately preceding clause, (v) commercial paper issued by a corporation (other than an Affiliate of Xerium) rated at least "A-2" or the equivalent thereof by Moody's or S&P and in each case maturing within one year after the date of acquisition, (vi) investment funds investing substantially all of their assets in securities of the types described in clauses (i) through (v) above, (vii) readily marketable direct obligations issued by any state of the United States or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's or S&P, (viii) instruments equivalent to those referred to above denominated in Euros or any other foreign currency that are comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction outside the United States and (ix) money market funds as defined in Rule 2a-7 of the General Rules and Regulations as promulgated under the Investment Company Act of 1940.

"**Certificate re Non-Bank Status**" means a certificate substantially in the form of Exhibit D.

"**Change of Control**" means, at any time, (i) any Person or "group" (within the meaning of Section 13(d) and 14(d) under the Exchange Act) shall have acquired beneficial ownership (as defined in Rule13d-3 under the Exchange Act), directly or indirectly, of 35% or more on a fully diluted basis of the voting and/or economic interest in the Capital Stock of Xerium; (ii) Xerium shall cease to directly or indirectly beneficially own and control 100% on a fully diluted basis of the economic and voting interest in the Capital Stock of its Subsidiaries (other than Xerium Technologies Brasil Indústria e Comércio S.A., Stowe Woodward AG and PMP Xibe Roll Covering Co Ltd and except as a result of transactions permitted under this Agreement) including, but not limited to, if a Person shall attain the right, even if not exercised, by contract, share ownership or otherwise, to appoint the majority of the board of directors of any such Subsidiary or to direct the manner in which the board of directors of such Subsidiary conducts its

affairs; (iii) the majority of the seats (other than vacant seats) on the board of directors (or similar governing body) of Xerium cease to be occupied by Persons who either (a) were members of the board of directors of Xerium on the Closing Date or (b) were nominated for election by the board of directors of Xerium, a majority of whom were directors on the Closing Date or whose election or nomination for election was previously approved by a majority of such directors; or (iv) any "change of control" or similar event under the Second Lien Credit Agreement or the documents governing Subordinated Debt, if any, shall occur. Notwithstanding the foregoing, the consummation of the transactions contemplated by the Plan of Reorganization shall not constitute a Change of Control.

"**Closing Date**" means the date on which all conditions precedent set forth in Section 3.1 are satisfied or waived in accordance with the terms of this Agreement.

"**Closing Date Bank Affiliate**" means [American Securities LLC, Carl Marks Strategic Investments, L.P., Cerberus Capital Management, L.P., on behalf of its affiliated funds and accounts].

"**Closing Date Certificate**" means the Closing Date Certificate substantially in the form of Exhibit E.

"**Closing Date Mortgaged Property**" means, each Real Estate Asset listed in Schedule 3.1(i) and which has been encumbered by fully executed and notarized Mortgages, and recorded in all appropriate places in all applicable jurisdictions.

"**Collateral**" means, collectively, all of the real, personal and mixed property (including Capital Stock) and interests therein and proceeds and products thereof, whether now or hereafter acquired, in or upon which Liens are purported to be granted and/or confirmed pursuant to the Collateral Documents as security for the Obligations.

"**Collateral Agent**" as defined in the preamble hereto.

"**Collateral Documents**" means the Pledge and Security Agreements, the Mortgages, the Landlord Personal Property Collateral Access Agreements, if any, the Term Loan LC Collateral Account Control Agreement and all other instruments, documents and agreements delivered by any Credit Party pursuant to this Agreement or any of the other Credit Documents in order to grant and/or confirm to the Collateral Agent, for the benefit of the Secured Parties, a Lien on any real, personal or mixed property of that Credit Party as security for the Obligations.

"**Collateral Questionnaire**" means a certificate in form satisfactory to the Collateral Agent that provides information with respect to the personal, real and mixed property of each Credit Party.

"**Common Stock**" means the common stock of Xerium, par value [$0.001] per share.

"**Communications**" as defined in Section 5.1(p)(i).

"**Compliance Certificate**" means a Compliance Certificate substantially in the form of Exhibit B.

"**Confirmation Order**" as defined in the recitals.

"**Consolidated Capital Expenditures**" means, with respect to any Person for any period, the aggregate of all Capital Expenditures of such Person and its Subsidiaries during such period determined on a consolidated basis.

"**Consolidated Current Assets**" means, at any date of the determination, the total assets (other than cash and Cash Equivalents) of Xerium and its Subsidiaries on a consolidated basis that may properly be classified as current assets in conformity with GAAP), excluding the current portion of current and deferred income taxes, deferred debt expense and property held for sale so long as any future changes in the balance sheet values of such property held for sale are non-cash events, and the proceeds from the sale of such property is intended to be applied to prepay the Loans in accordance with Section 2.14(a).

"**Consolidated Current Liabilities**" means, at any date of determination, the total liabilities of Xerium and its Subsidiaries on a consolidated basis that may properly be classified as current liabilities in conformity with GAAP, excluding the current portion of any Indebtedness, accruals of interest expense, and the current portion of current and deferred income taxes.

"**Consolidated Depreciation and Amortization Expense**" means, with respect to any Person for any period, the total amount of depreciation and amortization expense of such Person and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including without limitation non-cash impairment charges resulting from the application of Statements of Financial Accounting Standards No. 142 and No. 144 and any amortization of intangibles arising pursuant to Statement of Financial Accounting Standards No. 141.

"**Consolidated Financial Restructuring Costs**" means cash, fees and expenses (including professional and accounting fees and expenses) incurred in connection with the Recapitalization; provided, that the amount of such costs for Fiscal Year 2010 shall not exceed $30 million in the aggregate.

"**Consolidated Interest Expense**" means, with respect to any Person for any period, consolidated interest expense of such Person and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP; provided, however, that for the purpose of calculating the Interest Coverage Ratio only, amortization of deferred financing fees and any non-cash gains and losses resulting from marking to market Hedging Obligations shall be excluded from the calculation of Consolidated Interest Expense. For purposes of clarifying the intention of the parties, the calculation of Consolidated Interest Expense shall be net of interest income and the effect of all interest rate Hedging Obligations.

"**Consolidated Net Income**" means, with respect to any Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP; provided, however, that the following, without duplication, shall be excluded in determining Consolidated Net Income: (i) any net after-tax extraordinary or non-recurring gains, losses or expenses (less all fees and expenses relating thereto), (ii) the cumulative effect of changes in accounting principles, (iii) any fees and

expenses incurred during such period in connection with the issuance or repayment of Indebtedness, any refinancing transaction or amendment or modification of any debt instrument, in each case, as permitted under this Agreement and (iv) any gains resulting from the returned surplus assets of any Pension Plan or Canadian Registered Pension Plan; and provided, further that, without duplication, (x) the net income for such period of any Person that is not a Subsidiary of such Person or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions or other payments paid in cash (or to the extent converted into cash) to such Person or a wholly-owned Subsidiary thereof in respect of such period (and if such net income is a loss it will be included only to the extent such loss has been funded with cash by such Person or a wholly-owned Subsidiary thereof in respect of such period), and (y) the net income (loss) for such period of any Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of its net income is not at the date of determination permitted without any prior governmental approval (which has not been obtained and which is not expected by Xerium to be obtained in the Ordinary Course) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders (other than any loan agreement or similar agreement which restricts the payment of dividends or similar distributions upon the occurrence of or during the existence or continuance of a default or event of default), unless such restrictions with respect to the payment of dividends or in similar distributions have been legally waived and except that this clause (y) shall not apply to any Subsidiary that is also a Guarantor in the calculation of Xerium's Leverage Ratio.

"**Consolidated Operational Restructuring Costs**" means, with respect to any Person for any period, any restructuring or related impairment costs for such Person and its Subsidiaries resulting from the restructuring activities of such Person and its Subsidiaries; provided, that the amount of such costs for the applicable Fiscal Year shall not exceed the Maximum Consolidated Operational Restructuring Costs.

"**Consolidated Working Capital**" means, at any date, the excess of Consolidated Current Assets on such date over Consolidated Current Liabilities on such date.

"**Consolidated Working Capital Adjustment**" means, for any period on a consolidated basis, the amount (which may be a negative number) by which Consolidated Working Capital as of the beginning of such period exceeds (or is less than) Consolidated Working Capital as of the end of such period.

"**Constitutional Documents**" means the constitutional documents of the Credit Parties as amended from time to time in accordance with the terms of this Agreement.

"**Contractual Obligation**" means, as applied to any Person, any provision of any Security issued by that Person or of any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

"**Conversion/Continuation Date**" means the effective date of a continuation or conversion of a Loan, as the case may be, as set forth in the applicable Conversion/Continuation Notice.

"**Conversion/Continuation Notice**" means a Conversion/Continuation Notice substantially in the form of Exhibit A-2.

"**Counterpart Agreement**" means a Counterpart Agreement substantially in the form of Exhibit F delivered by a Credit Party pursuant to Section 5.10.

"**Credit Date**" means the date of a Credit Extension.

"**Credit Document**" means any of this Agreement, the Letters of Credit, the Collateral Documents, the Affiliate Subordination Agreement, the Intercreditor Agreement, the Fee Letters, any documents or certificates executed by any Borrower in favor of the Issuing Bank relating to any Letters of Credit, and all other documents, instruments or agreements executed and delivered by a Credit Party for the benefit of any Agent, the Issuing Bank or any Bank in connection herewith.

"**Credit Extension**" means the making, or deemed making, of a Loan or the issuance, or deemed issuance, of a Letter of Credit.

"**Credit Party**" means each US Credit Party and Non-US Credit Party.

"**Debt**" means, with respect to Xerium, on a consolidated basis on any date, the actual outstanding amount of funded indebtedness of Xerium and its Subsidiaries, plus, without duplication, the principal component of all Capitalized Lease Obligations and, without duplication, other Indebtedness of Xerium and its Subsidiaries on such date. For purposes of computing Debt, Indebtedness which is payable in any currency other than Dollars shall be converted into Dollars using the average New York CitiFx Benchmark rate for the most recently ended four Fiscal Quarters for which Xerium's financial statements are available.

"**Debtors**" as defined in the recitals hereto.

"**Default**" means a condition or event that, after notice or expiry of an applicable grace period, or the making of any determination under the Credit Documents, or any combination of any of the foregoing, would constitute an Event of Default.

"**Defaulting Bank**" means, at any time, a Bank as to which the Administrative Agent has notified the Borrower that (i) such Bank has failed for three or more Business Days to comply with its obligations under this Agreement to make a Loan or make a payment to the Issuing Bank in respect of a Letter of Credit (each a "**funding obligation**"), (ii) such Bank has notified the Administrative Agent or has stated publicly, that it will not comply with any such funding obligation hereunder, or has defaulted on its funding obligations under any other loan agreement or credit agreement or similar agreement, (iii) such Bank has, for three or more Business Days, failed to confirm in writing to the Administrative Agent, in response to a written request of the Administrative Agent, that it will comply with its funding obligations hereunder, or (iv) a Bank Insolvency Event has occurred and is continuing with respect to such Bank (provided that neither

the reallocation of funding obligations provided in Section 2.24(a) as a result of a Bank being a Defaulting Bank nor the performance by Non-Defaulting Banks of such reallocation of funding obligations will by themselves cause the relevant Defaulting Bank to become a Non-Defaulting Bank). Any determination that a Bank is a Defaulting Bank under clauses (i) through (iv) above will be made by the Administrative Agent in its sole discretion acting in good faith. The Administrative Agent will promptly send to all parties hereto a copy of any notice to the Borrower provided for in this definition.

"**Deficiency Amount**" as defined in Section 2.4(k).

"**Deposit Account**" means a demand, time, savings, passbook or like account with a bank, savings and loan association, credit union or like organization, other than an account evidenced by a negotiable certificate of deposit.

"**Depositary Bank**" means Citibank, N.A.

"**Designated Obligations**" means all obligations of the Borrowers with respect to (a) principal of and interest on the Loans and (b) accrued and unpaid fees under the Credit Documents.

"**Determination Date**" means, with respect to any Term Loan Letter of Credit, (i) the most recent date upon which one of the following shall have occurred: (x) the date of issuance of such Term Loan Letter of Credit, (y) the date on which the Issuing Bank was or is, as applicable, required to deliver a notice of non-renewal with respect to such Letter of Credit, and (z) the first Business Day of each month, commencing on the first Business Day following the issuance of such Letter of Credit; and (ii) such other date determined by the Administrative Agent in its sole discretion.

"**DIP Credit Agreement**" means the Superpriority Priming Senior Secured Credit and Guaranty Agreement, dated as of March [__], 2010, among Xerium, the guarantors named therein, the several lenders and agent banks from time to time parties thereto, as amended, supplemented, restated or otherwise modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"**DIP Revolving Loans**" means the revolving loans made under the DIP Credit Agreement.

"**DIP Term Loan Deposit Account**" means the deposit account maintained by the agent under the DIP Credit Agreement and referred therein as the "Term Loan Deposit Account".

"**DIP Term Loans**" means the term loans made under the DIP Credit Agreement.

"Disclosure Statement" means that certain disclosure statement related to the Plan of Reorganization and filed by the Debtors with the Bankruptcy Court on [_____], 2010, as amended, restated, supplemented or otherwise modified prior to the Closing Date.

"**Dollar Equivalent**" means (i) with respect to all matters other than the Letters of Credit, (x) with respect to any amount denominated in Dollars, such amount and (y) with respect to any

amount denominated in an Alternative Currency, the amount converted into Dollars using the 12:00 p.m. New York CitiFx Benchmark rate for such Alternative Currency on such day or, if such day is not a Business Day, on the immediately preceding Business Day and (ii) with respect to the Letters of Credit issued (x) in Dollars, such amount on any Determination Date and (y) in an Alternative Currency, the amount converted into Dollars using the 12:00 p.m. New York CitiFx Benchmark rate for such Alternative Currency on such Determination Date or, if such day is not a Business Day, on the immediately preceding Business Day.

"**Dollars**" and the sign "**$**" mean the lawful money of the United States of America.

"**Domestic Subsidiary**" means any Subsidiary organized under the laws of the United States of America, any State thereof or the District of Columbia.

"**Effective Date**" means the date that is determined to be the "Effective Date" of and as defined in the Plan of Reorganization.

"**Eligible Assignee**" means (i) any Bank, any Affiliate of any Bank and any Related Fund (any two or more Related Funds being treated as a single Eligible Assignee for all purposes hereof), and (ii) any commercial bank, financial institution, trust fund, insurance company, investment or mutual fund or other entity that is an "accredited investor" (as defined in Regulation D under the Securities Act) and which extends credit or buys loans as one of its businesses or in the ordinary course or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets; neither Xerium nor any Affiliate of Xerium (other than a Closing Date Bank Affiliate) shall be an Eligible Assignee.

"**Employee Benefit Plan**" means any "employee benefit plan" as defined in Section 3(3) of ERISA which is or, within the preceding six years, was sponsored, maintained or contributed to by, or required to be contributed by, Xerium, any of its Subsidiaries or any of their respective ERISA Affiliates.

"**Environmental Claim**" means any investigation, notice, notice of violation, claim, action, suit, proceeding, demand, abatement order or other order or directive (conditional or otherwise), by any Governmental Authority or any other Person, arising (i) pursuant to or in connection with any actual or alleged violation of any Environmental Law; (ii) in connection with any Hazardous Material or any actual or alleged Hazardous Materials Activity; or (iii) in connection with any actual or alleged damage, injury, threat or harm to health, safety, natural resources or the environment.

"**Environmental Laws**" means any and all current or future foreign or domestic, federal, provincial or state (or any subdivision of either of them), statutes, ordinances, orders, rules, regulations, judgments, Governmental Authorizations, or any other requirements of Governmental Authorities relating to (i) environmental matters, including those relating to any Hazardous Materials Activity; (ii) the generation, use, storage, transportation or disposal of Hazardous Materials; or (iii) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health or welfare, in any manner applicable to Xerium or any of its Subsidiaries or any Facility.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor thereto.

"**ERISA Affiliate**" means, as applied to any Person, (i) any corporation which is a member of a controlled group of corporations within the meaning of Section 414(b) of the Internal Revenue Code of which that Person is a member; (ii) any trade or business (whether or not incorporated) which is a member of a group of trades or businesses under common control within the meaning of Section 414(c) of the Internal Revenue Code of which that Person is a member; and (iii) any member of an affiliated service group within the meaning of Section 414(m) or (o) of the Internal Revenue Code of which that Person, any corporation described in clause (i) above or any trade or business described in clause (ii) above is a member. Any former ERISA Affiliate of Xerium or any of its Subsidiaries shall continue to be considered an ERISA Affiliate of Xerium or any such Subsidiary within the meaning of this definition with respect to the period such entity was an ERISA Affiliate of Xerium or such Subsidiary and with respect to liabilities arising after such period for which Xerium or such Subsidiary could be liable under the Internal Revenue Code or ERISA.

"**ERISA Event**" means (i) a "reportable event" within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any Pension Plan (excluding those for which the provision for 30 day notice to the PBGC has been waived by regulation under subsections .21, .22, .23, .27, .28, .29, .31 and .32); (ii) the failure to meet the minimum funding standard of or other requirements of Section 412, 430 or 436 of the Internal Revenue Code with respect to any Pension Plan (whether or not waived), the failure to meet the funding standards or other requirements of Section 431 or 432 of the Internal Revenue Code with respect to any Multiemployer Plan or the failure to make by its due date any required installment, contribution or premium payment to or in respect of any Pension Plan or Multiemployer Plan; (iii) the provision by the administrator of any Pension Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distress termination described in Section 4041(c) of ERISA; (iv) the withdrawal by Xerium, any of its Subsidiaries or any of their respective ERISA Affiliates from any Pension Plan with two or more contributing sponsors or the termination of any such Pension Plan resulting in liability to Xerium, any of its Subsidiaries or any of their respective Affiliates pursuant to Section 4063 or 4064 of ERISA; (v) the institution by the PBGC of proceedings to terminate any Pension Plan, or the occurrence of any event or condition which could reasonably be expected to constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (vi) the imposition of liability on Xerium, any of its Subsidiaries or any of their respective ERISA Affiliates pursuant to Section 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (vii) the withdrawal of Xerium, any of its Subsidiaries or any of their respective ERISA Affiliates in a complete or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential liability therefor, or the receipt by Xerium, any of its Subsidiaries or any of their respective ERISA Affiliates of notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA, or that is in endangered, seriously endangered or critical status pursuant to Section 432 of the Internal Revenue Code or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA; or (viii) the imposition of a Lien pursuant to Section 401(a)(29) or 412(n) of the Internal Revenue Code or pursuant to ERISA with respect to

any Pension Plan; provided that, notwithstanding the forgoing, the filing and continuation of the Bankruptcy Cases shall not constitute an ERISA Event.

"**Event of Default**" means each of the conditions or events set forth in Section 8.1.

"**Excess Cash**" means commencing with Fiscal Year 2011, with respect to any period, the total of (A) the sum, without duplication, of (i) Adjusted EBITDA for such period and (ii) the Consolidated Working Capital Adjustment minus (B) the sum, without duplication, for such period of: (i) Consolidated Interest Expense paid in cash, (ii) cash income tax expense, net of cash income tax refunds and cash income tax rebates received by Xerium and its Subsidiaries, (iii) Consolidated Capital Expenditures (except to the extent (I) financed or refinanced with an incurrence of Indebtedness, until such Indebtedness is repaid (other than through the refinancing thereof), (II) financed with insurance or condemnation proceeds or (III) financed with the cash proceeds from any Asset Sale) permitted under Section 6.8(d), (iv) Consolidated Operational Restructuring Costs paid in cash, (v) cash payments of withholding taxes from proceeds of the repurchase, redemption or retention of Common Stock permitted under Section 6.5(c) and (vi) scheduled amortization payments of Debt permitted under this Agreement.

"**Excess Amount**" as defined in Section 2.4(k).

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

"**Existing Letters of Credit**" as defined in Section 2.4(c).

"**Excluded Taxes**" as defined in Section 2.19(a).

"**Facility**" means any real property (including all buildings, fixtures or other improvements located thereon) now, hereafter or heretofore owned, leased, operated or used by Xerium or any of its Subsidiaries or any of their respective predecessors or Affiliates.

"**Facility Office**" means the office or offices notified by a Bank or the Issuing Bank to the Administrative Agent in writing on or before the date it becomes a Bank or the Issuing Bank (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"**Factoring Agreements**" means those certain agreements set forth on Schedule 1.1(a) and provided to the Administrative Agent and its counsel, providing for Xerium or any of its Subsidiaries to sell or otherwise dispose of any receivable:

(A) on arm's length terms for cash payable at the time of disposal in accordance with the terms of the Japanese Promissory Note Discounting Facilities as in effect on the date hereof, provided that the maximum aggregate amount of receivables which have been so sold or disposed of and which remain outstanding (other than as a result of a default by the relevant debtor) does not exceed ¥1,500,000,000 at any time; or

(B) on non-recourse (as regards default by the relevant debtor(s)) and arm's length terms for cash payable at the time of disposal by Huyck.Wangner Australia Pty

Limited in respect of customer-provided letters of credit, provided that the maximum aggregate amount of receivables which have been so sold or disposed of and which remain outstanding (other than as a result of a default by the relevant debtor) does not exceed AUD 7,500,000 at any time.

"**Federal Funds Effective Rate**" means, for any day, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if such day is not a Business Day, the Federal Funds Effective Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Effective Rate for such day shall be the average rate quoted to the Administrative Agent on such day on such transactions as determined by the Administrative Agent.

"**Fee Letters**" means collectively, any fee letter between the Borrower or any Credit Party on the one hand and any of the Agents or the Lead Arranger on the other hand.

"**Financial Officer Certification**" means, with respect to the financial statements for which such certification is required, the certification of the chief financial officer of Xerium that such financial statements fairly present, in all material respects, the financial condition of Xerium and its Subsidiaries as of the dates indicated and the results of their operations and their cash flows for the periods indicated, subject to changes resulting from audit and normal year end adjustments.

"**First Currency**" as defined in Section 10.4(b).

"**First Priority**" means, with respect to any Lien purported to be created in any Collateral pursuant to any Collateral Document, that such Lien is the only Lien to which such Collateral is subject, other than Permitted Liens which are junior in priority to the Collateral Agent's Lien on such Collateral.

"**Fiscal Quarter**" means a fiscal quarter of any Fiscal Year.

"**Fiscal Year**" means the fiscal year of Xerium and its Subsidiaries ending on December 31 of each calendar year.

"**Flood Hazard Property**" means any Real Estate Asset subject to a mortgage in favor of Collateral Agent, for the benefit of the Banks, and located in an area designated by the Federal Emergency Management Agency or other Governmental Authority as having special flood or mud slide hazards.

"**Foreign Subsidiary**" means any Subsidiary that is not a Domestic Subsidiary.

"**Formalities Certificate**" means a Formalities Certificate substantially in the form of Exhibit L.

"**Fraudulent Transfer Laws**" as defined in Section 2.25(a).

"**French Guarantor**" as defined in Section 7.14(d).

"**Funding Borrower**" as defined in Section 2.25(b).

"**Funding Default**" means a default by a Bank in its obligation to fund any Revolving Loan or its portion of any unreimbursed payment under Section 2.2(b)(iv) or 2.4(g).

"**Funding Notice**" means a notice substantially in the form of Exhibit A 1.

"**FX Currency Losses**" means any losses incurred by the Issuing Bank as a result of purchasing currencies other than Dollars or exchanging Dollars into another currency in connection with any drawing under any Term Loan Letter of Credit.

"**GAAP**" means, subject to the limitations on the application thereof set forth in Section 1.2, for Xerium and its Subsidiaries, United States generally accepted accounting principles in effect as of the date of determination thereof.

"**German Term Loan**" means a German Term Loan deemed made by a Bank to Germany Holdings pursuant to Section 2.1(a)(vi).

"**German Term Loan Amount**" means the principal amount of the German Term Loan a Bank is deemed to have made on the Closing Date. The "German Term Loan Amount" of each Bank, if any, is set forth on Appendix A-6 or in the applicable Assignment Agreement. The aggregate amount of the German Term Loan Amounts as of the Closing Date is set forth on Appendix A-6.

"**German Term Loan Exposure**" means, with respect to any Bank, as of any date of determination, the outstanding principal amount of the German Term Loans of such Bank.

"**German Guarantors**" means Robec Walzen GmbH, formerly known as Stowe Woodward Forschungs- und Entwicklungs GmbH (also as universal successor of Robec GmbH), Stowe Woodward AG, Huyck.Wangner Germany GmbH, formerly known as Wangner Beteiligungsgesellschaft mbH (also as universal successor of Wangner Service GmbH, Wangner Verwaltungsgesellschaft mbH and Wangner Finckh GmbH & Co. KG).

"**Germany Holdings**" as defined in the preamble hereto.

"**Governmental Acts**" means any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority.

"**Governmental Authority**" means any federal, provincial, state, municipal, national or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or any foreign entity or government.

"**Governmental Authorization**" means any permit, license, authorization, plan, directive, consent order or consent decree of or from any Governmental Authority.

"**Grantor**" as defined in the Pledge and Security Agreement.

"**Guaranteed Obligations**" as defined in Section 7.1(b).

"**Guarantor**" means each Non-US Guarantor and each US Guarantor.

"**Guarantor Subsidiary**" means each Guarantor other than Xerium.

"**Guaranty**" means the guaranty of each Guarantor set forth in Section 7 or any other guaranty which purports to guaranty all or a portion of the Obligations.

"**Hazardous Materials**" means any chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Authority or which may or could pose a hazard to the health and safety of the owners, occupants or any Persons in the vicinity of any Facility or to the indoor or outdoor environment.

"**Hazardous Materials Activity**" means any past, current, proposed or threatened activity, event or occurrence involving any Hazardous Materials, including the use, manufacture, possession, storage, holding, presence, existence, location, Release, threatened Release, discharge, placement, generation, transportation, processing, construction, treatment, abatement, removal, remediation, disposal, disposition or handling of any Hazardous Materials, and any corrective action or response action with respect to any of the foregoing.

"**Hedging Obligations**" means, with respect to any Person, the obligations of such Person under (i) currency exchange, interest rate or commodity swap agreements, currency exchange, interest rate or commodity cap agreements and currency exchange, interest rate or commodity collar agreements entered into with a Bank Counterparty in Xerium's or any of its Subsidiaries' Ordinary Course and not for speculative purposes and (ii) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates or commodity prices entered into with a Bank Counterparty in Xerium's or any of its Subsidiaries' Ordinary Course and not for speculative purposes.

"**Highest Lawful Rate**" means the maximum lawful interest rate, if any, that at any time or from time to time may be contracted for, charged, or received under the laws applicable to any Bank which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum non-usurious interest rate than applicable laws now allow.

"**Historical Financial Statements**" means as of the Closing Date, (i) the audited financial statements of Xerium and its Subsidiaries, for the immediately preceding three Fiscal Years, consisting of balance sheets and the related consolidated statements of income, stockholders' equity and cash flows for such Fiscal Years, and (ii) the unaudited financial statements of Xerium and its Subsidiaries as at the most recently ended Fiscal Quarter, consisting of a balance sheet and the related consolidated statements of income, stockholders' equity and cash flows for the three , six or nine month period, as applicable, ending on such date, and, in the

case of clauses (i) and (ii), certified by the chief financial officer of Xerium that they fairly present, in all material respects, the financial condition of Xerium and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated, subject to changes resulting from audit and normal year end adjustments.

"**Huyck Austria**" as defined in the preamble hereto.

"**Increased Cost Banks**" as defined in Section 2.24.

"**Indebtedness**" means, with respect to any Person, the principal and premium (if any) of any indebtedness of such Person, whether or not contingent: (i) in respect of borrowed money, (ii) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof), (iii) representing the deferred and unpaid purchase price of any property, other than trade payables incurred in the Ordinary Course, (iv) in respect of Capitalized Lease Obligations, (v) the direct or indirect guaranty, endorsement (other than for collection or deposit in the Ordinary Course), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another, (vi) any obligation of such Person the primary purpose or intent of which is to provide assurance to an obligee that the obligation of the obligor thereof will be paid or discharged, or any agreement relating thereto will be complied with, or the holders thereof will be protected (in whole or in part) against loss in respect thereof or (vii) representing any Hedging Obligations, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability on a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP. To the extent not otherwise included, Indebtedness shall include (a) any obligation of such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the Indebtedness of another Person (other than by endorsement of negotiable instruments for collection in the Ordinary Course), and (b) Indebtedness of another Person secured by a Lien on any asset owned by such Person (whether or not such Indebtedness is assumed by such Person); provided, however, that the amount of such Indebtedness will be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness of such other Person. Notwithstanding the foregoing, any obligation of such Person or any of its Subsidiaries in respect of (x) minimum guaranteed commissions, or other similar payments, to clients, minimum returns to clients or stop loss limits in favor of clients or indemnification obligations to clients, in each case pursuant to contracts to provide services to clients entered into in the Ordinary Course, and (y) account credits to participants under any compensation plan, shall be deemed not to constitute Indebtedness.

"**Indemnified Liabilities**" means, collectively, any and all liabilities, obligations, losses, damages (including natural resource damages), penalties, claims (including Environmental Claims), costs (including the costs of any investigation, study, sampling, testing, abatement, cleanup, removal, remediation or other response action necessary to remove, remediate, clean up or abate any Hazardous Materials Activity), expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened by any Person, whether or not any such Indemnitee shall be designated as a party or a potential party thereto, and any fees or expenses incurred by Indemnitees in enforcing this

indemnity), whether direct, indirect or consequential and whether based on any federal, provincial, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations and Environmental Laws and including any fees or expenses resulting from changes in laws in effect on the date of this Agreement), on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by, or asserted against any such Indemnitee, in any manner relating to or arising out of (i) this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby (including the Banks' agreement to make a Credit Extension or the use or intended use of the proceeds thereof, or any enforcement of any of the Credit Documents (including any sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty)); or (ii) any Environmental Claim or any Hazardous Materials Activity relating to or arising from, directly or indirectly, any past or present activity, operation, land ownership, or practice of Xerium or any of its Subsidiaries.

"**Indemnified Taxes**" as defined in Section 2.20(a).

"**Indemnitee**" as defined in Section 10.4.

"**Information**" as defined in Section 10.18.

"Initial Business Plan" means the business plan of Xerium and its Subsidiaries delivered in connection with the closing of the DIP Credit Agreement and attached hereto as Exhibit M.

"**Intercreditor Agreement**" means the Intercreditor Agreement to be executed and delivered by the Administrative Agent and the Collateral Agent, the Second Lien Agent and the Credit Parties, substantially in the form of Exhibit K, as amended, restated, modified and supplemented from time to time.

"**Interest Coverage Ratio**" means, with respect to Xerium for any period, the ratio of (A) the Adjusted EBITDA for the four-Fiscal Quarters period then ending to (B) the Consolidated Interest Expense for the four-Fiscal Quarters then ending; provided, that in computing Consolidated Interest Expense for any period commencing on or prior to the Closing Date and ending as of the close of any Fiscal Quarter on or prior to the first anniversary of the Closing Date, Consolidated Interest Expense for such period shall equal the product of (x) Consolidated Interest Expense for the period commencing on the first day of the first full calendar month following the Closing Date and ending on the last day of such Fiscal Quarter multiplied by (y) a fraction, the numerator of which is equal to 365 and the denominator of which is equal to the number of days that have elapsed in such period commencing on the first day of the first full calendar month following the Closing Date and ending on the last day of such Fiscal Quarter.

"**Interest Payment Date**" means (i) with respect to any LIBOR Loan, the last day of each Interest Period applicable to such LIBOR Loan, provided, in the case of each Interest Period of longer than three months "Interest Payment Date" shall also include each date that is three months, or an integral multiple thereof, after the commencement of such Interest Period and (ii) with respect to any ABR Loan, the 15th day of each March, June, September and

December, commencing on the first such day following the making of such ABR Loan or conversion from a LIBOR Loan to an ABR Loan.

"**Interest Period**" means, in connection with a LIBOR Loan, an interest period of one, two, three or six months, as selected by each Borrower in the applicable Funding Notice or Conversion/Continuation Notice, (i) initially, commencing on the Credit Date or Conversion/Continuation Date thereof, as the case may be; and (ii) thereafter, commencing on the day on which the immediately preceding Interest Period expires; provided, (a) if an Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; (b) no Interest Period with respect to any portion of Term Loans shall extend beyond the Term Loan Maturity Date; (c) no Interest Period with respect to any portion of Revolving Loans shall extend beyond the Revolving Commitment Termination Date; and (d) all interest periods of the same currency having the same commencing date and expiration date shall be considered one Interest Period.

"**Interest Rate Agreement**" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement or other similar agreement or arrangement, each of which is for the purpose of hedging the interest rate exposure associated with Xerium's and its Subsidiaries' operations and not for speculative purposes.

"**Interest Rate Determination Date**" means, with respect to any Interest Period the date that is two Business Days prior to the first day of such Interest Period.

"**Internal Revenue Code**" means the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter, and any successor statute.

"**Investment**" means (i) any direct or indirect purchase or other acquisition by Xerium or any of its Subsidiaries of, or of a beneficial interest in, any of the Securities of any other Person (other than Xerium, any other Borrower or a Guarantor Subsidiary); (ii) any direct or indirect redemption, retirement, purchase or other acquisition for value, by any Subsidiary of Xerium from any Person (other than Xerium, any other Borrower or a Guarantor Subsidiary), of any Capital Stock of such Person; and (iii) any direct or indirect loan, advance (other than advances to employees for moving, entertainment and travel expenses, drawing accounts and similar expenditures in the Ordinary Course) or capital contribution by Xerium or any of its Subsidiaries to any other Person (other than Xerium, any other Borrower or a Guarantor Subsidiary), including all indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the Ordinary Course. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write ups, write downs or write offs with respect to such Investment.

"**Investment Cash Equivalents**" means (i) Dollars and, only if Section 2.4(n)(iii) is applicable, Alternative Currencies, (ii) securities issued or directly and fully guaranteed or insured by the US government or any agency or instrumentality thereof, (iii) certificates of deposit, time deposits and Eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and surplus in excess of

$1.0 billion and whose long-term debt is rated at least "A" or the equivalent thereof by Moody's or S&P, (iv) repurchase obligations for underlying securities of the types described in clauses (ii) and (iii) above entered into with any financial institution meeting the qualifications specified in the immediately preceding clause, (v) commercial paper issued by a corporation (other than an Affiliate of the Borrower) rated at least "A-2" or the equivalent thereof by Moody's or S&P and in each case maturing within one year after the date of acquisition, (vi) investment funds investing substantially all of their assets in securities of the types described in clauses (i) through (v) above, (vii) readily marketable direct obligations issued by any state of the United States or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's or S&P and (viii) money market funds as defined in Rule 2a-7 of the General Rules and Regulations as promulgated under the Investment Company Act of 1940.

"**Issuance Notice**" means an Issuance Notice substantially in the form of Exhibit A 3.

"**Issuing Bank**" means Citicorp North America, Inc., together with its permitted successors and assigns in such capacity.

"**Italia SpA**" as defined in the preamble hereto.

"**Italia Term Loan**" means an Italia Term Loan deemed made by a Bank to Italia SpA pursuant to Section 2.1(a)(iii).

"**Italia Term Loan Amount**" means the principal amount of the Italia Term Loan a Bank is deemed to have made on the Closing Date. The "Italia Term Loan Amount" of each Bank, if any, is set forth on Appendix A-3 or in the applicable Assignment Agreement. The aggregate amount of the Italia Term Loan Amounts as of the Closing Date is set forth on Appendix A-3.

"**Italia Term Loan Exposure**" means, with respect to any Bank, as of any date of determination, the outstanding principal of the Italia Term Loans of such Bank.

"**Joint Venture**" means a joint venture, partnership or other similar arrangement, whether in corporate, partnership or other legal form; provided, in no event shall any corporate Subsidiary of any Person be considered to be a Joint Venture to which such Person is a party.

"**Landlord Consent and Estoppel**" means, with respect to any Leasehold Property, a letter, certificate or other instrument in writing from the lessor under the related lease, pursuant to which, among other things, the landlord consents to the granting of a Mortgage on such Leasehold Property by the Credit Party tenant, such Landlord Consent and Estoppel to be in form and substance acceptable to Collateral Agent in its reasonable discretion, but in any event sufficient for Collateral Agent to obtain a Title Policy with respect to such Mortgage.

"**Landlord Personal Property Collateral Access Agreement**" means a Landlord Waiver and Consent Agreement substantially in the form of Exhibit K with such amendments or modifications as may be approved by Collateral Agent.

"**Lead Arranger**" as defined in the preamble hereto.

"**Leasehold Property**" means any leasehold interest of any Credit Party as lessee under any lease of real property, other than any such leasehold interest designated from time to time by Collateral Agent in its sole discretion as not being required to be included in the Collateral.

"**Letter of Credit**" means each Revolving Letter of Credit and Term Loan Letter of Credit, including the Existing Letters of Credit.

"**Letter of Credit Exposure**" means, as at any date of determination, the sum of (i) the aggregate undrawn amount under all Revolving Letters of Credit then outstanding, and (ii) the aggregate amount of all Unpaid Drawings.

"**Letter of Credit Usage**" means, as at any date of determination, the sum of (i) the maximum aggregate amount which is, or at any time thereafter may become, available for drawing under all Revolving Letters of Credit then outstanding, and (ii) the aggregate amount of all drawings under Revolving Letters of Credit honored by Issuing Bank and not theretofore reimbursed by or on behalf of each Borrower.

"**Leverage Ratio**" means, with respect to Xerium on any date, the ratio of (A) the Debt of Xerium and its Subsidiaries as of such date to (B) the Adjusted EBITDA of Xerium and its Subsidiaries for the period of four consecutive Fiscal Quarters ending on such date (or if such date is not the last day of a Fiscal Quarter of Xerium, for the period of four consecutive Fiscal Quarters most recently ended).

"**LIBOR**" means, in relation to any LIBOR Loan, the greater of:

(i) (a) the applicable Screen Rate; or (b) (if no Screen Rate is available for the currency or Interest Period of that LIBOR Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Administrative Agent at its request quoted by the Reference Banks to leading banks in the London interbank market, as of approximately 11:00 a.m. (London time) on the Interest Rate Determination Date for the offering of deposits in the currency of that LIBOR Loan and for a period comparable to the Interest Period for that LIBOR Loan; and

(ii) 2.00%.

"**LIBOR Loan**" means a Loan or any portion thereof bearing interest by reference to the LIBOR Rate.

"**LIBOR Rate**" means the rate of interest for each Interest Period that is equal to the interest rate per annum which is the aggregate of the applicable LIBOR determined interest rate.

"**Lien**" means (i) any lien, mortgage, pledge, assignment, security interest, charge or encumbrance of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, and any lease in the nature thereof) and any option, trust or other preferential arrangement having the practical effect of any of the foregoing and (ii) in the case of Securities, any purchase option, call or similar right of a third party with respect to such Securities.

"**Loan**" means a Term Loan and a Revolving Loan.

"**Margin Stock**" as defined in Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"**Material Adverse Effect**" means any effect, event, matter or circumstance: (a) which is materially adverse to the: (i) business, assets or financial condition or prospects of Xerium and its Subsidiaries taken as a whole; or (ii) ability of any Credit Party to perform any of its Obligations in accordance with their terms under any of the Credit Documents; or (b) which in the reasonable opinion of the Requisite Banks results in any (i) Credit Document not being legal, valid and binding on and, subject to reservations contained in the legal opinions provided as conditions precedent thereto, enforceable against any party thereto from and after the Effective Date and/or (ii) Collateral Document not being a valid and effective security interest from and after the Effective Date, provided that the Bankruptcy Cases shall not be deemed to constitute an impediment to enforcement, and in the case of (b), in each case in a manner or to an extent materially prejudicial to the interest of any Bank under the Credit Documents.

"**Material Contract**" means any contract or other arrangement to which Xerium or any of its Subsidiaries is a party (other than the Credit Documents) for which breach, non-performance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect.

"**Material Real Estate Asset**" means (i) (a) any fee-owned Real Estate Asset having a fair market value in excess of $1,000,000 as of the date of the acquisition thereof and (b) all Leasehold Properties other than those with respect to which the aggregate payments under the terms of the lease are less than $500,000 per annum, in each case located in the United States, Canada and the United Kingdom or (ii) any Real Estate Asset that the Requisite Banks have reasonably determined is material to the business, operations, properties, assets, condition (financial or otherwise) or prospects of Xerium or any Subsidiary thereof, including each Borrower.

"**Maximum Consolidated Capital Expenditures**" as defined in Section 6.8(d).

"**Maximum Consolidated Operational Restructuring Costs**" means the following amounts set forth below opposite the applicable Fiscal Year:

Fiscal Year	Maximum Consolidated Operational Restructuring Costs
2010	$15,000,000
2011	$6,000,000
2012 and each Fiscal Year thereafter	$5,000,000

provided, that the Maximum Consolidated Operational Restructuring Costs for any Fiscal Year shall be increased by an amount equal to 50% of the portion of Maximum Consolidated Operational Restructuring Costs not incurred in the immediately preceding Fiscal Year (the "**Carry-Forward Amount**"); provided, further, that any Carry-Forward Amount not incurred in the applicable Fiscal Year shall not be added to the amount of Maximum Consolidated Operational Restructuring Costs for the immediately succeeding Fiscal Year.

"**Mexican Guarantor**" means each Guarantor incorporated in Mexico.

"**Mexico**" means the United Mexican States.

"**Moody's**" means Moody's Investors Service, Inc.

"**Mortgage**" means a Mortgage substantially in the form of Exhibit J, as it may be amended, supplemented or otherwise modified from time to time.

"**Multiemployer Plan**" means any Employee Benefit Plan which is a "multiemployer plan" as defined in Section 3(37) or 4001(a)(3) of ERISA.

"**NAIC**" means The National Association of Insurance Commissioners, and any successor thereto.

"**Net Asset Sale Proceeds**" means, with respect to any Asset Sale, an amount equal to: (i) Cash payments (including any Cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) received by Xerium or any of its Subsidiaries from such Asset Sale, minus (ii) any bona fide direct costs (including, without limitation, reasonable transaction costs) incurred in connection with such Asset Sale, including (a) income or gains taxes payable by the seller as a result of any gain recognized in connection with such Asset Sale, (b) payment of the outstanding principal amount of, premium or penalty, if any, and interest on any Indebtedness (other than the Loans) that is secured by a Lien on the stock or assets in question and that is required to be repaid under the terms thereof as a result of such Asset Sale and (c) a reasonable reserve for any indemnification payments (fixed or contingent) attributable to seller's indemnities and representations and warranties to purchaser in respect of such Asset Sale undertaken by Xerium or any of its Subsidiaries in connection with such Asset Sale.

"**Net Insurance/Condemnation Proceeds**" means an amount equal to: (i) any Cash payments or proceeds received by Xerium or any of its Subsidiaries (a) under any casualty insurance policy in respect of a covered loss thereunder (excluding proceeds of business interruption insurance) or (b) as a result of the taking of any assets of Xerium or any of its Subsidiaries by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking, minus (ii) (a) any actual and reasonable costs incurred by Xerium or any of its Subsidiaries in connection with the adjustment or settlement of any claims of Xerium or such Subsidiary in respect thereof, and (b) any bona fide direct costs incurred in connection with any sale of such assets as referred to in clause (i)(b) of this definition, including income taxes payable as a result of any gain recognized in connection therewith.

"**Non-Consenting Bank**" as defined in Section 2.24.

"**Non-Defaulting Bank**" means, at any time, a Bank that is not a Defaulting Bank or a Potential Defaulting Bank.

"**Non-US Aggregate Payments**" as defined in 7.2(a).

"**Non-US Bank**" as defined in Section 2.20(c).

"**Non-US Borrower**" means each Borrower other than Xerium and XTI.

"**Non-US Credit Party**" means each Non-US Borrower and each Non-US Guarantor.

"**Non-US Contributing Guarantor**" as defined in Section 7.2(a).

"**Non-US Fair Share**" as defined in Section 7.2(a).

"**Non-US Fair Share Contribution Amount**" as defined in Section 7.2(a).

"**Non-US Funding Guarantor**" as defined in Section 7.2(a).

"**Non-US Guaranteed Obligations**" as defined in Section 7.1(a).

"**Non-US Guarantor**" means each Guarantor listed as a Non-US guarantor in Schedule 1.1(b) and any other Foreign Subsidiary that becomes a party to the Guaranty.

"**Non-US Obligations**" mean the Obligations of the Non-US Borrowers and the Non-US Guarantors.

"**Notice**" means a Funding Notice, an Issuance Notice, or a Conversion/Continuation Notice.

"**Obligation Aggregate Payments**" as defined in Section 2.25(b).

"**Obligation Fair Share**" as defined in Section 2.25(b).

"**Obligation Fair Share Contribution Amount**" as defined in Section 2.25(b).

"**Obligation Fair Share Shortfall**" as defined in Section 2.25(b).

"**Obligations**" means all obligations of every nature of a US Credit Party or a Non-US Credit Party, as the case may be, from time to time owed to the Agents (including former Agents), the Banks, or any of them, any Issuing Bank and Bank Counterparties, including Hedging Obligations, under any Credit Document or the applicable documents creating the Hedging Obligations (including, without limitation, with respect to Hedging Obligations, obligations owed to any person who was a Bank or an Affiliate of a Bank at the time such Hedging Obligation was incurred), whether for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to such Credit Party, would have accrued on any Obligation, whether or not a claim is allowed against such Credit Party for such interest in

the related bankruptcy proceeding), reimbursement of amounts drawn under Letters of Credit, payments for early termination of Hedging Obligations, fees, expenses, indemnification or otherwise.

"**Obligee Guarantor**" as defined in Section 7.7.

"**Officers' Certificate**" means a certificate signed on behalf of Xerium by two officers of Xerium, one of whom must the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of Xerium.

"**Ordinary Course**" means ordinary course of business or ordinary trade activities that are customary, typical and carried out in a manner consistent with past practice.

"**Organizational Documents**" means (i) with respect to any corporation, its certificate or articles of incorporation or organization, as amended, and its bylaws, as amended, and with respect to a German stock corporation (*Aktiengesellschaft*) an excerpt from the commercial register (*Handels-registerauszug*) (ii) with respect to any limited partnership, its certificate of limited partnership, as amended, and its partnership agreement, as amended, and with respect to a German limited partnership (*Kommanditgesellschaft*) an excerpt from the commercial register (Handels-registerauszug), (iii) with respect to any general partnership, its partnership agreement, as amended, and with respect to a German limited partnership (*Kommanditgesellschaft*) an excerpt from the commercial register (*Handels-registerauszug*), (iv) with respect to any limited liability company, its articles of organization, as amended, and its operating agreement, as amended, and with respect to a German limited liability company (GmbH) its list of shareholders (*Gesellschafterliste*) an excerpt from the commercial register (*Handels-registerauszug*), and (v) with respect to any other Foreign Subsidiary or entity, its memorandum or articles of association or other constitutional documents. In the event any term or condition of this Agreement or any other Credit Document requires any Organizational Document to be certified by a secretary of state or similar governmental official, the reference to any such "Organizational Document" shall only be to a document of a type customarily certified by such governmental official.

"**Parallel Obligations**" as defined in Section 7.13(a)(i).

"**Parent Company**" means, with respect to a Bank, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Bank and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Bank.

"**Patriot Act**" as defined in Section 10.21.

"**PBGC**" means the Pension Benefit Guaranty Corporation or any successor thereto.

"**Pension Plan**" means any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to Section 412 of the Internal Revenue Code or Section 302 of ERISA which is or, within the preceding six years, was sponsored, maintained or contributed to by, or required to be contributed by, Xerium, any of its Subsidiaries or any of its ERISA Affiliates.

"**Permitted Acquisition**" means any acquisition by a Borrower or any of its wholly owned Subsidiaries, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all or substantially all of the Capital Stock of, or a business line or unit or a division of, any Person; provided,

(i) immediately prior to, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(ii) all transactions in connection therewith shall be consummated, in all material respects, in accordance with all applicable laws and in conformity with all applicable Governmental Authorizations;

(iii) in the case of the acquisition of Capital Stock, all of the Capital Stock (except for any such Securities in the nature of directors' qualifying shares required pursuant to applicable law) acquired or otherwise issued by such Person or any newly formed Subsidiary of a Borrower in connection with such acquisition shall be owned (directly or indirectly) 100% by a Borrower or a Guarantor Subsidiary thereof; provided such Guarantor Subsidiary shall not have any limitations in respect of its guaranty of the Obligation similar to those set forth in Section 7.14, and each Borrower shall have taken, or caused to be taken, as of the date such Person becomes a Subsidiary of each Borrower, each of the actions set forth in Sections 5.10 and/or 5.11, as applicable;

(iv) Xerium and its Subsidiaries shall be in compliance with the financial covenants set forth in Section 6.8 on a pro forma basis after giving effect to such acquisition as of the last day of the Fiscal Quarter most recently ended (as determined in accordance with Section 6.8(e));

(v) there are no material contingent liabilities (including, without limitation, Environmental Claims, but excluding for this purpose Ordinary Course Tax liabilities) relating to the company or business acquired;

(vi) Xerium shall have delivered to Administrative Agent at least fifteen (15) Business Days prior to such proposed acquisition, a Compliance Certificate evidencing compliance with Section 6.8 as required under clause (iv) above, together with all relevant financial information with respect to such acquired assets, including, without limitation, the aggregate consideration for such acquisition and any other information required to demonstrate compliance with Section 6.8; and

(vii) any Person or assets or division as acquired in accordance herewith (x) shall be in the same business or lines of business in which Xerium and/or any of its Subsidiaries are engaged as of the Closing Date and (y) shall have generated positive cash flow for the four quarter period most recently ended prior to the date of such acquisition adjusted on a pro forma basis as certified by the Chief Financial Officer of Xerium.

"**Permitted Liens**" means each of the Liens permitted pursuant to Section 6.2.

"**Permitted Refinancing Indebtedness**" as defined in Section 6.1(p).

"**Person**" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, Joint Ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and Governmental Authorities.

"**Petition Date**" as defined in the recitals.

"**Plan of Reorganization**" means the prepackaged plan of reorganization filed by the Debtors with the Bankruptcy Court on March [_____], 2010, as amended, restated, supplemented or otherwise modified prior to the Closing Date.

"**Plan Supplement**" means the Plan Supplement filed with the Bankruptcy Court in connection with the Plan of Reorganization.

"**Platform**" as defined in Section 5.1(p)(ii).

"**Pledge and Security Agreements**" mean the Pledge and Security Agreement to be executed by each U.S. Credit Party substantially in the form of Exhibit I and each functionally similar agreement executed by any Non-U.S. Credit Party, as each may be amended, supplemented or otherwise modified from time to time.

"**Potential Defaulting Bank**" means, at any time, a Bank (i) as to which the Administrative Agent has notified the Borrower that an event of the kind referred to in the definition of "Bank Insolvency Event" has occurred and is continuing in respect of any financial institution affiliate of such Bank, (ii) as to which the Administrative Agent or the Issuing Bank has in good faith determined and notified the Borrower and the Administrative Agent that such Bank or its Parent Company or a financial institution affiliate thereof has notified the Administrative Agent, or has stated publicly, that it will not comply with its funding obligations under any other loan agreement or credit agreement or similar agreement or (iii) that has, or whose Parent Company has, a non-investment grade rating from Moody's or S&P or another national recognized rating agency. Any determination that a Bank is a Potential Defaulting Bank under any of clauses (i) through (iii) above will be made by the Administrative Agent, in its sole discretion acting in good faith. The Administrative Agent will promptly send to all parties hereto a copy of any notice to the Borrower provided for in this definition.

"**Primary Accounts**" as defined in Section 4.28.

"**Prime Rate**" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective.

"**Principal Office**" means, for each of Administrative Agent and Issuing Bank, such Person's "Principal Office" as set forth on Appendix B, or such other office as such Person may

from time to time designate in writing to each Borrower, the Administrative Agent and each Bank.

"**Pro Rata Share**" means (i) with respect to all payments, computations and other matters relating to the Xerium Term Loan of any Bank, the percentage obtained by dividing (a) the Xerium Term Loan Exposure of that Bank by (b) the aggregate Xerium Term Loan Exposure of all Banks; (ii) with respect to all payments, computations and other matters relating to the XTI Term Loan of any Bank, the percentage obtained by dividing (a) the XTI Term Loan Exposure of that Bank by (b) the aggregate XTI Term Loan Exposure of all Banks; (iii) with respect to all payments, computations and other matters relating to the Italia Term Loan of any Bank, the percentage obtained by dividing (a) the Italia Term Loan Exposure of that Bank by (b) the aggregate Italia Term Loan Exposure of all Banks; (iv) with respect to all payments, computations and other matters relating to the Xerium Canada Term Loan of any Bank, the percentage obtained by dividing (a) the Xerium Canada Term Loan Exposure of that Bank by (b) the aggregate Xerium Canada Term Loan Exposure of all Banks; (v) with respect to all payments, computations and other matters relating to the Austria Term Loan of any Bank, the percentage obtained by dividing (a) the Austria Term Loan Exposure of that Bank by (b) the aggregate Austria Term Loan Exposure of all Banks; (vi) with respect to all payments, computations and other matters relating to the German Term Loan of any Bank, the percentage obtained by dividing (a) the German Term Loan Exposure of that Bank by (b) the aggregate German Term Loan Exposure of all Banks; and (vii) with respect to all payments, computations and other matters relating to the Revolving Commitment or Revolving Loans of any Bank or any Letters of Credit issued or participations purchased therein by any Bank, the percentage obtained by dividing (a) the Revolving Exposure of that Bank by (b) the aggregate Revolving Exposure of all Banks. For all other purposes with respect to each Bank, "Pro Rata Share" means the percentage obtained by dividing (A) an amount equal to the sum of the Xerium Term Loan Exposure, the XTI Term Loan Exposure, the Italia Term Loan Exposure, the Xerium Canada Term Loan Exposure, the Austria Term Loan Exposure, the German Term Loan Exposure and the Revolving Exposure of that Bank, by (B) an amount equal to the sum of the aggregate Xerium Term Loan Exposure, the aggregate XTI Term Loan Exposure, the aggregate Italia Term Loan Exposure, the aggregate Xerium Canada Term Loan Exposure, the aggregate Austria Term Loan Exposure, the aggregate German Term Loan Exposure and the aggregate Revolving Exposure of all Banks.

"**Qualifying Lender**" means:

(a) a Bank which is a bank as defined in Section 991 Income Tax Act 2007 of the United Kingdom, beneficially entitled to all amounts payable to it by a Credit Party under the Credit Documents and within the charge to United Kingdom corporation tax as respects such amounts; or

(b) a bank in respect of which an order under Section 991(2)(e) Income Tax Act 2007 designating it as a bank for the purposes of Section 879 Income Tax Act 2007 of the United Kingdom provides that Section 879 Income Tax Act 2007 shall apply to it as if the words from "if" to the end in that section were omitted; or

(c) a Treaty Lender.

"**Real Estate Asset**" means, at any time of determination, any interest (fee, leasehold or otherwise) then owned by any Credit Party in any real property.

"**Recapitalization**" means the restructuring and recapitalization of the capital stock of Xerium and the Indebtedness of the Debtors and their Subsidiaries pursuant to the Plan of Reorganization.

"**Record Document**" means, with respect to any Leasehold Property, (i) the lease evidencing such Leasehold Property or a memorandum thereof, executed and acknowledged by the owner of the affected real property, as lessor, or (ii) if such Leasehold Property was acquired or subleased from the holder of a Recorded Leasehold Interest, the applicable assignment or sublease document, executed and acknowledged by such holder, in each case in form sufficient to give such constructive notice upon recordation and otherwise in form reasonably satisfactory to Collateral Agent.

"**Recorded Leasehold Interest**" means a Leasehold Property with respect to which a Record Document has been recorded in all places necessary or desirable, in Administrative Agent's reasonable judgment, to give constructive notice of such Leasehold Property to third party purchasers and encumbrancers of the affected real property.

"**Reference Banks**" means, in relation to LIBOR, the principal London offices of Citibank, N.A. and such two other banks as may be appointed by the Administrative Agent in consultation with Xerium.

"**Register**" as defined in Section 2.7(b).

"**Reimbursement Date**" as defined in Section 2.4(e).

"**Related Fund**" means, with respect to any Bank that is an investment fund, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Bank or by an Affiliate of such investment advisor.

"**Release**" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration of any Hazardous Material into the indoor or outdoor environment (including the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Material), including the movement of any Hazardous Material through the air, soil, surface water or groundwater.

"**Replacement Bank**" as defined in Section 2.24.

"**Required Prepayment Date**" as defined in Section 2.15(c).

"**Requisite Banks**" means, collectively (i) one or more Term Loan Banks having or holding Term Loan Exposure and representing more than 50.0% of the sum of the aggregate Term Loan Exposure of all Term Loan Banks and (ii) one or more Revolving Banks having or

holding Revolving Exposure and representing more than 50.0% of the sum of the aggregate Revolving Exposure of all Revolving Banks.

"**Restricted Junior Payment**" means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock of Xerium now or hereafter outstanding, except a dividend payable solely in shares of that class of stock to the holders of that class; (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of stock of Xerium now or hereafter outstanding, except any payment made solely in shares of that class of stock to the holders of that class; (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock of Xerium now or hereafter outstanding; and (iv) any payment or prepayment of principal of, premium, if any, or interest on, or redemption, purchase, retirement, defeasance (including in substance or legal defeasance), sinking fund or similar payment with respect to, any Subordinated Debt, excluding, in respect of this clause (iv), payments in kind.

"**Revolving Bank**" means, at any time, any Bank that has a Revolving Commitment at such time.

"**Revolving Commitment**" means the commitment of a Bank to make or otherwise fund any Revolving Loan and "**Revolving Commitments**" means such commitments of all Banks in the aggregate. The amount of each Bank's Revolving Commitment is set forth on Appendix B or in the applicable Assignment Agreement, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the Revolving Commitments as of the Closing Date is $20,000,000.

"**Revolving Commitment Period**" means the period from the Closing Date to but excluding the Revolving Commitment Termination Date.

"**Revolving Commitment Termination Date**" means the earlier of (i) the date that is three (3) years after the Closing Date, (ii) the date the Revolving Commitments are permanently reduced to zero pursuant to Section 2.13(b) or 2.14, and (iii) the date of the termination of the Revolving Commitments pursuant to Section 8.1.

"**Revolving Exposure**" means, with respect to any Bank as of any date of determination, (i) prior to the termination of the Revolving Commitments, that Bank's Revolving Commitment; and (ii) after the termination of the Revolving Commitments, the sum of (a) the aggregate outstanding principal amount of the Revolving Loans of that Bank and (b) in the case of the Issuing Bank, the aggregate Letter of Credit Exposure in respect of all Revolving Letters of Credit issued by that Bank (net of any participations by other Revolving Banks in such Revolving Letters of Credit), and (c) the aggregate amount of all participations by that Bank in any outstanding Revolving Letters of Credit or any Unpaid Drawing under any Revolving Letter of Credit.

"**Revolving Letter of Credit**" means each commercial or standby letter of credit issued or to be issued by the Issuing Bank pursuant to Section 2.4(a) of this Agreement and in form and substance acceptable to the Issuing Bank and the Administrative Agent.

"**Revolving Letter of Credit Sublimit**" means (i) $3,000,000 for the period from the Closing Date through the one year anniversary of the Closing Date and (b) $7,500,000 thereafter.

"**Revolving Loan**" as defined in Section 2.2(a)(i).

"**Roll-Over Amount**" as defined in Section 6.8(d).

"**S&P**" means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies.

"**Scheduled Term Loan Maturity Date**" means the date that is four and one half (4.5) years after the Closing Date.

"**Screen Rate**" means in relation to LIBOR, the offered rate for deposits in Dollars for the applicable Interest Period appearing on the Reuters Screen LIBOR 01 Page. If such page is replaced or service ceases to be available, the Administrative Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the Banks.

"**Second Currency**" as defined in Section 10.4(b).

"**Second Lien Agent**" means Citicorp North America, Inc., as the administrative agent and the collateral agent for the lenders under the Second Lien Credit Agreement, together with any of its successors and assigns.

"**Second Lien Credit Agreement**" means the Second Amended and Restated Credit and Guaranty Agreement (Second Lien), dated as of [_____], 2010, among the Borrowers, the Guarantors, the several lenders and agent banks from time to time parties thereto and the Second Lien Agent, as amended, supplemented, restated or otherwise modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"**Second Lien Credit Documents**" means the "Credit Documents" as defined in the Second Lien Credit Agreement.

"**Second Lien Obligations**" means the "Obligations" as defined in the Second Lien Credit Agreement.

"**Second Lien Secured Parties**" means the "Secured Parties" as defined in the Second Lien Credit Agreement.

"**Secured Parties**" has the meaning assigned to that term in the Collateral Documents.

"**Securities**" means any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim

certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"**Securities Act**" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"**Solvency Certificate**" means a Solvency Certificate of the chief financial officer of each Borrower substantially in the form of Exhibit N.

"**Solvent**" means, with respect to any Credit Party, that as of the date of determination, both (i) (a) the sum of such Credit Party's debt (including contingent liabilities) does not exceed the present fair saleable value of such Credit Party's present assets; (b) such Credit Party's capital is not unreasonably small in relation to its business as contemplated on the Closing Date and reflected in the Initial Business Plan or with respect to any transaction contemplated or undertaken after the Closing Date; and (c) such Person has not incurred and does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise); and (ii) such Person is "solvent" within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances and by the laws of the jurisdiction where such Credit Party is incorporated, formed or organized. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"**Subject Transaction**" as defined in Section 6.8(e).

"**Subordinated Debt**" means any unsecured subordinated Debt of any Credit Party which meets the requirements of Section 6.1(c).

"**Subsidiary**" means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than 50% of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; provided, in determining the percentage of ownership interests of any Person controlled by another Person, no ownership interest in the nature of a "qualifying share" of the former Person shall be deemed to be outstanding.

"**Sum**" as defined in Section 10.4(b).

"**Swedish Guarantor**" means each Guarantor incorporated in Sweden.

"**Tax**" means any present or future tax, levy, impost, duty, assessment, charge, fee, deduction or withholding of any nature and whatever called, by whomsoever, on whomsoever and wherever imposed, levied, collected, withheld or assessed, whether disputed or not,

including any interest, penalties or additions thereto and any installments in respect thereof; provided, "Tax on the overall net income" of a Person shall be construed as a reference to a Tax imposed by the jurisdiction in which that Person is organized or in which that Person's applicable principal office (and/or, in the case of a Bank, its lending office) is located or in which that Person (and/or, in the case of a Bank, its lending office) is deemed to be doing business on all or part of the net income, profits, or gains (whether worldwide, or only insofar as such income, profits, or gains are considered to arise in or to relate to a particular jurisdiction, or otherwise) of that Person (and/or, in the case of a Bank, its applicable lending office).

"**Tax Confirmation**" means a confirmation by a Bank that it is a 991 Bank.

"**Tax Credit**" means a credit against, relief or remission for or repayment of any Tax.

"**Term LC Deposit Date**" as defined in Section 2.4(k)

"**Term LC Reimbursement Date**" as defined in Section 2.4(i)

"**Term LC Unreimbursed Amount**" as defined in Section 2.4(i)

"**Term LC Collateral Account**" means the deposit account established for the purpose of Cash Collateralizing Xerium's obligations in respect of the letters of credit under the DIP Credit Agreement and, pursuant to the terms hereof, the Term Loan Letters of Credit and shall include any sub-accounts or additional accounts contemplated by Section 2.4(n)(iii).

"**Term Loan**" means a Xerium Term Loan, an XTI Term Loan, an Italia Term Loan, a Xerium Canada Term Loan, an Austria Term Loan or a German Term Loan.

"**Term Loan Amount**" means, as applicable, a Xerium Term Loan Amount, an XTI Term Loan Amount, an Italia Term Loan Amount, a Xerium Canada Term Loan Amount, an Austria Term Loan Amount or a German Term Loan Amount, and "Term Loan Amounts" means such amounts held by all Banks.

"**Term Loan Bank**" means, at any time, any Bank that holds a Term Loan at such time.

"**Term Loan LC Collateral Account Control Agreement"** means the Account Control Agreement (Term Loan LC Collateral Account), dated as of [_____], 2010, among Xerium, the Collateral Agent, the Administrative Agent and Citibank, N.A., as amended, supplemented or otherwise modified from time to time.

"**Term Loan Letter of Credit**" means each commercial or standby letter of credit issued, to be issued or deemed to have been issued by the Issuing Bank pursuant to Section 2.4(b) of this Agreement and in form and substance acceptable to the Issuing Bank and the Administrative Agent.

"**Term Loan Letter of Credit Sublimit**" means $20,000,000.

"**Term Loan Maturity Date**" means the earlier of (i) Scheduled Term Loan Maturity Date, and (ii) the date that all Term Loans shall become due and payable in full hereunder, whether by acceleration or otherwise.

"**Terminated Bank**" as defined in Section 2.24.

"**Title Policy**" as defined in Section 3.1(i).

"**Total Utilization of Revolving Commitments**" means, as at any date of determination, the sum of (i) the aggregate principal amount of all outstanding Revolving Loans (other than Revolving Loans made for the purpose of reimbursing Issuing Bank for any amount drawn under any Letter of Credit, but not yet so applied) and (ii) the Letter of Credit Usage.

"**Treaty Lender**" means a Bank which at the time the payment is made is beneficially entitled to all amounts payable to it under the Credit Documents and is entitled pursuant to the interpretation of the taxation authorities of the jurisdiction from which the payment is made or deemed to be made under a double taxation agreement in force at that date (subject only to the completion of any necessary formalities or administrative procedures, (including, without limitation, the matters referred to in Section 2.20(e)) to receive any payments of principal, interest, fees or other amounts under the Credit Documents without deduction or withholding for or on account of Tax.

"**Type of Loan**" means a LIBOR Loan or an ABR Loan.

"**UCC**" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

"**Unreallocated Portion**" as defined in Section 2.23(b).

"**Unpaid Drawing**" as defined in Section 2.03(g).

"**Unused Revolving Commitment**" means, at any time, (a) the Revolving Commitments at such time minus (b) the sum of (i) the aggregate principal amount of outstanding Revolving Loans plus (ii) the Letter of Credit Usage.

"**US Aggregate Payments**" as defined in 7.2(b).

"**US Credit Party**" means Xerium, XTI, and each US Guarantor.

"**US Contributing Guarantors**" as defined in 7.2(b).

"**US Funding Guarantor**" as defined in Section 7.2(b).

"**US Fair Share**" as defined in 7.2(b).

"**US Fair Share Contribution Amount**" as defined in 7.2(b).

"**US Guarantor**" means (i) each Guarantor listed in Schedule 1.1(b) as a US Guarantor and (ii) each other Domestic Subsidiary that becomes a party to the Guaranty.

"**VAT**" means value added tax, goods and services tax and any similar sales or turnover tax.

"**Vietnam Asset Sales**" means, Asset Sales relating to the business, assets or properties of Huyck Wangner Vietnam Co. Ltd.

"**Waivable Mandatory Prepayment**" as defined in Section 2.15(c).

"**Xerium**" as defined in the preamble hereto.

"**Xerium Canada**" as defined in the preamble hereto.

"**Xerium Canada Term Loan**" means a Xerium Canada Term Loan deemed made by a Bank to Xerium Canada Inc. pursuant to Section 2.1(a)(iv).

"**Xerium Canada Term Loan Amount**" means the principal amount of the Xerium Canada Term Loan a Bank is deemed to have made on the Closing Date. The "Xerium Canada Term Loan Amount" of each Bank, if any, is set forth on Appendix A-4 or in the applicable Assignment Agreement. The aggregate amount of the Xerium Canada Term Loan Amounts as of the Closing Date is set forth on Appendix A-4.

"**Xerium Canada Term Loan Exposure**" means, with respect to any Bank, as of any date of determination, the outstanding principal amount of the Xerium Canada Term Loans of such Bank.

"**Xerium Term Loan**" means a Xerium Term Loan deemed made by a Bank to Xerium. pursuant to Section 2.1(a)(i).

"**Xerium Term Loan Amount**" means the principal amount of the Xerium Term Loan a Bank is deemed to have made on the Closing Date. The "Xerium Term Loan Amount" of each Bank, if any, is set forth on Appendix A-1 or in the applicable Assignment Agreement. The aggregate amount of the Xerium Term Loan Amounts as of the Closing Date is set forth on Appendix A-1.

"**Xerium Term Loan Exposure**" means, with respect to any Bank, as of any date of determination, the outstanding principal amount of the Xerium Term Loans of such Bank.

"**XTI**" as defined in the preamble hereto.

"**XTI Term Loan**" means an XTI Term Loan deemed made by a Bank to XTI pursuant to Section 2.1(a)(ii).

"**XTI Term Loan Amount**" means the principal amount of the XTI Term Loan a Bank is deemed to have made on the Closing Date. The "XTI Term Loan Amount" of each Bank, if any, is set forth on Appendix A-2 or in the applicable Assignment Agreement. The aggregate amount of the XTI Term Loan Amounts as of the Closing Date is set forth on Appendix A-2.

"**XTI Term Loan Exposure**" means, with respect to any Bank, as of any date of determination, the outstanding principal amount of the XTI Term Loans of such Bank.

"**991 Bank**" means a Bank falling within paragraph (a) or (b) of the definition of Qualifying Lender.

1.2 **Accounting Terms**. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP. Financial statements and other information required to be delivered by Xerium to the Banks pursuant to Section 5.1(b) and 5.1(c) shall be prepared in accordance with GAAP as in effect at the time of such preparation. Notwithstanding the foregoing, calculations in connection with the definitions, covenants and other provisions hereof shall utilize accounting principles and policies in conformity with those used to prepare the Historical Financial Statements for the Fiscal Year ended December 31, 2009 only.

1.3 **Interpretation, etc.** Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. References herein to any Section, Appendix, Schedule or Exhibit shall be to a Section, an Appendix, a Schedule or an Exhibit, as the case may be, hereof unless otherwise specifically provided. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter.

SECTION 2. LOANS AND LETTERS OF CREDIT

2.1 **Term Loans**. (a) Subject to the terms and conditions hereof, each applicable Term Loan Bank agrees that on the Closing Date, the outstanding principal amount of the DIP Term Loans owing to such Term Loan Bank shall be converted into a Term Loan deemed to have been made by such Bank, on the Closing Date, as follows:

(i) a Xerium Term Loan to Xerium in Dollars in a principal amount equal to such Term Bank's Xerium Term Loan Amount;

(ii) an XTI Term Loan to XTI in Dollars in a principal amount equal to such Term Bank's XTI Term Loan Amount;

(iii) an Italia Term Loan to Italia SpA in Dollars in a principal amount equal to such Term Bank's Italia Term Loan Amount;

(iv) a Xerium Canada Term Loan to Xerium Canada in Dollars in a principal amount equal to such Term Bank's Xerium Canada Term Loan Amount;

(v) an Austria Term Loan to Huyck Austria in Dollars in a principal amount equal to such Term Bank's Austria Term Loan Amount; and

(vi) a German Term Loan to Germany Holdings in Dollars in an amount equal to such Term Bank's German Term Loan Amount.

Any Term Loan repaid or prepaid may not be reborrowed. Subject to Sections 2.13 and 2.14, all amounts owed hereunder with respect to all Term Loans shall be paid in full no later than the Term Loan Maturity Date. The Xerium Term Loans deemed made hereunder on the Closing Date shall be LIBOR Rate Loans. The Interest Period applicable to the DIP Term Loans on the day immediately preceding the Closing Date shall apply to the Term Loans on the Closing Date.

(b) Term Loan Deposit Account. After the payment of all fees and expenses required to be paid on the Closing Date, the Administrative Agent shall transfer all funds on deposit in the DIP Term Loan Deposit Account to Xerium on the Closing Date.

2.2 **Revolving Loans**

(a) Revolving Commitments.

(i) During the Revolving Commitment Period, subject to the terms and conditions hereof, each Revolving Bank severally agrees to make revolving loans in Dollars to Xerium ("**Revolving Loans**") in an aggregate amount up to but not exceeding such Revolving Bank's Revolving Commitment; provided, that after giving effect to the making of any Revolving Loans in no event shall the Total Utilization of Revolving Commitments exceed the Revolving Commitments then in effect. Subject to Sections 2.13(a) and 2.14, all amounts owed hereunder with respect to Revolving Loans shall be paid in full no later than the Revolving Loan Termination Date.

(ii) Subject to the terms and conditions hereof, each applicable Revolving Bank agrees that on the Closing Date, the outstanding principal amount of DIP Revolving Loans owing to such Revolving Bank shall be converted into a Revolving Loan deemed to have been made by such Revolving Bank to Xerium, on the Closing Date, as set forth in Appendix B.

(b) Borrowing Mechanics for Revolving Loans Generally.

(i) Except pursuant to Section 2.4(d), Revolving Loans shall be in an aggregate minimum amount of $1,000,000 and integral multiples of $250,000 in excess of that amount.

(ii) Whenever Xerium desires that Revolving Banks make Revolving Loans, Xerium shall deliver to the Administrative Agent a fully executed and delivered Funding Notice no later than (A) 9:30 a.m. (New York City time) at least three Business Days in advance of the proposed Credit Date in the case of a LIBOR Loan or (B) 9:30 a.m. (New York City time) on the proposed Credit Date in the case of an ABR Loan. Except as otherwise provided herein, a Funding Notice for a Loan that is a LIBOR Loan shall be irrevocable on and after the related Interest Rate Determination Date, and Xerium shall be bound to make a borrowing in accordance therewith.

(iii) Notice of receipt of each Funding Notice in respect of Revolving Loans, together with the amount of each Revolving Bank's Pro Rata Share thereof, if any, together with the applicable interest rate, shall be provided by the Administrative Agent to each applicable Bank by telefacsimile with reasonable promptness, but (provided the Administrative Agent shall have received such notice by 9:30 a.m. (New York City time)) not later than 3:00 p.m. (New York City time) on the same day as the Administrative Agent's receipt of such Funding Notice from Xerium.

(iv) Each Revolving Bank shall make the amount of its Revolving Loan available to the Administrative Agent not later than 12:00 p.m. (New York City time) on the applicable Credit Date by wire transfer of same day funds in Dollars, at Administrative Agent's Principal Office. Except as provided herein, upon satisfaction or waiver of the conditions precedent specified herein, the Administrative Agent shall make the proceeds of such Revolving Loans available to Xerium on the applicable Credit Date by causing an amount of same day funds in Dollars equal to the proceeds of all such Revolving Loans received by the Administrative Agent from the Revolving Banks to be credited to the account of Xerium at the Administrative Agent's Principal Office or such other account as may be reasonably designated in writing no later than three (3) days before to the Administrative Agent by Xerium.

2.3 **[Reserved]**

2.4 **Letters of Credit**.

(a) Revolving Letters of Credit. During the Revolving Commitment Period, subject to the terms and conditions hereof, the Issuing Bank agrees to issue Revolving Letters of Credit for the account of each Borrower in the aggregate amount up to but not exceeding the Revolving Letter of Credit Sublimit; provided, (i) after giving effect to such issuance, in no event shall the Total Utilization of Revolving Commitments exceed the Revolving Commitments then in effect; (ii) after giving effect to such issuance, in no event shall the Letter of Credit Usage exceed the Revolving Letter of Credit Sublimit then in effect; (iii) in no event shall any standby Revolving Letter of Credit have an expiration date later than the earlier of (1) five (5) Business Days prior the Revolving

Commitment Termination Date and (2) the date which is one year from the date of issuance of such standby Revolving Letter of Credit; and (iv) in no event shall any commercial Revolving Letter of Credit have an expiration date later than the earlier of (1) five (5) Business Days prior to the Revolving Commitment Termination Date and (2) the date which is 180 days from the date of issuance of such commercial Revolving Letter of Credit; provided, further, in the event (x) a Funding Default exists or (y) a determination pursuant to Section 2.18 or 2.19 occurs, the Issuing Bank shall not be required to issue any Revolving Letter of Credit unless the Issuing Bank has entered into arrangements satisfactory to it and each Borrower to eliminate the Issuing Bank's risk with respect to the participation in the Revolving Letters of Credit of the Defaulting Bank, including by Cash Collateralizing such Defaulting Bank's Pro Rata Share of the Letter of Credit Usage.

(b) Term Loan Letters of Credit. Subject to the terms and conditions hereof, the Issuing Bank agrees to issue Term Loan Letters of Credit for the account of the Borrowers or any of their respective Subsidiaries in the aggregate amount which, when combined with the Dollar Equivalent of the aggregate face amount of Existing Letters of Credit, does not exceed the Term Loan Letter of Credit Sublimit; provided, (i) after giving effect to such issuance, in no event shall the amount of Cash and Investment Cash Equivalents on deposit in the Term LC Collateral Account be less than 103% of the Dollar Equivalent of the amount available to be drawn under all Term Loan Letters of Credit (including the Existing Term Loan Letters of Credit), (ii) in no event shall any standby Term Loan Letter of Credit have an expiration date later than the earlier of (1) five (5) Business Days prior to the Scheduled Term Loan Termination Date and (2) the date which is one year from the date of issuance of such standby Term Loan Letter of Credit and (iii) in no event shall any commercial Term Loan Letter of Credit have an expiration date later than the earlier of (1) five (5) Business Days prior to the Scheduled Term Loan Termination Date and (2) the date which is 180 days from the date of issuance of such commercial Term Loan Letter of Credit.

(c) Existing Letters of Credit. Schedule 2.4(c) contains a schedule of certain letters of credit issued or outstanding prior to the Closing Date under the DIP Credit Agreement (the "**Existing Letters of Credit**") for the account of Xerium or one of its Subsidiaries by Citicorp North America, Inc. On the Closing Date, (i) the Existing Letters of Credit, to the extent outstanding, shall be automatically, and without further action by the parties hereto, converted to Term Loan Letters of Credit issued and outstanding under this Agreement and subject to the provisions hereof, as if such Existing Letters of Credit had been issued on the Closing Date hereunder, (ii) the issuing bank of the Existing Letters of Credit shall be deemed to be the "Issuing Bank" hereunder solely for the purpose of maintaining such Existing Letters of Credit, and (iii) all liabilities of Xerium, the other Borrowers or any of their respective Subsidiaries with respect to Existing Letters of Credit shall constitute Obligations.

(d) Letters of Credit Generally. Each Letter of Credit is subject to the following applicable conditions: (i) each Term Loan Letter of Credit shall be denominated in Dollars or an Alternative Currency; (ii) each Revolving Letter of Credit shall be denominated in Dollars, (iii) the stated amount of each Letter of Credit shall not be less than a Dollar Equivalent of $500,000 (or the Dollar Equivalent thereof if issued in an Alternative Currency) or such lesser amount as is acceptable to the Issuing Bank and (iii) in no event shall a Letter of Credit be issued if such Letter of Credit is not in a form acceptable to the Issuing Bank in its reasonable discretion. Subject to the foregoing, the Issuing Bank may agree that a standby Letter of Credit will automatically be extended for one or more successive periods not to exceed one year each, unless the Issuing Bank elects not to extend for any such additional period; provided, the Issuing Bank shall not extend any such Letter of Credit if it has received written notice from the Administrative Agent, acting on behalf of the Requisite Banks, that an Event of Default has occurred and is continuing.

(e) Notice of Issuance. Whenever a Borrower desires the issuance of a Letter of Credit, it shall deliver an Issuance Notice to the Administrative Agent no later than 9:30 a.m. (New York City time) at least three (3) Business Days (in the case of standby letters of credit) or five (5) Business Days (in the case of commercial letters of credit), or in each case such shorter period as may be agreed to by the Issuing Bank in any particular instance, in advance of the proposed date of issuance, which Issuance Notice shall state whether the requested Letter of Credit is to be a Revolving Letter of Credit or a Term Loan Letter of Credit. Upon satisfaction or waiver of the conditions set forth in Section 3.2, the Issuing Bank shall issue the requested Letter of Credit only in accordance with the Issuing Bank's standard operating procedures. Upon the issuance of any Letter of Credit or any amendment or modification to a Letter of Credit, the Issuing Bank shall promptly notify the Administrative Agent thereof, which notice shall be accompanied by a copy of such Letter of Credit or amendment or modification to a Letter of Credit and, in the case of Revolving Letters of Credit, the amount of each Revolving Bank's respective participation in such Letter of Credit pursuant to Section 2.4(f).

(f) Responsibility of Issuing Bank With Respect to Requests for Drawings and Payments. In determining whether to honor any drawing under any Letter of Credit by the beneficiary thereof, the Issuing Bank shall be responsible only to examine the documents delivered under such Letter of Credit with reasonable care so as to ascertain whether they appear on their face to be in accordance with the terms and conditions of such Letter of Credit. As between each Borrower and the Issuing Bank, each Borrower assumes all risks of the acts and omissions of, or misuse of, the Letters of Credit issued by the Issuing Bank by the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the Issuing Bank shall not be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects

invalid, insufficient, inaccurate, fraudulent or forged; (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) failure of the beneficiary of any such Letter of Credit to comply fully with any conditions required in order to draw upon such Letter of Credit; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of the Issuing Bank, including any Governmental Acts; none of the above shall affect or impair, or prevent the vesting of, any of the Issuing Bank's rights or powers hereunder. Without limiting the foregoing and in furtherance thereof, any action taken or omitted by the Issuing Bank under or in connection with the Letters of Credit or any documents and certificates delivered thereunder, if taken or omitted in good faith, shall not give rise to any liability on the part of the Issuing Bank to any Borrower. Notwithstanding anything to the contrary contained in this Section 2.4(f), each Borrower shall retain any and all rights it may have against the Issuing Bank for any liability arising solely out of the gross negligence or willful misconduct of the Issuing Bank.

(g) Reimbursement by a Borrower of Amounts Drawn or Paid Under Revolving Letters of Credit. In the event the Issuing Bank has determined to honor a drawing under a Revolving Letter of Credit, it shall immediately notify the applicable Borrower and Administrative Agent, and such Borrower shall reimburse Issuing Bank on or before the Business Day immediately following the date on which such drawing is honored (the "**Reimbursement Date**") in Dollars in same day funds equal to the amount of such honored drawing (each such amount so paid until reimbursed, an "**Unpaid Drawing**"); provided, anything contained herein to the contrary notwithstanding, (i) unless such Borrower shall have notified Administrative Agent and Issuing Bank prior to 9:30 a.m. (New York City time) on the date three (3) Business Days prior to the date such drawing is honored that such Borrower intends to reimburse Issuing Bank for the amount of such honored drawing with funds other than the proceeds of Revolving Loans, such Borrower shall be deemed to have given a timely Funding Notice to Administrative Agent requesting Banks to make Revolving Loans that are ABR Loans on the Reimbursement Date in Dollars in the same amount of such honored drawing, and (ii) subject to satisfaction or waiver of the conditions specified in Section 3.2, Revolving Banks having a Revolving Commitment shall, on the Reimbursement Date, make Revolving Loans that are ABR Loans in the amount of such honored drawing, the proceeds of which shall be applied directly by Administrative Agent to reimburse the Issuing Bank for the amount of such honored drawing; and provided further, if for any reason proceeds of Revolving Loans are not received by the Issuing Bank on the Reimbursement Date in an

amount equal to the amount of such honored drawing, such Borrower shall reimburse the Issuing Bank, on demand, in an amount in same day funds equal to the excess of the amount of such honored drawing over the aggregate amount of such Revolving Loans, if any, which are so received. Nothing in this Section 2.4(g) shall be deemed to relieve any Revolving Bank from its obligation to make Revolving Loans on the terms and conditions set forth herein, and each Borrower shall retain any and all rights it may have against any Revolving Bank resulting from the failure of such Bank to make such Revolving Loans under this Section 2.4(g).

(h) Banks' Purchase of Participations in Revolving Letters of Credit. Immediately upon the issuance of each Revolving Letter of Credit, each Revolving Bank having a Revolving Commitment shall be deemed to have purchased, and hereby agrees to irrevocably purchase, from the Issuing Bank a participation in such Revolving Letter of Credit and any drawings honored thereunder in an amount equal to such Bank's Pro Rata Share (with respect to the Revolving Commitments) of the maximum amount which is or at any time may become available to be drawn thereunder. In the event that a Borrower shall fail for any reason to reimburse the Issuing Bank as provided in Section 2.4(e), the Issuing Bank shall promptly notify each Bank of the unreimbursed amount of such honored drawing and of such Bank's respective participation therein based on such Bank's Pro Rata Share of the Revolving Commitments. Each Bank shall make available to the Issuing Bank an amount equal to its respective participation, in same day funds, at the office of the Issuing Bank specified in such notice, not later than 12:00 p.m. (New York City time) on the first Business Day (under the laws of the jurisdiction in which such office of the Issuing Bank is located) after the date notified by the Issuing Bank. In the event that any Bank fails to make available to the Issuing Bank on such Business Day the amount of such Bank's participation in such Revolving Letter of Credit as provided in this Section 2.4(h), the Issuing Bank shall be entitled to recover such amount on demand from such Bank together with interest thereon for three (3) Business Days at the rate customarily used by the Issuing Bank for the correction of errors among banks and thereafter at the Alternate Base Rate. Nothing in this Section 2.4(h) shall be deemed to prejudice the right of any Bank to recover from Issuing Bank any amounts made available by such Bank to the Issuing Bank pursuant to this Section in the event that it is determined that the payment with respect to a Revolving Letter of Credit in respect of which payment was made by such Bank constituted gross negligence or willful misconduct on the part of the Issuing Bank. In the event the Issuing Bank shall have been reimbursed by other Banks pursuant to this Section 2.4(h) for all or any portion of any drawing honored by the Issuing Bank under a Revolving Letter of Credit, such Issuing Bank shall distribute to each Bank which has paid all amounts payable by it under this Section 2.4(h) with respect to such honored drawing such Bank's Pro Rata Share of all payments subsequently received by the Issuing Bank from such Borrower in reimbursement of such honored drawing when such payments are received. Any such distribution shall be made to a Bank at its primary address set forth below its name on Appendix B or at such other address as such Bank may request.

(i) Reimbursement of Amounts Drawn or Paid Under Term Loan Letters of Credit. In the event the Issuing Bank has determined to honor a drawing under a Term Loan Letter of Credit, it shall immediately notify the applicable Borrower and the Administrative Agent, and such Borrower shall reimburse the Issuing Bank in an amount equal to the Dollar Equivalent of such drawing plus any FX Currency Losses no later than 1:00 p.m. (New York City time) on the date such drawing is honored (the "**Term LC Reimbursement Date**"), if such Borrower shall have received such notice prior to 11:00 a.m. (New York City time) on such date, or, if such notice has not been received by such Borrower prior to such time on such date, then not later than 1:00 p.m. (New York City time) on the next Business Day; provided that (subject to the immediately succeeding sentence) unless such Borrower shall reimburse the Issuing Bank by 1:00 p.m. (New York City time) on the same day on which such drawing is made, the unpaid amount thereof shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin, for each day commencing on the date the drawing is made until the date that the Borrower pays the Issuing Bank for the Dollar Equivalent of the amount of such drawing plus any FX Currency Losses. If such Borrower does not so reimburse the Issuing Bank at or prior to the time for payment specified above in respect of such drawing under such Term Loan Letter of Credit, the Administrative Agent shall promptly cause the amounts on deposit in the Term Loan LC Collateral Account to be applied to repay in full such amounts (such amounts, including any FX Currency Losses accrued interest thereon, the "**Term LC Unreimbursed Amount**"). If amounts on deposit in the Term LC Collateral Account is less than such Term LC Unreimbursed Amount, then such Borrower shall be deemed to have given a timely Funding Notice to the Administrative Agent requesting Revolving Banks to make a Revolving Loan on the Term LC Reimbursement Date in the amount equal to the Term LC Unreimbursed Amount, less the amounts withdrawn from the Term LC Collateral Account pursuant to the preceding sentence, and the Revolving Banks shall, on the Term LC Reimbursement Date, make Revolving Loans in such amount, the proceeds of which shall be applied directly by the Administrative Agent to reimburse the Issuing Bank for the Term LC Unreimbursed Amount. The conditions to the making of a Revolving Loan set forth in Section 3.2 and the minimum amount of Revolving Loans set forth in Section 2.2(b)(i) shall not apply to Revolving Loans made pursuant to this Section 2.4(i), and the Revolving Loans made pursuant to this Section 2.4(i) shall initially be ABR Loans.

(j) Investing Funds in Term LC Collateral Account. Funds on deposit in the Term LC Collateral Account shall be held in the form of Cash, except as described below. So long as no Default or Event of Default shall have occurred and be continuing, Xerium is authorized to direct the Administrative Agent to make investments of funds on deposit in the Term LC Collateral Account in Investment Cash Equivalents as directed by Xerium. Upon the occurrence and during the continuation of a Default or an Event of Default, the funds on deposit in the Term LC Collateral Account shall be invested in accordance with the Term Loan LC Collateral Account Control Agreement.

(k) Top-Up and Release of Funds in the Term LC Collateral Account. If on the last Business Day of any month the aggregate amount of Cash and Investment Cash Equivalents on deposit in the Term LC Collateral Account exceeds 103% of the Dollar Equivalent of the amount available to be drawn under the Letters of Credit (such excess, the "**Excess Amount**"), then, upon the written request of Xerium, no later than the second Business Day after such request the Administrative Agent shall cause an amount of Cash (including cash proceeds from the liquidation of any Investment Cash Equivalents) equal to the Excess Amount (calculated at the date of withdrawal), to be withdrawn from the Term LC Collateral Account and transferred to Xerium. If, however, on any Determination Date the aggregate amount of Cash and Investment Cash Equivalents on deposit in the Term LC Collateral Account is less than 103% of the Dollar Equivalent of the amount available to be drawn under the Letters of Credit (such shortfall, the "**Deficiency Amount**"), then no later than the next Business Day (the "**Term LC Deposit Date**") after notice thereof to Xerium from the Administrative Agent, Xerium shall deposit Cash or Investment Cash Equivalents into the Term LC Collateral Account in an amount or with a value equal to the Deficiency Amount. If by 11:00 a.m. (New York City time) on the Term LC Deposit Date Xerium has failed to make such deposit, then the Borrower shall be deemed to have given a timely Funding Notice to the Administrative Agent requesting Revolving Banks to make a Revolving Loan on the Term LC Deposit Date in the amount of the Deficiency Amount, and the Revolving Banks shall, on the Term LC Deposit Date, make Revolving Loans in such amount, the proceeds of which shall be deposited by the Administrative Agent into the Term LC Collateral Account. The conditions to the making of a Revolving Loan set forth in Section 3.2 and the minimum amount of Revolving Loans set forth in Section 2.2(b)(i) shall not apply to Revolving Loans made pursuant to this Section 2.4(k) and the Revolving Loans made pursuant to this Section 2.4(k) shall be ABR Loans.

(l) Obligations Absolute. The obligation of each Borrower to reimburse Issuing Bank for drawings honored under the Letters of Credit issued by it and to repay any Revolving Loans made by Banks pursuant to Section 2.4(e) and the obligations of Banks under Section 2.4(g) shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms hereof under all circumstances including any of the following circumstances: (i) any lack of validity or enforceability of any Letter of Credit; (ii) the existence of any claim, set off, defense or other right which any Borrower or any Bank may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons for whom any such transferee may be acting), the Issuing Bank, Bank or any other Person or, in the case of a Bank, against any Borrower, whether in connection herewith, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between such Borrower or one of its Subsidiaries and the beneficiary for which any Letter of Credit was procured); (iii) any draft or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; (iv) payment by the Issuing

Bank under any Letter of Credit against presentation of a draft or other document which does not substantially comply with the terms of such Letter of Credit; (v) any adverse change in the business, operations, properties, assets, condition (financial or otherwise) or prospects of Xerium or any of its Subsidiaries; (vi) any breach hereof or any other Credit Document by any party thereto; (vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing; or (viii) the fact that an Event of Default or a Default shall have occurred and be continuing; provided, in each case, that payment by the Issuing Bank under the applicable Letter of Credit shall not have constituted gross negligence or willful misconduct of Issuing Bank under the circumstances in question.

(m) Indemnification. Without duplication of any obligation of each Borrower under Section 10.2, 10.3 or 10.4, in addition to amounts payable as provided herein, each Borrower hereby agrees to protect, indemnify, pay and save harmless the Issuing Bank from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable fees, expenses and disbursements of counsel and allocated costs of internal counsel) which the Issuing Bank may incur or be subject to as a consequence, direct or indirect, of (i) the issuance and maintenance of any Letter of Credit by the Issuing Bank, other than as a result of (1) the gross negligence or willful misconduct of the Issuing Bank or (2) the wrongful dishonor by Issuing Bank of a proper demand for payment made under any Letter of Credit issued by it, or (ii) the failure of the Issuing Bank to honor a drawing under any such Letter of Credit as a result of any Governmental Act.

(n) Term Loan LC Collateral Account.

(i) Xerium shall maintain and continue the existence of the Term Loan LC Collateral Account established under the DIP Credit Agreement with the Depositary Bank for the purpose of Cash Collateralizing a Borrower's obligations to the Issuing Bank in respect of the Term Loan Letters of Credit.

(ii) Xerium hereby grants to the Collateral Agent, for the benefit of the Issuing Bank, a security interest in the Term Loan LC Collateral Account and all Cash, balances and Investment Cash Equivalents therein and all proceeds of the foregoing, as security for the Borrowers' obligations in respect of the Term Loan Letters of Credit (and, in addition, grants a security interest therein, for the benefit of the Secured Parties as collateral security for the Obligations, provided that amounts on deposit in the Term Loan LC Collateral Account shall be applied, *first*, to repay the Borrowers' obligations to the Issuing Bank in respect of Term Loan Letters of Credit and, *second*, to all other Obligations). Except as expressly provided herein or in any other Credit Document, no Person shall have the right to make any withdrawal from the Term Loan LC Collateral Account or to exercise any right or power with respect thereto.

(iii) If an Event of Default shall have occurred and is continuing, then the Administrative Agent shall convert, or cause to be converted, amounts on deposit in the Term Loan LC Collateral Account into Alternative Currencies, to the extent necessary, so that after giving effect to such conversion the amounts on deposit in the Term Loan LC Collateral Account are in the currency which corresponds to the currency in which the Term Loan Letters of Credit are issued. The Borrowers agree that the Administrative Agent is authorized to establish additional accounts or sub-accounts as necessary to hold such funds in an Alternative Currency, and the Borrowers shall execute all documents necessary to effectuate any transfers to any other accounts or sub-accounts and to create, continue or maintain the security interest and lien perfection in the applicable accounts or sub-accounts and the Cash and Investment Cash Equivalents held therein, including the entering into any control agreements. All cost and expenses incurred by the Administrative Agent and the Collateral Agent in connection with the matters set forth in this Section 2.4(n)(iii) shall be borne by the Borrowers.

(o) Resignation of Issuing Bank. If a Bank becomes, and during the period it remains, a Defaulting Bank or a Potential Defaulting Bank, the Issuing Bank may, upon prior written notice to Xerium and the Administrative Agent, resign as Issuing Bank, effective at the close of business New York time on a date specified in such notice (which date may not be less than five (5) Business Days after the date of such notice); provided that such resignation by the Issuing Bank will have no effect on the validity or enforceability of any Letter of Credit then outstanding or on the obligations of the Borrowers or any Bank under this Agreement with respect to any such outstanding Letter of Credit or otherwise to the Issuing Bank.

(p) Defaulting Banks. In addition to the other conditions precedent herein set forth, if any Bank becomes, and during the period it remains, a Defaulting Bank or a Potential Defaulting Bank, the Issuing Bank will not be required to issue any Letter of Credit or to amend any outstanding Letter of Credit to increase the face amount thereof, alter the drawing terms thereunder or extend the expiry date thereof, unless the Issuing Bank is satisfied that any exposure that would result therefrom is eliminated or fully covered by the Revolving Commitments of the Non-Defaulting Banks or by Cash Collateralization or a combination thereof satisfactory to the Issuing

2.5 **Pro Rata Shares; Availability of Funds**.

(a) Pro Rata Shares. All Loans shall be made, and all participations purchased, by Banks simultaneously and proportionately to their respective Pro Rata Shares, it being understood that no Bank shall be responsible for any default by any other Bank in such other Bank's obligation to make a Loan requested hereunder or purchase a participation required hereby nor shall any Revolving Commitment of any Bank be increased or decreased as a result of a

default by any other Bank in such other Bank's obligation to make a Loan requested hereunder or purchase a participation required hereby.

(b) Availability of Funds. Unless the Administrative Agent shall have been notified by any Bank prior to the applicable Credit Date that such Bank does not intend to make available to the Administrative Agent the amount of such Bank's Loan requested on such Credit Date, the Administrative Agent may assume that such Bank has made such amount available to the Administrative Agent on such Credit Date and the Administrative Agent may, in its sole discretion, but shall not be obligated to, make available to the Borrower a corresponding amount on such Credit Date. If such corresponding amount is not in fact made available to the Administrative Agent by such Bank, the Administrative Agent shall be entitled to recover such amount on demand from such Bank together with interest thereon, for each day from such Credit Date until the date such amount is paid to the Administrative Agent, at the customary rate set by the Administrative Agent for the correction of errors among banks for three Business Days and thereafter at the LIBOR Rate. If such Bank does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower and the Borrower shall immediately pay such amount to the Administrative Agent together with interest thereon, for each day from such Credit Date until the date such amount is paid to the Administrative Agent, at the rate payable hereunder for LIBOR Rate Loans. Nothing in this Section 2.5(b) shall be deemed to relieve any Bank from its obligation to fulfill its Commitments hereunder or to prejudice any rights that the Borrower may have against any Bank as a result of any default by such Bank hereunder.

2.6 **Use of Proceeds**. The proceeds of the Loans shall be applied by each Borrower for working capital and general corporate purposes, to pay fees and expenses in connection with the transactions contemplated hereby, to make payments of fees, expenses and any other amounts owing under the DIP Credit Agreement and to pay costs, fees and expenses incurred in connection with the consummation of the Plan of Reorganization. The proceeds of the Revolving Loans and Letters of Credit made after the Closing Date shall be applied by each Borrower for working capital and general corporate purposes of Xerium and its Subsidiaries and pay fees and expenses hereunder; provided, that in no event will the proceeds of Loans be used for the purposes of repurchasing Loans as permitted under Section 2.13 hereof. No portion of the proceeds of any Credit Extension shall be used in any manner that causes or might cause such Credit Extension or the application of such proceeds to violate Regulation T, Regulation U or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation thereof or to violate the Exchange Act.

2.7 **Evidence of Debt; Register; Banks' Books and Records; Promissory Notes**.

(a) Banks' Evidence of Debt. Each Bank may maintain on its internal records an account or accounts evidencing the Obligations of each Borrower to such Bank, including the amounts of the Loans made by it and each repayment and prepayment in respect thereof. Any such recordation shall be conclusive and binding on such Borrower, absent manifest error; provided, that the failure to make any such recordation, or any error in such recordation, shall not affect any Bank's Revolving Commitments or such Borrower's Obligations in respect of any applicable Loans; and provided further, in the event of any inconsistency between the Register and any Bank's records, the recordations in the Register shall govern.

(b) Register. The Administrative Agent may maintain at its Principal Office a register for the recordation of the names and addresses of Banks and the Revolving Commitments and Loans of each Bank from time to time (the "**Register**"). The Administrative Agent may record in the Register the Revolving Commitments and the Loans, and each repayment or prepayment in respect of the principal amount of the Loans, and any such recordation shall be conclusive and binding on such Borrower and each Bank, absent manifest error; provided, failure to make any such recordation, or any error in such recordation, shall not affect any Bank's Revolving Commitments or such Borrower's Obligations in respect of any Loan. Each Borrower hereby designates the Administrative Agent to serve as each Borrower's agent solely for purposes of maintaining the Register as provided in this Section 2.7, and each Borrower hereby agrees that, to the extent the Administrative Agent serves in such capacity, the Administrative Agent and its officers, directors, employees, agents and affiliates shall constitute "Indemnitees."

(c) **Notes**. If so requested by any Bank by written notice to Xerium (with a copy to the Administrative Agent) at least two (2) Business Days prior to the Closing Date, or at any time thereafter, each Borrower shall execute and deliver to such Bank (and/or, if applicable and if so specified in such notice, to any Person who is an assignee of such Bank pursuant to Section 10.7) on the Closing Date (or, if such notice is delivered after the Closing Date, promptly after Xerium's receipt of such notice) a promissory note or promissory notes, in a form reasonably acceptable to the Administrative Agent and Xerium, to evidence such Bank's Term Loans or Revolving Loans, as the case may be.

2.8 **Interest on Loans**.

(a) Except as otherwise set forth herein, each Loan shall bear interest on the unpaid principal amount thereof from the date made through repayment (whether by acceleration or otherwise) thereof as follows:

(i) if a LIBOR Loan, at the LIBOR Rate plus the Applicable Margin; or

(ii) if an ABR Loan, at the Alternate Base Rate plus the Applicable Margin.

(b) The basis for determining the rate of interest with respect to any Loan, and the Interest Period with respect to any LIBOR Loan, shall be selected by each Borrower and notified to the Administrative Agent and Banks pursuant to the applicable Funding Notice or Conversion/Continuation Notice, as the case may be. If on any day a Loan is outstanding with respect to which a Funding Notice or Conversion/Continuation Notice has not been delivered to the Administrative Agent in accordance with the terms hereof specifying the applicable basis for determining the rate of interest, then such Loan will automatically convert into an ABR Loan.

(c) In connection with LIBOR Loans there shall be no more than six (6) Interest Periods in the aggregate outstanding at any time. In the event a Borrower fails to specify between an ABR Loan or a LIBOR Loan in the applicable Funding Notice or Conversion/Continuation Notice, such Loan (if outstanding as a LIBOR Loan) will be automatically continued as a LIBOR Loan with an Interest Period of one month beginning on the last day of the then-current Interest Period for such Loan), or (if outstanding as an ABR Loan) will be automatically continued as an ABR Loan, or (if not then outstanding) will be automatically made as a LIBOR Loan with an Interest Period of one month. In the event a Borrower fails to specify an Interest Period for any LIBOR Loan in the applicable Funding Notice or Conversion/Continuation Notice, such Borrower shall be deemed to have selected an Interest Period of one month. As soon as practicable after 11:00 a.m. (London time) on each Interest Rate Determination Date, the Administrative Agent shall determine (which determination shall, absent manifest error, be final, conclusive and binding upon all parties) the interest rate that shall apply to the LIBOR Loans for which an interest rate is then being determined for the applicable Interest Period and shall promptly give notice thereof (in writing or by telephone confirmed in writing) to each Borrower and each Bank.

(d) Interest payable pursuant to Section 2.8(a) and any other interest, commission or fee accruing under a Credit Document (other than interest payable pursuant to Section 2.8(a)(ii)) will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days. Interest payable pursuant to Section 2.6(a)(ii) will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 or 366 days, as appropriate, when determined by reference to clause (a) of the definition of "Alternate Base Rate", and a year of 360 days at all other times. For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid under a Credit Document or in connection therewith is to be calculated on the basis of any period of time that is less than a calendar year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided

by 360 or 365 days, as applicable to such interest or fee pursuant to such Credit Document. The rates of interest hereunder are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation hereunder.

(e) Except as otherwise set forth herein, interest on each Loan shall be payable in arrears on and to (i) each Interest Payment Date applicable to that Loan; (ii) upon any prepayment of that Loan, whether voluntary or mandatory, to the extent accrued on the amount being prepaid; and (iii) at maturity, including final maturity, and on the Revolving Commitment Termination Date and the Term Loan Maturity Date.

(f) Xerium agrees to pay to the Issuing Bank, with respect to drawings honored under any Revolving Letter of Credit, interest on the amount paid by the Issuing Bank in respect of each such honored drawing from the date such drawing is honored to but excluding the date such amount is reimbursed by or on behalf of Xerium at a rate equal to (i) for the period from the date such drawing is honored to but excluding the applicable Reimbursement Date, the rate of interest otherwise payable hereunder with respect to Revolving Loans that are LIBOR Loans, or ABR Loans, and (ii) thereafter, to the extent permitted by applicable law, a rate which is 2% per annum in excess of the rate of interest otherwise payable hereunder with respect to Revolving Loans that are LIBOR Loans or ABR Loans.

(g) Interest payable pursuant to Section 2.8(f) shall be computed on the basis of a 365/366 day year for the actual number of days elapsed in the period during which it accrues, and shall be payable on demand or, if no demand is made, on the date on which the related drawing under a Revolving Letter of Credit is reimbursed in full. Promptly upon receipt by the Issuing Bank of any payment of interest pursuant to Section 2.8(f), the Issuing Bank shall distribute to each Revolving Bank, out of the interest received by the Issuing Bank in respect of the period from the date such drawing is honored to but excluding the date on which the Issuing Bank is reimbursed for the amount of such drawing (including any such reimbursement out of the proceeds of any Revolving Loans), the amount that such Revolving Bank would have been entitled to receive in respect of the letter of credit fee that would have been payable in respect of such Revolving Letter of Credit for such period if no drawing had been honored under such Revolving Letter of Credit. In the event the Issuing Bank shall have been reimbursed (other than with the proceeds of a Revolving Loan) by Revolving Banks for all or any portion of such honored drawing, Issuing Bank shall distribute to each Revolving Bank which has paid all amounts payable by it under Section 2.4(f) with respect to such honored drawing such Revolving Bank's Pro Rata Share of any interest received by Issuing Bank in respect of that portion of such honored drawing so reimbursed by Revolving Banks for the period from the date on which the Issuing Bank was so reimbursed by Revolving Banks to but excluding the date on which such portion of such honored drawing is reimbursed by the applicable Borrower.

(h) For purposes of disclosure pursuant to the Interest Act (Canada), the annual rates of interest or fees to which the rates of interest or fees provided in this Agreement and the other Credit Documents (and stated herein or therein, as applicable, to be computed on the basis of a three hundred sixty (360) day year or any other period of time less than a calendar year) are equivalent to the rates so determined multiplied by the actual number of days in the applicable calendar year and divided by three hundred sixty (360) or such other period of time, respectively.

(i) If any provision of this Agreement or any other Credit Document would obligate Xerium Canada to make any payment of interest or other amount payable to (including for the account of) any Bank in an amount, or calculated at a rate, that would be prohibited by law or would result in a receipt by such Bank of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)) then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by such Bank of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (A) first, by reducing the amount or rate of interest required to be paid to such Bank; and (B) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to such Bank that would constitute interest for purposes of Section 347 of the Criminal Code (Canada). Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if a Bank shall have received an amount in excess of the maximum amount permitted by that section of the Criminal Code (Canada), then Xerium Canada shall be entitled, by notice in writing to such Bank, to obtain reimbursement from such Bank in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by such Bank to Xerium Canada. Any amount or rate of interest referred to in this section with respect to the Non-US Obligations shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that the Non-US Obligations remain outstanding on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the Criminal Code (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the Revolving Commitment Period and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Agent shall be conclusive for the purposes of such determination.

(j) Notwithstanding any provision to the contrary contained in this Agreement, in no event shall the aggregate "interest" (as defined in Section 347 of the Criminal Code, Revised Statutes of Canada, 1985, c. 46 as the same may be amended, replaced or re-enacted from time to time) payable under this Agreement exceed the effective annual rate of interest on the "credit advanced" (as defined in that section) under this Agreement lawfully permitted under that section and, if any payment, collection or demand pursuant to this Agreement in respect of

"interest" (as defined in that section) is determined to be contrary to the provisions of that section, such payment, collection or demand shall be deemed to have been made by mutual mistake of Xerium Canada and the Banks and the amount of such payment or collection shall be refunded to Xerium Canada. For the purposes of this Agreement, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term of a Loan made to Xerium Canada on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Administrative Agent will be conclusive for the purposes of such determination.

(k) Notwithstanding any other provisions contained herein, if the remuneration stated to be applicable under this Agreement would cause a breach of Law n. 108/1996 and Law n. 24/2001 ("**Italian Usury Law**"), then the remuneration payable by any Borrower organized under the laws of the Republic of Italy under this Agreement (including fees and expenses which would be considered as interest for the purpose of Italian Usury Law) shall be capped to the maximum rate permitted to be payable under Italian Usury Law.

2.9 **Conversion/Continuation**.

(a) Subject to Section 2.15 and so long as no Default or Event of Default shall have occurred and then be continuing, each Borrower shall have the option:

(i) to convert at any time all or any part of any Loan equal to $1,000,000 and integral multiples of $250,000 in excess of that amount from one Type of Loan to another Type of Loan; provided, a LIBOR Loan may only be converted on the expiration of the Interest Period applicable to such LIBOR Loan unless the Borrower shall pay all amounts due under Section 2.15 in connection with any such conversion; or

(ii) upon the expiration of any Interest Period applicable to any LIBOR Loan, to continue all or any portion of such Loan equal to $1,000,000 and integral multiples of $250,000 in excess of that amount as a LIBOR Loan.

(b) Such Borrower shall deliver a Conversion/Continuation Notice to the Administrative Agent no later than noon (New York City time) on the date of the proposed conversion date (in the case of a conversion to an ABR Loan) and at least three (3) Business Days in advance of the proposed Conversion/Continuation Date (in the case of a conversion to, or a continuation of, a LIBOR Loan). Except as otherwise provided herein, a Conversion/Continuation Notice for conversion to, or continuation of, any LIBOR Loans (or telephonic notice in lieu thereof) shall be irrevocable and such Borrower shall be bound to effect a conversion or continuation in accordance therewith.

(c) Notwithstanding anything to the contrary in the foregoing, no conversion in whole or in part to a LIBOR Loan shall be permitted at any time at which (i) a Default or Event of Default shall have occurred and be continuing or (ii) the continuation of, or conversion into, a LIBOR Loan would violate any provision of Sections 2.15 or 2.16.

(d) If a Default or Event of Default shall have occurred and be continuing, LIBOR Loans shall automatically convert to ABR Loans upon the expiration of the Interest Period applicable thereto.

2.10 **Default Interest**. Notwithstanding anything to the contrary in Section 2.9, upon the occurrence and during the continuance of an Event of Default, the principal amount of all Loans outstanding and, to the extent permitted by applicable law, any interest payments on the Loans or any fees or other amounts owed hereunder shall thereafter bear interest (including post-petition interest in any proceeding under the Bankruptcy Code, or other applicable bankruptcy or insolvency laws) payable upon demand, at a rate that is 2% per annum in excess of the interest rate otherwise payable under this Agreement with respect to the applicable Loans (or, in the case of any such fees and other amounts, at a rate which is 2% per annum in excess of the interest rate otherwise payable under this Agreement for ABR Loans). Payment or acceptance of the increased rates of interest provided for in this Section 2.10 is not a permitted alternative to timely payment and shall not constitute a waiver of any Default or Event of Default or otherwise prejudice or limit any rights or remedies of the Administrative Agent or any Bank.

2.11 **Fees**

(a) The Borrowers agree to pay to Banks having:

(i) Revolving Exposure (A) commitment fees equal to (1) the average daily Unused Revolving Commitment times (2) the Applicable Revolving Commitment Fee Percentage; (B) letter of credit fees equal to (1) the Applicable Margin for Revolving Loans that are LIBOR Loans, times (2) the average aggregate daily maximum amount available to be drawn under all such Letters of Credit (regardless of whether any conditions for drawing could then be met and determined as of the close of business on any date of determination) and (C) an upfront fee equal to 2.00% times the aggregate amount of the Revolving Commitments;

(ii) Term Loan Exposure an upfront fee equal to 1.50% times the aggregate amount of the Term Loan Commitments; and

(iii) All fees referred to in this Section 2.11(a) shall be paid in Cash in Dollars to the Administrative Agent at its Principal Office and upon receipt, the Administrative Agent shall promptly distribute to each Revolving Bank (in the case of the fees set forth in Section 2.11(a)(i)) and to each Term Loan

Bank (in the case of the fees set forth in Section 2.11(a)(ii) its Pro Rata Share thereof.

(b) The Borrower agrees to pay directly to the Issuing Bank, for its own account, the following fees:

(i) a fronting fee equal to 0.25%, per annum, times the average aggregate daily amount available to be drawn under all Letters of Credit (determined as of the close of business on any date of determination); and

(ii) such documentary and processing charges for any issuance, amendment, transfer or payment of a Letter of Credit as are in accordance with Issuing Bank's standard schedule for such charges and as in effect at the time of such issuance, amendment, transfer or payment, as the case may be.

(c) The fees referred to in Section 2.11(a)(i)(A), 2.11(a)(i)(B) and in 2.11(b)(i) shall be calculated on the basis of a 360 day year and the actual number of days elapsed and shall be payable in arrears on the 15th day of each March, June, September and December during the Revolving Commitment Period, commencing on the first such date to occur after the Closing Date, and on the Termination Date. The fees referred to in Sections 2.11(a)(i)(C) and 2.11(a)(ii) shall be payable on the Closing Date.

(d) In addition to any of the foregoing fees, the Borrower agrees to pay to the Agents and the Lead Arranger such other fees in the amounts and at the times separately agreed upon.

2.12 **Scheduled Payments**. Each Borrower shall make principal payments on its respective Term Loans in installments in amounts as set forth below and on the dates set forth below:

Borrower:	**Xerium**	**XTI**	**Germany Holdings**	**Huyck Austria**	**Italia SpA**	**Xerium Canada**
Payment Date:[1]						
09/15/2010	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
12/15/2010	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]

[1] 1.00% annual amortization on the Term Loans, with the balance paid on the Term Loan Maturity Date. Amounts and final payment date to be inserted prior to Closing Date, once the Closing Date is determined.

03/15/2011	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
06/15/2011	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
09/15/2011	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
12/15/2011	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
03/15/2012	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
06/15/2012	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
09/15/2012	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
12/15/2012	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
03/15/2013	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
06/15/2013	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
09/15/2013	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
12/15/2013	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
03/15/2014	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
06/15/2014	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
09/15/2014	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]
12/15/2014	[_____]	[_____]	[_____]	[_____]	[_____]	[_____]

All scheduled payments required to be made pursuant to this Section 2.12 shall be applied in accordance with Section 2.15(d).

2.13 **Voluntary Prepayments/Commitment Reductions**.

(a) Voluntary Prepayments.

(i) Any time and from time to time, each Borrower may prepay any Loans on any Business Day in whole or in part in an aggregate minimum principal amount of $1,000,000 and integral multiples of $250,000 in excess of that amount.

(ii) All such prepayments shall be made upon not less than three (3) Business Days' prior written or telephonic notice (in the case of LIBOR Loans) or upon not less than one Business Days' prior written or telephonic notice (in the case of ABR Loans), in each case given to the Administrative Agent by 12:00 p.m. (New York City time) on the date required and, if given by telephone, promptly confirmed in writing to the Administrative Agent (and the Administrative Agent will promptly transmit such telephonic or original notice by telefacsimile or telephone to each Bank). Upon the giving of any such notice, the principal amount of the Loans specified in such notice shall become due and payable on the prepayment date specified therein. Any such voluntary prepayment shall be applied as specified in Section 2.15(a).

(b) Voluntary Commitment Reductions.

(i) Xerium may, upon not less than three (3) Business Days' prior written or telephonic notice confirmed in writing to the Administrative Agent (which original written or telephonic notice the Administrative Agent will promptly transmit by telefacsimile or telephone to each applicable Bank), at

any time and from time to time terminate in whole or permanently reduce in part, without premium or penalty, the Revolving Commitments in an amount up to the amount by which the Revolving Commitments exceed the outstanding principal amount of the Revolving Loans at the time of such proposed termination or reduction; provided, any such partial reduction of the Revolving Commitments shall be in an aggregate minimum principal amount of $1,000,000 and integral multiples of $250,000 in excess of that amount.

(ii) Xerium's notice to the Administrative Agent shall designate the date (which shall be a Business Day) of such termination or reduction and the amount of any partial reduction, and such termination or reduction of the Revolving Commitments shall be effective on the date specified in Xerium's notice and shall reduce the applicable Revolving Commitment of each Bank proportionately to its Pro Rata Share thereof.

2.14 **Mandatory Prepayments/Commitment Reductions**.

(a) Asset Sales. Subject to the sharing provisions set forth in Section 4.1(b) of the Intercreditor Agreement, no later than the fifth Business Day following the date of receipt by Xerium or any of its Subsidiaries of aggregate Net Asset Sale Proceeds in excess of $250,000, each Borrower shall prepay the Loans and/or the Revolving Commitments shall be permanently reduced as set forth in Section 2.15(b) in an amount of such Net Asset Sale Proceeds; provided that, subject to the sharing provisions set forth in Section 4.1(b) of the Intercreditor Agreement, with respect to the Australia Asset Sales and the Vietnam Asset Sales, each Borrower shall prepay the Loans and/or the Revolving Commitments shall be permanently reduced in an aggregate amount equal to only 50% of such Net Asset Sale Proceeds; provided further, so long as no Default or Event of Default shall have occurred and be continuing, the Borrowers shall have the option, directly or through one or more of its Subsidiaries, to invest up to $3,000,000 in the aggregate of Net Asset Sale Proceeds of Asset Sales (excluding Australia Asset Sales and Vietnam Asset Sales) consummated after the Closing Date, in one transaction or a series of transactions, within three hundred and sixty (360) days of receipt thereof in long term productive assets of the general type used in the business of Xerium and its Subsidiaries, which assets need not be of the same type as the assets sold or otherwise disposed of to generate such Net Asset Sale Proceeds; provided, further, pending any such investment all such Net Asset Sale Proceeds shall be deposited in the Cash Collateral Account.

(b) Insurance/Condemnation Proceeds. Subject to the sharing provisions set forth in Section 4.1(b) of the Intercreditor Agreement, no later than the second Business Day following the date of receipt by Xerium or any of its Subsidiaries, or Administrative Agent as loss payee, of any Net Insurance/Condemnation Proceeds (but not including the first $2,000,000 of Net Insurance/Condemnation Proceeds in the aggregate received after the Closing Date), each Borrower shall prepay the Loans and/or the Revolving Commitments shall be permanently reduced as set forth in Section 2.15(b) in an aggregate

amount equal to such Net Insurance/Condemnation Proceeds; provided, so long as no Default or Event of Default shall have occurred and be continuing, each Borrower shall have the option, directly or through one or more of its Subsidiaries to commit to invest within one hundred eighty (180) days and invest such Net Insurance/Condemnation Proceeds within three hundred sixty (360) days of receipt thereof in the acquisition of long term productive assets of the general type used in the business of Xerium and its Subsidiaries, which assets need not be the same as the assets lost or damaged and which Net Insurance/Condemnation Proceeds may, but need not, be invested in the repair, restoration or replacement of the applicable assets thereof; provided further, pending any such investment all such Net Insurance/Condemnation Proceeds, as the case may be, shall be deposited in the Cash Collateral Account.

(c) Revolving Loans. Xerium shall from time to time prepay the Revolving Loans to the extent necessary so that the Total Utilization of Revolving Commitments shall not at any time exceed the Revolving Commitments then in effect.

(d) Issuance of Debt. No later than the second Business Day following the date of receipt by Xerium or any of its Subsidiaries of any Cash proceeds from the incurrence of any Indebtedness of Xerium or any of its Subsidiaries not permitted pursuant to Section 6.1, each Borrower shall prepay the Loans and/or the Revolving Commitments shall be permanently reduced as set forth in Section 2.15(b) in an aggregate amount equal to 100% of such proceeds, net of underwriting discounts and commissions and other reasonable costs and expenses associated therewith, including reasonable legal fees and expenses.

(e) Excess Cash. Subject to the sharing provisions of Section 4.1(b) of the Intercreditor Agreement in the event that there shall be Excess Cash for any Fiscal Year (commencing with Fiscal Year 2011), each Borrower shall, no later than 90 days after the end of such Fiscal Year, prepay the Loans and/or the Revolving Commitments shall be permanently reduced as set forth in Section 2.15(b) in an aggregate amount equal to the remainder of (i) 50% of such Excess Cash for such Fiscal Year minus (ii) the amount of voluntary prepayments of the Term Loan during such Fiscal Year and the amount of voluntary prepayments of Revolving Loans which are accompanied by a reduction of the Revolving Commitments during such Fiscal Year.

(f) Prepayment Certificate. Concurrently with any prepayment of the Loans and/or the Revolving Commitments shall be permanently reduced pursuant to Sections 2.14(a) through 2.14(e), each Borrower shall deliver to Administrative Agent a certificate of an Authorized Officer demonstrating the calculation of the amount of the applicable net proceeds or Excess Cash, as the case may be; provided, if such officer's certificate is subsequently determined to be inaccurate, such Authorized Officer (or such Authorized Officer's successor) must deliver a new certificate setting forth in detail the adjustments necessary to make the prior certificate accurate in all respects. In the event that a Borrower

shall subsequently determine that the actual amount exceeded the amount set forth in such certificate, each Borrower shall promptly make an additional prepayment of the Loans and/or the Revolving Commitments shall be permanently reduced in an amount equal to such excess, and such Borrower shall concurrently therewith deliver to Administrative Agent the certificate as set forth above in this Section 2.14(f).

(g) Notification of Mandatory Prepayment. Xerium shall notify the Administrative Agent of the amount and date of any mandatory prepayment not less than five (5) Business Days prior to the date of such mandatory prepayment, in accordance with Section 2.15(c).

2.15 **Application of Prepayments/Reductions/Scheduled Payments.**

(a) Application of Voluntary Prepayments. Any prepayment of any Loan pursuant to Section 2.13(a) shall be applied, at a Borrower's sole discretion, to prepay Revolving Loans or the Term Loans on a pro rata basis (in accordance with the respective outstanding principal amounts thereof).

(b) Application of Mandatory Prepayments. Any amount required to be paid pursuant to Sections 2.14(a), (b), (d) and (e) shall be applied as follows:

first, to prepay the Term Loans on a pro rata basis (in accordance with the respective outstanding principal amounts thereof) to the full extent thereof;

second, to prepay the Revolving Loans on a pro rata basis to the full extent thereof and to further permanently reduce the Revolving Commitments by the amount of such prepayment; and

third, to further permanently reduce the Revolving Commitments to the full extent thereof.

(c) Waivable Mandatory Prepayment. Anything contained herein to the contrary notwithstanding, so long as any Term Loans are outstanding, in the event a Borrower is required to make any mandatory prepayment (a "**Waivable Mandatory Prepayment**") of the Term Loans, not less than five (5) Business Days prior to the date (the "**Required Prepayment Date**") on which such Borrower is required to make such Waivable Mandatory Prepayment, such Borrower shall notify Administrative Agent of the amount and date of such prepayment, and Administrative Agent will promptly thereafter notify each Bank holding an outstanding Term Loan of the amount of such Bank's Pro Rata Share of such Waivable Mandatory Prepayment and such Bank's option to refuse such amount. Each such Bank may exercise such option by giving written notice to such Borrower and Administrative Agent of its election to do so on or before the first Business Day prior to the Required Prepayment Date (it being understood that any Bank which does not notify such Borrower and Administrative Agent of its election to exercise such option on or before the first Business Day prior to the

Required Prepayment Date shall be deemed to have elected, as of such date, not to exercise such option). On the Required Prepayment Date, such Borrower shall pay to Administrative Agent the amount of the Waivable Mandatory Prepayment, which amount shall be applied in accordance with Section 2.15(b) (except prepayments of the Term Loans shall only be applied to the Term Loans of such Banks that have elected not to exercise such option).

(d) Application of Scheduled Payments. Any amount required to be paid pursuant to Section 2.12 shall be applied to pay the applicable Term Loans, on a pro rata basis (in accordance with the respective outstanding principal amounts thereof).

2.16 **General Provisions Regarding Payments**.

(a) Except as otherwise provided in Section 2.20, all payments by each Borrower of principal, interest, fees and other Obligations shall be made in Dollars and in same day funds, without defense, setoff or counterclaim, free of any restriction or condition, and delivered to the Administrative Agent not later than 12:00 p.m. (New York City time) on the date due at the Administrative Agent's Principal Office for the account of the Banks; funds received by the Administrative Agent after that time on such due date shall be deemed to have been paid by such Borrower on the next succeeding Business Day.

(b) All payments in respect of the principal amount of any Loan shall be accompanied by payment of accrued interest on the principal amount being repaid or prepaid.

(c) The Administrative Agent shall promptly distribute to each Bank at such address as such Bank shall indicate in writing, such Bank's applicable Pro Rata Share of all payments and prepayments of principal and interest due hereunder, together with all other amounts due thereto, including, without limitation, all fees payable with respect thereto, to the extent received by the Administrative Agent.

(d) Subject to the provisos set forth in the definition of "Interest Period", whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest hereunder or of the Revolving Commitment fees hereunder.

(e) Each Borrower hereby authorizes the Administrative Agent to charge such Borrower's accounts with the Administrative Agent in order to cause timely payment to be made to the Administrative Agent of all principal, interest, fees and expenses due hereunder (subject to sufficient funds being available in its accounts for that purpose).

(f) The Administrative Agent shall deem any payment by or on behalf of each Borrower hereunder that is not made in same day funds prior to 12:00 p.m. (New York City time) to be a non-conforming payment. Any such payment shall not be deemed to have been received by the Administrative Agent until the later of (i) the time such funds become available funds, and (ii) the applicable next Business Day. The Administrative Agent shall give prompt telephonic notice to such Borrower and each applicable Bank (confirmed in writing) if any payment is non-conforming. Any non-conforming payment may constitute or become a Default or Event of Default in accordance with the terms of Section 8.1(a). Interest shall continue to accrue on any principal as to which a non-conforming payment is made until such funds become available funds (but in no event less than the period from the date of such payment to the next succeeding applicable Business Day) at the rate determined pursuant to Section 2.10 from the date such amount was due and payable until the date such amount is paid in full.

(g) If an Event of Default shall have occurred and not otherwise been waived, and the maturity of the Obligations shall have been accelerated pursuant to Section 8.1, all payments or proceeds received by any Agents hereunder in respect of any of the Obligations (except as expressly provided elsewhere in a Credit Document), shall be forwarded to the Administrative Agent and applied in full or in part by the Administrative Agent against, the Obligations in the following order of priority: *first*, to the payment of all costs and expenses of such sale, collection or other realization, including reasonable compensation to the Administrative Agent and Collateral Agent and their agents and counsel, and all other expenses, liabilities and advances made or incurred by the Administrative Agent or Collateral Agent in connection therewith, and all amounts for which the Administrative Agent or Collateral Agent is entitled to indemnification hereunder (each in its capacity as the Administrative Agent or Collateral Agent, and not as a Bank) and all advances made by the Administrative Agent or Collateral Agent hereunder for the account of the applicable Credit Party, and to the payment of all costs and expenses paid or incurred by the Administrative Agent or Collateral Agent in connection with the exercise of any right or remedy hereunder or under any Credit Document, all in accordance with the terms hereof or thereof; *second*, to the extent of any excess of such proceeds, to the payment of all other Obligations for the ratable benefit of the Banks and the Bank Counterparties; and *third*, to the extent of any excess of such proceeds, to the payment to or upon the order of such Credit Party or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

2.17 **Ratable Sharing**. The Banks hereby agree among themselves that, if any of them shall, whether by voluntary payment (other than a voluntary prepayment of Loans made and applied in accordance with the terms hereof), through the exercise of any right of set off or banker's lien, by counterclaim or cross action or by the enforcement of any right under the Credit Documents or otherwise, or as adequate protection of a deposit treated as cash collateral under

the Bankruptcy Code, receive payment or reduction of a proportion of the aggregate amount of principal, interest, amounts payable in respect of Letters of Credit, fees and other amounts then due and owing to such Bank hereunder or under the other Credit Documents (collectively, the "**Aggregate Amounts Due**" to such Bank) which is greater than the proportion received by any other Bank in respect of the Aggregate Amounts Due to such other Bank, then the Bank receiving such proportionately greater payment shall (a) notify the Administrative Agent and each other Bank of the receipt of such payment and (b) apply a portion of such payment to purchase participations (which it shall be deemed to have purchased from each seller of a participation simultaneously upon the receipt by such seller of its portion of such payment) in the Aggregate Amounts Due to the other Banks so that all such recoveries of Aggregate Amounts Due shall be shared by all Banks in proportion to the Aggregate Amounts Due to them; provided, if all or part of such proportionately greater payment received by such purchasing Bank is thereafter recovered from such Bank upon the bankruptcy or reorganization of such Borrower or otherwise, those purchases shall be rescinded and the purchase prices paid for such participations shall be returned to such purchasing Bank ratably to the extent of such recovery, but without interest. Each Borrower expressly consents to the foregoing arrangement and agrees that any holder of a participation so purchased may exercise any and all rights of banker's lien, set off or counterclaim with respect to any and all monies owing by each Borrower to that holder with respect thereto as fully as if that holder were owed the amount of the participation held by that holder.

2.18 **Making or Maintaining LIBOR Loans.**

(a) Inability to Determine Applicable Interest Rate. In the event that the Administrative Agent shall have determined (which determination shall be final and conclusive and binding upon all parties hereto), on any Interest Rate Determination Date with respect to any LIBOR Loans, that by reasons of circumstances affecting the London interbank market adequate and fair means do not exist for ascertaining the interest rate applicable to such LIBOR Loans on the basis provided for in the definition of LIBOR Rate, the Administrative Agent shall on such date give notice (by telefacsimile or by telephone confirmed in writing) to such Borrower and each Bank of such determination, whereupon (i) no Loans may be made as, or converted to, LIBOR Loans until such time as the Administrative Agent notifies such Borrower and Banks that the circumstances giving rise to such notice no longer exist, (ii) any Funding Notice or Conversion/Continuation Notice given by such Borrower with respect to the LIBOR Loans in respect of which such determination was made shall be deemed to be rescinded by such Borrower and (iii) the interest rate applicable to such LIBOR Loans shall be the Alternate Base Rate until such time as the Administrative Agent notifies such Borrower and Banks that the circumstances giving rise to such notice no longer exist.

(b) Illegality or Impracticability of LIBOR Loans. In the event that on any date any Bank shall have determined (which determination shall be

final and conclusive and binding upon all parties hereto but shall be made only after consultation with such Borrower and the Administrative Agent) that the making, maintaining or continuation of all or any of its Loans, (i) has become unlawful as a result of compliance by such Bank in good faith with any law, treaty, governmental rule, regulation, guideline or order (or would conflict with any such treaty, governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful), or (ii) has become impracticable, as a result of contingencies occurring after the date hereof which materially and adversely affect the London interbank market or the position of such Bank in that market, then, and in any such event, such Bank shall be an "**Affected Bank**" and it shall on that day give notice (by telefacsimile or by telephone confirmed in writing) to each Borrower and the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each other Bank). Thereafter (1) the Revolving Commitments and obligation of the Affected Bank to make or maintain Loans as, or to convert Loans to, LIBOR Loans shall be suspended until such notice shall be withdrawn by the Affected Bank, (2) to the extent such determination by the Affected Bank relates to a LIBOR Loan then being requested by the Borrower pursuant to a Funding Notice or a Conversion/Continuation Notice, the Affected Bank shall make such Loan as (or continue such Loan as or convert such Loan to, as the case may be) an ABR Loan, (3) the Affected Bank's obligation to maintain its outstanding LIBOR Loans (the "**Affected Loans**") shall be terminated at the earlier to occur of the expiration of the Interest Period then in effect with respect to the Affected Loans or when required by law, and (4) the interest rate applicable to such Affected Loans shall be the Alternate Base Rate, provided the Affected Bank shall make commercially reasonable efforts to assign the Affected Loans according to Section 10.7. Notwithstanding the foregoing, to the extent a determination by an Affected Bank as described above relates to a LIBOR Loan then being requested by a Borrower pursuant to a Funding Notice or a Conversion/Continuation Notice, such Borrower shall have the option, subject to the provisions of Section 2.18(c), to rescind such Funding Notice or Conversion/Continuation Notice as to all Banks by giving notice (by telefacsimile or by telephone confirmed in writing) to the Administrative Agent of such rescission on the date on which the Affected Bank gives notice of its determination as described above (which notice of rescission the Administrative Agent shall promptly transmit to each other Bank). Except as provided in the immediately preceding sentence, nothing in this Section 2.18(b) shall affect the obligation of any Bank other than an Affected Bank to make or maintain Loans as, or to convert Loans to, LIBOR Loans in accordance with the terms hereof.

(c) Compensation for Breakage or Non-Commencement of Interest Periods. Each Borrower shall compensate each Bank, upon written request by such Bank to the Administrative Agent within five (5) Business Days after the applicable event (which request shall set forth the basis for requesting such amounts), for all reasonable losses, expenses and liabilities (including any interest paid by such Bank to banks of funds borrowed by it to make or carry its LIBOR Loans and any loss, expense or liability sustained by such Bank in connection

with the liquidation or re employment of such funds but excluding loss of anticipated profits) which such Bank may sustain: (i) if for any reason (other than a default by such Bank) a borrowing of any LIBOR Loan does not occur on a date specified therefor in a Funding Notice or a telephonic request for borrowing or a conversion or continuation of any LIBOR Loan does not occur on a date specified therefor in a Conversion/Continuation Notice or a telephonic request for conversion or continuation; (ii) if any conversion or any prepayment or other principal payment occurs on a date prior to the last day of an Interest Period applicable to that LIBOR Loan (including, without limitation, pursuant to Section 2.18(b) hereof); or (iii) if any prepayment of any of its LIBOR Loans is not made on any date specified in a notice of prepayment given by such Borrower.

(d) Booking of LIBOR Loans. Any Bank may make, carry or transfer LIBOR Loans at, to, or for the account of any of its branch offices or the office of an Affiliate of such Bank.

(e) Assumptions Concerning Funding of LIBOR Loans. Calculation of all amounts payable to a Bank under this Section 2.18 and under Section 2.19 shall be made as though such Bank had actually funded each of its relevant LIBOR Loans through the purchase of a LIBOR deposit bearing interest at the rate in an amount equal to the amount of such LIBOR Loan and having a maturity comparable to the relevant Interest Period and through the transfer of such LIBOR deposit from an offshore office of such Bank to a domestic office of such Bank in the United States of America; provided, however, each Bank may fund each of its LIBOR Loans in any manner it sees fit and the foregoing assumptions shall be utilized only for the purposes of calculating amounts payable under this Section 2.18 and under Section 2.19.

2.19 **Increased Costs; Capital Adequacy**.

(a) Compensation For Increased Costs and Taxes. Subject to the provisions of Section 2.20 (which shall be controlling with respect to the matters covered thereby), in the event that any Bank (which term shall include the Issuing Bank for purposes of this Section 2.19(a)) shall determine (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto) that any law, treaty or governmental rule, regulation or order, or any change therein or in the interpretation, administration or application thereof (including the introduction of any new law, treaty or governmental rule, regulation or order), or any determination of a court or governmental authority, in each case that becomes effective after the date hereof, or compliance by such Bank with any guideline, request or directive issued or made after the date hereof by any central bank or other governmental or quasi governmental authority (whether or not having the force of law): (i) subjects such Bank (or its applicable lending office) to any additional Tax (other than (A) any Tax on the overall net income of such Bank or its applicable lending office or (B) any Tax imposed as a result of the Administrative Agent's or any Bank's (including the Issuing Bank's)

failure to satisfy the applicable requirements as set forth in any statute enacted (or regulation or administrative guidance promulgated thereunder) after the date hereof that is based on, or similar to, Subtitle A - Foreign Account Tax Compliance of H.R. 2847, as passed by the United States House of Representatives on March 4, 2010 ((A) and (B), collectively, "**Excluded Taxes**")) with respect to this Agreement or any of the other Credit Documents or any of its obligations hereunder or thereunder or any payments to such Bank (or its applicable lending office) of principal, interest, fees or any other amount payable hereunder; (ii) imposes, modifies or holds applicable any reserve (including any marginal, emergency, supplemental, special or other reserve), special deposit, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits or other liabilities in or for the account of, or advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Bank (other than any such reserve or other requirements with respect to LIBOR Loans); or (iii) imposes any other condition (other than with respect to a Tax matter) on or affecting such Bank (or its applicable lending office) or its obligations hereunder or the London interbank market; and the result of any of the foregoing is to increase the cost to such Bank of agreeing to make, making or maintaining Loans hereunder or to reduce any amount received or receivable by such Bank (or its applicable lending office) with respect thereto; then, in any such case, such Borrower shall promptly pay to such Bank, upon receipt of the statement referred to in the next sentence, such additional amount or amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank in its sole discretion shall determine) as may be necessary to compensate such Bank for any such increased cost or reduction in amounts received or receivable hereunder. Such Bank shall deliver to such Borrower (with a copy to the Administrative Agent) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to such Bank under this Section 2.19(a), which statement shall be conclusive and binding upon all parties hereto absent manifest error.

(b) Capital Adequacy Adjustment. In the event that any Bank (which term shall include the Issuing Bank for purposes of this Section 2.19(b)) shall have determined that the adoption, effectiveness, phase in or applicability after the Closing Date of any law, rule or regulation (or any provision thereof) regarding capital adequacy, or any change therein or in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its applicable lending office) with any guideline, request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the capital of such Bank or any corporation controlling such Bank as a consequence of, or with reference to, such Bank's Loans or Revolving Commitments or Letters of Credit, or participations therein or other obligations hereunder with respect to the Loans or the Letters of Credit to a level below that which such Bank or such controlling corporation could have achieved but for such adoption, effectiveness, phase in,

applicability, change or compliance (taking into consideration the policies of such Bank or such controlling corporation with regard to capital adequacy), then from time to time, within five Business Days after receipt by such Borrower from such Bank of the statement referred to in the next sentence, such Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank or such controlling corporation on an after tax basis for such reduction. Such Bank shall deliver to such Borrower (with a copy to the Administrative Agent) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to Bank under this Section 2.19(b), which statement shall be conclusive and binding upon all parties hereto absent manifest error.

2.20 **Taxes; Withholding, etc**.

(a) Payments to Be Free and Clear. All sums payable by any Credit Party hereunder and under the other Credit Documents shall (except to the extent required by law) be paid free and clear of, and without any deduction or withholding on account of, any Tax (other than any Excluded Taxes) imposed, levied, collected, withheld or assessed by or within the United States of America or any political subdivision in or of the United States of America or any other jurisdiction from or to which a payment is made by or on behalf of any Credit Party or by any federation or organization of which the United States of America or any such jurisdiction is a member at the time of payment (such Taxes, "**Indemnified Taxes**").

(b) Withholding of Taxes. If any Credit Party or any other Person is required by law to make any deduction or withholding on account of any Tax from any sum paid or payable by any Credit Party to the Administrative Agent or any Bank (which term shall include the Issuing Bank for purposes of this Section 2.20(b)) under any of the Credit Documents: (i) each Borrower shall notify the Administrative Agent of any such requirement or any change in any such requirement as soon as each Borrower becomes aware of it; (ii) each Borrower shall pay to the appropriate taxing or other authority any such Tax before the date on which penalties attach thereto, such payment to be made (if the liability to pay is imposed on any Credit Party) for its own account or (if that liability is imposed on the Administrative Agent or such Bank, as the case may be) on behalf of and in the name of the Administrative Agent or such Bank; (iii) the sum payable by such Credit Party in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment, (including deductions, withholdings or payments applicable to additional sums payable under this Section 2.20(b)) the Administrative Agent or such Bank, as the case may be, receives on the due date a net sum equal to what it would have received had no such deduction, withholding or payment been required or made in respect of Indemnified Taxes; and (iv) within thirty days after paying any sum from which it is required by law to make any deduction or withholding, and within thirty days after the due date of payment of any Tax which it is required by clause (ii) above to pay, each Credit Party shall deliver to

the Administrative Agent evidence satisfactory to the other affected parties of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority. Each Credit Party shall indemnify the Administrative Agent, each Bank and the Issuing Bank, within 10 days after written demand therefor, which demand shall identify in reasonable detail the nature and amount of such Indemnified Taxes (and provide such other evidence thereof as has been received by the Administrative Agent, such Bank or the Issuing Bank, as the case may be), for the full amount of any Indemnified Taxes paid by the Administrative Agent, such Bank or the Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of such Credit Party hereunder and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to a Credit Party by a Bank or the Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Bank or the Issuing Bank, shall be conclusive absent manifest error.

(c) Evidence of Exemption From U.S. Withholding Tax. Each Bank that is not a United States Person (as such term is defined in Section 7701(a)(30) of the Internal Revenue Code) for U.S. federal income tax purposes (a "**Non-US Bank**") shall deliver to the Administrative Agent for transmission to Xerium, on or prior to the Closing Date (in the case of each Bank listed on the signature pages hereof on the Closing Date) or on or prior to the date of the Assignment Agreement pursuant to which it becomes a Bank (in the case of each other Bank), and at such other times as may be necessary in the determination of Xerium or the Administrative Agent (each in the reasonable exercise of its discretion), (i) two original copies of Internal Revenue Service Form W-8BEN or W-8ECI (or any successor forms), properly completed and duly executed by such Bank, and such other documentation required under the Internal Revenue Code and reasonably requested by Xerium to establish that such Bank is not subject to deduction or withholding of United States federal income tax with respect to any payments to such Bank of principal, interest, fees or other amounts payable under any of the Credit Documents, or (ii) if such Bank is not a "bank" or other Person described in Section 881(c)(3) of the Internal Revenue Code and cannot deliver Internal Revenue Service Form W-8ECI pursuant to clause (i) above, a Certificate re Non-Bank Status together with two original copies of Internal Revenue Service Form W-8BEN (or any successor form), properly completed and duly executed by such Bank, and such other documentation required under the Internal Revenue Code and reasonably requested by each Borrower to establish that such Bank is not subject to deduction or withholding of United States federal income tax with respect to any payments to such Bank of principal, interest, fees or other amounts payable under any of the Credit Documents. Each Bank that is a United States Person (as such term is defined in Section 7701(a)(30) of the Internal Revenue Code) for U.S. federal income tax purposes (a "**US Bank**") shall deliver to the Administrative Agent for transmission to Xerium, on or prior to the Closing Date (in the case of each Bank

listed on the signature pages hereof on the Closing Date) or on or prior to the date of the Assignment Agreement pursuant to which it becomes a Bank (in the case of each other Bank), and at such times as may be necessary in the determination of Xerium or the Administrative Agent (each in the reasonable exercise of its discretion), such other form or forms, certificates or documentation, including two original copies of Internal Revenue Service Form W-9, as reasonably requested by any Borrower to confirm or establish that such Bank is not subject to deduction, withholding, or backup withholding of United States federal income tax with respect to any payments to such Bank of principal, interest, fees or other amounts payable under any of the Credit Documents. Each Bank required to deliver any forms, certificates or other evidence with respect to United States federal income tax withholding matters pursuant to this Section 2.20(c) hereby agrees, from time to time after the initial delivery by such Bank of such forms, certificates or other evidence, whenever a lapse in time or change in circumstances renders such forms, certificates or other evidence obsolete or inaccurate in any material respect, that such Bank shall promptly deliver to the Administrative Agent for transmission to each Borrower two new original copies of Internal Revenue Service Form W-8BEN or W-8ECI, or a Certificate re Non-Bank Status and two original copies of Internal Revenue Service Form W-8BEN (or any successor form), or two new original copies of Internal Revenue Service Form W-9, as the case may be, properly completed and duly executed by such Bank, and such other documentation required under the Internal Revenue Code and reasonably requested by any Borrower to confirm or establish that such Bank is not subject to deduction or withholding of United States federal income tax with respect to payments to such Bank under the Credit Documents, or notify the Administrative Agent and each Borrower of its inability to deliver any such forms, certificates or other evidence. Each Borrower shall not be required to pay any additional amount to any Non-US Bank under Section 2.20(b) if such Bank shall have failed (1) to deliver the forms, certificates or other evidence referred to in the first three sentences of this Section 2.20(c), or (2) to notify the Administrative Agent and each Borrower of its inability to deliver any such forms, certificates or other evidence, as the case may be; provided, if such Bank shall have satisfied the requirements of the first sentence of this Section 2.20(c) on the Closing Date or on the date of the Assignment Agreement pursuant to which it became a Bank, as applicable, nothing in this last sentence of Section 2.20(c) shall relieve each Borrower of its obligation to pay any additional amounts pursuant to this Section 2.20 in the event that, as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof, such Bank is no longer properly entitled to deliver forms, certificates or other evidence at a subsequent date establishing the fact that such Bank is not subject to withholding as described herein.

(d) Withholding or Deduction for or on Account of Non-US Tax. A Credit Party shall not be required to pay any additional amount under Section 2.20(b) if, on the date on which the payment falls due (i) the payment could have been made to the relevant Bank without deduction or withholding for

or on account of any Tax imposed by any jurisdiction other than the United States ("**Non-US Tax**") if that Bank was a Qualifying Lender but on that date that Bank is not or has ceased to be a Qualifying Lender (other than where such Bank was a Qualifying Lender on the Closing Date or on the date of the Assignment Agreement pursuant to which it became a Bank, as applicable, and has ceased to be a Qualifying Lender as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof); (ii) the relevant Bank is a Treaty Lender and the payment could have been made to the Bank without deduction or withholding for or on account of Non-US Tax had that Bank complied with its obligations under Section 2.20(e) below; or (iii) the relevant Bank is a 991 Bank and has not given a Tax Confirmation to the Administrative Agent (other than by reason of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof after the Closing Date or the date of the Assignment Agreement pursuant to which the relevant Bank became a Bank, as applicable). The provisions of this Section 2.20(d) are subject always to the proviso contained in Section 2.20(c) above.

(e) Completion of Procedural Formalities. A Treaty Lender and each Credit Party which makes a payment to which that Treaty Lender is entitled shall co-operate in completing as soon as reasonably practicable after the Closing Date (or the date of the Assignment Agreement pursuant to which the relevant Bank becomes a Bank, as applicable) any procedural formalities necessary for that Credit Party to obtain authorization to make that payment without deduction or withholding for or on account of Non-US Tax (including for the avoidance of doubt the completion and submission to the Tax authority in the relevant Treaty Lender's country of incorporation (or, if different, its country of residence for the purposes of the relevant double taxation agreement) of appropriate forms and documents that are provided to it by the relevant Credit Party).

(f) Change in Circumstance. A Bank that is a 991 Bank shall promptly notify the Administrative Agent if there is any change in the position from that set out in the Tax Confirmation.

(g) Certain Documents. If any Tax was not correctly or legally asserted, the relevant Bank(s) shall, upon Xerium's reasonable request and at the expense of Xerium, provide such documents to Xerium to enable Xerium to contest such Tax pursuant to appropriate proceedings then available to the relevant Bank(s) (so long as providing such documents shall not, in the good faith determination of the relevant Bank(s) result in any liability to the relevant Bank(s) and doing so is otherwise permitted under applicable law as determined by the relevant Bank(s)).

(h) Withholdings for Certain German Taxes. The provisions of Section 2.20(a) through (g) shall, in addition to all other deductions and withholdings on account of any German Taxes, also apply to deductions and

withholdings that are to be made by a Credit Party with respect to any sums payable under the Credit Documents that constitute deemed distributions by a Credit Party. As among the Credit Parties on the one hand and the Administrative Agent and the Banks on the other hand, the Credit Parties shall be responsible for, and effect, the payment of these deductions and withholdings and indemnify the Administrative Agent and the Banks against any sums paid or damages incurred as a result of being required to make the respective payments; Section 2.20(b) shall in such event apply, *mutatis mutandis*.

2.21 **Obligation to Mitigate**. Each Bank (which term shall include Issuing Bank for purposes of this Section 2.21) agrees that, as promptly as practicable after the officer of such Bank responsible for administering its Loans or Letters of Credit, as the case may be, becomes aware of the occurrence of an event or the existence of a condition that would cause such Bank to become an Affected Bank or that would entitle such Bank to receive payments under Sections 2.18, 2.19 or 2.20, it will, to the extent not inconsistent with the internal policies of such Bank and any applicable legal or regulatory restrictions, use reasonable efforts to (a) make, issue, fund or maintain its Credit Extensions, including any Affected Loans, through another office of such Bank, or (b) take such other measures as such Bank may deem reasonable, if as a result thereof the circumstances which would cause such Bank to be an Affected Bank would cease to exist or the additional amounts which would otherwise be required to be paid to such Bank pursuant to Section 2.18, 2.19 or 2.20 would be materially reduced and if, as determined by such Bank in its sole discretion, the making, issuing, funding or maintaining of such Revolving Commitments, Loans or Letters of Credit through such other office or in accordance with such other measures, as the case may be, would not otherwise adversely affect such Revolving Commitments, Loans or Letters of Credit or the interests of such Bank; provided, such Bank will not be obligated to utilize such other office pursuant to this Section 2.21 unless each Borrower agrees to pay all incremental expenses incurred by such Bank as a result of utilizing such other office as described in clause (a) above. A certificate as to the amount of any such expenses payable by each Borrower pursuant to this Section 2.21 (setting forth in reasonable detail the basis for requesting such amount) submitted by such Bank to such Borrower (with a copy to the Administrative Agent) shall be conclusive absent manifest error.

2.22 **Tax Credit**. If a Credit Party pays any additional amount under Section 2.20(b) and the relevant Bank (or the Administrative Agent, as the case may be) determines in its sole discretion that (a) a Tax Credit is attributable either to an increased payment of which that additional amount forms part, or to that additional amount and (b) that Bank (or the Administrative Agent, as the case may be) has obtained, utilized and retained that Tax Credit, the Bank (or the Administrative Agent, as the case may be) shall, to the extent that it can do so without prejudice to the retention of the Tax Credit, pay an amount to the Credit Party which that Credit Party determines in its absolute discretion but in good faith will leave it (after that payment) in the same after-Tax position as it would have been in had the additional amount not been required to be paid by the Credit

Party. Nothing herein contained shall interfere with the right of any Bank (or the Administrative Agent, as the case may be) to arrange its affairs in whatever manner it thinks fit and, in particular, no Bank (or the Administrative Agent, as the case may be) shall be under any obligation to claim a Tax Credit on its corporate profits or otherwise, or to claim such relief in priority to any other claims, reliefs, credits or deductions available to it or to disclose details of its affairs. Any amount to be paid by a bank pursuant to this Section 2.22 shall be made promptly on the date of receipt of the relevant Tax Credit by such Bank(or the Administrative Agent, as the case may be) or, if later, on the last date on which the applicable taxation authority would be able in accordance with applicable law to reclaim or reduce such Tax Credit.

2.23 **Defaulting Banks**

(a) Effect on Letter of Credit Exposure. If a Bank becomes, and during the period it remains, a Defaulting Bank, the following provisions shall apply with respect to such Defaulting Bank's Letter of Credit Exposure:

(i) subject to the limitation in the first proviso below, the Letter of Credit Exposure of such Defaulting Bank shall automatically be reallocated (effective on the day such Bank becomes a Defaulting Bank) among the Non-Defaulting Bank's pro rata in accordance with their respective Revolving Commitments; provided that (A) the sum of (x) the amount of each Defaulting Bank's pro rata share of such Defaulting Bank's Letter of Credit Exposure, plus (y) the principal amount of such Non-Defaulting Bank's outstanding Revolving Loans at the time of such reallocation, plus (z) such Non-Defaulting Bank's Pro Rata Share of the Letter of Credit Exposure as in effect immediately prior to such reallocation may not exceed the Revolving Commitment of such Non-Defaulting Bank as in effect at the time of such reallocation, and (B) neither such reallocation nor any payment by a Non-Defaulting Bank pursuant thereto will constitute a waiver or release of any claim the Borrowers, the Administrative Agent, the Issuing Bank or any other Bank may have against such Defaulting Bank or cause such Defaulting Bank to be a Non-Defaulting Bank;

(ii) to the extent that any portion of such Defaulting Bank's Letter of Credit Exposure cannot be so reallocated (the "**Unreallocated Portion**"), whether by reason of the first proviso in clause (i) above or otherwise, the Borrowers will, not later than two (2) Business Days after demand by the Administrative Agent (at the direction of the Issuing Bank) (A) Cash Collateralize the obligations of the Borrowers to the Issuing Bank in respect of such Letter of Credit Exposure in an amount at least equal to the aggregate amount of the Unreallocated Portion of such Letter of Credit Exposure, or (B) make other arrangements satisfactory to the Administrative Agent and to the Issuing Bank in their sole discretion to protect them against the risk of non-payment by such Defaulting Bank; and

(iii) any amount paid by the Borrowers for the account of a Defaulting Bank under this Agreement (whether on account of principal, interest, fees, indemnity payments or other amounts) will not be paid or distributed to such Defaulting Bank, but will instead be retained by the Administrative Agent in a segregated, non-interest bearing account until (subject to Section 2.23(e)) the termination of the Revolving Commitments and payment in full of all Secured Obligations, and will be applied by the Administrative Agent, to the fullest extent permitted by law, to the making of payments from time to time in the following order of priority: first, to the payment of any amounts owing by such Defaulting Bank to the Administrative Agent under this Agreement; second, to the payment of any amounts owing by such Defaulting Bank to the Issuing Bank under this Agreement (ratably in accordance with the amounts owing to the Issuing Bank); third, to the payment of post-default interest and then current interest due and payable to the Non-Defaulting Banks, ratably among them in accordance with the amounts of such interest then due and payable to them; fourth, to the payment of fees then due and payable to the Non-Defaulting Banks hereunder, ratably among them in accordance with the amounts of such fees then due and payable to them; fifth, to pay principal and Unpaid Drawings under Revolving Letters of Credit honored by the Issuing Bank then due and payable to the Non-Defaulting Banks hereunder ratably in accordance with the amounts thereof then due and payable to them; sixth, to the ratable payment of other amounts then due and payable to the Non-Defaulting Banks; and seventh, after the termination of the Revolving Commitments and payment in full of all Revolving Loans or any other Obligations of any Loan Party under the Credit Documents, to pay amounts owing under this Agreement to such Defaulting Bank or as a court of competent jurisdiction may otherwise direct.

(b) Authorization to Give Funding Notices. In furtherance of the foregoing, if any Bank becomes, and during the period it remains, a Defaulting Bank or a Potential Defaulting Bank, the Issuing Bank is hereby authorized by the Borrowers (which authorization is irrevocable and coupled with an interest) to give, in its discretion, through the Administrative Agent, Funding Notices pursuant to Section 2.2(b) in such amounts and in such times as may be required to (i) reimburse amounts representing Unpaid Drawings under Revolving Letters of Credit honored by the Issuing Bank and/or (ii) Cash Collateralize the obligations of the Borrowers in respect of outstanding Revolving Letters of Credit in an amount at least equal to the aggregate amount of the obligations (contingent or otherwise) of such Defaulting Bank or Potential Defaulting Bank in respect of such Revolving Letters of Credit.

(c) No Fees. Anything herein to the contrary notwithstanding, during such period as a Bank is a Defaulting Bank, such Defaulting Bank will not be entitled to any fees accruing during such period pursuant to Section 2.11(a)(i)(A) and 2.11(a)(i)(B) (without prejudice to the rights of the Banks other than Defaulting Banks in respect of such fees); provided that (a) to the extent that a portion of the Letter of Credit Exposure of such Defaulting Bank

is reallocated to the Non-Defaulting Banks pursuant to Section 2.23(a)(i), such fees that would have accrued for the benefit of such Defaulting Bank will instead accrue for the benefit of and be payable to such Non-Defaulting Banks, pro rata in accordance with their respective Revolving Commitments, and (b) to the extent any portion of such Letter of Credit Exposure cannot be so reallocated, such fees will instead accrue for the benefit of and be payable to the Issuing Bank as its interests appear (and the pro rata payment provisions of Section 2.17 will automatically be deemed adjusted to reflect the provisions of this Section).

(d) Termination of Commitment. The Borrowers may terminate the unused amount of the Revolving Commitment of a Defaulting Bank upon not less than three (3) Business Days' prior notice to the Administrative Agent (which will promptly notify the Banks thereof), and in such event the provisions of Section 2.16(g) will apply to all amounts thereafter paid by the Borrowers for the account of such Defaulting Bank under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that such termination will not be deemed to be a waiver or release of any claim the Borrowers, the Administrative Agent, the Issuing Bank or any Bank may have against such Defaulting Bank.

(e) Reinstatement. If the Borrowers, the Administrative Agent and the Issuing Bank agree in writing in their discretion that a Bank that is a Defaulting Bank or a Potential Defaulting Bank should no longer be deemed to be a Defaulting Bank or Potential Defaulting Bank, as the case may be, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, such Bank will, to the extent applicable, purchase such portion of outstanding Loans of the other Banks and/or make such other adjustments as the Administrative Agent may determine to be necessary to cause the Revolving Exposure of the Banks to be based upon their respective Pro Rata Shares, whereupon such Bank will cease to be a Defaulting Bank or Potential Defaulting Bank and will be a Non-Defaulting Bank (and the Revolving Exposure will automatically be adjusted on a prospective basis to reflect the foregoing); provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while such Bank was a Defaulting Bank; and provided further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Bank or Potential Defaulting Bank to Non-Defaulting Bank will constitute a waiver or release of any claim of any party hereunder arising from such Bank's having been a Defaulting Bank or Potential Defaulting Bank.

2.24 **Removal or Replacement of a Bank**. Anything contained herein to the contrary notwithstanding, in the event that: (a) (i) any Bank (an "**Increased Cost Bank**") shall give notice to each Borrower that such Bank is an Affected Bank or that such Bank is entitled to receive payments under Section 2.18, 2.19 or 2.20, (ii) the circumstances which have caused such Bank to be an Affected Bank or which entitle such Bank to receive such payments shall remain

in effect, and (iii) such Bank shall fail to withdraw such notice within five Business Days after a Borrower's request for such withdrawal; (b) any Bank is a Defaulting Bank; or (c) in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions hereof as contemplated by Section 10.6(b), the consent of Requisite Banks shall have been obtained but the consent of one or more of such other Banks (each a "**Non-Consenting Bank**") whose consent is required shall not have been obtained; then, with respect to each such Increased Cost Bank, Defaulting Bank or Non-Consenting Bank (the "**Terminated Bank**"), a Borrower may, by giving written notice to Administrative Agent and any Terminated Bank of its election to do so, elect to cause such Terminated Bank (and such Terminated Bank hereby irrevocably agrees) to assign its outstanding Loans and its Commitments, if any, in full to one or more Eligible Assignees (each a "**Replacement Bank**") in accordance with the provisions of Section 10.6 and Xerium shall pay any fees payable thereunder in connection with such assignment; provided, (1) on the date of such assignment, the Replacement Bank shall pay to the Terminated Bank an amount equal to the sum of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Terminated Bank, (B) an amount equal to all unreimbursed drawings that have been funded by such Terminated Bank, together with all then unpaid interest with respect thereto at such time and (C) an amount equal to all accrued, but theretofore unpaid fees owing to such Terminated Bank pursuant to Section 2.11; (2) on the date of such assignment, each Borrower shall pay any amounts payable to such Terminated Bank pursuant to Section 2.18(c), 2.19 or 2.20 or otherwise as if it were a prepayment; and (3) in the event such Terminated Bank is a Non-Consenting Bank, each Replacement Bank shall consent, at the time of such assignment, to each matter in respect of which such Terminated Bank was a Non-Consenting Bank; provided, a Borrower may not make such election with respect to any Terminated Bank that is also the Issuing Bank unless, prior to the effectiveness of such election, the Borrower shall have caused each outstanding Letter of Credit issued thereby to be cancelled. Upon the prepayment of all amounts owing to any Terminated Bank and the termination of such Terminated Bank's Revolving Commitments, if any, such Terminated Bank shall no longer constitute a "Bank" for purposes hereof; provided, any rights of such Terminated Bank to indemnification hereunder shall survive as to such Terminated Bank.

2.25 Joint and Several Liability.

(a) Joint and Several Liability. All Obligations of the Borrowers under this Agreement and the other Credit Documents shall be joint and several Obligations of each Borrower to the extent (i) legally permissible and (ii) local restrictions apply and provided that, without prejudice to the limitations set forth in Section 7.14, none of Italia SpA, Huyck Austria, Xerium Canada, Germany Holdings or any Non-US Guarantor shall be liable for any Obligations of any Borrower organized in the United States. Anything contained in this Agreement and the other Credit Documents to the contrary notwithstanding, the Obligations of each Borrower hereunder shall be limited to a maximum aggregate amount

equal to the largest amount that would not render its Obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under § 548 of the Bankruptcy Code, 11 U.S.C. § 548, or any applicable provisions of comparable law of a Governmental Authority (collectively, the "**Fraudulent Transfer Laws**"), in each case after giving effect to all other liabilities of such Borrower, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws (specifically excluding, however, any liabilities of such Borrower in respect of intercompany Indebtedness to any other Credit Party or Affiliates of any other Credit Party to the extent that such Indebtedness would be discharged in an amount equal to the amount paid by such Credit Party hereunder) and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation or contribution of such Borrower pursuant to (i) applicable law or (ii) any agreement providing for an equitable allocation among such Borrower and other Affiliates of any Credit Party of Obligations arising under Guaranties by such parties.

(b) Subrogation. Until the Obligations shall have been paid in full in Cash, each Borrower shall withhold exercise of any right of subrogation, contribution or any other right to enforce any remedy which it now has or may hereafter have against any other Borrower or any other guarantor of the Obligations. Each Borrower further agrees that, to the extent the waiver of its rights of subrogation, contribution and remedies as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any such rights such Borrower may have against any other Borrower, any collateral or security or any such other guarantor, shall be junior and subordinate to any rights Collateral Agent may have against any such other Borrower, any such collateral or security, and any such other guarantor. The Borrowers under this Agreement and the other Credit Documents together desire to allocate among themselves, in a fair and equitable manner, their Obligations arising under this Agreement and the other Credit Documents. Accordingly, in the event any payment or distribution is made on any date by any Borrower under this Agreement and the other Credit Documents (a "**Funding Borrower**") that exceeds its Obligation Fair Share (as defined below) as of such date, that Funding Borrower shall be entitled to a contribution from each of the other Borrowers in the amount of such other Borrowers' Obligation Fair Share Shortfall (as defined below) as of such date, with the result that all such contributions will cause each Borrowers' Obligation Aggregate Payments (as defined below) to equal its Obligation Fair Share as of such date. "**Obligation Fair Share**" means, with respect to a Borrower as of any date of determination, an amount equal to (i) the ratio of (X) the Obligation Fair Share Contribution Amount (as defined below) with respect to such Borrower to (Y) the aggregate of the Obligation Fair Share Contribution Amounts with respect to all the Borrowers, multiplied by (ii) the aggregate amount paid or distributed on or before such date by all Funding Borrowers under this Agreement and the other Credit Documents in respect of the Obligations guarantied. "**Obligation Fair Share Shortfall**" means, with respect to a Borrower as of any date of determination, the excess, if any, of the Obligation Fair Share of such Borrower over the Obligation Aggregate Payments of such Borrower. "**Obligation Fair**

Share Contribution Amount" means, with respect to a Borrower as of any date of determination, the maximum aggregate amount of the Obligations of such Borrower under this Agreement and the other Credit Documents that would not render its Obligations hereunder or thereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any comparable applicable provisions of state law; provided that, solely for purposes of calculating the "Obligation Fair Share Contribution Amount" with respect to any Borrower for purposes of this Section 2.25, any assets or liabilities of such Credit Party arising by virtue of any rights to subrogation, reimbursement or indemnification or any rights to or Obligations of contribution hereunder shall not be considered as assets or liabilities of such Borrower. "**Obligation Aggregate Payments**" means, with respect to a Borrower as of any date of determination, an amount equal to (i) the aggregate amount of all payments and distributions made on or before such date by such Borrower in respect of this Agreement and the other Credit Documents (including in respect of this Section 2.25) minus (ii) the aggregate amount of all payments received on or before such date by such Borrower from the other Borrowers as contributions under this Section 2.25. The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Funding Borrower. The allocation among the Borrowers of their Obligations as set forth in this Section 2.25 shall not be construed in any way to limit the liability of any Borrower hereunder or under any other Credit Document. Nothing contained in this Section 2.25(b) shall be of prejudice to any more favorable provisions applicable to Italia SpA, Huyck Austria, Xerium Canada, Germany Holdings or any non-US Guarantor pursuant to Section 7.6.

(c) Parallel Debt and Collateral Agent. Notwithstanding anything to the contrary in any Credit Document, each of the Borrowers and Guarantors and each of the Secured Parties agree that the Collateral Agent shall be the joint and several creditor (together with the relevant Secured Party) of each and every obligation of any Borrower or Guarantor towards each of the Secured Parties (other than the Collateral Agent) under the Credit Documents, and that accordingly the Collateral Agent will have its own independent right to demand performance by the relevant Borrower or Guarantor of such obligations. However, any discharge of any such obligation to one of the Collateral Agent or any Secured Party (other than the Collateral Agent) shall, to that extent, discharge the corresponding obligation owing to the other. Nothing in this Agreement or in any other Credit Document shall in any way limit the Collateral Agent's right to enforce, protect and preserve all of its rights under each Collateral Document as contemplated by this Agreement or the relevant Collateral Document (or to perform any act reasonably incidental to any of the foregoing).

2.26 **Loans to Non-US Borrowers**. Each Bank may, at its option, make any Loan available to any Non-US Borrower by causing any foreign or domestic branch or Affiliate of such Bank to make such Loan; provided that any

exercise of such option shall not affect the obligation of such Non-US Borrower to repay such Loan in accordance with the terms of this Agreement.

2.27 **Intercreditor Agreement**. Each Bank hereby authorizes and directs the Administrative Agent and the Collateral Agent to enter into the Intercreditor Agreement on its behalf and hereby approves and agrees to be bound by the terms of the Intercreditor Agreement. Notwithstanding anything to the contrary herein, in the case of any inconsistency between this Agreement and the Intercreditor Agreement, the Intercreditor Agreement shall govern. The Banks acknowledge that the Second Lien Obligations are secured by the Collateral, subject to the Intercreditor Agreement.

2.28 **Assumption of Obligations**. The Borrowers (other than Xerium) and the Guarantors acknowledge that they have received significant direct and indirect benefit from the loans and credit extension made to Xerium under the DIP Credit Agreement. Each Borrower acknowledges and agrees that as of the Closing Date it they will become a borrower under this Agreement and shall be directly liable for its Obligations owed under the Credit Documents as set forth herein and in the other Credit Documents, and each Guarantor acknowledges and agrees that as of the Closing Date it will become a guarantor under this Agreement and shall be directly liable for the Obligations owed under the Credit Documents as set forth herein and in the other Credit Documents.

2.29 **Conversion of DIP Term Loans, DIP Revolving Loans and Existing Letters of Credit.** As provided in Sections 2.1(a) and 2.2(a)(ii), the DIP Revolving Loans and DIP Term Loans outstanding on the Closing Date shall be converted into Revolving Loans and Term Loans, respectively, under this Agreement and, as provided in Section 2.4(c), the Existing Letters of Credit outstanding on the Closing Date shall be converted into Term Loan Letters of Credit under this Agreement and the agreements and instruments listed on Schedule 2.29 (which shall be in form and substance reasonably satisfactory to the Administrative Agent). Each Bank (as defined in the DIP Credit Agreement) shall be a Bank hereunder and the Issuing Bank (as defined in the DIP Credit Agreement) that issued an Existing Letter of Credit shall be the Issuing Bank hereunder. The Credit Documents (as defined in the DIP Credit Agreement) shall be superseded and replaced by the applicable Credit Documents. Each of the Administrative Agent, the Issuing Bank and the Banks shall take such actions and execute and deliver such agreements, instruments or other documents as the Administrative Agent may reasonably request to give effect to the provisions of this Section 2.29; provided, however, that any such action by the Administrative Agent, the Issuing Bank or any of the Banks shall not be a condition precedent to the effectiveness of the provisions of this Section 2.29.

SECTION 3. CONDITIONS PRECEDENT

3.1 **Conditions to Closing Date**. The occurrence of the Closing Date and the obligation of each Bank to make Credit Extensions hereunder, in each

case as of the Closing Date, are, in addition to the conditions specified in Sections 3.2, subject at the time of the occurrence of the Closing Date to the satisfaction, or waiver in accordance with Section 10.6, of the following conditions on or before [July/ August __], 2010[2]:

(a) Credit Documents. The Administrative Agent shall have received sufficient copies of each Credit Document to be executed by the appropriate Credit Party on the Closing Date and delivered by each applicable Credit Party for each Bank (which may be delivered by facsimile or other electronic means for the purposes of satisfying this Section 3.1(a) on the Closing Date, with signed originals to be delivered promptly thereafter) and such Credit Documents shall be in form and substance satisfactory to the Borrowers and their counsel and the Administrative Agent and its counsel.

(b) Organizational Documents; Incumbency. The Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent: (i) a copy of each Organizational Document of each Credit Party, as applicable, and, to the extent applicable, certified as of a recent date by the appropriate governmental official, each dated the Closing Date or a recent date prior thereto; (ii) signature and incumbency certificates of the officers of such Credit Party executing the Credit Documents to which it is a party; (iii) resolutions of the board of directors or similar governing body of each Credit Party approving and authorizing the execution, delivery and performance of this Agreement and the other Credit Documents to which it is a party or by which it or its assets may be bound as of the Closing Date, certified as of the Closing Date by its secretary or an assistant secretary as being in full force and effect without modification or amendment; (iv) resolution of the shareholder(s) of the Australian Obligor and Guarantors incorporated in the United Kingdom approving and authorizing the execution, delivery and performance of this Agreement and the other Credit Documents to which it is a party or by which it or its assets may be bound as of the Closing Date, certified as of the Closing Date by its secretary or an assistant secretary as being in full force and effect without modification or amendment and (v) to the extent applicable, a good standing certificate from the applicable Governmental Authority of each Credit Party's jurisdiction of incorporation, organization or formation, each dated a recent date prior to the Closing Date. For Credit Parties organized, incorporated or formed outside of the United States, delivery of a Formalities Certificate shall suffice to satisfy this Section 3.1(b).

[2] Date that is four months after the closing date of the DIP Credit Agreement to be inserted.

(c) Closing Date Certificate. The Administrative Agent shall have received a Closing Date Certificate, dated the Closing Date and signed by an Authorized Officer of Xerium.

(d) No Liabilities. Neither Xerium nor any of its Subsidiaries has any contingent liability or liability for taxes, long term lease or unusual forward or long term commitment that is not reflected in the audited financial statements delivered pursuant to Section 3.1(k) for Fiscal Year 2009 or the notes thereto (other than as contemplated by the Plan of Reorganization) and which in any such case is material in relation to the business, operations, properties, assets, condition (financial or otherwise) or prospects of Xerium and any of its Subsidiaries taken as a whole.

(e) Organizational and Capital Structure. The organizational structure and capital structure of Xerium and its Subsidiaries, after giving effect to the Recapitalization, shall be as set forth in the Plan of Reorganization and Disclosure Statement, provided that any changes to such Plan of Reorganization and Disclosure Statement which are adverse to the Banks shall be acceptable to the Banks.

(f) Confirmation Order, Plan of Reorganization. The Confirmation Order shall be in full force and effect and shall not have been reversed or modified, stayed, subject to a motion to stay or subject to appeal or petition for review, rehearing or certiorari, (ii) the Administrative Agent shall have received a copy of the Confirmation Order, certified as true, correct and complete by the clerk of the Bankruptcy Court, (iii) the Confirmation Order and the Plan of Reorganization shall each be in full force and effect and shall be in form and substance reasonably satisfactory to the Administrative Agent, (iv) all documents executed in connection with the implementation of the Plan of Reorganization shall be in accordance with the Plan of Reorganization and, if so required thereunder, shall be in form and substance reasonably satisfactory to the Administrative Agent, (v) all motions and proposed orders to be filed with the Bankruptcy Court in connection with this Agreement and the Plan of Reorganization shall be in form and substance reasonably satisfactory to the Administrative Agent and (vi) all conditions precedent to the effectiveness of the Plan of Reorganization shall have been satisfied or waived by the Administrative Agent, and the Effective Date and substantial consummation of the Plan of Reorganization shall have occurred.

(g) Second Lien Credit Agreement. (i) The terms of the Second Lien Credit Agreement shall be reasonably satisfactory to the Administrative Agent, and (ii) the Administrative Agent shall have received reasonably satisfactory evidence that the conditions to the effectiveness of the Second Lien Credit Agreement shall have been satisfied or waived in accordance with its terms.

(h) Governmental Authorizations and Consents. Each Credit Party shall have obtained all material necessary Governmental Authorizations and all consents of other Persons (including any necessary approvals of the Bankruptcy Court or otherwise in connection with the Recapitalization), in each case that are necessary in connection with the transactions contemplated by the Credit Documents and each of the foregoing shall be in full force and effect and in form and substance reasonably satisfactory to the Administrative Agent. All applicable waiting periods shall have expired without any action being taken or threatened by any competent authority which would restrain, prevent or otherwise impose adverse conditions on the transactions contemplated by the Credit Documents and no action, request for stay, petition for review or rehearing, reconsideration, or appeal with respect to any of the foregoing shall be pending, and the time for any applicable agency to take action to set aside its consent on its own motion shall have expired.

(i) Real Estate Assets. In order to create in favor of Collateral Agent, for the benefit of Secured Parties, a valid and, subject to any filing and/or recording referred to herein, perfected security interest in certain Real Estate Assets, the Collateral Agent shall have received from each applicable Borrower and each applicable Guarantor:

(i) fully executed and notarized Mortgages, in proper form for recording in all appropriate places in all applicable jurisdictions, encumbering each Real Estate Asset listed in Schedule 3.1(i) (each, a "**Closing Date Mortgaged Property**");

(ii) an opinion of counsel (which counsel shall be reasonably satisfactory to the Collateral Agent) in each state in which a Closing Date Mortgaged Property is located with respect to the enforceability of the form(s) of Mortgages to be recorded in such state and such other matters as the Collateral Agent may reasonably request, in each case in form and substance reasonably satisfactory to the Collateral Agent;

(iii) (a) ALTA mortgagee title insurance policies or unconditional commitments therefor issued by one or more title companies reasonably satisfactory to the Collateral Agent with respect to each Closing Date Mortgaged Property located in the United States (each, a "**Title Policy**"), in amounts not less than the fair market value of each Closing Date Mortgaged Property, together with a title report issued by a title company with respect thereto, and copies of all recorded documents listed as exceptions to title or otherwise referred to therein, each in form and substance reasonably satisfactory to the Collateral Agent and (B) evidence satisfactory to the Collateral Agent that such Credit Party has paid to the title company or to the appropriate governmental authorities all expenses and premiums of the title company and all other sums required in connection with the issuance of each Title Policy and all recording and stamp taxes (including mortgage recording

and intangible taxes) payable in connection with recording the Mortgages for each Closing Date Mortgaged Property in the appropriate real estate records;

(iv) evidence of flood insurance with respect to each Flood Hazard Property that is located in a community that participates in the National Flood Insurance Program, in each case in compliance with any applicable regulations of the Board of Governors of the Federal Reserve System, in form and substance reasonably satisfactory to the Collateral Agent; and

(v) ALTA surveys of all Closing Date Mortgaged Properties located in the United States, certified to Collateral Agent and dated or updated not more than ninety (90) days prior to the Closing Date and a survey sufficient to remove the standard survey exception to coverage from the Title Policies which will insure the Mortgages.

(j) Personal Property Collateral. In order to create in favor of Collateral Agent, for the benefit of Secured Parties, a valid, perfected security interest in the personal property Collateral, the Collateral Agent shall have received:

(i) evidence reasonably satisfactory to the Collateral Agent of the compliance by each Credit Party of their obligations under the Pledge and Security Agreement and the other Collateral Documents (including their obligations to execute and deliver UCC financing statements, other securities, instruments and chattel paper and any agreements governing deposit and/or securities accounts as provided therein);

(ii) the Collateral Agent shall have received (x) the originals of certificates representing the shares of capital stock pledged pursuant to the Pledge and Security Agreement and the other Collateral Documents, together with an original of an undated stock power for each such certificate executed in blank by a duly Authorized Officer of the pledgor thereof (if applicable and subject to the provisions of the relevant Collateral Document), and (y) originals of each promissory note (if any) pledged to the Collateral Agent pursuant to the Pledge and Security Agreement and the other Collateral Documents endorsed in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof;

(iii) a completed Collateral Questionnaire dated the Closing Date and executed by an Authorized Officer of Xerium, together with all attachments contemplated thereby, including (A) the results of a recent search, by a Person satisfactory to Collateral Agent, of all effective UCC financing statements (or equivalent filings) made with respect to any personal, real or mixed property of any Credit Party in the jurisdictions specified in the Collateral Questionnaire, together with copies of all such filings disclosed by such search, and (B) UCC termination statements (or similar documents) duly executed by all applicable Persons for filing in all applicable jurisdictions as

may be necessary to terminate any effective UCC financing statements (or equivalent filings) disclosed in such search (other than any such financing statements in respect of Permitted Liens);

(iv) opinions of counsel (which counsel shall be reasonably satisfactory to the Collateral Agent) with respect to the creation and perfection of the security interests in favor of Collateral Agent in such Collateral and such other matters governed by the laws of each jurisdiction in which any Credit Party or any personal property Collateral is located as the Collateral Agent may reasonably request, in each case in form and substance reasonably satisfactory to the Collateral Agent; and

(v) evidence that each Credit Party shall have taken or caused to be taken any other action, executed and delivered or caused to be executed and delivered any other agreement, document, notice and instrument (including without limitation, any intercompany notes evidencing Indebtedness permitted to be incurred pursuant to Section 6.1(b)) and made or caused to be made any other filing and recording (other than as set forth herein) reasonably required by the Collateral Agent.

(k) Financial Statements; Business Plan. The Banks shall have received from Xerium (i) the audited consolidated balance sheets of Xerium and its Subsidiaries as of December 31, 2009 for the Fiscal Year then ended and the related consolidated statements of income, stockholders' equity and cash flows of Xerium and its Subsidiaries for such Fiscal Year, together with a report thereon of Ernst & Young LLP, which financial statements and report shall be in form and substance reasonably satisfactory to the Administrative Agent, and (ii) an Officer's Certificate executed by an Authorized Office of Xerium certifying that there have been no changes to the Initial Business Plan.

(l) Insurance. The Collateral Agent shall have received a certificate from Xerium's insurance broker or other evidence satisfactory to it that all insurance required to be maintained pursuant to Section 5.5 is in full force and effect, together with endorsements naming the Collateral Agent, for the benefit of Secured Parties, as additional insured and naming the Collateral Agent, on behalf of the Secured Parties and the Second Lien Secured Parties as loss payee thereunder to the extent required under Section 5.5.

(m) Opinions of Counsel to Credit Parties. The Administrative Agent and its counsel shall have received executed copies of the favorable written opinions of counsel to the Credit Parties as to such matters as the Administrative Agent may reasonably request, dated as of the Closing Date and otherwise in form and substance reasonably satisfactory to the Administrative Agent.

(n) Cash Payment and Common Stock Issuance. The Banks (or the Administrative Agent on behalf of the Banks) shall have received the cash payment and Common Stock contemplated by the Plan of Reorganization.

(o) Fees and Expenses. The Administrative Agent shall have received payment in full of all fees and expenses invoiced and due to the Agents (including the reasonable fees and expenses due of their advisors and legal counsel) in connection with this Agreement.

(p) No Litigation. There shall not exist any action, suit, investigation, litigation or proceeding or other legal or regulatory developments, pending or threatened in any court or before any arbitrator or Governmental Authority (other than the Bankruptcy Cases) that, in the reasonable opinion of the Administrative Agent, singly or in the aggregate, materially impairs the transactions contemplated by the Credit Documents or that could have a Material Adverse Effect.

(q) Completion of Proceedings. All partnership, corporate and other proceedings taken or to be taken in connection with the transactions contemplated by the Credit Documents and all documents incidental thereto not previously found acceptable by the Administrative Agent and its counsel shall be satisfactory in form and substance to the Administrative Agent and such counsel, and the Administrative Agent and such counsel shall have received all such counterpart originals or certified copies of such documents as the Administrative Agent may reasonably request.

(r) Representations and Warranties. The representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects on and as of the Closing Date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date; provided that any representation or warranty that is by its terms qualified by materiality shall be true and correct in all respects.

(s) No Default. No event shall have occurred and be continuing or would result from the consummation of the transaction contemplated hereunder or under the Credit Documents that would constitute an Event of Default or a Default.

(t) No Material Adverse Effect. Since the Petition Date, nothing shall have occurred (and neither the Administrative Agent nor the Requisite Banks shall have become aware of any facts or conditions not previously known) which the Administrative Agent or the Requisite Banks shall reasonably determine has had, or could reasonably be expected to have, a Material Adverse Effect.

(u) Compliance with Law and Regulations. All Term Loans and all other financings to the Borrowers (and all guaranties thereof and security therefor), as well as the transactions contemplated by the Credit Documents and the consummation thereof, shall be in full compliance in all material respects with

all applicable requirements of law, including Regulations T, U and X of the Federal Reserve Board.

(v) No Conflict with Material Contracts. After giving effect to the transactions contemplated by the Credit Documents, there shall be no conflict with, or default under, any Material Contract.

(w) Patriot Act Information. Each of the Credit Parties shall have provided the documentation and other information to the Banks that is required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act.

(x) Liquidity. The Borrowers and the Guarantors shall have unrestricted Cash and Cash Equivalents on hand plus, after giving effect to the making of any Revolving Loans on the Closing Date, Unused Revolving Commitments in an aggregate amount of at least the Dollar Equivalent of $35,000,000.

(y) Rating of Term Loans. Xerium (i) shall have obtained a corporate family rating and a rating on the Term Loans from Moody's and (ii) shall have obtained, or the Administrative Agent shall be reasonably satisfied that Xerium used commercially reasonable efforts to obtain a corporate rating and a rating on the Term Loans from S&P.

(z) Solvency Certificate. On the Closing Date, the Administrative Agent shall have received a Solvency Certificate from each Borrower dated the Closing Date and addressed to the Administrative Agent and the Banks.

(aa) Account Control Agreements. The applicable Credit Party shall have entered into account control agreements with respect to each Primary Account in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent.

For the purpose of determining compliance with the conditions specified in this Section 3.1, each Bank that has accepted the distributions under the Plan of Reorganization shall be deemed to have accepted, and to be satisfied with, each document required to be delivered in a form satisfactory to the Banks or Requisite Banks under this Section 3.1 and which was included in the Plan Supplement.

3.2 **Conditions to Each Credit Extension**.

(a) Conditions Precedent. The obligation of each Bank to make, convert or continue any Loan, or the Issuing Bank to issue any Letter of Credit, on any Credit Date or Conversion/Continuation Date, including the Closing Date, is subject to the satisfaction, or waiver in accordance with Section 10.6, of the following conditions precedent:

(i) the Administrative Agent shall have received a fully executed and delivered Funding Notice, Conversion/Continuation Notice or Issuance Notice, as the case may be;

(ii) after making the Credit Extensions requested on such Credit Date or Conversion/Continuation Date, the Total Utilization of Revolving Commitments shall not exceed the Revolving Commitments then in effect;

(iii) as of such Credit Date or Conversion/Continuation Date, the representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects on and as of that Credit Date or Conversion/Continuation Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date;

(iv) as of such Credit Date, no event shall have occurred and be continuing or would result from the consummation of the applicable Credit Extension that would constitute an Event of Default or a Default;

(v) on or before the date of issuance of any Letter of Credit, the Administrative Agent shall have received all other information required by the applicable Issuance Notice, and such other documents or information as the Issuing Bank may reasonably require in connection with the issuance of such Letter of Credit; and

(vi) the conditions set forth in Section 3.1 shall have been satisfied or waived in accordance with Section 10.6.

Any Agent or Requisite Banks shall be entitled, but not obligated to, request and receive, prior to the making of any Credit Extension, additional information reasonably satisfactory to the requesting party confirming the satisfaction of any of the foregoing if, in the good faith judgment of such Agent or Requisite Bank, such request is warranted under the circumstances.

(b) Notices. Any Notice shall be executed by an Authorized Officer in a writing delivered to Administrative Agent. In lieu of delivering a Notice, each Borrower may give Administrative Agent telephonic notice by the required time of any proposed borrowing or conversion or continuation of any Loan or issuance of a Letter of Credit, as the case may be; provided each such notice shall be promptly confirmed in writing by delivery of the applicable Notice to Administrative Agent on or before the applicable date of any such borrowing, conversion, continuation or issuance. Neither Administrative Agent nor any Bank shall incur any liability to any Borrower in acting upon any telephonic notice referred to above that Administrative Agent believes in good faith to have been

given by a duly authorized officer or other person authorized on behalf of a Borrower or for otherwise acting in good faith.

SECTION 4. REPRESENTATIONS AND WARRANTIES

In order to induce the Banks and the Issuing Bank to make each Credit Extension to be made by this Agreement, and to induce each Bank Counterparty to enter into any transaction in respect of Hedging Obligations, each Credit Party represents and warrants to each Bank, Bank Counterparty and the Issuing Bank, on the Closing Date, each Interest Payment Date and each Credit Date, that the following statements are true and correct:

4.1 **Organization; Requisite Power and Authority; Qualification**. Each of Xerium and its Subsidiaries (a) is duly organized, validly existing and in good standing (or, for Non-U.S. Credit Parties of equivalent status when reasonably ascertainable) under the laws of its jurisdiction of organization as identified in Schedule 4.1, (b) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into the Credit Documents to which it is a party and to carry out the transactions contemplated thereby, and (c) is qualified to do business and in good standing in every jurisdiction where its assets are located and wherever necessary to carry out its business and operations, except in jurisdictions where the failure to be so qualified or in good standing has not had, and could not be reasonably expected to have, a Material Adverse Effect.

4.2 **Capital Stock and Ownership**. The Capital Stock of each of Xerium and its Subsidiaries has been duly authorized and validly issued and is fully paid and non-assessable. Except as set forth on Schedule 4.2, as of the date hereof, there is no existing option, warrant, call, right, commitment or other agreement to which Xerium or any of its Subsidiaries is a party requiring, and there is no membership interest or other Capital Stock of Xerium or any of its Subsidiaries outstanding which upon conversion or exchange would require, the issuance by Xerium or any of its Subsidiaries of any additional membership interests or other Capital Stock of Xerium or any of its Subsidiaries or other Securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase, a membership interest or other Capital Stock of Xerium or any of its Subsidiaries. Schedules 4.1 and 4.2 correctly set forth the ownership interest of Xerium and each of its Subsidiaries in their respective Subsidiaries as of the Closing Date.

4.3 **Due Authorization**. The execution, delivery and performance of the Credit Documents have been duly authorized by all necessary action on the part of each Credit Party that is a party thereto.

4.4 **No Conflict**. The execution, delivery and performance by Credit Parties of the Credit Documents to which they are parties and the consummation of the transactions contemplated by the Credit Documents do not and will not (a) violate any provision of any law or any governmental rule or regulation

applicable to Xerium or any of its Subsidiaries, any of the Organizational Documents of Xerium or any of its Subsidiaries, or any order, judgment or decree of any court or other agency of government binding on Xerium or any of its Subsidiaries; (b) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contractual Obligation of Xerium or any of its Subsidiaries except to the extent such conflict, breach or default could not reasonably be expected to have a Material Adverse Effect; (c) result in or require the creation or imposition of any Lien upon any of the properties or assets of Xerium or any of its Subsidiaries (other than any Liens created under any of the Credit Documents in favor of Collateral Agent, on behalf of Secured Parties); or (d) require any approval of stockholders, members or partners or any approval or consent of any Person under any Contractual Obligation of Xerium or any of its Subsidiaries, except for such approvals or consents which will be obtained on or before the Closing Date and disclosed in writing to Banks and except for any such approvals or consents the failure of which to obtain will not have a Material Adverse Effect.

4.5 **Governmental Consents**. The execution, delivery and performance by Credit Parties of the Credit Documents to which they are parties and the consummation of the transactions contemplated by the Credit Documents do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority except for (i) filings and recordings with respect to the Collateral to be made, or otherwise delivered to Collateral Agent for filing and/or recordation, as of the Closing Date and (ii) filings and recordings to be made in connection with the perfection of Collateral acquired after the Closing Date.

4.6 **Binding Obligation**. Each Credit Document has been duly executed and delivered by each Credit Party that is a party thereto and is the legally valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

4.7 **Historical Financial Statements**. The Historical Financial Statements were prepared in conformity with GAAP and fairly present, in all material respects, the financial position, on a consolidated basis, of the Persons described in such financial statements as at the respective dates thereof and the results of operations and cash flows, on a consolidated basis, of the entities described therein for each of the periods then ended, subject, in the case of any such unaudited financial statements, to changes resulting from audit and normal year end adjustments. As of the Closing Date, neither Xerium nor any of its Subsidiaries has any contingent liability or liability for taxes, long term lease or unusual forward or long term commitment that is not reflected in the Historical Financial Statements or the notes thereto and which in any such case is material in

relation to the business, operations, properties, assets, condition (financial or otherwise) or prospects of Xerium and any of its Subsidiaries taken as a whole.

4.8 **Business Plan**. The Initial Business Plan and each Business Plan delivered pursuant to Section 5.1(q) is and will be based on good faith estimates and assumptions made by the management of Xerium; provided, that such Business Plan is not to be viewed as fact and that actual results during the period or periods covered by the Business Plan may differ from such Business Plan and that the differences may be material; provided, further, as of the Closing Date, management of Xerium believed that the Business Plan was reasonable and attainable.

4.9 **No Material Adverse Change**. Since the Petition Date, no event, circumstance or change has occurred that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect.

4.10 **[Intentionally Omitted]**.

4.11 **Adverse Proceedings, etc**. There are no Adverse Proceedings, individually or in the aggregate, that could reasonably be expected to have a Material Adverse Effect. Neither Xerium nor any of its Subsidiaries (a) is in violation of any applicable laws (including Environmental Laws) that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, or (b) is subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any court or any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

4.12 **Payment of Taxes**. Except as otherwise permitted under Section 5.3, all tax returns and reports of Xerium and its Subsidiaries required to be filed by any of them have been timely filed, and all taxes shown on such tax returns to be due and payable and all assessments, fees and other governmental charges upon Xerium and its Subsidiaries and upon their respective properties, assets, income, businesses and franchises which are due and payable have been paid when due and payable. Xerium knows of no proposed tax assessment against Xerium or any of its Subsidiaries which is not being actively contested by Xerium or such Subsidiary in good faith and by appropriate proceedings; provided, such reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall have been made or provided therefor.

4.13 **Properties**. (a) Title. Each of Xerium and its Subsidiaries has (i) good, sufficient and legal title to (in the case of fee interests in real property), (ii) valid leasehold interests in (in the case of leasehold interests in real or personal property), and (iii) good title to (in the case of all other personal property), all of their respective properties and assets reflected in their respective

Historical Financial Statements referred to in Section 4.7 and in the most recent financial statements delivered pursuant to Section 5.1, in each case except for assets disposed of since the date of such financial statements in the Ordinary Course or as otherwise permitted under Section 6.9. Except as permitted by this Agreement, all such properties and assets are free and clear of Liens.

(b) Real Estate. As of the Closing Date, Schedule 4.13(b) contains a true, accurate and complete list of (i) all Real Estate Assets, and (ii) all leases, subleases or assignments of leases (together with all amendments, modifications, supplements, renewals or extensions of any thereof) affecting each Real Estate Asset of any Credit Party, regardless of whether such Credit Party is the landlord or tenant (whether directly or as an assignee or successor in interest) under such lease, sublease or assignment. Each agreement listed in clause (ii) of the immediately preceding sentence is in full force and effect and Xerium does not have knowledge of any default that has occurred and is continuing thereunder except where the consequences, direct or indirect, of such default or defaults, if any, could not be reasonably expected to have a Material Adverse Effect, and each such agreement constitutes the legally valid and binding obligation of each applicable Credit Party, enforceable against such Credit Party in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles.

4.14 **Environmental Matters**. Neither Xerium nor any of its Subsidiaries nor any of their respective Facilities or operations are subject to any outstanding written order, consent decree or settlement agreement with any Person relating to any Environmental Law, any Environmental Claim, or any Hazardous Materials Activity that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. There are and, to each of Xerium's and its Subsidiaries' knowledge, have been, no conditions, occurrences, or Hazardous Materials Activities which could reasonably be expected to form the basis of an Environmental Claim against Xerium or any of its Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Neither Xerium nor any of its Subsidiaries nor, to any Credit Party's knowledge, any predecessor of Xerium or any of its Subsidiaries has filed any notice under any Environmental Law indicating past or present treatment of Hazardous Materials at any Facility that, individually or in the aggregate, could be reasonably expected to have a Material Adverse Effect, and none of Xerium's or any of its Subsidiaries' operations involves the generation, transportation, treatment, storage or disposal of Hazardous Materials, except as would not reasonably be expected to form the basis of an Environmental Claim against Xerium or any of its Subsidiaries, or as listed on Schedule 4.14. Compliance with all current or reasonably foreseeable future requirements pursuant to or under Environmental Laws could not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. No event or condition has occurred or is occurring with respect to Xerium or any of its Subsidiaries relating to any Environmental Law, any Release of

Hazardous Materials, or any Hazardous Materials Activity which individually or in the aggregate has had, or could reasonably be expected to have, a Material Adverse Effect.

4.15 **No Defaults**. Neither Xerium nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any of its Contractual Obligations, and no condition exists which, with the giving of notice or the lapse of time or both, could constitute such a default, except where the consequences, direct or indirect, of such default or defaults, if any, could not reasonably be expected to have a Material Adverse Effect and except as contemplated by the Plan of Reorganization.

4.16 **Material Contracts**. Schedule 4.16 contains a true, correct and complete list of all the Material Contracts in effect on the Closing Date, and except as described thereon, all such Material Contracts are in full force and effect and no defaults currently exist thereunder, except any such default or failure to be in force and effect which could not reasonably be expected to result in an exercise of remedies or acceleration of the indebtedness created thereunder.

4.17 **Governmental Regulation**. Neither Xerium nor any of its Subsidiaries is subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or under any other federal, provincial or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. Neither Xerium nor any of its Subsidiaries is a "registered investment company" or a company "controlled" by a "registered investment company" or a "principal underwriter" of a "registered investment company" as such terms are defined in the Investment Company Act of 1940.

4.18 **Margin Stock**. Neither Xerium nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans made to such Credit Party will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock or for any purpose that violates, or is inconsistent with, the provisions of Regulation T, U or X of said Board of Governors.

4.19 **Employee Matters**. Neither Xerium nor any of its Subsidiaries is engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (a) no unfair labor practice complaint pending against Xerium or any of its Subsidiaries, or to the best knowledge of Xerium and each other Credit Party, threatened against any of them before the National Labor Relations Board and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement that is so pending against Xerium or any of its Subsidiaries or to the best knowledge of Xerium and each other Credit Party,

threatened against any of them, (b) no strike, work stoppage or lock-out in existence or threatened involving Xerium or any of its Subsidiaries, and (c) to the best knowledge of Xerium and each other Credit Party, no union representation question existing with respect to the employees of Xerium or any of its Subsidiaries and, to the best knowledge of Xerium and each other Credit Party, no union organization activity that is taking place, except (with respect to any matter specified in clause (a), (b) or (c) above, either individually or in the aggregate) such as is not reasonably likely to have a Material Adverse Effect.

4.20 **Employee Benefit Plans**

(a) Xerium, each of its Subsidiaries and each of their respective ERISA Affiliates are in compliance with all applicable provisions and requirements of ERISA and the Internal Revenue Code and the regulations and published interpretations thereunder with respect to each Employee Benefit Plan, and have performed all their obligations under each Employee Benefit Plan, other than any non-compliance or non-performance that would not be reasonably expected to have a Material Adverse Effect. Each Employee Benefit Plan which is intended to qualify under Section 401(a) of the Internal Revenue Code has received a recent favorable determination letter from the Internal Revenue Service indicating that such Employee Benefit Plan is so qualified and nothing has occurred subsequent to the issuance of such determination letter which would cause such Employee Benefit Plan to lose its qualified status, except such defect that can be corrected pursuant to Rev. Proc. 2003-44 or any successor ruling or regulation without giving rise to a Material Adverse Effect. No liability to the PBGC (other than required premium payments), the Internal Revenue Service, any Employee Benefit Plan or any trust established under Title IV of ERISA (other than Ordinary Course contribution obligations) has been or is expected to be incurred by Xerium, any of its Subsidiaries or any of their ERISA Affiliates that could reasonably be expected to have a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur which could reasonably be expected to result in a Material Adverse Effect.

(b) Each Canadian Registered Pension Plan has been established, registered, qualified, invested and administered in compliance with its terms and all applicable laws, other than any non-compliance that would not reasonably be expected to have a Material Adverse Effect. No liability (other than required contributions and premium payments) under the Canadian Registered Pension Plans has been or is expected to be incurred by Xerium Canada, or any Affiliate of Xerium Canada that could reasonably be expected to have a Material Adverse Effect. No Canadian Pension Plan Event has occurred or is reasonably expected to occur which could reasonably be expected to result in a liability to Xerium Canada or any Affiliate of Xerium Canada in excess of $1,000,000. Each Canadian Registered Pension Plan has been funded on both a going concern and solvency basis in accordance with applicable laws and on the basis of the actuarial report which was most recently filed with the applicable pension regulator for the applicable Canadian Registered Pension Plan. None of Xerium Canada or any

Affiliate of Xerium Canada contribute to, are obligated to contribute to (or have contributed within the last five years to) a multi-employer pension plan, as defined under applicable laws. Xerium Canada has provided the Administrative Agent with a copy of the actuarial valuation for each Canadian Registered Pension Plan most recently filed with the applicable pension regulator.

4.21 **Certain Fees**. No broker's or finder's fee or commission will be payable with respect hereto or any of the transactions contemplated by the Credit Documents.

4.22 **Solvency**. After giving effect to the transactions contemplated hereby and pursuant to the Plan of Reorganization and the incurrence of the Indebtedness and obligations being incurred in connection herewith and under the Second Lien Credit Agreement, each Credit Party is Solvent.

4.23 **[Reserved]**.

4.24 **Compliance with Statutes, etc**. Each of Xerium and its Subsidiaries is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all Governmental Authorities, in respect of the conduct of its business and the ownership of its property (including compliance with all applicable Environmental Laws with respect to any Real Estate Asset or governing its business and the requirements of any permits issued under such Environmental Laws with respect to any such Real Estate Asset or the operations of Xerium or any of its Subsidiaries), except such non-compliance that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

4.25 **Disclosure**. No representation or warranty of any Credit Party contained in any Credit Document or in any other documents, certificates or written statements, including without limitation, information contained in the presentations made to the Banks, furnished to Banks by or on behalf of Xerium or any of its Subsidiaries for use in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact (known to Xerium or any other Borrower, in the case of any document not furnished by either of them) necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. Any projections and pro forma financial information contained in such materials are based upon good faith estimates and assumptions believed by Xerium or any other Borrower to be reasonable at the time made, it being recognized by Banks that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results. There are no facts known (or which should upon the reasonable exercise of diligence be known) to Xerium or any other Borrower (other than matters of a general economic nature) that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect and that have not been disclosed herein or in such other

documents, certificates and statements furnished to Banks for use in connection with the transactions contemplated hereby.

4.26 **Insurance**. All policies of insurance of Xerium or any of its Subsidiaries, including policies of fire, theft, product liability, public liability, property damage, other casualty, employee fidelity and workers' compensation, are in full force and effect and are of a nature and provide such coverage as is sufficient and as is customarily carried by businesses of the size and character of such Person.

4.27 **Use of Proceeds**. The proceeds of the Loans shall be used by the Borrowers solely in accordance with Section 2.6.

4.28 **Deposit and Securities Accounts**. Schedule 4.28 contains a true, correct and complete list of the Credit Parties' primary Dollar denominated master deposit and investment accounts and primary Euro denominated master deposit and investment accounts (collectively, the "**Primary Accounts**").

4.29 **UK Establishment**. No Credit Party has a "UK establishment" within the meaning of the Overseas Companies Regulations 2009.

SECTION 5. AFFIRMATIVE COVENANTS

Each Credit Party covenants and agrees that so long as any Commitment is in effect and until payment in full of all Obligations and cancellation or expiration of all Letters of Credit, each Credit Party shall perform, and shall cause each of its Subsidiaries to perform, all covenants in this Section 5.

5.1 **Financial Statements and Other Reports**. Xerium will deliver to Administrative Agent:

(a) [Intentionally Omitted]

(b) Quarterly Financial Statements. As soon as available, and in any event within 45 days after the end of the first three Fiscal Quarters of each Fiscal Year, the consolidated balance sheets of Xerium and its Subsidiaries as at the end of such Fiscal Quarter and the related consolidated statements of income, stockholders' equity and cash flows of Xerium and its Subsidiaries for such Fiscal Quarter and for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, setting forth in each case in comparative form (x) the corresponding figures for the corresponding periods of the previous Fiscal Year, and (y) the corresponding figures contained in the Business Plan for the corresponding periods for the current Fiscal Year, together with a Financial Officer Certification with respect thereto and including a detailed explanation as to the material variances that may have occurred from the prior Fiscal Quarter and the figures contained in the Business Plan for the corresponding period for the current Fiscal Year;

(c) Annual Financial Statements. As soon as available, and in any event within 90 days after the end of each Fiscal Year, beginning with Fiscal Year 2010, (i) the audited consolidated balance sheets of Xerium and its Subsidiaries as at the end of such Fiscal Year and the related consolidated statements of income, stockholders' equity and cash flows of Xerium and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the previous Fiscal Year, together with a Financial Officer Certification and including a detailed explanation as to the material variances that may have occurred from the prior Fiscal Year and the figures contained in the Business Plan for the current Fiscal Year and (ii) with respect to such consolidated financial statements a report thereon of Ernst & Young LLP or other independent certified public accountants of recognized international standing selected by Xerium (which report shall be unqualified as to going concern and scope of audit, and shall state that such consolidated financial statements fairly present, in all material respects, the consolidated financial position of Xerium and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (except as otherwise disclosed in such financial statements) and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards) together with a written statement by such independent certified public accountants stating that nothing has come to their attention that causes them to believe that the information contained in any Compliance Certificate is not correct or that the matters set forth in such Compliance Certificate are not stated in accordance with the terms hereof;

(d) Compliance Certificate. Together with each delivery of financial statements of Xerium and its Subsidiaries pursuant to Sections 5.1(b) and 5.1(c), a duly executed and completed Compliance Certificate; provided, that in respect of the fourth Fiscal Quarter of each Fiscal Year, it shall also deliver a duly executed and completed Compliance Certificate as soon as available, and in any event within 90 days after the end of the fourth Fiscal Quarter;

(e) Statements of Reconciliation after Change in Accounting Principles. If, as a result of any change in accounting principles and policies from those used in the preparation of the Historical Financial Statements, the Compliance Certificate (including, without limitation, calculation of Excess Cash therein) of Xerium and its Subsidiaries delivered pursuant to Section 5.1(d) will differ in any material respect in the manner in which computations are derived from Xerium's financial statements for the Compliance Certificate that would have been delivered pursuant to such subsection had no such change in accounting principles and policies been made, then, together with the first delivery of such Compliance Certificate after such change, Xerium will deliver one or more statements of explanation of such difference(s) in form and substance satisfactory to Administrative Agent and, if appropriate, Xerium's proposal for amending any terms or requirements used or addressed in the Compliance Certificate to adjust for such change(s);

(f) Sufficiency of Public Quarterly and Annual Reports. Notwithstanding anything to the contrary contained herein, delivery to the Administrative Agent by Xerium of its quarterly report on Form 10-Q and its annual report on form 10-K shall satisfy the requirements of Sections 5.1(b) and (c), respectively, for so long as Xerium remains a reporting company under the Exchange Act.

(g) Notice of Default. Promptly upon any officer of Xerium or each other Borrower obtaining knowledge (i) of any condition or event that constitutes a Default or an Event of Default or that notice has been given to Xerium or each other Borrower with respect thereto; (ii) that any Person has given any notice to Xerium or any of its Subsidiaries or taken any other action with respect to any event or condition set forth in Section 8.1(b); or (iii) of the occurrence of any event or change that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect, a certificate of its Authorized Officers specifying the nature and period of existence of such condition, event or change, or specifying the notice given and action taken by any such Person and the nature of such claimed Event of Default, Default, default, event or condition, and what action each Borrower has taken, is taking and proposes to take with respect thereto;

(h) Notice of Litigation. Promptly upon any officer of Xerium or each other Borrower obtaining knowledge of (i) the institution of, or non-frivolous threat of, any Adverse Proceeding not previously disclosed in writing by each Borrower to Banks, or (ii) any material development in any Adverse Proceeding that, in the case of either (i) or (ii) could be reasonably expected to have a Material Adverse Effect, or seeks to enjoin or otherwise prevent the consummation of, or to recover any damages or obtain relief as a result of, the transactions contemplated hereby, written notice thereof together with such other information as may be reasonably available to Xerium or each other Borrower to enable Banks and their counsel to evaluate such matters;

(i) ERISA. (i) Promptly upon becoming aware of the occurrence of or forthcoming occurrence of any ERISA Event, a written notice specifying the nature thereof, what action Xerium, any of its Subsidiaries or any of their respective ERISA Affiliates has taken, is taking or proposes to take with respect thereto and, when known, any action taken or threatened by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto; and (ii) with reasonable promptness, copies of (1) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed by Xerium, any of its Subsidiaries or any of their respective ERISA Affiliates with the Internal Revenue Service with respect to each Pension Plan; (2) all notices received by Xerium, any of its Subsidiaries or any of their respective ERISA Affiliates from a Multiemployer Plan sponsor concerning an ERISA Event; and (3) copies of such other documents or governmental reports or filings relating to any Employee Benefit Plan as Administrative Agent shall reasonably request;

(j) Canadian Registered Pension Plans. (i) Promptly upon becoming aware of the occurrence of or forthcoming occurrence of any Canadian Pension Plan Event, a written notice specifying the nature thereof, what action Xerium Canada or any Affiliate of Xerium Canada has taken, is taking or proposes to take with respect thereto and, when known, any action taken or threatened by the Canada Revenue Agency or any applicable pension regulator; and (ii) with reasonable promptness, (1) copies of each annual information return filed with the Canada Revenue Agency or any applicable pension regulator with respect to a Canadian Registered Pension Plan; (2) copies of all notices received by Xerium Canada or any Affiliate of Xerium Canada from the sponsor of a multi-employer pension plan, as defined under applicable laws, concerning a Canadian Pension Plan Event; (3) copies of each actuarial valuation for each Canadian Registered Pension Plan filed with any applicable pension regulator; (4) copies of any actuarial certifications in respect of each Canadian Registered Pension Plan filed with any applicable pension regulator, whether in connection with a request for approval to effect commuted value transfers from such plan or otherwise; and (5) copies of such other documents or governmental reports or filings relating to any Canadian Registered Pension Plan as Administrative Agent shall reasonably request;

(k) Insurance Report. As soon as practicable following any material change in the insurance coverage, notice to the Administrative Agent of such change and an explanation in form and substance reasonably satisfactory to the Administrative Agent of such change;

(l) Environmental Reports and Audits. As soon as practicable following receipt thereof, copies of all environmental audits and reports with respect to environmental matters at any Facility or which relate to any environmental liabilities of Xerium or its Subsidiaries which, in any such case, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(m) Information Regarding Collateral. Each Borrower will furnish to the Collateral Agent prompt written notice of any change (i) in any Credit Party's corporate name, (ii) in any Credit Party's identity or corporate structure or (iii) in any Credit Party's Federal Taxpayer Identification Number. Each Borrower agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral as contemplated in the Collateral Documents. Each Borrower also agrees promptly to notify Collateral Agent if any material portion of the Collateral is damaged or destroyed;

(n) Annual Collateral Verification. Each year, at the time of delivery of annual financial statements with respect to the preceding Fiscal Year pursuant to Section 5.1(c), each Borrower shall deliver to the Collateral Agent an

Officer's Certificate either confirming that there has been no change in such information since the date of the Collateral Questionnaire delivered on the Closing Date or the date of the most recent certificate delivered pursuant to this Section and/or identifying such changes;

(o) Other Information. (i) Promptly upon their becoming available, copies of (A) all financial statements, reports, notices and proxy statements sent or made available generally by Xerium to its security holders acting in such capacity or by any Subsidiary of Xerium to its security holders other than Xerium or another Subsidiary of Xerium, (B) all regular and periodic reports and all registration statements and prospectuses, if any, filed by Xerium or any of its Subsidiaries with any securities exchange or with the Securities and Exchange Commission and (C) all press releases and other statements made available generally by Xerium or any of its Subsidiaries to the public concerning material developments in the business of Xerium or any of its Subsidiaries, and (ii) such other information and data with respect to Xerium or any of its Subsidiaries as from time to time may be reasonably requested by Administrative Agent;

(p) Electronic Delivery.

(i) Notwithstanding anything in any Credit Document to the contrary, each Credit Party hereby agrees that it will use its reasonable best efforts to provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Credit Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (A) relates to a request for a new Credit Extension or other extension of credit (including any election of an interest rate or Interest Period relating thereto), (B) relates to the payment of any principal or other amount due under any Credit Document prior to the scheduled date therefor, (C) provides notice of any Default or Event of Default under any Credit Document or (D) is required to be delivered to satisfy any condition set forth in Sections 3.1 and/or 3.2 (all such non-excluded communications being referred to herein collectively as the "**Communications**"), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Administrative Agent to oploanswebadmin@citi.com, with a copy to [lynne.p.savage@citigroup.com]. In addition, each Credit Party agrees to continue to provide the Communications to the Administrative Agent in the manner specified in the Credit Documents, but only to the extent requested by the Administrative Agent.

(ii) Each Credit Party further agrees that the Administrative Agent may make the Communications available to the Banks by posting the Communications on IntraLinks, Fixed Income Direct or a substantially similar electronic transmission system (each such system, a "**Platform**"). Each

Credit Party acknowledges that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution.

(iii) **EACH PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF ANY PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR ANY PLATFORM. IN NO EVENT SHALL ANY AGENT OR ANY OF ITS AFFILIATES OR ANY OF THEIR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES (COLLECTIVELY, THE "AGENT PARTIES") HAVE ANY LIABILITY TO THE BORROWERS, ANY OTHER CREDIT PARTY, ANY BANK OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWERS' OR THE AGENTS' TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT**.

(iv) The Administrative Agent agrees that the receipt of the Communications by it at its e-mail address set forth in Annex B shall constitute effective delivery of the Communications to the Administrative Agent for purposes of this Section 5.1(p). Each Bank agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to a Platform shall constitute effective delivery of the Communications to such Bank for purposes of this Section 5.1(p). Each Bank agrees (A) to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Bank's e-mail address to which the foregoing notice may be sent by electronic transmission and (B) that the foregoing notice may be sent to such e-mail address.

(v) Nothing in this Section 5.1(p) shall prejudice the right of any Agent or any Bank to give any notice or other communication pursuant to any Credit Document in any other manner specified in such Credit Document.

(q) Business Plan. Promptly after approval thereof by the board of directors of Xerium, and in any event no later than April 1 of each Fiscal Year, Xerium shall deliver to the Administrative Agent (commencing with Fiscal Year 2010), a detailed consolidated budget and business plan of Xerium and its Subsidiaries through Fiscal Year 2015 (including a projected consolidated balance sheet and related statements of projected operations and cash flow as of the end of each Fiscal Year through Fiscal Year 2015) in form and substance reasonably satisfactory to the Administrative Agent (the "**Business Plan**"); provided that with respect to the Fiscal Year in which the Business Plan is being delivered such Business Plan shall be prepared by Fiscal Quarter for such Fiscal Year.

5.2 **Existence**. Except as otherwise permitted under Section 6.9, each Credit Party will, and will cause each of its Subsidiaries to, at all times preserve and keep in full force and effect its existence and all rights and franchises, licenses and permits material to its business; provided, no Credit Party or any of its Subsidiaries shall be required to preserve any such existence, right or franchise, licenses and permits if such Person's board of directors (or similar governing body) shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Person, and that the loss thereof is not disadvantageous in any material respect to such Person or to Banks.

5.3 **Payment of Taxes and Claims**. Each Credit Party will, and will cause each of its Subsidiaries to, pay all material Taxes imposed upon it or any of its properties or assets or in respect of any of its profits, income, capital, capital gains, payroll businesses or franchises before any penalty or fine accrues thereon, and all Taxes or claims (including claims for labor, services, materials and supplies) for sums that have become due and payable and that by law have or may become a Lien upon any of its properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, no such Tax or claim need be paid if it is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as (a) adequate reserve or other appropriate provision, as shall be required in conformity with GAAP, shall have been made therefor, and (b) in the case of a Tax or claim which has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such Tax or claim. No Credit Party will, nor will it permit any of its Subsidiaries to, file or consent to the filing of any consolidated income tax return with any Person (other than Xerium or any of its Subsidiaries).

5.4 **Maintenance of Properties**. Each Credit Party will, and will cause each of its Subsidiaries to, maintain or cause to be maintained in good repair, working order and condition, ordinary wear and tear excepted, all material properties used or useful in the business of Xerium and its Subsidiaries and from

time to time will make or cause to be made all appropriate repairs, renewals and replacements thereof except where the failure to maintain such properties would not reasonably be expected in any individual case or in the aggregate to have a Material Adverse Effect.

5.5 **Insurance**. Xerium will maintain or cause to be maintained, with financially sound and reputable insurers, such public liability insurance, third party property damage insurance, business interruption insurance and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of Xerium and its Subsidiaries as may customarily be carried or maintained under similar circumstances by Persons of established reputation engaged in similar businesses, in each case in such amounts (giving effect to self insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for such Persons. Without limiting the generality of the foregoing, Xerium will maintain or cause to be maintained (a) flood insurance with respect to each Flood Hazard Property that is located in a community that participates in the National Flood Insurance Program, in each case in compliance with any applicable regulations of the Board of Governors of the Federal Reserve System, and (b) replacement value casualty insurance on the Collateral under such policies of insurance, with such insurance companies, in such amounts, with such deductibles, and covering such risks as are at all times carried or maintained under similar circumstances by Persons of established reputation engaged in similar businesses. Each such policy of insurance issued by an insurer organized or incorporated in the United States shall (i) name the Collateral Agent, on behalf of Banks as an additional insured thereunder as its interests may appear and (ii) in the case of each casualty insurance policy, contain a loss payable clause or endorsement, satisfactory in form and substance to Collateral Agent, that names the Collateral Agent, on behalf of the Secured Parties, as the loss payee thereunder for losses of $1,000,000 or greater and provides for at least thirty days' prior written notice to the Administrative Agent and the Second Lien Agent of any modification or cancellation of such policy.

5.6 **Books and Records; Inspections**. Each Credit Party will, and will cause each of its respective Subsidiaries to, keep books and records which accurately reflect its business affairs in all material respects and material transactions and each Credit Party will, and will cause each of its respective Subsidiaries to, permit any authorized representatives designated by the Administrative Agent to visit and inspect any of the properties of any Credit Party and any of its respective Subsidiaries, to inspect, copy and take extracts from its and their financial and accounting records, and to discuss its and their affairs, finances and accounts with its and their officers and independent public accountants, all upon reasonable notice and at such reasonable times during normal business hours and as often as may reasonably be requested. Each Credit Party will cause its officers to participate in update calls, no more frequently than once each quarter, with the Agents and the Banks upon reasonable notice and request from the Administrative Agent.

5.7 **[Intentionally Omitted]**

5.8 **Compliance with Laws; SEC Filings**. Each Credit Party will comply, and shall cause each of its Subsidiaries and all other Persons, if any, on or occupying any Facilities to comply, with the requirements of all applicable laws, rules, regulations and orders of any Governmental Authority (including all Environmental Laws), except where failure to do so would not reasonably be expected to have a Material Adverse Effect and Xerium shall timely file with the Securities and Exchange Commission all reports, notices and documents required to be filed under the Exchange Act.

5.9 **Environmental**.

(a) Environmental Disclosure. Xerium will deliver to Administrative Agent:

(i) as soon as practicable following receipt thereof, copies of all environmental audits, investigations, analyses and reports of any kind or character, whether prepared by personnel of Xerium or any of its Subsidiaries or by independent consultants, governmental authorities or any other Persons, with respect to significant environmental matters at any Facility or with respect to any Environmental Claims that could reasonably be expected to have a Material Adverse Effect;

(ii) promptly upon the occurrence thereof, written notice describing in reasonable detail (1) any Release required to be reported to any federal, provincial, state or local governmental or regulatory agency under any applicable Environmental Laws, (2) any remedial action taken by Xerium or any other Person in response to (A) any Hazardous Materials Activities the existence of which has a reasonable possibility of resulting in one or more Environmental Claims having, individually or in the aggregate, a Material Adverse Effect, or (B) any Environmental Claims that, individually or in the aggregate, have a reasonable possibility of resulting in a Material Adverse Effect, and (3) Xerium's or each other Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of any Facility that could cause such Facility or any part thereof to be subject to any material restrictions on the ownership, occupancy, transferability or use thereof under any Environmental Laws;

(iii) as soon as practicable following the sending or receipt thereof by Xerium or any of its Subsidiaries, a copy of any and all written communications with respect to (1) any Environmental Claims that, individually or in the aggregate, have a reasonable possibility of giving rise to a Material Adverse Effect, (2) any Release required to be reported to any federal, state or local governmental or regulatory agency, and (3) any request for information from any governmental agency that suggests such agency is

investigating whether Xerium or any of its Subsidiaries may be potentially responsible for any Hazardous Materials Activity;

(iv) prompt written notice describing in reasonable detail (1) any proposed acquisition of stock, assets, or property by Xerium or any of its Subsidiaries that could reasonably be expected to (A) expose Xerium or any of its Subsidiaries to, or result in, Environmental Claims that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or (B) adversely affect the ability of Xerium or any of its Subsidiaries to maintain in full force and effect all material Governmental Authorizations required under any Environmental Laws for their respective operations and (2) any proposed action to be taken by Xerium or any of its Subsidiaries to modify current operations in a manner that could reasonably be expected to subject Xerium or any of its Subsidiaries to any additional material obligations or requirements under any Environmental Laws; and

(v) with reasonable promptness, such other documents and information as from time to time may be reasonably requested by the Administrative Agent in relation to any matters disclosed pursuant to this Section 5.9(a).

(b) Hazardous Materials Activities, Etc. Each Credit Party shall promptly take, and shall cause each of its Subsidiaries promptly to take, any and all actions necessary to (i) cure any violation of applicable Environmental Laws by such Credit Party or its Subsidiaries that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and (ii) make an appropriate response to any Environmental Claim against such Credit Party or any of its Subsidiaries and discharge any obligations it may have to any Person thereunder where failure to do so could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.10 **Subsidiaries**. In the event that any Person becomes a Subsidiary of a Borrower, such Borrower shall (a) promptly cause such Subsidiary to become a Guarantor hereunder and a Grantor under the Pledge and Security Agreement by executing and delivering to Administrative Agent and Collateral Agent a Counterpart Agreement, taking into account not to create adverse tax consequences to any Credit Party in respect of Section 956 of the Internal Revenue Code, and (b) take all such actions and execute and deliver, or cause to be executed and delivered, all such documents, instruments, agreements, opinions and certificates as are reasonably requested by the Collateral Agent. With respect to each such Subsidiary, each Borrower shall promptly send to Administrative Agent written notice setting forth with respect to such Person (i) the date on which such Person became a Subsidiary of such Borrower, and (ii) all of the data required to be set forth in Schedules 4.1 and 4.2 with respect to all Subsidiaries of such Borrower; provided, such written notice shall be deemed to supplement Schedule 4.1 and 4.2 for all purposes hereof.

5.11 **Additional Material Real Estate Assets**. In the event that any Credit Party acquires a Material Real Estate Asset or a Real Estate Asset owned or leased on the Closing Date becomes a Material Real Estate Asset and such interest has not otherwise been made subject to the Lien of the Collateral Documents in favor of Collateral Agent, for the benefit of Secured Parties, taking into account not to create adverse tax consequences to Xerium in respect of Section 956 of the Internal Revenue Code, then such Credit Party, as soon as practicable but in no event later than twenty (20) days after acquiring such Material Real Estate Asset, shall take all such actions and execute and deliver, or cause to be executed and delivered, all such mortgages, documents, instruments, agreements, opinions and certificates with respect to each such Material Real Estate Asset that Collateral Agent shall reasonably request to create in favor of Collateral Agent, for the benefit of Secured Parties, a valid and, subject to any filing and/or recording referred to herein, perfected First Priority security interest in such Material Real Estate Assets. The applicable Credit Party shall use its commercially reasonable efforts to cause a Landlord Personal Property Collateral Access Agreement and a Landlord Consent and Estoppel to be executed by the applicable landlord and delivered to the Collateral Agent (i) within 90 days after the Closing Date with respect to any Leasehold Property listed on Schedule 4.13(b) as a Leasehold Property and located in the United States and with respect to which aggregate payments under the terms of such lease are $500,000 or more per annum, and (ii) within 90 days after the acquisition of interest therein, any other Leasehold Property located in the United States which the Credit Party leases and with respect to which aggregate payments under the terms of such lease are $500,000 or more per annum. In addition to the foregoing, each Borrower shall, at the request of Requisite Banks, deliver, from time to time, to Administrative Agent such appraisals as are required by law or regulation of Real Estate Assets with respect to which Collateral Agent has been granted a Lien.

5.12 **[Intentionally Omitted]**.

5.13 **Further Assurances**. At any time or from time to time upon the request of the Administrative Agent, each Credit Party will, at its expense, promptly execute, acknowledge and deliver such further documents and do such other acts and things as the Administrative Agent or the Collateral Agent may reasonably request in order to effect fully the purposes of the Credit Documents. In furtherance and not in limitation of the foregoing, each Credit Party shall take such actions as the Administrative Agent or the Collateral Agent may reasonably request from time to time to ensure that the Obligations are guarantied by the Guarantors and are secured by the Collateral.

5.14 **Intellectual Property**. Unless otherwise consented to by Agents or Requisite Banks, the Borrower and each of its Subsidiaries will continue to own or possess the right to use, free from any restrictions, all patents, trademarks, copyrights, and domain names that are used in the operation of their respective businesses as presently conducted and as proposed to be conducted, except to the

extent the failure to so own or possess would not reasonably be expected to have a Material Adverse Effect.

5.15 **Know-Your-Customer Rules**.

If :

(i) (A) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the Closing Date;

(B) any change in the status of a Credit Party after the Closing Date; or

(C) a proposed assignment or transfer by a Bank of any of its rights and obligations under this Agreement to a party that is not a Bank prior to such assignment or transfer,

obliges the Administrative Agent or any Bank (or, in the case of paragraph (C) above, any prospective new Bank) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Credit Party shall promptly upon the request of the Administrative Agent or any Bank supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent (for itself or on behalf of any Bank) or any Bank (for itself or, in the case of the event described in paragraph (C) above, on behalf of any prospective new Bank) in order for the Administrative Agent, such Bank or, in the case of the event described in paragraph (C) above, any prospective new Bank to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Credit Documents.

(ii) Each Bank shall promptly upon the request of the Administrative Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent (for itself) in order for the Administrative Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Credit Documents.

(iii) Xerium shall, by not less than 10 Business Days' prior written notice to the Administrative Agent, notify the Administrative Agent (which shall promptly notify the Banks) that one of its Subsidiaries shall become a Guarantor pursuant to Section 5.10.

Following the giving of any notice pursuant to paragraph (iii) above, if the accession of such Subsidiary obliges the Administrative Agent or any Bank to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, Xerium shall promptly upon the request of the

Administrative Agent or any Bank supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent (for itself or on behalf of any Bank) or any Bank (for itself or on behalf of any prospective new Bank) in order for the Administrative Agent or such Bank or any prospective new Bank to carry out and be satisfied it has complied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement.

5.16 **Pari Passu Ranking**. Each Credit Party will, and will cause each of its Subsidiaries to ensure that its payment obligations under each of the Credit Documents rank and will at all times rank at least pari passu in right and priority of payment with all its other present and future secured and unsubordinated indebtedness (actual or contingent) except indebtedness preferred solely by operation of law.

5.17 **2009 Audit Opinion**. If the audit opinion delivered with the audited consolidated financial statements of Xerium and its Subsidiaries pursuant to Section 5.1(c) for Fiscal Year 2009 contains a going concern qualification, Xerium will use its commercially reasonable efforts to cause such auditors to deliver a revised opinion withdrawing the going concern qualification.

SECTION 6. NEGATIVE COVENANTS

Each Credit Party covenants and agrees that, so long as any Commitment is in effect and until payment in full of all Obligations and cancellation or expiration of all Letters of Credit, such Credit Party shall perform, and shall cause each of its Subsidiaries to perform, all covenants in this Section 6.

6.1 **Indebtedness**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or guaranty, or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except:

(a) the Obligations;

(b) Indebtedness of any Credit Party to a Borrower or to any other Credit Party, or of a Borrower to any other Borrower or any Credit Party; provided, (i) all such Indebtedness shall be evidenced by promissory notes and all such notes shall be subject to a First Priority Lien pursuant to the applicable Collateral Documents, (ii) all such Indebtedness shall be unsecured and subordinated in right of payment to the payment in full of the Obligations pursuant to the terms of the applicable promissory notes or an intercompany subordination agreement that in any such case, is reasonably satisfactory to the Administrative Agent, and (iii) any payment by any such Guarantor Subsidiary under any guaranty of the Obligations shall result in a *pro tanto* reduction of the amount of any Indebtedness owed by such Credit Party to Xerium or to any of its Subsidiaries for whose benefit such payment is made;

(c) unsecured Debt (including Subordinated Debt); provided, that (i) no Default or Event of Default is continuing under this Agreement or would result from such issuance, (ii) each Borrower is in compliance (and certifies as to such compliance) with Section 6.8 on a pro forma basis after giving effect to the such issuance, (iii) the proceeds of such issuance are applied in accordance with Section 2.14(d) of the Second Lien Credit Agreement, and if all loans thereunder are paid in full, then the proceeds of such issuance shall be used for Permitted Acquisitions or to fund Capital Expenditures permitted under this Agreement, (iv) such Debt shall have a maturity of not earlier than six (6) months after the Term Loan Maturity Date, (v) the documentation relating to such Debt shall not permit or provide for any scheduled amortization payments prior to the Term Loan Maturity Date and (vi) the documentation relating to such Debt shall not contain any covenant or event of default that is either (x) not substantially provided for in this Agreement or (y) more favorable to the holder of such Debt than the comparable covenant or event of default set forth in this Agreement, and, with respect to Subordinated Debt, shall contain customary subordination provisions pursuant to which such subordinated Debt is subordinate to the prior payment in full of the Obligations;

(d) Indebtedness incurred by Xerium or any of its Subsidiaries arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guaranties or letters of credit, surety bonds or performance bonds securing the performance of each Borrower or any such Subsidiary pursuant to such agreements, in connection with Permitted Acquisitions or permitted dispositions of any business, assets or Subsidiary of Xerium or any of its Subsidiaries;

(e) Indebtedness which may be deemed to exist pursuant to any guaranties, performance, surety, statutory, appeal or similar obligations incurred in the Ordinary Course;

(f) Indebtedness in respect of netting services, overdraft protections and otherwise in connection with deposit accounts;

(g) guaranties in the Ordinary Course of obligations to suppliers, customers, franchisees and licensees of Xerium and its Subsidiaries;

(h) guaranties or the provision of other credit support by a Borrower of Indebtedness of a Credit Party or guaranties or the provision of other credit support by a Credit Party of a Borrower of Indebtedness of a Borrower or a Credit Party with respect, in each case, to Indebtedness otherwise permitted to be incurred pursuant to this Section 6.1;

(i) Indebtedness, including the ability to draw on commitments to incur Indebtedness, described in Schedule 6.1(i), but not any extensions, renewals or replacements of such Indebtedness except (i) renewals and extensions expressly provided for in the agreements evidencing any such Indebtedness as the

same are in effect on the date of this Agreement and (ii) refinancings and extensions of any such Indebtedness if the terms and conditions thereof are not materially less favorable to the obligor thereon or to the Banks than the Indebtedness being refinanced or extended, and the average life to maturity thereof is greater than or equal to that of the Indebtedness being refinanced or extended; provided, such Indebtedness permitted under the immediately preceding clause (i) or (ii) above shall not (A) include Indebtedness of an obligor that was not an obligor with respect to the Indebtedness being extended, renewed or refinanced, (B) exceed in a principal amount the Indebtedness being renewed, extended or refinanced, except as to fees and expenses at refinancing or (C) be incurred, created or assumed if any Default or Event of Default has occurred and is continuing or would result therefrom;

(j) Indebtedness with respect to Capital Leases or purchase money Indebtedness in an amount not to exceed at any time $25,000,000 in the aggregate (including any Indebtedness acquired in connection with a Permitted Acquisition); provided, any such purchase money Indebtedness shall be secured only to the asset(s) acquired in connection with the incurrence of such Indebtedness;

(k) other Indebtedness of Xerium and its Subsidiaries in an aggregate amount not to exceed at any time $25,000,000;

(l) Indebtedness under the Factoring Agreements otherwise permitted by this Agreement;

(m) unsecured working capital facilities of any Subsidiary in respect of which a Letter of Credit in an amount equal to the maximum principal amount of such facilities has been issued under this Agreement;

(n) Hedging Obligations entered into for the purpose of hedging risks associated with the operations of Xerium and its Subsidiaries;

(o) Indebtedness owed under the Second Lien Credit Agreement and the Second Lien Credit Documents; and

(p) provided that no Event of Default shall have occurred and be continuing or would occur as a consequence thereof, any replacement, renewal or refinancing of any Indebtedness described in Sections 6.1 (c), (j), (k), and (o) (collectively, the "**Permitted Refinancing Indebtedness**") that (i) does not exceed the aggregate principal amount of the Indebtedness being replaced, renewed or refinanced, except as to fees and expenses at refinancing, (ii) does not have a maturity date earlier than the Indebtedness being replaced renewed or refinanced, (iii) does not rank at the time of such replacement, renewal or refinancing senior to the Indebtedness being replaced, renewed or refinanced, (iv) the documentation relating to such Indebtedness shall not contain any covenant or event of default that is either (x) not substantially provided for in this

Agreement or (y) more favorable to the holder of such debt than the comparable covenant or event of default set forth in this Agreement, (v) the obligors in respect of such Permitted Refinancing Indebtedness (including in their capacities as primary obligor and guarantor) are the same as for the Indebtedness being refinanced and (vi) any Liens securing such Permitted Refinancing Indebtedness are not extended to any property which does not secure the Indebtedness being refinanced.

6.2 **Liens**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any property or asset of any kind (including any document or instrument in respect of goods or accounts receivable) of Xerium or any of its Subsidiaries, whether now owned or hereafter acquired, or any income or profits therefrom, or file or permit the filing of, or permit to remain in effect, any financing statement or other similar notice of any Lien with respect to any such property, asset, income or profits under the UCC of any State or under any similar recording or notice statute, except:

(a) Liens in favor of the Collateral Agent for the benefit of the Secured Parties granted pursuant to any Credit Document;

(b) Liens for Taxes not then due or if due obligations with respect to such Taxes that are not at such time required to be paid pursuant to Section 5.3 or which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which an adequate reserve has been made in accordance with GAAP;

(c) statutory Liens of landlords, banks (and rights of set off), of carriers, warehousemen, mechanics, repairmen, workmen and materialmen, and other Liens imposed by law (other than any such Lien imposed pursuant to Section 401 (a)(29) or 412(n) of the Internal Revenue Code or by ERISA), in each case incurred in the Ordinary Course (i) for amounts not yet overdue or (ii) for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of fifteen (15) days) are being contested in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made for any such contested amounts;

(d) Liens incurred in the Ordinary Course in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money or other Indebtedness), so long as no foreclosure, sale or similar proceedings have been commenced with respect to any portion of the Collateral on account thereof;

(e) easements, rights of way, restrictions, encroachments, and other minor defects or irregularities in title, in each case which do not and will not interfere in any material respect with the ordinary conduct of the business of Xerium or any of its Subsidiaries;

(f) any (i) interest or title of a lessor or sublessor under any lease of real estate permitted hereunder, (ii) restriction or encumbrance that the interest or title of such lessor or sublessor may be subject to, or (iii) subordination of the interest of the lessee or sublessee under such lease to any restriction or encumbrance referred to in the preceding clause (ii), so long as the holder of such restriction or encumbrance agrees to recognize the rights of such lessee or sublessee under such lease;

(g) Liens solely on any cash earnest money deposits made by Xerium or any of its Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(h) purported Liens evidenced by the filing of precautionary UCC financing statements or, for property located in foreign jurisdictions, the preparation and/or filing of functionally similar documents, relating solely to operating leases of personal property entered into in the Ordinary Course;

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(j) any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property;

(k) (i) licenses of patents, trademarks and other intellectual property rights granted by Xerium or any of its Subsidiaries in the Ordinary Course and not interfering in any material respect with the ordinary conduct of the business of Xerium or such Subsidiary and (ii) leases or subleases granted by Xerium of any of its Subsidiaries to third parties in respect of surplus property which is not fundamental to the operation of the business in the Ordinary Course; provided that such leases and subleases are on arms-length commercial terms and are otherwise satisfactory to the Administrative Agent;

(l) existing Liens described in Schedule 6.2(l) and replacements thereof, so long as the replacement Liens encumber only the assets subject to the Liens being replaced and the replacement Liens secure obligations in an amount no greater than the obligations secured by the Liens being replaced;

(m) Liens securing Indebtedness permitted pursuant to Sections 6.1(j) and (k); provided, any such Lien shall encumber only the asset acquired with the proceeds of such Indebtedness;

(n) Liens granted by entities acquired pursuant to Section 6.9 prior to their acquisition and not in contemplation of such acquisition and which are discharged within three (3) months of the date of acquisition and in relation to which the secured amount is not increased in contemplation of or after the date of the relevant acquisition;

(o) the Parallel Obligations;

(p) Liens on the Collateral securing the Second Lien Obligations;

(q) Liens securing Permitted Refinancing Indebtedness, provided that any such Lien shall encumber only the assets that secure the Indebtedness being replaced, renewed or refinanced by such of such Permitted Refinancing Indebtedness;

(r) existing Liens on a title report delivered pursuant to Section 3.1(i)(iv);

(s) any Liens arising by operation of law and any lien arising under customary retention of title arrangements (*Eigentumsvorbehalt*) in the Ordinary Course;

(t) any Lien arising under the general terms and conditions of banks or Sparkassen (*Allgemeine Geschäftsbedingungen der Banken oder Sparkassen*) with whom Xerium or any of its Subsidiaries maintains a banking relationship with a financial institution in Germany; and

(u) Liens securing Indebtedness or obligations that do not exceed $15,000,000 (the "**Lien Basket Amount**") at any time outstanding that encumber assets located outside of the United States; provided that up to $5,000,000 of the Lien Basket Amount may relate to Liens encumbering assets located in the United States.

6.3 **Equitable Lien**. If any Credit Party or any of its Subsidiaries shall create or assume any Lien upon any of its properties or assets, whether now owned or hereafter acquired, other than Permitted Liens, it shall make or cause to be made effective provisions whereby the Obligations will be secured by such Lien equally and ratably with any and all other Indebtedness secured thereby as long as any such Indebtedness shall be so secured; provided, notwithstanding the foregoing, this covenant shall not be construed as a consent by Requisite Banks to the creation or assumption of any such Lien not otherwise permitted hereby.

6.4 **No Further Negative Pledges**. Except with respect to (a) specific property encumbered to secure payment of particular Indebtedness or to be sold pursuant to an executed agreement with respect to a permitted Asset Sale, (b) restrictions contained in any documents evidencing Subordinated Debt; provided, that in respect of Subordinated Debt such restrictions do not restrict the ability to grant security interests under this Agreement or any agreement that

refinances this Agreement, (c) restrictions by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses and similar agreements entered into in the Ordinary Course (provided that such restrictions are limited to the property or assets secured by such Liens or the property or assets subject to such leases, licenses or similar agreements, as the case may be), (d) Liens permitted to be incurred under Section 6.2 and restrictions in the agreements relating thereto that limit the right of any Credit Party to dispose of or transfer the assets subject to such Liens, (e) provisions limiting the disposition or distribution of assets or property in sale-leaseback agreements, stock sale agreements and other similar agreements, which limitation is applicable only to the assets that are the subject of such agreements, (f) any encumbrance or restriction in connection with an acquisition of property, so long as such encumbrance or restriction relates solely to the property so acquired and was not created in connection with or in anticipation of such acquisition, (g) restrictions contained in the Second Lien Credit Documents and (h) restrictions imposed by customary provisions in partnership agreements, limited liability company organizational governance documents, joint venture agreements and other similar agreements that restrict the transfer of ownership interest in such partnership, limited liability company, joint venture or similar Person, no Credit Party nor any of its Subsidiaries shall enter into any agreement prohibiting the creation or assumption of any Lien upon any of its properties or assets, whether now owned or hereafter acquired.

6.5 **Restricted Junior Payments**. No Credit Party shall, nor shall it permit any of its Subsidiaries or Affiliates through any manner or means or through any other Person to, directly or indirectly, declare, order, pay, make or set apart, or agree to declare, order, pay, make or set apart, any sum for any Restricted Junior Payment, except:

(a) any Subsidiary may declare and pay or make any distributions to its shareholders, provided that such payments are made to all its shareholders proportionately based on their ownership interest in such Subsidiary;

(b) [Intentionally omitted]; and

(c) so long as no Default or Event of Default has occurred and is continuing, Xerium may repurchase, redeem or retain Common Stock in an amount not to exceed $7.0 million per annum solely for the purpose of repurchases of Common Stock from departing Xerium executives or satisfying the purchase price of equity award under, or paying withholding taxes payable with respect to, vested equity compensation programs.

6.6 **Restrictions on Subsidiary Distributions**. Except as provided herein and as provided in the Second Lien Credit Agreement, no Credit Party shall, nor shall it permit any of its Subsidiaries to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary of Xerium to (a) pay dividends or make

any other distributions on any of such Subsidiary's Capital Stock owned by Xerium or any other Subsidiary of Xerium, (b) repay or prepay any Indebtedness owed by such Subsidiary to Xerium or any other Subsidiary of Xerium, (c) make loans or advances to Xerium or any other Subsidiary of Xerium, or (d) transfer any of its property or assets to Xerium or any other Subsidiary of Xerium, other than restrictions (i) in agreements evidencing Indebtedness permitted by Section 6.1(k) that impose restrictions on the property so acquired; (ii) by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses, joint venture agreements and similar agreements entered into in the Ordinary Course; (iii) that are or were created by virtue of any transfer of, agreement to transfer or option or right with respect to any property, assets or Capital Stock not otherwise prohibited under this Agreement; (iv) in any agreement for the sale or other disposition of a Subsidiary that restricts distributions by that Subsidiary pending the sale or other disposition; (v) in provisions in agreements or instruments which prohibit the payment of dividends or the making of other distributions with respect to any class of Capital Stock of a Person other than on a pro rata basis; and (vi) in any instrument governing Indebtedness or Capital Stock of a Person acquired by Xerium or any of its Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the property or assets of the Person, so acquired, provided that, in the case of Indebtedness, such Indebtedness was permitted by Section 6.1.

6.7 **Investments**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, make or own any Investment in any Person, including without limitation any Joint Venture, except:

(a) Investments in Cash and Cash Equivalents;

(b) equity Investments and loans as of the Closing Date in or to any Subsidiary and equity Investments and loans made after the Closing Date in or to any Guarantor Subsidiary;

(c) Investments (i) in any Securities received in satisfaction or partial satisfaction of obligations of financially troubled account debtors and (ii) deposits, prepayments and other credits to suppliers made in Xerium's and its Subsidiaries' Ordinary Course;

(d) intercompany loans and guaranties to the extent permitted under Section 6.1(b), (d), (e), (g) and (h);

(e) Consolidated Capital Expenditures permitted by Section 6.8(d);

(f) loans and advances to employees of Xerium and its Subsidiaries made in the Ordinary Course in an aggregate principal amount not to exceed $1,000,000 in the aggregate;

(g) Investments made in connection with Permitted Acquisitions permitted pursuant to and in accordance with Section 6.9; provided that shares of Common Stock may be issued as consideration in connection with Permitted Acquisitions so long as Xerium is in compliance, on a pro forma basis, with the financial covenants set forth in Section 6.8;

(h) Investments received in lieu of Cash in connection with Asset Sales permitted by and in accordance with Section 6.9;

(i) Investments described in Schedule 6.7(i);

(j) other Investments (including without limitation Investments in Subsidiaries which are not wholly owned, directly or indirectly, by any Borrower) in an aggregate amount not to exceed at any time $20,000,000.

Notwithstanding the foregoing, in no event shall any Credit Party make any Investment which results in or facilitates in any manner any Restricted Junior Payment not otherwise permitted under the terms of Section 6.5.

6.8 **Financial Covenants**.

(a) **Interest Coverage Ratio**. Xerium shall not permit the Interest Coverage Ratio for any period of four consecutive Fiscal Quarters ending with any Fiscal Quarter set forth below to be less than the ratio set forth below opposite such Fiscal Quarter:

Fiscal Quarter	**Interest Coverage Ratio**
September 30, 2010	1.75
December 31, 2010	1.75
March 31, 2011	1.75
June 30, 2011	2.00
September 30, 2011	2.00
December 31, 2011	2.00
March 31, 2012	2.25
June 30, 2012	2.25
September 30, 2012	2.25
December 31, 2012	2.25
March 31, 2013	2.25
June 30, 2013	2.25
September 30, 2013	2.25
December 31, 2013	2.50

March 31, 2014	2.50
June 30, 2014	2.50
September 30, 2014	2.50
December 31, 2014	2.50
March 31, 2015	2.50
June 30, 2015	2.50
September 30, 2015	2.50
December 31, 2015	2.50

(b) Leverage Ratio. Xerium shall not permit the Leverage Ratio for any period of four consecutive Fiscal Quarters ending with any Fiscal Quarter set forth below to be greater than the ratio set forth below opposite such Fiscal Quarter:

Fiscal Quarter	**Leverage Ratio**
September 30, 2010	5.50
December 31, 2010	5.50
March 31, 2011	5.25
June 30, 2011	5.25
September 30, 2011	5.00
December 31, 2011	4.75
March 31, 2012	4.75
June 30, 2012	4.50
September 30, 2012	4.50
December 31, 2012	4.25
March 31, 2013	4.25
June 30, 2013	4.25
September 30, 2013	4.00
December 31, 2013	4.00
March 31, 2014	3.75
June 30, 2014	3.75
September 30, 2014	3.75
December 31, 2014	3.50
March 31, 2015	3.50
June 30, 2015	3.50
September 30, 2015	3.50
December 31, 2015	3.50

(c) [Intentionally omitted]

(d) Maximum Consolidated Capital Expenditures. Xerium shall not, and shall not permit its Subsidiaries to, make or incur Consolidated Capital Expenditures, in any Fiscal Year indicated below, in an aggregate amount for Xerium and its Subsidiaries in excess of the corresponding amount ("**Maximum Consolidated Capital Expenditures**") set forth below opposite such Fiscal Year

(exclusive of capital expenditures paid with Net Insurance/Condemnation Proceeds in accordance with Section 2.14(b)):

Fiscal Year	Maximum Consolidated Capital Expenditures
2010	$37,300,000
2011	$33,400,000
2012	$33,800,000
2013	$33,100,000
2014	$33,100,000
2015	$33,100,000

provided, that the Maximum Consolidated Capital Expenditures for any Fiscal Year shall be increased by an amount equal to 50% of the portion of Maximum Consolidated Capital Expenditures not expended in the immediately preceding Fiscal Year (the "**Roll-Over Amount**"); provided, further, that any Roll-Over Amount not expended in the applicable Fiscal Year shall not be added to the amount of Maximum Consolidated Capital Expenditures for the immediately succeeding Fiscal Year.

(e) Certain Calculations. (i) With respect to any period during which a Permitted Acquisition or an Asset Sale has occurred (each, a "**Subject Transaction**"), for purposes of determining compliance with the financial covenants set forth in this Section 6.8, Adjusted EBITDA shall be calculated with respect to such period on a pro forma basis (including (x) pro forma adjustments arising out of events which are directly attributable to a specific transaction, are factually supportable and are expected to have a continuing impact, in each case determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Securities Act and as interpreted by the staff of the Securities and Exchange Commission, which would include cost savings resulting from head count reduction, closure of facilities and similar restructuring charges and applicable interest expense shall be calculated with respect to such period on a pro rata basis, which pro forma adjustments shall be certified by the chief financial officer of Xerium and (y) such other adjustments that are acceptable to the Administrative Agent) using the historical audited financial statements of any business so acquired or to be acquired or sold or to be sold and the consolidated financial statements of Xerium and its Subsidiaries which shall be reformulated as if such Subject Transaction, and any Indebtedness incurred or repaid in connection therewith, had been consummated or incurred or repaid at the beginning of such period (and assuming that such Indebtedness bears interest during any portion of the applicable measurement period prior to the relevant acquisition at the weighted average of the interest rates applicable to outstanding Loans incurred during such period).

(ii) Whenever pro forma effect is to be given to any transaction, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of Xerium. Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a

responsible financial or accounting officer of Xerium to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

6.9 **Fundamental Changes; Disposition of Assets; Acquisitions**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, enter into any merger or consolidation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease or sub lease (as lessor or sublessor), exchange, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any part of its business, assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, whether now owned or hereafter acquired, or acquire by purchase or otherwise (other than purchases or other acquisitions of inventory, materials and equipment and Capital Expenditures in the Ordinary Course) the business, property or fixed assets of, or stock or other evidence of beneficial ownership of, any Person or any division or line of business or other business unit of any Person, except:

(a) any Subsidiary of Xerium may be merged with or into a Borrower or any other Subsidiary, or be liquidated, wound up or dissolved, or all or any part of its business, property or assets may be conveyed, sold, leased, transferred or otherwise disposed of, in one transaction or a series of transactions, to a Borrower or any other Subsidiary; provided, however, in the case of such a merger involving a Borrower or a Guarantor Subsidiary merging with a non-Guarantor Subsidiary, such Borrower or Guarantor Subsidiary shall be the continuing or surviving Person;

(b) sales or other dispositions of assets that do not constitute Asset Sales;

(c) Asset Sales, the proceeds of which (valued at the principal amount thereof in the case of non-Cash proceeds consisting of notes or other debt Securities and valued at fair market value in the case of other non-Cash proceeds) when aggregated with the proceeds of all other Asset Sales made within the same Fiscal Year, are less than $25,000,000 (excluding proceeds from the Australia Asset Sales and the Vietnam Asset Sales); provided (1) the consideration received for such assets shall be in an amount at least equal to the fair market value thereof (determined in good faith by the board of directors of such Credit Party (or similar governing body)), (2) no less than 75% thereof shall be paid in Cash, and (3) the Net Asset Sale Proceeds thereof shall be applied as required by Section 2.14(a);

(d) disposals of obsolete, worn out or surplus property, and any assets acquired in connection with the acquisition of another Person in a division or line of business of such Person reasonably determined by the acquirer to be surplus assets;

(e) Permitted Acquisitions, so long as (i) the equity of Xerium is used as 100% of the consideration in connection therewith or (ii) cash of Xerium or any of its Subsidiaries is used as all or a portion of the consideration; provided

that, in the case of clause (ii), Xerium must demonstrate that, on a pro forma basis, the Leverage Ratio of Xerium is at least 0.5x inside the then applicable Leverage Ratio under Section 6.8(b); and

(f) Investments made in accordance with Section 6.7.

6.10 **Disposal of Subsidiary Interests**. Except for any sale of all of its interests in the Capital Stock of any of its Subsidiaries in compliance with the provisions of Section 6.9 or pursuant to the Collateral Documents, no Credit Party shall, nor shall it permit any of its Subsidiaries to, (a) directly or indirectly sell, assign, pledge or otherwise encumber or dispose of any Capital Stock of any of its Subsidiaries, except to qualify directors if required by applicable law; or (b) permit any of its Subsidiaries directly or indirectly to sell, assign, pledge or otherwise encumber or dispose of any Capital Stock of any of its Subsidiaries, except to another Credit Party (subject to the restrictions on such disposition otherwise imposed hereunder), or to qualify directors if required by applicable law.

6.11 **Sales and Lease Backs**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, become or remain liable as lessee or as a guarantor or other surety with respect to any lease of any property (whether real, personal or mixed), whether now owned or hereafter acquired, which such Credit Party (a) has sold or transferred or is to sell or to transfer to any other Person (other than Xerium or any of its Subsidiaries), or (b) intends to use for substantially the same purpose as any other property which has been or is to be sold or transferred by such Credit Party to any Person (other than Xerium or any of its Subsidiaries) in connection with such lease.

6.12 **Transactions with Shareholders and Affiliates**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any holder of 5% or more of any class of Capital Stock of Xerium or any of its Subsidiaries or with any Affiliate of Xerium or of any such holder, on terms that are less favorable to Xerium or that Subsidiary, as the case may be, than those that might be obtained at the time from a Person who is not such a holder or Affiliate; provided, the foregoing restriction shall not apply to (a) any transaction between Xerium or any of its Subsidiaries and any other of Xerium and its Subsidiaries; (b) reasonable and customary fees paid to members of the board of directors (or similar governing body) of Xerium and its Subsidiaries; (c) compensation arrangements for officers and other employees of Xerium and its Subsidiaries entered into in the Ordinary Course; (d) the agreements and instruments listed on Schedule 2.29 and the transactions related thereto (which agreements and instruments shall be in form and substance reasonably satisfactory to the Administrative Agent); and (e) transactions described in Schedule 6.12. Notwithstanding anything to the contrary herein, the transactions contemplated by the Plan of Reorganization or

the Disclosure Statement shall be deemed permitted transactions under this Agreement.

6.13 **Conduct of Business**. From and after the Closing Date, no Credit Party shall, nor shall it permit any of its Subsidiaries to, engage in any business other than (i) the businesses engaged in by one or more Credit Parties on the Closing Date and similar or related businesses and (ii) such other lines of business as may be consented to by Requisite Banks.

6.14 **[Intentionally Omitted]**.

6.15 **Amendments or Waivers of Organizational Documents**. No Credit Party shall terminate or agree to any amendment, restatement, supplement or other modification to, any Organizational Document that would be materially adverse to the Banks.

6.16 **Amendments or Waivers of with respect to Subordinated Debt and the Second Lien Credit Agreement**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, amend or otherwise change the terms of any Subordinated Debt or make any payment consistent with an amendment thereof or change thereto, if the effect of such amendment or change is to increase the interest rate or the amortization rate on such Subordinated Debt, change (to earlier dates) any dates upon which payments of principal or interest are due thereon, change any event of default or condition to an event of default with respect thereto (other than to eliminate any such event of default or increase any grace period related thereto), change the redemption, prepayment or defeasance provisions thereof, change the subordination provisions of such Subordinated Debt (or of any guaranty thereof), or if the effect of such amendment or change, together with all other amendments or changes made, is to increase materially the obligations of the obligor thereunder or to confer any additional rights on the holders of such Subordinated Debt (or a trustee or other representative on their behalf) which would be adverse to any Credit Party or Banks. In addition, the Borrowers shall not amend or otherwise modify the terms of the Second Lien Credit Agreement in contravention of the terms of the Intercreditor Agreement.

6.17 **Fiscal Year**. No Credit Party shall, nor shall it permit any of its Subsidiaries to, change its Fiscal Year end from December 31st.

6.18 **Account Control Agreements; Cash Management**. Xerium shall not alter or permit its Subsidiaries to alter the cash concentration and cash management practice and services with respect to the accounts covered by the control agreements pursuant to which the Administrative Agent is a party unless it gives the Collateral Agent 30 days' prior written notice of such change and the applicable Credit Party, prior to effecting such change, enters into control agreements in form and substance reasonably satisfactory to the Collateral Agent; provided that if for two consecutive Fiscal Quarters the Leverage Ratio shall be less than 3.00, then the obligation of the Credit Parties to maintain control

agreements for the benefit of the Banks, including control agreements relating to the Primary Accounts (but excluding the Term Loan LC Collateral Account Control Agreement), shall terminate and upon the request of Xerium the Collateral Agent and (if a party thereto) the Administrative Agent will enter into applicable termination agreements terminating such control agreements.

SECTION 7. GUARANTY

7.1 **Guaranty of the Obligations**.

(a) Subject to the provisions of Section 7.2 and 7.14, the Non-US Guarantors jointly and severally hereby irrevocably and unconditionally guaranty to Administrative Agent for the ratable benefit of the Beneficiaries the due and punctual payment in full of all Non-US Obligations when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "**Non-US Guaranteed Obligations**")

(b) Subject to the provisions of Section 7.2, the US Guarantors jointly and severally hereby irrevocably and unconditionally guaranty to Administrative Agent for the ratable benefit of the Beneficiaries the due and punctual payment in full of all Obligations when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "**Guaranteed Obligations**").

7.2 **Contribution by Guarantors**.

(a) All Non-US Guarantors desire to allocate among themselves (collectively, the "**Non-US Contributing Guarantors**"), in a fair and equitable manner, their obligations arising under this Guaranty. Accordingly, in the event any payment or distribution is made on any date by a Guarantor (a "**Non-US Funding Guarantor**") under this Guaranty such that its Non-US Aggregate Payments exceed its Non-US Fair Share as of such date, such Non-US Funding Guarantor shall be entitled to a contribution from each of the other Non-US Contributing Guarantors in an amount sufficient to cause each Non-US Contributing Guarantor's Non-US Aggregate Payments to equal its Non-US Fair Share as of such date. "**Non-US Fair Share**" means, with respect to a Non-US Contributing Guarantor as of any date of determination, an amount equal to (a) the ratio of (i) the Non-US Fair Share Contribution Amount with respect to such Non-US Contributing Guarantor to (ii) the aggregate of the Non-US Fair Share Contribution Amounts with respect to all Non-US Contributing Guarantors multiplied by (b) the aggregate amount paid or distributed on or before such date by all Non-US Funding Guarantors under this Guaranty in respect of the obligations Guaranteed. "**Non-US Fair Share Contribution Amount**" means,

with respect to a Non-US Contributing Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such Non-US Contributing Guarantor under this Guaranty that would not render its obligations hereunder or thereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any comparable applicable provisions of state law; provided, solely for purposes of calculating the "**Non-US Fair Share Contribution Amount**" with respect to any Non-US Contributing Guarantor for purposes of this Section 7.2, any assets or liabilities of such Non-US Contributing Guarantor arising by virtue of any rights to subrogation, reimbursement or indemnification or any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such Non-US Contributing Guarantor. "**Non-US Aggregate Payments**" means, with respect to a Non-US Contributing Guarantor as of any date of determination, an amount equal to (1) the aggregate amount of all payments and distributions made on or before such date by such Non-US Contributing Guarantor in respect of this Guaranty (including, without limitation, in respect of this Section 7.2), minus (2) the aggregate amount of all payments received on or before such date by such Non-US Contributing Guarantor from the other Non-US Contributing Guarantors as contributions under this Section 7.2. The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Non-US Funding Guarantor. The allocation among Non-US Contributing Guarantors of their obligations as set forth in this Section 7.2 shall not be construed in any way to limit the liability of any Non-US Contributing Guarantor hereunder. Each Non-US Guarantor is a third party beneficiary to the contribution agreement set forth in this Section 7.2(a).

(b) All US Guarantors desire to allocate among themselves (collectively, the "**US Contributing Guarantors**"), in a fair and equitable manner, their obligations arising under this Guaranty. Accordingly, in the event any payment or distribution is made on any date by a US Guarantor (a "**US Funding Guarantor**") under this Guaranty such that its US Aggregate Payments exceed its US Fair Share as of such date, such US Funding Guarantor shall be entitled to a contribution from each of the other US Contributing Guarantors in an amount sufficient to cause each US Contributing Guarantor's US Aggregate Payments to equal its US Fair Share as of such date. "**US Fair Share**" means, with respect to a US Contributing Guarantor as of any date of determination, an amount equal to (a) the ratio of (i) the US Fair Share Contribution Amount with respect to such US Contributing Guarantor to (ii) the aggregate of the US Fair Share Contribution Amounts with respect to all US Contributing Guarantors multiplied by (b) the aggregate amount paid or distributed on or before such date by all US Funding Guarantors under this Guaranty in respect of the obligations Guaranteed. "**US Fair Share Contribution Amount**" means, with respect to a US Contributing Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such US Contributing Guarantor under this Guaranty that would not render its obligations hereunder or thereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any comparable applicable provisions of state law;

provided, solely for purposes of calculating the "**US Fair Share Contribution Amount**" with respect to any US Contributing Guarantor for purposes of this Section 7.2, any assets or liabilities of such US Contributing Guarantor arising by virtue of any rights to subrogation, reimbursement or indemnification or any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such US Contributing Guarantor. "**US Aggregate Payments**" means, with respect to a US Contributing Guarantor as of any date of determination, an amount equal to (1) the aggregate amount of all payments and distributions made on or before such date by such US Contributing Guarantor in respect of this Guaranty (including, without limitation, in respect of this Section 7.2), minus (2) the aggregate amount of all payments received on or before such date by such US Contributing Guarantor from the other US Contributing Guarantors as contributions under this Section 7.2. The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable US Funding Guarantor. The allocation among US Contributing Guarantors of their obligations as set forth in this Section 7.2 shall not be construed in any way to limit the liability of any US Contributing Guarantor hereunder. Each US Guarantor is a third party beneficiary to the contribution agreement set forth in this Section 7.2(b).

7.3 **Payment by Guarantors**

(a) Subject to Section 7.2(a), Non-US Guarantors hereby jointly and severally agree, in furtherance of the foregoing and not in limitation of any other right which any Beneficiary may have at law or in equity against any Non-US Guarantor by virtue hereof, that upon the failure of a Non-US Borrower to pay any of the Non-US Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), Non-US Guarantors will upon demand pay, or cause to be paid, in Cash, to Administrative Agent for the ratable benefit of Beneficiaries, an amount equal to the sum of the unpaid principal amount of all Non-US Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Non-US Guaranteed Obligations (including interest which, but for any Non-US Borrower's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Non-US Guaranteed Obligations, whether or not a claim is allowed against such Non-US Borrower for such interest in the related bankruptcy case) and all other Non-US Guaranteed Obligations then owed to Beneficiaries as aforesaid.

(b) Subject to Section 7.2(b), US Guarantors hereby jointly and severally agree, in furtherance of the foregoing and not in limitation of any other right which any Beneficiary may have at law or in equity against any US Guarantor by virtue hereof, that upon the failure of a Borrower to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated

maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), US Guarantors will upon demand pay, or cause to be paid, in Cash, to Administrative Agent for the ratable benefit of Beneficiaries, an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for any Borrower's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against such Borrower for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to Beneficiaries as aforesaid.

7.4 **Liability of Guarantors Absolute**. Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

(a) this Guaranty is a guaranty of payment when due and not of collectability. This Guaranty is a primary obligation of such Guarantor and not merely a contract of surety;

(b) Administrative Agent may enforce this Guaranty upon the occurrence of an Event of Default notwithstanding the existence of any dispute between any Borrower and any Beneficiary with respect to the existence of such Event of Default;

(c) the obligations of such Guarantor hereunder are independent of the obligations of any Borrower and the obligations of any other guarantor (including any other Guarantor) of the obligations of any Borrower, and a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against any Borrower or any of such other guarantors and whether or not any Borrower is joined in any such action or actions;

(d) payment by any Guarantor of a portion, but not all, of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, shall in no way limit, affect, modify or abridge any Guarantor's liability for any portion of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, which has not been paid. Without limiting the generality of the foregoing, if Administrative Agent is awarded a judgment in any suit brought to enforce any Guarantor's covenant to pay a portion of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, such judgment shall not be deemed to release such Guarantor from its covenant to pay the portion of

the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, that is not the subject of such suit, and such judgment shall not, except to the extent satisfied by such Guarantor, limit, affect, modify or abridge any other Guarantor's liability hereunder in respect of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be;

(e) any Beneficiary, upon such terms as it deems appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Non-US Guaranteed Obligations or Guaranteed Obligations, or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations; (iii) request and accept other guaranties of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, and take and hold security for the payment hereof or the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be; (iv) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, any other guaranties of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, or any other obligation of any Person (including any other Guarantor) with respect to the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, provided, however, that no Credit Document to which such Guarantor is party may be amended without its written consent; (v) enforce and apply any security now or hereafter held by or for the benefit of such Beneficiary in respect hereof or the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, and direct the order or manner of sale thereof, or exercise any other right or remedy that such Beneficiary may have against any such security, in each case as such Beneficiary in its discretion may determine consistent herewith or the applicable documentation creating Hedging Obligations and any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or non-judicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against any Borrower or any security for the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be; and (vi) exercise any other rights available to it under the Credit Documents or the applicable documentation creating Hedging Obligations; and

(f) this Guaranty and the obligations of Guarantors hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation (subject, however, to the limitations applicable to certain Non-US Guarantors as

set out in Section 7.14), impairment, discharge or termination for any reason (other than payment in full of the Non-US Guaranteed Obligations and Guaranteed Obligations), including the occurrence of any of the following, whether or not any Guarantor shall have had notice or knowledge of any of them: (i) any failure or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under the Credit Documents or the applicable documentation creating Hedging Obligations, at law, in equity or otherwise) with respect to the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including provisions relating to events of default) hereof, any of the other Credit Documents, any of the applicable documentation creating Hedging Obligations or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, in each case whether or not in accordance with the terms hereof or such Credit Document, such applicable documentation creating Hedging Obligations or any agreement relating to such other guaranty or security; (iii) the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the application of payments received from any source (other than payments received pursuant to the other Credit Documents or any of the applicable documentation creating Hedging Obligations or from the proceeds of any security for the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, except to the extent such security also serves as collateral for indebtedness other than the Non-US Guaranteed Obligations or Guaranteed Obligations) to the payment of indebtedness other than the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, even though any Beneficiary might have elected to apply such payment to any part or all of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be; (v) any Beneficiary's consent to the change, reorganization or termination of the corporate structure or existence of Xerium or any of its Subsidiaries and to any corresponding restructuring of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be; (vi) any failure to perfect or continue perfection of a security interest in any collateral which secures any of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be; (vii) any defenses, set offs or counterclaims which any Borrower may allege or assert against any Beneficiary in respect of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, including failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; (viii) any law or regulation of any jurisdiction or any other event affecting any term of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the

case may be; and (ix) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of any Guarantor as an obligor in respect of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be.

(g) Notwithstanding anything to the contrary herein or in any Credit Document, this guarantee given by any guarantor organized under Austrian law is meant to be and shall be interpreted as abstract guarantee ("*abstrakter Garantievertrag*") and not as surety ("*Buergschaft*"), neither as a joint obligation as a borrower ("*Mitschuldner*") and such Austrian Guarantor undertakes to pay unconditionally, irrevocably, upon first demand and without raising any defenses ("*unbedingt, unwiderruflich, ueber erste Aufforderung und unter Verzicht auf alle Einwendungen*") any amounts demanded by any of the Beneficiaries under reference to this guarantee.

(h) Notwithstanding anything to the contrary herein or in any Credit Document, to the extent that this guarantee is granted by any guarantor organized under German law, such guarantee is granted in the form of an abstract guarantee (*abstraktes Garantieversprechen*) and not as a surety (*Buergschaft*) or as a joint obligation as borrower (*Mitschuldübernahme*), and any German Guarantor undertakes, subject to subsection 7.14(f) hereof, to pay unconditionally, irrevocably, upon first demand and without raising any defenses (*unbedingt, unwiderruflich, auf erstes Anfordern und unter Verzicht auf alle Einwendungen und Einreden*) any amounts demanded by any of the Beneficiaries under reference to this guarantee. Each German Guarantor hereby confirms to the Administrative Agent and each Beneficiary that (i) it has thoroughly read this guarantee and understands that it may be liable hereunder for payments in excess of the amounts of the Loans, (ii) it has discussed this guarantee with its legal counsel prior to entering into this Agreement, and (iii) in the past it has entered into such guarantees as a guarantor before.

7.5 **Waivers by Guarantors**. Each Guarantor hereby waives, for the benefit of Beneficiaries: (a) any right to require any Beneficiary, as a condition of payment or performance by such Guarantor, to (i) proceed against any Borrower, any other guarantor (including any other Guarantor) of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be or any other Person, (ii) proceed against or exhaust any security held from any Borrower, any such other guarantor or any other Person, (iii) proceed against or have resort to any balance of any Deposit Account or credit on the books of any Beneficiary in favor of any Borrower or any other Person, or (iv) pursue any other remedy in the power of any Beneficiary whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of any Borrower or any other Guarantor including any defense based on or arising out of the lack of validity or the unenforceability of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, or any agreement or instrument relating thereto or by reason of the cessation of the liability of any Borrower or any other Guarantor from any cause other than payment in full of the Non-US

Guaranteed Obligations or Guaranteed Obligations; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (d) any defense based upon any Beneficiary's errors or omissions in the administration of the Non-US Guaranteed Obligations or Guaranteed Obligations, except behavior which amounts to bad faith; (e) (i) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement hereof, (iii) any rights to set offs, recoupments and counterclaims, and (iv) promptness, diligence and any requirement that any Beneficiary protect, secure, perfect or insure any security interest or lien or any property subject thereto; (f) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder, the applicable documentation creating Hedging Obligations or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Non-US Guaranteed Obligations or Guaranteed Obligations or any agreement related thereto, notices of any extension of credit to any Borrower and notices of any of the matters referred to in Section 7.4 and any right to consent to any thereof; and (g) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof, subject to the limitations applicable to certain Non-US Guarantors as set out in Section 7.14.

The Mexican Guarantor, hereby expressly waives, to the fullest extent allowed by law of Mexico, all legal benefits including, but not limited to, inter alia the benefits of order, excussio and division provided for in Articles 2813, 2814, 2815, 2817, 2818, 2820, 2821, 2822, 2823, 2826 and 2837 of Federal Civil Code of Mexico, the contents and scope of which the Mexican Guarantor hereby acknowledges to be fully aware of. Likewise, the Mexican Guarantor expressly waives the rights granted to it under Articles 2845, 2846, 2847 and 2849 of the Federal Civil Code of Mexico, pursuant to which the Mexican Guarantor would be relieved from its obligations in case any of the Banks would grant any extensions or releases to the Mexican Guarantor.

7.6 **Guarantors' Rights of Subrogation, Contribution, etc**. Until the Non-US Guaranteed Obligations and Guaranteed Obligations shall have been indefeasibly paid in full and the Revolving Commitments shall have terminated and all Letters of Credit shall have expired or been cancelled, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against any Borrower or any other Guarantor or any of its assets in connection with this Guaranty or the performance by such Guarantor of its respective obligations hereunder, in each case whether such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise and including without limitation (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter

have against any Borrower with respect to the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, (b) any right to enforce, or to participate in, any claim, right or remedy that any Beneficiary now has or may hereafter have against any Borrower, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by any Beneficiary. In addition, until the Non-US Guaranteed Obligations and Guaranteed Obligations shall have been indefeasibly paid in full and the Revolving Commitments shall have terminated and all Letters of Credit shall have expired or been cancelled, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, including, without limitation, any such right of contribution as contemplated by Section 7.2. Each Guarantor further agrees that, to the extent the waiver or agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification such Guarantor may have against any Borrower or against any collateral or security, and any rights of contribution such Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights any Beneficiary may have against any Borrower, to all right, title and interest any Beneficiary may have in any such collateral or security, and to any right any Beneficiary may have against such other guarantor. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Non-US Guaranteed Obligations and Guaranteed Obligations shall not have been finally and indefeasibly paid in full, such amount shall be held in trust for Administrative Agent on behalf of Beneficiaries and shall forthwith be paid over to Administrative Agent for the benefit of Beneficiaries to be credited and applied against the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, whether matured or unmatured, in accordance with the terms hereof.

7.7 **Subordination of Other Obligations**. Any Indebtedness of any Borrower or any Guarantor now or hereafter held by any Guarantor (the "**Obligee Guarantor**") is hereby subordinated in right of payment to the Non-US Guaranteed Obligations and Guaranteed Obligations, and any such indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for Administrative Agent on behalf of Beneficiaries and shall forthwith be paid over to Administrative Agent for the benefit of Beneficiaries to be credited and applied against the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof, subject, however to the limitations applicable to certain Non-US Guarantors as set out in Sections 7.13 and 7.14.

7.8 **Continuing Guaranty**. This Guaranty is a continuing guaranty and shall remain in effect until all of the Non-US Guaranteed Obligations and Guaranteed Obligations shall have been paid in full and the Revolving

Commitments shall have terminated and all Letters of Credit shall have expired or been cancelled. Each Guarantor hereby irrevocably waives any right to revoke this Guaranty as to future transactions giving rise to any Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be.

7.9 **Authority of Guarantors or Borrowers**. It is not necessary for any Beneficiary to inquire into the capacity or powers of any Guarantor or any Borrower or the officers, directors or any agents acting or purporting to act on behalf of any of them.

7.10 **Financial Condition of Each Borrower**. Any Credit Extension may be made to any Borrower or continued from time to time, and any applicable documentation creating Hedging Obligations may be entered into from time to time, in each case without notice to or authorization from any Guarantor regardless of the financial or other condition of such Borrower at the time of any such grant or continuation or at the time such applicable documentation creating Hedging Obligations is entered into, as the case may be. No Beneficiary shall have any obligation to disclose or discuss with any Guarantor its assessment, or any Guarantor's assessment, of the financial condition of any Borrower. Each Guarantor has adequate means to obtain information from each Borrower on a continuing basis concerning the financial condition of such Borrower and its ability to perform its respective obligations under the Credit Documents and the applicable documentation creating Hedging Obligations, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of each Borrower and of all circumstances bearing upon the risk of non-payment of the Guaranteed Obligations. Each Guarantor hereby waives and relinquishes any duty on the part of any Beneficiary to disclose any matter, fact or thing relating to the business, operations or conditions of any Borrower now known or hereafter known by any Beneficiary.

7.11 **Bankruptcy, etc.**

(a) So long as any Non-US Guaranteed Obligations or Guaranteed Obligations remain outstanding, no Guarantor shall, without the prior written consent of Administrative Agent acting pursuant to the instructions of Requisite Banks, commence or join with any other Person in commencing any bankruptcy, reorganization or insolvency case or proceeding of or against any Borrower or any other Guarantor, subject to the limitations applicable to certain Non-US Guarantors as set out in Section 7.13 and Section 7.14. The obligations of Guarantors hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any case or proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of any Borrower or any other Guarantor or by any defense which any Borrower or any other Guarantor may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.

(b) Each Guarantor acknowledges and agrees that any interest on any portion of the Guaranteed Obligations which accrues after the commencement of any case or proceeding referred to in clause (a) above (or, if interest on any portion of the Non-US Guaranteed Obligations and Guaranteed Obligations ceases to accrue by operation of law by reason of the commencement of such case or proceeding, such interest as would have accrued on such portion of the Non-US Guaranteed Obligations and Guaranteed Obligations if such case or proceeding had not been commenced) shall be included in the Non-US Guaranteed Obligations and Guaranteed Obligations because it is the intention of Guarantors and Beneficiaries that the Non-US Guaranteed Obligations and Guaranteed Obligations which are guaranteed by the applicable Guarantors pursuant hereto should be determined without regard to any rule of law or order which may relieve any Borrower of any portion of such Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be. Guarantors will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person to pay Administrative Agent, or allow the claim of Administrative Agent in respect of, any such interest accruing after the date on which such case or proceeding is commenced.

(c) In the event that all or any portion of the Non-US Guaranteed Obligations or Guaranteed Obligations are paid by any Borrower, the obligations of Guarantors hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from any Beneficiary as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Non-US Guaranteed Obligations and Guaranteed Obligations for all purposes hereunder.

7.12 **Discharge of Guaranty Upon Sale of Guarantor**. If all of the Capital Stock of any Guarantor or any of its successors in interest hereunder shall be sold or otherwise disposed of (including by merger or consolidation) in accordance with the terms and conditions hereof, the Guaranty of such Guarantor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any Beneficiary or any other Person effective as of the time of such Asset Sale.

7.13 **Validity of Pledge of Shares held by Xerium Technologies Limited, Xerium (France) SAS and the German Guarantors; Parallel Obligations**.

(a) For the purposes of taking a valid security interest in the shares held by Xerium (France) SAS, Xerium Technologies Limited and the German Guarantors securing only the Non-US Obligations and ensuring the continued validity of such security interest, and despite anything to the contrary contained in any Credit Document:

(i) Xerium (France) SAS shall pay to the Collateral Agent sums equal to, and in the currency of, its obligations owing by it to a Secured Party (other than the Collateral Agent) as and when the same fall due for payment under the Credit Documents and each of the German Guarantors shall pay to the Collateral Agent sums equal to, and in the currency of, the Non-US Obligations as and when the same fall due for payment under the Credit Documents (the "**Parallel Obligations**");

(ii) the rights of the Secured Parties to receive payment under the Credit Documents are several and independent from the rights of the Collateral Agent to receive the Parallel Obligations;

(iii) the Collateral Agent shall have its own independent right to demand payment of the Parallel Obligations by Xerium Technologies Limited, Xerium (France) SAS and the German Guarantors;

(iv) the payment by Xerium Technologies Limited, Xerium (France) SAS or any of the German Guarantors of its Parallel Obligations to the Collateral Agent in accordance with this Section 7.13 shall be a good discharge of the corresponding obligations owed by it to the relevant Secured Party under the relevant Credit Document, or the corresponding Non-US Obligations, as the case may be, and payment by Xerium (France) SAS or any of the German Guarantors of its obligations owed by it to the relevant Secured Party under the relevant Credit Document, or the corresponding Non-US Obligations, as the case may be, shall be a good discharge of the corresponding Parallel Obligations to the Collateral Agent; and

(v) with regard to Xerium Technologies Limited, Xerium (France) SAS and the German Guarantors, nothing in any Credit Document shall in any way limit the Collateral Agent's right to act in the protection or preservation of the rights under, or to enforce any, Collateral Document as contemplated by this Section 7.13 or the relevant Collateral Document.

(b) Despite the foregoing, any such payment shall be made to the Administrative Agent unless the Administrative Agent directs such payment to be made to the Collateral Agent.

(c) Without limiting or affecting the Collateral Agent's rights against Xerium Technologies Limited, Xerium (France) SAS or any of the German Guarantors (whether under this Section 7.13 or under any other provision of the Credit Documents and subject to paragraph (a)(v) of this Section 7.13), the Collateral Agent agrees with each other Secured Party or creditor of a Non-US Obligation, as the case may be, that it will not exercise its rights in respect of the Parallel Obligations except with the consent of the relevant Secured Party or the creditor of a Non-US Obligation or the Requisite Banks, as the case may be.

(d) A Secured Party and the Collateral Agent may not, by virtue of this Section 7.13, pursue Xerium (France) SAS or any of the German Guarantors concurrently for the same obligation.

7.14 **Limitation of Non-US Guaranteed Obligations**.[3]

(a) Austrian guarantee. The obligations of each Non-US Guarantor organized under Austrian law (each, an "**Austrian Guarantor**") shall be limited so as not to result in the violation of Austrian capital maintenance rules pursuant to Austrian company law, in particular Section 82 of the Act on Limited Liability Companies (*Gesetz über Gesellschaften mit beschränkter Haftung*) and Section 52 of the Austrian Act on Stock Corporations (*Aktiengesetz*)(Austrian Capital Maintenance Rules), and all obligations hereunder of such Austrian Guarantor shall be limited in accordance with these rules. Further, the subordination of obligations pursuant to Section 7.7 hereof shall not be binding on any Obligee Guarantor organized under Austrian law to the extent such subordination would constitute a violation of mandatory Austrian capital maintenance provisions. No reduction of the amount enforceable against an Austrian Guarantor pursuant to this paragraph in accordance with the above limitations will prejudice the rights of the Administrative Agent to continue to enforce the guarantee pursuant to Section 7.1 (subject always to the operation of the limitation set forth above at the time of such enforcement) until the Non-US Obligations have been satisfied in full.

(b) Italian guarantee. This liability of each Non-US Guarantor organized under the laws of the Republic of Italy (each, an "**Italian Guarantor**") shall:

(i) at no time require an Italian Guarantor to pay an amount which exceeds an amount corresponding from time to time to the aggregate of the outstanding indebtedness of the Italian Guarantor under the Italia Term Loan; and

(ii) the guarantee obligations of an Italian Guarantor under this Section 7.14(b) shall be limited to the extent required to comply with Italian mandatory provisions on financial assistance and corporate benefit (including, without limitation, Article 2358 of the Italian Civil Code) and, accordingly, such guarantee obligations shall not include and shall not extend to any indebtedness incurred by any Borrower and/or Guarantor in relation to the financing of the acquisition or subscription for of shares issued or to be issued

[3] Under review and discussion by local counsel.

by such Italian Guarantor or by any direct or indirect controlling entity of such Italian Guarantor, unless the conditions and procedure provided for under Article 2358 of the Italian Civil Code are complied with; without prejudice to the foregoing and for the specific purposes of article 1938 of the Italian Civil Code (if applicable), the maximum amount that each Italian Guarantor may be required to pay under this Section 7.14 shall in no event exceed Euro [_____].

(c) Intentionally omitted.

(d) French guarantee. The liability of each Non-US Guarantor organized under the laws of France (a "**French Guarantor**") shall (A) not include any obligations which if incurred would constitute the provision of financial assistance as defined by article L225-216 of the French Commercial Code, (B) only guarantee obligations to the extent that the proceeds are used to finance or refinance the working capital needs or the debt of any Borrower and (C) be limited at any time to the greater of:

(i) the equivalent to Euros of the Loans (plus any accrued interest thereon, commissions and fees) made available to any obligor (other than, if applicable, the French Guarantor) to the extent directly or indirectly on-lent by the obligor to the French Guarantor calculated by the Facility Agent on the date on which such moneys are paid; and

(ii) 80% of the greater of:

(A) the Net Asset Value of the French Guarantor calculated and certified by the statutory auditors of the French Guarantor on the basis of the last audited financial statements available at the date hereof; and

(B) the Net Asset Value of the French Guarantor calculated and certified by the statutory auditors of the French Guarantor on the basis of the last audited financial statements available at the date on which demand is made on it pursuant to this Section 7.

For the purposes of this Section 7.14(d) "**Net Asset Value**" of the French Guarantor means the *capitaux propres* (as defined under the provisions of French accounting laws, decrees and regulations consistently applied) of the French Guarantor. A certificate of the statutory auditors of the French Guarantor as to the Net Asset Value shall be prima facie evidence as to the amount to which it relates.

The liability of any French Guarantor under Section 7 (Guaranty) of this Agreement for the obligations under the Credit Documents of any Non-US Credit Party which is its Subsidiary shall not, in relation to amounts due by such Non-US Credit Party, be limited.

(e) Canadian guarantee. No Guarantor existing under the laws of Canada or any province thereof (a "**Canadian Guarantor**") shall guarantee, undertake, or provide any indemnity in respect of, the obligations of any person

under this Section 7 unless at the time such guarantee or undertaking is given or indemnity is provided (i) such person is a Subsidiary of the Canadian Guarantor or (ii) the Canadian Guarantor is a wholly owned Subsidiary of such person or (iii) such Canadian Guarantor is not prohibited by applicable laws from giving such guarantee or undertaking or providing such indemnity.

(f) German guarantees.

(i) To the extent that any of the guarantees granted hereunder by any Guarantor organized under the laws of the Federal Republic of Germany as a German limited liability company (*GmbH*) or a German limited partnership with a German limited liability company (*GmbH*) as general partner (*GmbH & Co. KG*) is enforced with respect to Non-US Guaranteed Obligations owed and payable by an affiliated company (*verbundenes Unternehmen*) within the meaning of Section 15 *et seq*. of the German Stock Corporation Act (*Aktiengesetz*) of the relevant Guarantor other than affiliated companies as to which such Guarantor (or, in the case of a GmbH & Co. KG, it or its general partner) is a direct or indirect shareholder, the right to enforce the Guarantee against the relevant Guarantor shall, but only with respect to such Guarantor, be limited

(1) to such Guarantor's (or, in the case of a GmbH & Co. KG, its general partner's) net assets, being its total assets less its liabilities each as calculated in accordance with the accounting standards applicable to such Guarantor (or, in the case of a GmbH & Co. KG, its general partner) by law from time to time, (*Nettovermögen*) (the "**Net Assets**"), however only if and to the extent that such Guarantor provides sufficient evidence to the Administrative Agent that

(A) such Guarantor's (or, in the case of a GmbH & Co. KG, its general partner's) Net Assets are reduced below the amount of its (or, in the case of a GmbH & Co. KG, its general partner's) stated share capital (*Stammkapital*) as a result of the enforcement, the application of the proceeds towards the Non-US Guaranteed Obligations would thus constitute a violation of Section 30 German Limited Liability Company Act (*GmbH-Gesetz*), and such payment of proceeds to such Guarantor is therefore required to allow such Guarantor (or, in the case of a GmbH & Co. KG, its general partner) to maintain its stated share capital in accordance with Section 30 German Limited Liability Company Act, or

(B) such Guarantor's (or, in the case of a GmbH & Co. KG, its general partner's) Net Assets had already been reduced prior to the enforcement to an amount below its (or, in the case of a GmbH & Co. KG, its general partner's) stated share capital, the application of the proceeds towards the Non-US Guaranteed Obligations would thus constitute a violation of Section 30 German Limited Liability Company Act, and such payment of proceeds to such Guarantor is

therefore required to restore such Guarantor's (or, in the case of a GmbH & Co. KG, its general partner's) stated share capital in accordance with Section 30 German Limited Liability Company Act;

(2) to such an amount as such limitation is required to prevent a destruction of such Guarantor's (or, in the case of a GmbH & Co. KG, its general partner's) existence, however only if and to the extent that such Guarantor provides sufficient evidence to the Administrative Agent that such destruction of existence would otherwise occur and be deemed to have been brought about by a lack of minimum considerateness of such Guarantor's (or, in the case of a GmbH & Co. KG, its general partner's) interests (*Rücksichtnahme auf die Eigenbelange der GmbH*) on the part of such Guarantor's (or, in the case of a GmbH & Co. KG, its general partner's) sole shareholder (*existenzvernichtender Eingriff*);

however in each case only if and to the extent that such Guarantor further provides sufficient evidence to the Administrative Agent that the Non-US Guaranteed Obligations, including without limitation any interest or ancillary obligations relating thereto, with respect to which the guarantee is enforced do not correspond to funds that have been directly or indirectly passed on by any of the Borrowers of such Non-US Guaranteed Obligations (1) in the form of a loan to such Guarantor (or, in the case of a GmbH & Co. KG, to it or its general partner) or (2) in the form of a loan or of equity to an affiliated company of such Guarantor (or, in the case of a GmbH & Co. KG, of it or its general partner) as to which it (or, in the case of a GmbH & Co. KG, it or its general partner) is a direct or indirect shareholder and that is not itself a Credit Party.

(ii) The foregoing subsection 7.14(f)(i)(1) shall apply only subject to the provisos that

(1) for the purposes of the determination of the relevant Guarantor's (or, in the case of a GmbH & Co. KG, its general partner's) stated share capital the amount of any increase of such stated share capital after the date hereof shall be disregarded to the extent such increase (A) has been effected without the prior written consent of the Administrative Agent, (B) is effected out of company funds (*Kapitalerhöhung aus Gesellschaftsmitteln*) or (C) is not fully paid up; and

(2) for the purposes of the calculation of the relevant Guarantor's (or, in the case of a GmbH & Co. KG, its general partner's) Net Assets the following items shall be adjusted as follows:

1. (A) obligations under loans provided to the relevant Guarantor (or, in the case of a GmbH & Co. KG, to it or its general partner) by its (or, in the case of a GmbH & Co. KG, its or its general partner's) direct or indirect shareholders or their affiliates to the extent that such obligations (x) are subordinated pursuant to contractual arrangements or if the conditions of Section 39(1) no. 5 or (2) of the *German Insolvency Act* (*Insolvenzordnung*) are met or (y) qualify as obligations which may not be repaid under Section 30 of the German Limited Liability Company Act;

2. (B) rights for payment under loans granted by the relevant Guarantor (or, in the case of a GmbH & Co. KG, by it or its general partner) to any of its (or, in the case of a GmbH & Co. KG, its or its general partner's) direct or indirect shareholders or their affiliates to the extent the granting of such loans constituted a violation of Section 30 German Limited Liability Company Act shall be accounted for with their full nominal value; without prejudice to the foregoing, rights for payment under loans (other than or in excess of those accounted for with their full value pursuant to the foregoing) shall be disregarded to the extent such rights do not qualify as assets of the relevant Guarantor (or, in the case of a GmbH & Co. KG, of its general partner) for purposes of Section 30 German Limited Liability Company Act provided that such loans were made by such Guarantor (or, in the case of a GmbH & Co. KG, by its general partner) to one of its (or, in the case of a GmbH & Co. KG, its general partner's) direct or indirect shareholders or their affiliates and such shareholder or affiliate is fully liable for the payment of the Non-US Guaranteed Obligations;

3. (C) obligations under loans or other contractual liabilities incurred by the relevant Guarantor (or, in the case of a GmbH & Co. KG, by it or its general partner) in violation of any Credit Document to which it (or, in the case of a GmbH & Co. KG, it or its general partner, respectively) is a party shall be disregarded; and

4. (D) any asset that is not necessary for the relevant Guarantor's (or, in the case of a GmbH & Co. KG, its or its general partner's) business (nicht betriebsnotwendig), that is shown in such Guarantor's (or, in the case of a GmbH & Co. KG, its or its general partner's, respectively) balance sheet with a book value (Buchwert) which is lower than the market value of such asset, and that can be realized, shall be taken into account with its market value, except where such Guarantor provides sufficient evidence to the Administrative Agent that (x) such realization would not be legally permitted or (y) the proceeds achievable through such realization would not exceed the total of the book value plus the expenses in connection with such realization.

(iii) The limitations set out above in (i) and (ii) shall not apply if the relevant German Guarantor has entered into a domination and or profit and loss transfer agreement (Beherrschungs- und/oder Gewinnabführungsvertrags) as the dominated party.

(g) Swedish guarantees. The obligations of any Swedish Guarantor as a Non-US Guarantor under the Credit Documents shall be limited, if required by the provisions of the Swedish Companies Act (Sw. Aktiebolagslagen 2005:551) regulating distribution of assets (Chapter 17, Section 3 or the equivalent clause/s from time to time) and it is understood that the liability of such Swedish Guarantor only applies to the extent and in such amount permitted by the above mentioned provisions of the Swedish Companies Act.

(h) Mexican guarantees. To the extent that the Guarantor is a Mexican Guarantor, the enforcement of the obligations under this Section 7 against the Mexican Guarantor shall be subject and may be limited:

(i) by the fact that the obligations of the Mexican Guarantor under the Credit Documents are invalid, illegal or unenforceable obligations of the Mexican Guarantor;

(ii) by Mexican bankruptcy, insolvency, fraudulent conveyance, suspension of payments, reorganization, moratorium or similar laws affecting the enforceability of creditors' rights generally; and

(iii) by the fact that the obligations guaranteed by the Mexican Guarantor are inherent to its corporate purpose.

7.15 **Validity and Effectiveness**. This Guaranty shall remain wholly valid and effective until the full, unconditional and irrevocable performance and discharge of the Non-US Guaranteed Obligations or Guaranteed Obligations, as the case may be, and for all the period during which payments effected in such respect are subject to the claw back and/or avoidance under any applicable law.

SECTION 8. EVENTS OF DEFAULT

8.1 **Events of Default**. If any one or more of the following conditions or events shall occur:

(a) Failure to Make Payments When Due. Failure by a Borrower to pay (i) when due any installment of principal of any Loan, whether at stated maturity, by acceleration, by notice of voluntary prepayment, by mandatory prepayment or otherwise; (ii) when due any amount payable to Issuing Bank in reimbursement of any drawing under a Letter of Credit; or (iii) any interest on any Loan or any fee or any other amount due hereunder, which failure continues for three (3) Business Days only if as a result of a transmission failure due to a failure of the banking markets; or

(b) Default in Other Agreements. (i) Failure of any Credit Party or any of their respective Subsidiaries to pay when due any principal of or interest on or any other amount payable in respect of one or more items of Indebtedness (other than Indebtedness referred to in Section 8.1(a)) with an aggregate principal amount of $5,000,000 or more, in each case beyond the grace period, if any, provided therefor; or (ii) breach or default by any Credit Party with respect to any other material term of (1) one or more items of Indebtedness in the individual or aggregate principal amounts referred to in clause (i) above or (2) any loan agreement, mortgage, indenture or other agreement relating to such item(s) of Indebtedness, in each case beyond the grace period, if any, originally provided therefor, if the effect of such breach or default is to cause, or to permit the holder or holders of that Indebtedness (or a trustee on behalf of such holder or holders), to cause, that Indebtedness to become or be declared due and payable (or redeemable) prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be; or

(c) Breach of Certain Covenants. Failure of any Credit Party to perform or comply with any term or condition contained in Section 2.6, Section 2.23(a)(ii)(A), Section 5.1(g)(i), Section 5.1(q), Section 5.2 or Section 6; or

(d) Breach of Representations, etc. Any representation, warranty, certification or other statement made or deemed made by any Credit Party in any Credit Document or in any statement or certificate at any time given by any Credit Party or any of its Subsidiaries in writing pursuant hereto or thereto or in connection herewith or therewith shall be false in any material respect as of the date made or deemed made; or

(e) Other Defaults Under Credit Documents. Any Credit Party shall default in the performance of or compliance with any term contained herein or any of the other Credit Documents, other than any such term referred to in any other subsection of this Section 8.1, and such default shall not have been remedied or waived within twenty (20) Business Days after the earlier of (i) an officer of such Credit Party becoming aware of such default or (ii) receipt by Xerium of notice from the Administrative Agent or any Bank of such default; or

(f) Involuntary Bankruptcy; Appointment of Receiver, etc. (i) A court of competent jurisdiction shall enter a decree or order for relief in respect of Xerium or any of its Subsidiaries in an involuntary case under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, which decree or order is not stayed; or any other similar relief shall be granted under any applicable federal, provincial or state law; or (ii) an involuntary case (including, without limitation, a winding-up, dissolution, reorganization, compromise or arrangement) shall be commenced against Xerium or any of its Subsidiaries under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, or any application shall have been made, or is required by applicable law to be made, with a court for the opening of insolvency proceedings with regard to Xerium or any of its Subsidiaries; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Xerium or any of its Subsidiaries, or over all or a substantial part of its property, shall have been entered; or there shall have occurred the involuntary appointment of an interim receiver, trustee or other custodian of Xerium or any of its Subsidiaries for all or a substantial part of its property; or a warrant of attachment, execution or similar process shall have been issued against any substantial part of the property of Xerium or any of its Subsidiaries, and (A) in relation only to any Non-US Borrower and any Foreign Subsidiary, any such event described in this clause (ii) shall continue for seven days without having been dismissed, bonded or discharged, and (B) in relation only to Xerium or any Domestic Subsidiary, any such event described in this clause (ii) shall continue for sixty (60) days without having been dismissed, bonded or discharged; or

(g) Voluntary Bankruptcy; Appointment of Receiver, etc. (i) Xerium or any of its Subsidiaries shall have an order for relief entered with respect to it or shall commence a voluntary case (including, without limitation, a winding-up, dissolution, reorganization, compromise or arrangement) under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property; or Xerium or any of its Subsidiaries shall make any assignment for the benefit of creditors; or (ii) Xerium or any of its Subsidiaries shall be unable, or shall fail generally, or shall admit in writing its inability, to pay its debts as such debts become due; or the board of directors (or similar governing body) of Xerium or any of its Subsidiaries (or any committee thereof) shall adopt any resolution or otherwise authorize any action to approve any of the actions referred to herein or in Section 8.1(f), other than any Bankruptcy Cases not closed as of the Closing Date; or

(h) Judgments and Attachments. Any money judgment, writ or warrant of attachment or similar process involving in the aggregate at any time an amount in excess of $5,000,000 (in either case to the extent not adequately covered by insurance as to which a solvent and unaffiliated insurance company has acknowledged coverage) shall be entered or filed against Xerium or any of its Subsidiaries or any of their respective assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of sixty (60) days (or in any event later than five days prior to the date of any proposed sale thereunder); or

(i) Dissolution. Any order, judgment or decree shall be entered against any Credit Party decreeing the dissolution or split up of such Credit Party and such order shall remain undischarged or unstayed for a period in excess of thirty (30)days; or

(j) Employee Benefit Plans. (i) There shall occur one or more ERISA Events and/or Canadian Pension Plan Events which individually or in the aggregate results in or could reasonably be expected to result in liability of Xerium, any of its Subsidiaries or any of their respective ERISA Affiliates in excess of $5,000,000 during the term hereof; or (ii) there exists any fact or circumstance that would reasonably be expected to result in the imposition of a Lien or security interest under Section 412(n) of the Internal Revenue Code or under ERISA; or

(k) Change of Control. A Change of Control shall occur, other than as contemplated under the Plan of Reorganization; or

(l) Guaranties, Collateral Documents and Other Credit Documents. At any time after the execution and delivery thereof, (i) any Guaranty for any reason, other than the satisfaction in full of all Obligations, shall cease to be in

full force and effect (other than in accordance with its terms) or shall be declared to be null and void or any Guarantor shall repudiate its obligations thereunder, (ii) this Agreement or any Collateral Document ceases to be in full force and effect (other than by reason of a release of Collateral in accordance with the terms hereof or thereof or the satisfaction in full of the Obligations in accordance with the terms hereof or any other termination of such Collateral Document in accordance with the terms thereof) or shall be declared null and void, or the Collateral Agent shall not have or shall cease to have a valid and perfected Lien in any Collateral purported to be covered by the Collateral Documents with the priority required by the relevant Collateral Document, in each case for any reason other than the failure of the Collateral Agent or any Secured Party to take any action within its control, or (iii) any Credit Party shall contest the validity or enforceability of any Credit Document in writing or deny in writing that it has any further liability, including with respect to future advances by Banks, under any Credit Document to which it is a party or any Credit Document shall cease to be in full force and effect or shall be declared null and void;

(m) Material Adverse Effect. Any event, condition or situation shall occur that has a Material Adverse Effect, provided that the consummation of the transactions contemplated by the Plan of Reorganization shall not constitute a Material Adverse Effect;

(n) Failure to Reimburse Issuing Bank from Revolving Loans. The failure of the Issuing Bank to be reimbursed in full for any drawings under any Letter of Credit from proceeds of Revolving Loans required to be made pursuant to Section 2.4(i); or

(o) Failure to Top-Up the Term LC Collateral Account from Revolving Loans. The failure of the Term LC Collateral Account to be funded from proceeds of Revolving Loans required to be made pursuant to Section 2.4(k);

THEN, (1) upon the occurrence of any Event of Default described in Sections 8.1(f), (g) or (k), automatically, and (2) upon the occurrence and continuation of any other Event of Default, at the request of (or with the consent of) Requisite Banks, upon notice to Xerium by the Administrative Agent, (A) the Revolving Commitments, if any, of each Bank having such Revolving Commitments and the obligation of Issuing Bank to issue any Letter of Credit shall immediately terminate; (B) each of the following shall immediately become due and payable, in each case without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by each Credit Party: (I) the unpaid principal amount of and accrued interest on the Loans, (II) an amount equal to the maximum amount that may at any time be drawn under all Letters of Credit then outstanding (regardless of whether any beneficiary under any such Letter of Credit shall have presented, or shall be entitled at such time to present, the drafts or other documents or certificates required to draw under such Letters of Credit), and (III) all other Obligations; provided, the foregoing shall not affect in any way the obligations of Banks under Section 2.4(g); (C) the Administrative Agent may cause the Collateral Agent to enforce any and all Liens and security interests created pursuant to the Collateral Documents; and

(D) Administrative Agent shall direct each Borrower to pay (and each Borrower hereby agrees upon receipt of such notice, or upon the occurrence of any Event of Default specified in Section 8.1(f) and (g) to pay) to Administrative Agent such additional amounts of cash, to be held as security for each Borrower's reimbursement Obligations in respect of Letters of Credit then outstanding, equal to the Letter of Credit Usage at such time.

8.2 **CAM Exchange**. On the CAM Exchange Date, the Banks shall automatically and without further act be deemed to have exchanged interests in the Designated Obligations such that, in lieu of the interests of each Bank in the Designated Obligations under each Loan in which it shall participate as of such date, such Bank shall own an interest equal to such Bank's CAM Percentage in the Designated Obligations under each of the Loans. Each Bank, each Person acquiring a participation from any Bank as contemplated by Section 10.6 and each Borrower hereby consents and agrees to the CAM Exchange. Each of the Borrowers and the Banks agrees from time to time to execute and deliver to the Administrative Agent all such promissory notes and other instruments and documents as the Administrative Agent shall reasonably request to evidence and confirm the respective interests and obligations of the Banks after giving effect to the CAM Exchange, and each Bank agrees to surrender any promissory notes originally received by it in connection with its Loans hereunder to the Administrative Agent against delivery of any promissory notes so executed and delivered; provided that the failure of any Borrower to execute or deliver or of any Bank to accept any such promissory note, instrument or document shall not affect the validity or effectiveness of the CAM Exchange.

As a result of the CAM Exchange, on and after the CAM Exchange Date, each payment received by the Administrative Agent pursuant to any Credit Document in respect of the Designated Obligations shall be distributed to the Bank pro rata in accordance with their respective CAM Percentages (to be redetermined as of each such date of payment). Any direct payment received by a Bank upon or after the CAM Exchange Date, including by way of setoff, in respect of a Designated Obligation shall be paid over to the Administrative Agent for distribution to the Banks in accordance herewith.

SECTION 9. AGENTS

9.1 **Appointment of Agents**. Citigroup Global Markets, Inc. is hereby appointed Lead Arranger hereunder, and each Bank hereby authorizes the Lead Arranger (under release from the restrictions of Section 181 of the *German Civil Code*) to act as its agent in accordance with the terms hereof and the other Credit Documents. Citicorp North America, Inc. is hereby appointed the Administrative Agent hereunder and under the other Credit Documents and each Bank hereby authorizes the Administrative Agent to act as its agent in accordance with the terms hereof and the other Credit Documents. Citicorp North America, Inc. is hereby appointed the Collateral Agent hereunder and under the other Credit Documents and each Bank hereby authorizes the Collateral Agent to act as its agent in accordance with the terms hereof and the other Credit Documents. Each Agent hereby agrees to act upon the express conditions contained herein and the

other Credit Documents, as applicable. The provisions of this Section 9 are solely for the benefit of the Agents and the Banks and no Credit Party shall have any rights as a third party beneficiary of any of the provisions thereof. In performing its functions and duties hereunder, each Agent shall act solely as an agent of the Banks and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for Xerium or any of its Subsidiaries. The Lead Arranger, without consent of or notice to any party hereto, may assign any and all of its respective rights or obligations hereunder to any of its Affiliates. As of the Closing Date, Citigroup Global Markets Inc, in its capacity as the Lead Arranger, shall not have any obligations hereunder but shall be entitled to all benefits of this Section 9.

9.2 **Powers and Duties**. Each Bank irrevocably authorizes each Agent (under release from the restrictions of Section 181 of the *German Civil Code*) to take such action on such Bank's behalf and to exercise such powers, rights and remedies hereunder and under the other Credit Documents as are specifically delegated or granted to such Agent by the terms hereof and thereof, together with such powers, rights and remedies as are reasonably incidental thereto. Each Agent shall have only those duties and responsibilities that are expressly specified herein and the other Credit Documents. Each Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees. No Agent shall have, by reason hereof or any of the other Credit Documents, a fiduciary relationship in respect of any Bank; and nothing herein or any of the other Credit Documents, expressed or implied, is intended to or shall be so construed as to impose upon any Agent any obligations in respect hereof or any of the other Credit Documents except as expressly set forth herein or therein..

9.3 **General Immunity**.

(a) No Responsibility for Certain Matters. No Agent shall be responsible to any Bank for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency hereof or any other Credit Document or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by any Agent to Banks or by or on behalf of any Credit Party to any Agent or any Bank in connection with the Credit Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Credit Party or any other Person liable for the payment of any Obligations, nor shall any Agent be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of the Credit Documents or as to the use of the proceeds of the Loans or as to the existence or possible existence of any Event of Default or Default or to make any disclosures with respect to the foregoing. Anything contained herein to the contrary notwithstanding, Administrative Agent shall not

have any liability arising from confirmations of the amount of outstanding Loans or the Letter of Credit Usage or the component amounts thereof.

(b) Exculpatory Provisions. No Agent or any of its officers, partners, directors, employees or agents shall be liable to the Banks for any action taken or omitted by any Agent under or in connection with any of the Credit Documents except to the extent caused by such Agent's gross negligence or willful misconduct. No Agent shall have an obligation to act without receiving a satisfactory indemnity from the parties to this Agreement. Each Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Credit Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until such Agent shall have received instructions in respect thereof from the Requisite Banks (or such other Banks as may be required to give such instructions under Section 10.6) and, upon receipt of such instructions from the Requisite Banks (or such other Banks, as the case may be), such Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions. Without prejudice to the generality of the foregoing, (i) each Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for Xerium and its Subsidiaries), accountants, experts and other professional advisors selected by it; and (ii) no Bank shall have any right of action whatsoever against any Agent as a result of such Agent acting or (where so instructed) refraining from acting hereunder or any of the other Credit Documents in accordance with the instructions of the Requisite Banks (or such other Banks as may be required to give such instructions under Section 10.6).

9.4 **Agents Entitled to Act as Bank**. The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, any Agent in its individual capacity as a Bank hereunder. With respect to its participation in the Loans and the Letters of Credit, each Agent shall have the same rights and powers hereunder as any other Bank and may exercise the same as if it were not performing the duties and functions delegated to it hereunder, and the term "Bank" shall, unless the context clearly otherwise indicates, include each Agent in its individual capacity. Any Agent and its Affiliates may accept deposits from, lend money to, own securities of, and generally engage in any kind of banking, trust, financial advisory or other business with Xerium or any of its Affiliates as if it were not performing the duties specified herein, and may accept fees and other consideration from each Borrower for services in connection herewith and otherwise without having to account for the same to Banks.

9.5 **Banks' Representations, Warranties and Acknowledgment**. Each Bank represents and warrants that it has made its own independent

investigation of the financial condition and affairs of Xerium and its Subsidiaries in connection with Credit Extensions hereunder and that it has made and shall continue to make its own appraisal of the creditworthiness of Xerium and its Subsidiaries. No Agent shall have any duty or responsibility, either initially or on a continuing basis, to make any such investigation or any such appraisal on behalf of Banks or to provide any Bank with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter, and no Agent shall have any responsibility with respect to the accuracy of or the completeness of any information provided to Banks.

9.6 **Right to Indemnity**. Each Bank, in proportion to its Pro Rata Share, severally agrees to indemnify each Agent, to the extent that such Agent shall not have been reimbursed by any Credit Party (and without limiting the Borrowers' obligation to do so), for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Agent in exercising its powers, rights and remedies or performing its duties hereunder or under the other Credit Documents or otherwise in its capacity as such Agent in any way relating to or arising out of this Agreement or the other Credit Documents; provided, no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct. If any indemnity furnished to any Agent for any purpose shall, in the opinion of such Agent, be insufficient or become impaired, such Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; provided, in no event shall this sentence require any Bank to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Bank's Pro Rata Share thereof; and provided further, this sentence shall not be deemed to require any Bank to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement described in the proviso in the immediately preceding sentence.

9.7 **Successor Administrative Agent and Collateral Agent**. The Administrative Agent and the Collateral Agent may resign at any time by giving thirty days' prior written notice thereof to the Banks and Xerium, and the Administrative Agent and the Collateral Agent may be removed at any time (with or without cause) by the Requisite Banks giving ten days' prior written notice thereof delivered to Xerium and the Administrative Agent and the Collateral Agent and the Administrative Agent shall then promptly give notice of such removal to the Banks. During the first two Business Days after notice from the Administrative Agent and the Collateral Agent of its resignation or removal, one or more Revolving Banks (other than the then Administrative Agent and Collateral Agent if it is a Revolving Bank) shall have the right to propose a

successor Administrative Agent and Collateral Agent (the "**Proposed Successor Agent**"). The Proposed Successor Agent shall become the Administrative Agent and Collateral Agent if approved by the Requisite Banks. If such Proposed Successor Agent is not approved by the Requisite Banks within five Business Days after proposed by such Revolving Banks, then the Requisite Banks shall have the right upon five Business Days' notice to Xerium, to appoint a successor Administrative Agent and Collateral Agent. Upon the acceptance of any appointment as Administrative Agent or Collateral Agent hereunder by a successor Administrative Agent or Collateral Agent, that successor Administrative Agent or Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Administrative Agent or Collateral Agent and the retiring or removed Administrative Agent or Collateral Agent shall promptly (i) transfer to such successor Administrative Agent or Collateral Agent all sums, Securities and other items of Collateral held under the Collateral Documents, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Administrative Agent or Collateral Agent under the Credit Documents, and (ii) execute and deliver to such successor Administrative Agent or Collateral Agent such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Administrative Agent or Collateral Agent of the security interests created under the Collateral Documents, whereupon such retiring or removed Administrative Agent or Collateral Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents. Regardless of whether a replacement Administrative Agent or Collateral Agent, as applicable, has been appointed, the removal or resignation will, to the fullest extent permitted by applicable law, be effective upon the earlier (i) the date the successor Administrative Agent or Collateral Agent is appointed and (ii) the date that is thirty days after the giving of the written notice of resignation or removal. After any retiring or removed Administrative Agent's or Collateral Agent's resignation or removal hereunder as Administrative Agent or Collateral Agent, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent or Collateral Agent hereunder.

9.8 **Collateral Documents and Guaranty**.

(a) Agents under Collateral Documents and Guaranty. Each Bank hereby further authorizes the Administrative Agent or the Collateral Agent, as applicable (each under release from the restrictions of Section 181 of the German Civil Code) on behalf of and for the benefit of the Banks, to be the agent for and representative of the Banks with respect to the Guaranty, the Collateral and the Collateral Documents. Pursuant to the Plan of Reorganization, the Agents, on behalf of the Banks, are empowered and authorized to execute and deliver to the Credit Parties the other Credit Documents and all related agreements, certificates, documents, or instruments as shall be necessary or appropriate to effect the purposes of the Credit Documents. Subject to Section 10.6, without further

written consent or authorization from the Banks, the Administrative Agent or the Collateral Agent, as applicable, may execute any documents or instruments necessary to (i) release any Lien encumbering any item of Collateral that is the subject of a sale or other disposition of assets permitted hereby or to which the Requisite Banks (or such other Banks as may be required to give such consent under Section 10.6) have otherwise consented or (ii) release any Guarantor from the Guaranty pursuant to Section 7.12 or with respect to which the Requisite Banks (or such other Banks as may be required to give such consent under Section 10.6) have otherwise consented.

(b) Right to Realize on Collateral and Enforce Guaranty. Anything contained in any of the Credit Documents to the contrary notwithstanding, each Borrower, the Administrative Agent, the Collateral Agent and each Bank hereby agrees that (i) no Bank shall have any right individually to realize upon any of the Collateral or to enforce the Guaranty, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of the Banks in accordance with the terms hereof and all powers, rights and remedies under the Collateral Documents may be exercised solely by the Collateral Agent, and (ii) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale, the Collateral Agent or any Bank may be the purchaser of any or all of such Collateral at any such sale and the Collateral Agent, as agent for and representative of the Secured Parties (but not any Bank or Banks in its or their respective individual capacities unless the Requisite Banks shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Collateral Agent at such sale.

(c) Collateral Agent's Power of Attorney. Each Secured Party, including in its capacity as Bank Counterparty, irrevocably constitutes, to the extent necessary, the Collateral Agent as the holder of an irrevocable power of attorney (i.e. "*fondé de pouvoirs*" within the meaning of Article 2692 of the *Civil Code of Québec*) in order to hold security granted by any Credit Party in the Province of Quebec to secure the Indebtedness of such Credit Party under any bond issued by such Credit Party. Notwithstanding the provisions of section 32 of an *Act respecting the special powers of a legal person* (Québec), each Secured Party, including in its capacity as Bank Counterparty, acknowledges that the Collateral Agent may acquire and be the holder of any bond issued by any Credit Party. Each assignee Bank that enters into an Assignment Agreement shall be deemed to have confirmed and ratified the constitution of the Collateral Agent as the holder of such irrevocable power of attorney ("*fondé de pouvoirs*") and the acquisition and holding by the Collateral Agent of any bonds issued by any Credit Party. Each of the Credit Parties hereby acknowledge that, for the purposes of holding any security granted by any Credit Party on property pursuant to the laws of the Province of Québec to secure obligations of any Credit Party under any bonds issued by any Credit Party, the Collateral Agent shall be the holder of an

irrevocable power of attorney (i.e. "*fondé de pouvoirs*" within the meaning of Article 2692 of the *Civil Code of Québec*) for each Secured Party, including in its capacity as Bank Counterparty). Each of the Credit Parties hereby acknowledges that such bond constitutes a title on indebtedness, as such term is used in Article 2692 of the *Civil Code of Québec*. The execution by the Collateral Agent, acting as fondé de pouvoir as aforesaid, prior to the date of this Agreement of any deeds of hypothec or other security documents is hereby ratified and confirmed.

9.9 **Reliance and Engagement Letters**. Each Bank confirms that each of the Lead Arranger and the Administrative Agent has authority (and is released from the restrictions of Section 181 of the *German Civil Code*) to accept on its behalf the terms of any reliance or engagement letters relating to any reports or letters provided by accountants in connection with the Credit Documents or the transactions contemplated in the Credit Documents (including any net asset letter in connection with the financial assistance procedures) and to bind it in respect of those reports or letters and to sign such on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

SECTION 10. MISCELLANEOUS

10.1 **Notices**. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given to a Credit Party, the Collateral Agent, the Administrative Agent or the Lead Arranger, shall be sent to such Person's address as set forth on Appendix B or in the other relevant Credit Document, and in the case of any Bank, the address as indicated on Appendix B or otherwise indicated to the Administrative Agent in writing. Each notice hereunder shall be in writing and may be personally served, telexed or sent by telefacsimile or mail or courier service and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of telefacsimile or telex, or three Business Days after depositing it in the mail with postage prepaid and properly addressed; provided, no notice to any Agent shall be effective until received by such Agent and all notices from or to a Credit Party shall be sent through the applicable Agent.

10.2 **Expenses**. Whether or not the transactions contemplated hereby shall be consummated, each Borrower agrees to pay promptly (a) all the actual and reasonable costs and expenses of preparation of the Credit Documents and any consents, amendments, waivers or other modifications thereto; (b) all the costs of furnishing all opinions by counsel for each Borrower and the other Credit Parties; (c) the reasonable fees, expenses and disbursements of counsel to the Agents (in each case including allocated costs of internal counsel) in connection with the negotiation, preparation, execution and administration of the Credit Documents, advising the Administrative Agent and the Collateral Agent of their respective rights and obligations under the Credit Documents and any consents, amendments, waivers or other modifications thereto and any other documents or matters requested by any Borrower; (d) all the actual costs and reasonable expenses of creating and perfecting Liens in favor of the Collateral Agent, for the

benefit of the Secured Parties pursuant hereto, including filing and recording fees, expenses stamp, registration, transfer, documentary and other similar taxes, search fees, title insurance premiums and reasonable fees, expenses and disbursements of counsel to each Agent and of counsel providing any opinions that any Agent or the Requisite Banks may reasonably request in respect of the Collateral or the Liens created pursuant to the Collateral Documents or any Agent's rights and obligations under any Credit Document; (e) all the actual costs and reasonable fees, expenses and disbursements of any auditors, accountants, consultants, advisors or appraisers retained by the Administrative or the Collateral Agent with the prior consent of Xerium (not to be unreasonably withheld); (f) all the actual costs and reasonable expenses (including the reasonable fees, expenses and disbursements of any appraisers, consultants, advisors and agents employed or retained by the Collateral Agent and its counsel) in connection with the custody or preservation of any of the Collateral; (g) all other actual and reasonable costs and expenses incurred by each Agent in connection with the syndication of the Loans and Commitments and the negotiation, preparation and execution of the Credit Documents and any consents, amendments, waivers or other modifications thereto and the transactions contemplated thereby; and (h) after the occurrence of a Default or an Event of Default, all costs and expenses, including reasonable attorneys' fees (including allocated costs of internal counsel) and costs of settlement, incurred by any Agent and the Banks in enforcing any Obligations of or in collecting any payments due from any Credit Party hereunder or under the other Credit Documents by reason of such Default or Event of Default (including in connection with the sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty) or in connection with any refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work out" or pursuant to any insolvency or bankruptcy cases or proceedings.

10.3 **VAT**. All amounts set out or expressed to be payable under a Credit Document by a Credit Party to a Bank shall be exclusive of any applicable VAT and (subject to the provisions regarding reimbursement of VAT below) the Credit Party shall in addition pay to the Bank an amount equal to the amount of the VAT, following receipt by the Credit Party of a valid VAT invoice. Where a Credit Party is required by a Credit Document to reimburse a Bank for any costs or expenses, that Credit Party shall also reimburse the Bank for any VAT incurred by the Bank in respect of the relevant costs or expenses to the extent that neither the Bank nor any member of any group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant Tax authority in respect of the VAT.

10.4 **Indemnity**. In addition to the payment of expenses pursuant to Sections 10.2 and 10.3, whether or not the transactions contemplated hereby shall be consummated, each Credit Party agrees to defend (subject to Indemnitees' reasonable approval of counsel), indemnify, pay and hold harmless, each Agent and Bank and the officers, partners, directors, trustees, investment advisors, employees, agents and Affiliates of each Agent and each Bank (each, an

"**Indemnitee**"), from and against any and all Indemnified Liabilities; provided, no Credit Party shall have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities arise from the gross negligence or willful misconduct of that Indemnitee. To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this Section 10.4 may be unenforceable in whole or in part because they are in violation of any law or public policy, the applicable Credit Party shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them.

(a) To the extent permitted by applicable law, no Credit Party shall assert, and each Credit Party hereby waives, any claim against the Banks, the Agents and their respective Affiliates, directors, employees, attorneys or agents, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) in connection with, arising out of, as a result of, or in any way related to, this Agreement or any Credit Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Term Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and Xerium and each other Credit Party hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(b) Currency indemnity.

(i) If any sum due from a Credit Party under the Credit Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(A) making or filing a claim or proof against that Credit Party; or

(B) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Credit Party shall as an independent obligation, within three Business Days of demand, indemnify the Agent and each Bank to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (x) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (y) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(ii) Each Credit Party waives any right it may have in any jurisdiction to pay any amount under the Credit Documents in a currency or currency unit other than that in which it is expressed to be payable.

10.5 **Set Off**. Subject to the terms of the Intercreditor Agreement, in addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence and continuation of any Event of Default each Bank and each of its respective Affiliates is hereby authorized by each Credit Party at any time or from time to time subject to the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed), without notice to any Credit Party or to any other Person (other than the Administrative Agent), any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Indebtedness at any time held or owing by such Bank or its Affiliate to or for the credit or the account of any Credit Party against and on account of the obligations and liabilities of any Credit Party to such Bank hereunder, the Letters of Credit and participations therein and under the other Credit Documents, including all claims of any nature or description arising out of or connected hereto, the Letters of Credit and participations therein or with any other Credit Document, irrespective of whether or not (a) such Bank shall have made any demand hereunder or (b) the principal of or the interest on the Loans or any amounts in respect of the Letters of Credit or any other amounts due hereunder shall have become due and payable pursuant to Section 2 and although such obligations and liabilities, or any of them, may be contingent or unmatured.

10.6 **Amendments and Waivers**.

(a) Requisite Banks' and Borrower Consent. Subject to Section 10.6(b) and 10.6(c), no amendment, modification, termination or waiver of any provision of the Credit Documents (other than the Fee Letters), or consent to any departure by any Credit Party therefrom, shall in any event be effective without the written concurrence of the Credit Parties and the Requisite Banks.

(b) Affected Banks' Consent. Without the written consent of the Credit Parties and each Bank (other than a Defaulting Bank) that would be affected thereby, no amendment, modification, termination, or consent shall be effective if the effect thereof would:

(i) extend the scheduled final maturity of any Loan;

(ii) waive, reduce or postpone any scheduled repayment (but not prepayment);

(iii) extend the stated expiration date of any Letter of Credit beyond the Revolving Commitment Termination Date;

(iv) reduce the rate of interest on any Loan (other than any waiver of any increase in the interest rate applicable to any Loan pursuant to Section 2.10) or any fee payable hereunder;

(v) extend the time for payment of any such interest or fees;

(vi) reduce or forgive the principal amount of any Loan or any reimbursement obligation in respect of any Letter of Credit;

(vii) amend, modify, terminate or waive any provision of this Section 10.6(b) or Section 10.6(c);

(viii) amend the definition of "**Requisite Banks**" or "**Pro Rata Share**"; provided, with the consent of Requisite Banks, additional extensions of credit pursuant hereto may be included in the determination of "**Requisite Banks**" or "**Pro Rata Share**" on substantially the same basis as the Term Loans, the Revolving Commitments and the Revolving Loans are included on the Closing Date;

(ix) extend the Revolving Commitment Termination Date;

(x) release all or substantially all of the Collateral or all or substantially all of the Guarantors from the Guaranty except as expressly provided in the Credit Documents;

(xi) consent to the assignment or transfer by any Credit Party of any of its rights and obligations under any Credit Document (other than the Fee Letters);

(xii) amend, modify or waive any provision of Section 2.15 or 2.16(g); or

(xiii) consent to currency changes.

(c) Other Consents. No amendment, modification, termination or waiver of any provision of the Credit Documents (other than the Fee Letters), or consent to any departure by any Credit Party therefrom, shall:

(i) increase any Revolving Commitment of any Bank over the amount thereof then in effect without the consent of each Credit Party and such Bank; provided, no amendment, modification or waiver of any condition precedent, covenant, Default or Event of Default shall constitute an increase in any Revolving Commitment of any Bank;

(ii) amend, modify, terminate or waive any obligation of Banks relating to the purchase of participations in Letters of Credit as provided in Section 2.4(g) without the written consent of each Credit Party, Administrative Agent and of Issuing Bank; or

(iii) amend, modify, terminate or waive any provision of Section 9 as the same applies to any Agent, or any other provision hereof as the same applies to the rights or obligations of any Agent, in each case without the consent of each Credit Party and such Agent.

(d) Execution of Amendments, etc. The Administrative Agent may, but shall have no obligation to, with the concurrence of any Bank, execute amendments, modifications, waivers or consents on behalf of such Bank. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 10.6 shall be binding upon each Bank at the time outstanding, each future Bank and, if signed by a Credit Party, on such Credit Party.

(e) Defaulting Banks. Anything herein to the contrary notwithstanding, during such period as a Bank is a Defaulting Bank, to the fullest extent permitted by applicable law, such Bank will not be entitled to vote in respect of amendments and waivers hereunder and the Revolving Commitment and the outstanding Loans of such Bank hereunder will not be taken into account in determining with the Requisite Banks or all of the Banks, as required, have approved any such amendment or waiver (and the definition of "Requisite Banks" will automatically be deemed modified accordingly for the duration of such period); provided that any such amendment or waiver that would increase or extend the term of the Revolving Commitment of such Defaulting Bank, extend the date fixed for the payment of principal or interest owing to such Defaulting Bank, reduce the amount of or the rate or amount of interest on any amount owing to such Defaulting Bank or of any fee payable to such Defaulting Bank hereunder, or alter the terms of this proviso, will require the consent of such Defaulting Bank.

10.7 **Successors and Assigns; Participations**.

(a) Generally. This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of Banks. No Credit Party's rights or obligations hereunder nor any interest therein may be assigned or delegated by any Credit Party without the prior written consent of all Banks. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, Affiliates of each of the Agents and Banks) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Register. Each Borrower, the Administrative Agent and each Bank shall deem and treat the Persons listed as Banks in the Register as the

holders and owners of the corresponding Revolving Commitments and Loans listed therein for all purposes hereof, and no assignment or transfer of any such Revolving Commitment or Loan shall be effective, in each case, unless and until an Assignment Agreement effecting the assignment or transfer thereof shall have been delivered to and accepted by the Administrative Agent and recorded in the Register as provided in Section 10.7(e). Prior to such recordation, all amounts owed with respect to the applicable Revolving Commitment or Loan shall be owed to the Bank listed in the Register as the owner thereof, and any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is listed in the Register as a Bank shall be conclusive and binding on any subsequent holder, assignee or transferee of the corresponding Revolving Commitments or Loans.

(c) Right to Assign. Each Bank shall have the right at any time to sell, assign or transfer all or a portion of its rights and obligations under this Agreement, including, without limitation, all or a portion of its Revolving Commitment or Loans owing to it or other Obligation (provided, however, that each such assignment shall be of a uniform, and not varying, percentage of all rights and obligations under and in respect of any Loan and any related Revolving Commitments):

(i) to any Person meeting the criteria of clause (i) of the definition of the term "Eligible Assignee" upon the giving of notice to Xerium and the Administrative Agent; and

(ii) to any Person meeting the criteria of clause (ii) of the definition of the term "Eligible Assignee" upon the giving of notice to Xerium and the Administrative Agent; subject, however, in the case of assignments of Revolving Loans or Revolving Commitments to any such Person, to prior written consent by Xerium, the Administrative Agent and the Issuing Bank (such consent not to be (x) unreasonably withheld or delayed or, (y) in the case of Xerium, required at any time an Event of Default shall have occurred and then be continuing); provided that Xerium shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof; provided, further, each such assignment pursuant to this Section 10.7(c)(ii) shall be in an aggregate amount of not less than (A) $2,500,000 (or such lesser amount as may be agreed to by the Administrative Agent (and so long as no Event of Default shall have occurred and be continuing) Xerium or as shall constitute the aggregate amount of the Revolving Commitments and Revolving Loans of the assigning Bank) with respect to the assignment of the Revolving Commitments and Revolving Loans and (B) $1,000,000 (or such lesser amount as may be agreed to by the Administrative Agent (and so long as no Event of Default shall have occurred and be continuing) Xerium or as shall constitute the aggregate amount or the Term Loans of the assigning Bank) with respect to the assignment of Term Loans.

(d) Mechanics. The assigning Bank and the assignee thereof shall execute and deliver to the Administrative Agent an Assignment Agreement, together with (i) a processing and recordation fee of $3,500 (except (A) in the case of assignments pursuant to Section 10.7(c)(i), no processing or recordation fee shall be required and (B) that only one fee shall be payable in the case of contemporaneous assignments to or by Related Funds), and (ii) such forms, certificates or other evidence, if any, with respect to United States federal income tax withholding matters as the assignee under such Assignment Agreement may be required to deliver to the Administrative Agent pursuant to Section 2.20(c).

(e) Notice of Assignment. Upon its receipt of a duly executed and completed Assignment Agreement, together with the processing and recordation fee referred to in Section 10.7(d) (and any forms, certificates or other evidence required by this Agreement in connection therewith), the Administrative Agent shall record the information contained in such Assignment Agreement in the Register, shall give prompt notice thereof to each Borrower and shall maintain a copy of such Assignment Agreement.

(f) Representations and Warranties of Assignee. Each Bank, upon execution and delivery hereof or upon executing and delivering an Assignment Agreement, as the case may be, represents and warrants as of the Closing Date or as of the applicable Effective Date (as defined in the applicable Assignment Agreement) that (i) it is an Eligible Assignee; (ii) it has experience and expertise in the making of or investing in commitments or loans such as the applicable Revolving Commitments or Loans, as the case may be; and (iii) it will make or invest in, as the case may be, its Revolving Commitments or Loans for its own account in the Ordinary Course and without a view to distribution of such Revolving Commitments or Loans within the meaning of the Securities Act or the Exchange Act or other federal securities laws (it being understood that, subject to the provisions of this Section 10.7, the disposition of such Revolving Commitments or Loans or any interests therein shall at all times remain within its exclusive control).

(g) Effect of Assignment. Subject to the terms and conditions of this Section 10.7, as of the "Effective Date" specified in the applicable Assignment Agreement: (i) the assignee thereunder shall have the rights and obligations of a "Bank" hereunder to the extent such rights and obligations hereunder have been assigned to it pursuant to such Assignment Agreement and shall thereafter be a party hereto and a "Bank" for all purposes hereof, and in the case of an assignment from the Issuing Bank, shall have the rights and obligations of an "Issuing Bank" hereunder to the extent such rights and obligations hereunder have been assigned to it pursuant to such Assignment Agreement and shall thereafter be an "Issuing Bank" for all purposes hereof; (ii) the assigning Bank thereunder shall, to the extent that rights and obligations hereunder have been assigned thereby pursuant to such Assignment Agreement, relinquish its rights (other than any rights which survive the termination hereof under Section 10.9) and be released from its obligations hereunder (and, in the case of

an Assignment Agreement covering all or the remaining portion of an assigning Bank's rights and obligations hereunder, such Bank shall cease to be a party hereto and, if such Bank were an Issuing Bank, relinquish its rights (other than any rights which survive the termination hereof under Section 10.9) and be released from its obligations hereunder as an "Issuing Bank"; provided, anything contained in any of the Credit Documents to the contrary notwithstanding, such assigning Bank shall continue to be entitled to the benefit of all indemnities hereunder as specified herein with respect to matters arising out of the prior involvement of such assigning Bank as a Bank hereunder); (iii) the Revolving Commitments shall be modified to reflect the Revolving Commitment of such assignee and any Revolving Commitment of such assigning Bank, if any; and (iv) for the purposes of article 1263 of the Italian Civil Code, it is expressly agreed that the security created or evidenced by the Collateral Documents shall be preserved for the benefit of the assignee and each other Bank. Any assignment or transfer by a Bank of rights or obligations under this Agreement that does not comply with subsections (c) through (g) of this Section 10.7 shall be treated for purposes of this Agreement as a sale by such Bank of a participation in such rights and obligations in accordance with clause (h).

(h) Participations. Each Bank shall have the right at any time to sell one or more participations to any Person (other than Xerium, any of its Subsidiaries or any of its Affiliates (excluding Closing Date Bank Affiliates)) in all or any part of its Revolving Commitments or Loans or in any other Obligation. The holder of any such participation, other than an Affiliate of the Bank granting such participation, shall not be entitled to require such Bank to take or omit to take any action hereunder except with respect to any amendment, modification or waiver that would (i) extend the final scheduled maturity of any Loan, or any Letter of Credit (unless, in the case of Revolving Letters of Credit, such Revolving Letter of Credit is not extended beyond the Revolving Commitment Termination Date, and in the case of Term Loan Letters of Credit, such Term Loan Letter of Credit is not extended beyond the Term Loan Maturity Date) in which such participant is participating, or reduce the rate or extend the time of payment of interest or fees thereon (except in connection with a waiver of applicability of any post default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Commitment shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof), (ii) consent to the assignment or transfer by any Credit Party of any of its rights and obligations under this Agreement or (iii) release all or substantially all of the Collateral under the Collateral Documents (except as expressly provided in the Credit Documents) supporting the Loans hereunder in which such participant is participating. The Borrowers agree that each participant shall be entitled to the benefits of Sections 2.18(c), 2.19 and 2.20 to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (c) of this Section;

provided, (i) a participant shall not be entitled to receive any greater payment under Section 2.19 or 2.20 than the applicable Bank would have been entitled to receive with respect to the participation sold to such participant, unless the sale of the participation to such participant is made with each Borrower's prior written consent, and (ii) a participant that would be a Non-US Bank if it were a Bank shall not be entitled to the benefits of Section 2.20 unless each Borrower is notified of the participation sold to such participant and such participant agrees, for the benefit of each Borrower, to comply with Section 2.20 as though it were a Bank. To the extent permitted by law, each participant also shall be entitled to the benefits of Section 10.6 as though it were a Bank, provided such participant agrees to be subject to Section 2.17 as though it were a Bank.

(i) Certain Other Assignments. In addition to any other assignment permitted pursuant to this Section 10.7, any Bank may assign and/or pledge all or any portion of its Loans, the other Obligations owed by or to such Bank, to secure obligations of such Bank including, without limitation, any Federal Reserve Bank as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any operating circular issued by such Federal Reserve Bank; provided, no Bank, as between each Borrower and such Bank, shall be relieved of any of its obligations hereunder as a result of any such assignment and pledge, and provided, further, in no event shall the applicable Federal Reserve Bank, pledgee or trustee be considered to be a "Bank" or be entitled to require the assigning Bank to take or omit to take any action hereunder.

10.8 **Independence of Covenants**. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

10.9 **Survival of Representations, Warranties and Agreements**. All representations, warranties and agreements made herein shall survive the execution and delivery hereof and the making of any Credit Extension. Notwithstanding anything herein or implied by law to the contrary, the agreements of each Credit Party set forth in Sections 2.18(c), 2.19, 2.20, 10.2, 10.3, 10.4 and 10.5 and the agreements of the Banks set forth in Sections 2.17, 9.3(b) and 9.6 shall survive the payment of the Loans, the cancellation or expiration of the Letters of Credit and the reimbursement of any amounts drawn thereunder, and the termination hereof.

10.10 **No Waiver; Remedies Cumulative**. No failure or delay on the part of any Agent or any Bank in the exercise of any power, right or privilege hereunder or under any other Credit Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege.

The rights, powers and remedies given to each Agent and each Bank hereby are cumulative and shall be in addition to and independent of all rights, powers and remedies existing by virtue of any statute or rule of law or in any of the other Credit Documents or any of the applicable documentation creating Hedging Obligations. Any forbearance or failure to exercise, and any delay in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

10.11 **Marshalling; Payments Set Aside**. Neither any Agent nor any Bank shall be under any obligation to marshal any assets in favor of any Credit Party or any other Person or against or in payment of any or all of the Obligations. To the extent that any Credit Party makes a payment or payments to the Administrative Agent or the Banks (or to the Administrative Agent, on behalf of the Banks), or the Administrative Agent or the Banks enforce any security interests or exercise their rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, any other provincial, state or federal law, common law or any equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be revived and continued in full force and effect as if such payment or payments had not been made or such enforcement or setoff had not occurred.

10.12 **Severability**. In case any provision in or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

10.13 **Obligations Several**. The obligations of the Banks hereunder are several and no Bank shall be responsible for the obligations or Revolving Commitment of any other Bank hereunder. Nothing contained herein or in any other Credit Document, and no action taken by Banks pursuant hereto or thereto, shall be deemed to constitute Banks as a partnership, an association, a joint venture or any other kind of entity.

10.14 **Headings**. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

10.15 **APPLICABLE LAW**. **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK INCLUDING GENERAL OBLIGATIONS LAW 5-1401.**

10.16 **CONSENT TO JURISDICTION AND SERVICE OF PROCESS**. (a) ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY CREDIT PARTY ARISING OUT OF OR RELATING HERETO OR ANY OTHER CREDIT DOCUMENT, OR ANY OF THE OBLIGATIONS, MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT IN THE CITY OF NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH CREDIT PARTY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (i) ACCEPTS GENERALLY AND UNCONDITIONALLY THE EXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS; (ii) WAIVES ANY DEFENSE OF FORUM NON-CONVENIENS; (iii) AGREES THAT, NOTWITHSTANDING SECTION 10.16(c), SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE CREDIT PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 10.1; (iv) AGREES THAT SERVICE AS PROVIDED IN CLAUSE (iii) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE CREDIT PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (v) AGREES AGENTS AND BANKS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY CREDIT PARTY IN THE COURTS OF ANY OTHER JURISDICTION;

(b) IN ADDITION TO SECTION 10.16(a), HUYCK.WANGNER AUSTRIA GMBH IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS IN ENGLAND FOR THE PURPOSE OF HEARING AND DETERMINING ANY DISPUTE ARISING OUT OF THIS AGREEMENT, ANY OTHER CREDIT DOCUMENT OR ANY OF THE OBLIGATIONS OR RELATING HERETO AND FOR THE PURPOSES OF ENFORCEMENT OF ANY JUDGMENT AGAINST ITS ASSETS (IN NO EVENT SHALL THE COURTS OF AUSTRIA HAVE JURISDICTION FOR THE PURPOSE OF HEARING AND DETERMINING ANY DISPUTE ARISING OUT OF THIS AGREEMENT, ANY OTHER CREDIT DOCUMENT OR ANY OF THE OBLIGATIONS OR RELATING HERETO AND FOR THE PURPOSES OF ENFORCEMENT OF ANY JUDGMENT AGAINST ITS ASSETS); AND

(c) EACH CREDIT PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY APPOINTS CT CORPORATION SYSTEM WITH AN OFFICE ON THE DATE HEREOF AT 111 EIGHTH AVENUE, NEW YORK, NEW YORK 10001, UNITED STATES AND ITS SUCCESSORS HEREUNDER (THE “PROCESS AGENT”), AS ITS AGENT TO RECEIVE ON BEHALF OF SUCH CREDIT PARTY AND ITS PROPERTY SERVICE OF COPIES OF THE SUMMONS AND COMPLAINTS AND ANY OTHER PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR

PROCEEDING BROUGHT IN ANY COURT SPECIFIED IN SECTION 10.16(a). SUCH SERVICE MAY BE MADE BY MAILING OR DELIVERING A COPY OF SUCH PROCESS TO A CREDIT PARTY IN CARE OF THE PROCESS AGENT AT THE ADDRESS SPECIFIED ABOVE FOR THE PROCESS AGENT, AND EACH CREDIT PARTY HEREBY IRREVOCABLY AUTHORIZES AND DIRECTS THE PROCESS AGENT TO ACCEPT SUCH SERVICE ON ITS BEHALF. EACH CREDIT PARTY FURTHER CONSENTS TO MAILING COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH CREDIT PARTY AT ITS ADDRESSES FOR NOTICE HEREUNDER, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER MAILING. FAILURE OF THE PROCESS AGENT TO GIVE NOTICE TO ANY CREDIT PARTY OR FAILURE OF A CREDIT PARTY TO RECEIVE NOTICE OF SUCH SERVICES OF PROCESS SHALL NOT AFFECT IN ANY WAY THE VALIDITY OF SUCH SERVICE ON THE PROCESS AGENT OR SUCH CREDIT PARTY. EACH CREDIT PARTY COVENANTS AND AGREES THAT IT SHALL TAKE ANY AND ALL REASONABLE ACTION, INCLUDING THE EXECUTION AND FILING OF ANY AND ALL DOCUMENTS, THAT MAY BE NECESSARY FOR THE PROCESS AGENT TO ACT AS SUCH. IN THE EVENT THAT AT ANY TIME SUCH PROCESS AGENT SHALL FOR ANY REASON CEASE TO MAINTAIN AN OFFICE IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY, OR CEASE TO ACT AS PROCESS AGENT, THEN, SUCH CREDIT PARTY IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ACCORDANCE WITH THE TERMS OF CLAUSE (iii) OF SECTION 10.16(a). EACH CREDIT PARTY ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS SECTION 10.16(b) SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

10.17 **WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER CREDIT DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE BANK/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING**

INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 10.17 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER CREDIT DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

10.18 **Confidentiality**. Each Agent, the Issuing Bank and each Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, trustees, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, including the NAIC, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 10.18, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement, (ii) any rating agency, or (iii) the CUSIP Service Bureau or any similar organization, (g) with the consent of the Borrowers, (h) to any pledgee referred to in Section 10.7(i) or any actual or prospective party (or its managers, administrators, trustees, partners, directors, officers, employees, agents, advisors or other representatives) to any swap or derivatives or similar transaction under which payments are to be made by reference to the Borrowers and the Obligations, this Agreement or payments hereunder, so long as such pledgee or any actual or prospective counterparty (or its managers, administrators, trustees, partners, directors, officers, employees, agents, advisors and other representatives) agrees to be bound by the provisions of this Section 10.18, or (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 10.18 or (ii) becomes available to any Agent, the Issuing Bank or any Bank on a non-confidential basis from a source other than the Borrowers. For the purposes of this Section 10.18, "Information" means all

information received from the Borrowers relating to the Borrowers or their business, other than any such information that is available to any Agent, the Issuing Bank or any Bank on a non-confidential basis prior to disclosure by the Borrowers. Any Person required to maintain the confidentiality of Information as provided in this Section 10.18 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Notwithstanding anything in this Agreement or in any other Credit Document to the contrary, the Borrowers and each Bank (and each employee, representative or other agent of the Borrowers) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Borrower relating to such U.S. tax treatment and U.S. tax structure.

10.19 **Usury Savings Clause**. Notwithstanding any other provision herein, the aggregate interest rate charged with respect to any of the Obligations, including all charges or fees in connection therewith deemed in the nature of interest under applicable law shall not exceed the Highest Lawful Rate. If the rate of interest (determined without regard to the preceding sentence) under this Agreement at any time exceeds the Highest Lawful Rate, the outstanding amount of the Loans made hereunder shall bear interest at the Highest Lawful Rate until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In addition, if when the Loans made hereunder are repaid in full the total interest due hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, each Borrower shall pay to the Administrative Agent an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the Highest Lawful Rate had at all times been in effect. Notwithstanding the foregoing, it is the intention of each Bank and each Borrower to conform strictly to any applicable usury laws. Accordingly, if any Bank contracts for, charges, or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such Bank's option be applied to the outstanding amount of the Loans made hereunder or be refunded to each Borrower, as applicable.

10.20 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission or "PDF" shall be effective as delivery of a manually executed counterpart hereof.

10.21 **Effective Date**. This Agreement shall become effective on the Closing Date.

10.22 **Importation of Credit Documents into Austria**. Each of the parties hereto covenants and agrees that it will not send, or cause to be sent, bring or cause to be brought, or otherwise import, or cause otherwise to be imported, into the Republic of Austria any original counterpart or certified or conformed copy of any executed Credit Document or any document constituting or evidencing any transfer by any party of any right or interest under any Credit Document, or make use of any Credit Document or document before any fiscal or governmental authority or agency or any court of Austria; provided that, any party may, at the joint and several cost and expense of the Credit Parties, send, or cause to be sent, bring, or cause to be brought, or otherwise import, or cause otherwise to be imported, any such Credit Document or document into the Republic of Austria if required to do so by applicable law or if such Credit Document or document is required to be presented in Austria in order to assist, enforce, protect or preserve any right of or remedy available to such party arising under or in respect of any of the Credit Documents or applicable law. Each of the parties hereto further agrees not to: (i) object to the introduction into evidence of (a) any uncertified copy of a signed original of a Credit Document or notarized or certified copy thereof or (b) any written minutes recording the transactions contemplated by a Credit Document and signed by a party or its representative (for the purpose of this Section 10.22, each an "**Original**"); (ii) raise as a defense to any action or exercise of a remedy a failure to introduce an Original into evidence; (iii) object to the submission of any uncertified copy of a Credit Document in any proceedings relating to a dispute before any court, arbitral body or governmental authority in Austria (for the purpose of this Section 10.22, the "**Proceedings**"); (iv) contest the authenticity, and conformity to the Original (*Ubereinstimmung mit dem echten Original*), of an uncertified copy of an Original, in each case, unless any such uncertified copy actually introduced into evidence in Proceedings does not accurately reflect the content of such Original.

10.23 **Place of Performance**. The place of performance for all parties under this Agreement and the other Credit Documents shall be any jurisdiction other than the Republic of Austria. Nothing in this Agreement shall be construed in a way as to entitle or oblige any party hereto to render or request any performance contemplated by this Agreement, including, but not limited to, payment obligations, within the Republic of Austria. In particular, all payments to be made by, or to, a party to a Credit Document under or in connection with the Credit Documents shall be effected to and from bank accounts outside of Austria.

10.24 **USA Patriot Act Notice**. Each Bank and the Agents (for the Agents and not on behalf of any Bank) hereby notifies the Borrowers that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-5 (signed into law on October 26, 2001)), as amended (the "**Patriot Act**"), it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other

information that will allow such Bank or the applicable Agent, as applicable, to identify the Borrowers in accordance with the Patriot Act.

10.25 **No Setoffs and Defenses**. Each Credit Party acknowledges it has no setoffs or defenses to their respective obligations under the Credit Documents and no claims or counterclaims against any of the Agents or the Banks.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

XERIUM TECHNOLOGIES, INC.

By: _____
Name:
Title:

XTI LLC

By: _____
Name:
Title:

XERIUM ITALIA S.P.A.

By: _____
Name:
Title:

XERIUM CANADA INC.

By: _____
Name:
Title:

HUYCK.WANGNER AUSTRIA GMBH

By: _____
Name:
Title:

XERIUM GERMANY HOLDING GMBH

By: _____
Name:
Title:

HUYCK.WANGNER GERMANY GMBH

By: _____
Name:
Title:

Signed by

HUYCK.WANGNER AUSTRALIA PTY LIMITED (ACN 004 624 015) in accordance with section 127 of the *Corporations Act 2001 (Australia)* by two directors:

_____	_____
Signature of director	Signature of director
_____	_____
Name of director (please print)	Name of director (please print)

ROBEC WALZEN GMBH

By: _____
Name:
Title:

WANGNER ITELPA PARTICIPAÇÕES LTDA.

By: _____
Name:
Title:

XERIUM TECHNOLOGIES DO BRASIL INDÚSTRIA E COMÉRCIO S.A.

By: _____
Name:
Title:

XERIUM DO BRASIL LTDA.

By: _____
Name:
Title:

XERIUM (FRANCE) SAS

By: _____
Name:
Title:

STOWE WOODWARD FRANCE SAS

By: _____
Name:
Title:

STOWE WOODWARD AG

By: _____
Name:
Title:

HUYCK. WANGNER JAPAN LIMITED

By: _____
Name:
Title:

STOWE WOODWARD MÉXICO, S.A. DE C.V.

By: _____
Name:
Title:

HUYCK. WANGNER (UK) LIMITED

By: _____
Name:
Title:

STOWE-WOODWARD (UK) LIMITED

By: _____
Name:
Title:

XERIUM TECHNOLOGIES LIMITED

By: _____
Name:
Title:

HUYCK LICENSCO INC.

By: _____
Name:
Title:

STOWE WOODWARD LLC

By: _____
Name:
Title:

STOWE WOODWARD LICENSCO LLC

By: _____
Name:
Title:

WEAVEXX, LLC

By: _____
Name:
Title:

XERIUM III (US) LIMITED

By: _____
Name:
Title:

XERIUM IV (US) LIMITED

By: _____
Name:
Title:

XERIUM V (US) LIMITED

By: _____
Name:
Title:

WANGNER ITELPA I LLC

By: _____
Name:
Title:

WANGNER ITELPA II LLC

By: _____
Name:
Title:

XERIUM ASIA LLC

By: _____
Name:
Title:

ROBEC BRAZIL LLC

By:

Name:
Title:

HUYCK WANGNER VIETNAM CO LTD

By: _____

Name:
Title:

HUYCK WANGNER SCANDINAVIA AB

By: _____
Name:
Title:

STOWE WOODWARD SWEDEN AB

By: _____
Name:
Title:

CITIGROUP GLOBAL MARKETS INC.,
as Lead Arranger and Bookrunner

By: _____
Name:
Title:

CITICORP NORTH AMERICA, INC.,
as Administrative Agent and Collateral Agent

By: _____
Name:
Title:

_____, as a
Bank (please print name of institution)

By[4]::_____
Name:
Title:

[4] Bank: If more than one signature is required, please add accordingly. Please delete this footnote before executing.

APPENDIX A-1
TO CREDIT AND GUARANTY AGREEMENT (FIRST LIEN)

Xerium Term Loan Amounts

Bank	**Xerium Term Loan Amount**	**Pro Rata Share**
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
Total	**$ 29,500,000.00**	**100%**

APPENDIX A-2
TO CREDIT AND GUARANTY AGREEMENT (FIRST LIEN)

XTI Term Loan Amounts

Bank	**XTI Term Loan Amount**	**Pro Rata Share**
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
Total	**$ 4,000,000.00**	**100%**

APPENDIX A-3
TO CREDIT AND GUARANTY AGREEMENT (FIRST LIEN)

Italia Term Loan Amounts

Bank	**Italia Term Loan Amount**	**Pro Rata Share**
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
Total	**$ 3,000,000.00**	**100%**

APPENDIX A-4
TO CREDIT AND GUARANTY AGREEMENT (FIRST LIEN)

Xerium Canada Term Loan Amounts

Bank	**Xerium Canada Term Loan Amount**	**Pro Rata Share**
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
Total	**$ 7,000,000.00**	**100%**

APPENDIX A-5
TO CREDIT AND GUARANTY AGREEMENT (FIRST LIEN)

Austria Term Loan Amounts

Bank	**Austria Term Loan Amount**	**Pro Rata Share**
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
Total	**$ 4,000,000.00**	**100%**

APPENDIX A-6
TO CREDIT AND GUARANTY AGREEMENT (FIRST LIEN)

Germany Holdings Term Loan Amounts

Bank	**Germany Holdings Term Loan Amount**	**Pro Rata Share**
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
[_____]	$ [_____]	[_____]%
Total	**$ 12,500,000.00**	**100%**

APPENDIX B
TO CREDIT AND GUARANTY AGREEMENT (FIRST LIEN)

Revolving Loan Commitments

Bank		**Revolving Loan Commitment**	**Pro Rata Share**
[_____]	$	[_____]	[_____]%
[_____]	$	[_____]	[_____]%
[_____]	$	[_____]	[_____]%
Total	**$**	**20,000,000.00**	**100%**

APPENDIX C
TO CREDIT AND GUARANTY AGREEMENT (FIRST LIEN)

Notice Addresses

[Xerium to Update Borrower and Guarantor addresses]

"**NOTE**: THE TAKING OF THIS DOCUMENT OR ANY CERTIFIED COPY OR ANY DOCUMENT WHICH CONSTITUTES SUBSTITUTE DOCUMENTATION THEREOF, INCLUDING WRITTEN CONFIRMATIONS OR REFERENCES THERETO, INTO AUSTRIA AS WELL AS PRINTING OUT ANY E-MAIL COMMUNICATION WHICH REFERS TO THIS DOCUMENT IN AUSTRIA OR SENDING ANY E-MAIL COMMUNICATION TO WHICH A PDF SCAN OF THIS DOCUMENT IS ATTACHED TO AN AUSTRIAN ADDRESSEE OR SENDING ANY E-MAIL COMMUNICATION CARRYING AN ELECTRONIC OR DIGITAL SIGNATURE WHICH REFERS TO THIS DOCUMENT TO AN AUSTRIAN ADDRESSEE MAY CAUSE THE IMPOSITION OF AUSTRIAN STAMP DUTY. ACCORDINGLY, IN PARTICULAR KEEP THE ORIGINAL DOCUMENT AS WELL AS ALL CERTIFIED COPIES THEREOF AND WRITTEN AND SIGNED REFERENCES THERETO OUTSIDE OF AUSTRIA AND AVOID PRINTING OUT ANY EMAIL COMMUNICATION WHICH REFERS TO THIS DOCUMENT IN AUSTRIA OR SENDING ANY E-MAIL COMMUNICATION TO WHICH A PDF SCAN OF THIS DOCUMENT IS ATTACHED TO AN AUSTRIAN ADDRESSEE OR SENDING ANY E-MAIL COMMUNICATION CARRYING AN ELECTRONIC OR DIGITAL SIGNATURE WHICH REFERS TO THIS DOCUMENT TO AN AUSTRIAN ADDRESSEE."

XERIUM TECHNOLOGIES, INC.
14101 Capital Blvd., Suite 14101
Youngsville, NC 27596
U.S.A.
Attention: Michael O'Donnell
Telecopier: 1-919-556-2432

XTI LLC
14101 Capital Blvd., Suite 14101
Youngsville, NC 27596
U.S.A.
Attention: Michael O'Donnell
Telecopier: 1-919-556-2432

XERIUM ITALIA S.P.A.
Casella Postale 109
Via Persicara 70
04100 Latina,
Italy
Attention: Michael O'Donnell
Telecopier: 39-077-362-9008

XERIUM CANADA INC.
Aird & Berlis
181 Bay Street
Suite 1800
Toronto, Ontario M5J279
Attention: Michael O'Donnell
Telecopier: 416-863-1515

HUYCK.WANGNER AUSTRIA GMBH
[ADDRESS OUTSIDE OF AUSTRIA]
Attention: [OUTSIDE OF AUSTRIA]
Telecopier: [OUTSIDE OF AUSTRIA]
[NB: Please state an address which is outside of Austria, e.g. notices could be directed to a German subsidiary]

XERIUM GERMANY HOLDING GMBH
Föehrstrasse 39
72760 Reutlingen
Germany
Attention: Michael O'Donnell
Telecopier: 49-712-130-6396

HUYCK LICENSCO INC.
STOWE WOODWARD LLC
STOWE WOODWARD LICENSCO LLC
WEAVEXX, LLC
XERIUM III (US) LIMITED
XERIUM IV (US) LIMITED
XERIUM V (US) LIMITED
WANGNER ITELPA I LLC
WANGNER ITELPA II LLC
XERIUM ASIA LLC
ROBEC BRAZIL LLC
14101 Capital Blvd., Suite 14101
Youngsville, NC 27596
U.S.A.
Attention: Michael O'Donnell
Telecopier: 1-919-556-2432

HUYCK.WANGNER AUSTRALIA PTY. LIMITED
P.O. Box 757
Geelong Vic. 3220
Australia
Attention: Michael O'Donnell
Telecopier: 61-352-237-099

WANGNER ITELPA PARTICIPAÇÕES LTDA.
Av. Carlos Botelho
378 – Vila Progresso
CEP 13416-140
City of Piracicaba, State of São Paulo, Brazil
Attention: Michael O'Donnell
Telecopier: 55-19-3424-1947

XERIUM TECHNOLOGIES BRASIL INDÚSTRIA E COMÉRCIO S.A.
Rod. Americana Piracicaba, S/N, Km 156,5
Dois Córregos
CEP 13400-970
City of Piracicaba, State of São Paulo, Brazil
Attention: Michael O'Donnell
Telecopier: 55-19-3424-1947

XERIUM DO BRASIL LTDA.
Avenida Barão do Rio Branco, 1958/2000
Parte, Suite B, Centro - CEP 25680-270
City of Petrópolis, State of Rio de Janeiro, Brazil
Attention: Michael O'Donnell
Telecopier: 55-24-2237-5449

XERIUM (FRANCE) SAS
102 avenue des Champs-Elysees
75008 Paris France
Attention: Michael O'Donnell
Telecopier: 33-4-50382593

STOWE WOODWARD FRANCE SAS
12 rue Jean Jaurès
Meyzieu, France 69330
Attention: Michael O'Donnell
Telecopier: 33-4-50382593

STOWE WOODWARD AG
Am Langen Graben 22
52353 Düeren Germany or
Postfach 10 02 37, 52302 Düeren Germany
Attention: Michael O'Donnell
Telecopier: 49-242-184-05319

ROBEC WALZEN GMBH
Am Langen Graben 22
52353 Düeren Germany or
Postfach 10 02 37, 52302 Düeren Germany

Attention: Michael O'Donnell
Telecopier: 49-242-184-05319

HUYCK.WANGNER GERMANY GMBH
Föhrstrasse 39
72760 Reutlingen
Germany
Attention: Michael O'Donnell
Telecopier: 49-7121-30-6396

HUYCK.WANGNER JAPAN LIMITED
5F, Kokusai Bldg., 2-13-11
Nihonbashi Kayabacho
Chuo-ku, Tokyo, 103-0025
Japan
Attention: Michael O'Donnell
Telecopier: 81-336-670-986

STOWE WOODWARD MÉXICO, S.A. DE C.V.
Circuito Balvanera No. 2
Fracc. Agro Ind. Balvanera
KM 7 Carr. Libre A Celaya
Villa Corregidora 79920
Queretaro, Mexico
Attention: Michael O'Donnell
Telecopier: 52-442-225-0618

HUYCK.WANGNER (UK) LIMITED
National House, Herne Bay
Kent, CT6 5LN
England
Attention: Michael O'Donnell
Telecopier: 44-1227-744039

STOWE-WOODWARD (UK) LIMITED
Am Langen Graben 22
52353 Düren
Germany
Attention: Michael O'Donnell
Telecopier: 49-242-184-05319

XERIUM TECHNOLOGIES LIMITED
National House, Herne Bay
Kent, CT6 5LN
England
Attention: Michael O'Donnell
Telecopier: 44-1227-744039

STOWE WOODWARD SWEDEN AB
Dalaslingan 9
231 32 Trelleborg
Sweden
Attention: [Stephen Light]
Telecopier: [___]

HUYCK. WANGNER SCANDINAVIA AB
Box 296
751 05 Uppsala
Sweden
Attention: [Stephen Light]
Telecopier:[___]

in each case, with a copy to:

Xerium Technologies, Inc.
14101 Capital Blvd., Suite 14101
Youngsville, NC 27596
U.S.A.
Attention: Michael Stick
Telecopier: 1-919-556-2432

and to

Xerium Technologies, Inc.
14101 Capital Blvd., Suite 14101
Youngsville, NC 27596
U.S.A.
Attention: Michael O'Donnell
Telecopier: 1-919-556-2432

CITIGROUP GLOBAL MARKETS INC.,
as Lead Arranger and Bookrunner

Citibank, N.A.
390 Greenwich St., 1st Floor
New York, NY 10013
Attention: [Blake Gronich]
Telecopier: (646) 291-1653
Email: [blake.gronich@citi.com]

CITICORP NORTH AMERICA, INC.,
as Administrative Agent, Collateral Agent and a Bank

Citicorp North America, Inc.
390 Greenwich St., 1st Floor
New York, NY 10013
Attention: [Blake Gronich]
Telecopier: [(646) 710-5361 and (646) 710-1064]
Email: [blake.gronich@citi.com]

CITIBANK, N.A., CANADIAN BRANCH,
as a Bank

Citibank, N.A., Canadian Branch
Citibank Place, 10th floor
123 Front Street West
Toronto, CANADA
Attention: [Adeel Kheraj]
Telecopier: (416) 947-5650
Email: [adeel.kheraj@citigroup.com]

CITIBANK, N.A., as a Bank

Citibank, N.A.
390 Greenwich St., 1st Floor
New York, NY 10013
Attention: [Blake Gronich]
Telecopier: [(646) 291-1653]
Email: [blake.gronich@citi.com]

[FORM OF FUNDING NOTICE]

FUNDING NOTICE

Citicorp North America, Inc.,
as Administrative Agent
390 Greenwich St., 1st Floor
New York, NY 10013
Attn: [Blake Gronich]

Reference is made to the Superpriority Priming Senior Secured Debtor-in-Possession Credit and Guaranty Agreement, dated as of March [__], 2010 (as it may be amended, supplemented, restated or otherwise modified from time to time, the "**Credit Agreement**"), among Xerium Technologies, Inc., as debtor and debtor-in-possession, as Borrower, the companies named therein as Guarantors, Citigroup Global Markets Inc. as Sole Lead Arranger and Sole Bookrunner, Citicorp North America, Inc. as Collateral Agent and as Administrative Agent, and the other Banks party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

Pursuant to Section 2.1(b) of the Credit Agreement, the Borrower requests that the Revolving Banks make the following Revolving Loans to the Borrower in accordance with the applicable terms and conditions of the Credit Agreement on the applicable Credit Date set forth below and, in that connection, specifies the following information:

(a) Credit Date: _____

(b) Aggregate amount[1] $ _____, consisting of:

$_____ one month LIBOR Loan $ _____ ABR Loan

(c) Borrower's Availability (after giving effect to the proposed borrowing) is $ _____.

The Borrower hereby certifies that the following statements are true:

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[1] The Revolving Loans shall be in an aggregate minimum amount of $1,000,000 and integral multiples of $250,000 in excess of that amount.

(i) after making the Credit Extensions requested on the Credit Date, the aggregate principal amount of all Revolving Loans will not exceed the Revolving Commitments then in effect;

(ii) as of the Credit Date, the representations and warranties contained in each of the Credit Documents are true and correct in all material respects on and as of the Credit Date to the same extent as though made on and as of such date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties are true and correct in all material respects on and as of such earlier date;

(iii) as of the Credit Date, no event has occurred and is continuing or would result from the consummation of the Credit Extensions contemplated hereby that would constitute a Default or an Event of Default; and

(iv) as of the Credit Date, the conditions of Section 3.2 of the Credit Agreement have been satisfied or waived in accordance therewith.

IN WITNESS WHEREOF, the Borrower has caused this Funding Notice to be executed and delivered by its duly Authorized Officer as of the date set forth below.

Date: _____, 2010

XERIUM TECHNOLOGIES, INC.,
as debtor and debtor-in-possession, as Borrower

By: _____
Name:
Title:

[PREPACKAGED PLAN OF REORGANIZATION]

[See attached]

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	Chapter 11
XERIUM TECHNOLOGIES, INC., et al.,	:	Case No. 10-_____ ( )
Debtors.	:	Joint Administration Requested

DEBTORS' AMENDED JOINT PREPACKAGED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

CADWALADER, WICKERSHAM & TAFT LLP
Proposed Co-Attorneys for Debtors and
Debtors in Possession
One World Financial Center
New York, New York 10281
Telephone: (212) 504-6000

RICHARDS, LAYTON & FINGER, P.A.
Proposed Co-Attorneys for Debtors and
Debtors in Possession
One Rodney Square
P.O. Box 551
Wilmington, Delaware 19899
Telephone: (302) 651-7700

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Exhibits

Xerium Technologies, Inc.; Huyck Licensco Inc.; Stowe Woodward Licensco LLC; Stowe Woodward LLC; Wangner Itelpa I LLC; Wangner Itelpa II LLC; Weavexx, LLC; Xerium Asia, LLC; Xerium III (US) Limited; Xerium IV (US) Limited; Xerium V (US) Limited; XTI LLC; Xerium Canada Inc.; Huyck.Wangner Austria GmbH; Xerium Germany Holding GmbH; and Xerium Italia S.p.A., as debtors and debtors in possession in the above-captioned chapter 11 cases, propose the following joint prepackaged chapter 11 plan of reorganization pursuant to section 1121(a) of title 11 of the United States Code:

SECTION 1. DEFINITIONS AND INTERPRETATION

A. Definitions.

The following terms used herein shall have the respective meanings defined below (such meanings to be equally applicable to both the singular and plural):

1.1 ***Administrative Agent*** means Citicorp North America, Inc., as administrative and collateral agent under the Credit Facility.

1.2 ***Administrative Expense Claim*** means any right to payment constituting a cost or expense of administration of any of the Reorganization Cases Allowed under and in accordance with, as applicable, sections 330, 364, 365, 503(b), 507(a)(2), and 507(b) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses of preserving the Debtors' estates or operating the Debtors' businesses, (b) any indebtedness or obligations incurred or assumed by the Debtors, as debtors in possession, during the Reorganization Cases, and (c) any compensation for professional services rendered and reimbursement of expenses incurred by a professional retained by order of the Bankruptcy Court or otherwise Allowed pursuant to section 503(b) of the Bankruptcy Code. Any fees or charges assessed against the estate of any of the Debtors under section 1930, chapter 123, title 28, United States Code are excluded from the definition of "Administrative Expense Claim" and shall be paid in accordance with Section 12.1 of the Plan.

1.3 ***Allowed*** means, with respect to any Claim or Equity Interest, any Claim or Equity Interest as to which (a) no objection to the allowance and no request for estimation have been interposed on or before the deadline established in Section 7.2 of the Plan or such other deadline established by the Bankruptcy Court or (b) any timely objection or request for estimation has been withdrawn with prejudice or determined by a Final Order to the extent such determination is in favor of the respective holder.

1.4 ***Amended and Restated Credit Agreement*** means that certain second amended and restated credit and guaranty agreement, to be effective as of the Effective Date, among the Reorganized Borrowers, as borrowers, the Reorganized Debtors, the Non-Debtor Guarantors, and Robec Brazil LLC, as guarantors, and Citicorp North America, Inc., as administrative and collateral agent (as amended or otherwise modified from time to time in accordance with the terms thereof), in form and substance reasonably satisfactory to the Secured Lender Ad Hoc Working Group and substantially in the form set forth in the Plan Supplement.

1.5 ***Amended and Restated Credit Facility*** means, collectively (a) the Amended and Restated Credit Agreement, (b) the Amended and Restated Pledge and Security Agreement, and (c) the related amended and restated loans, guarantees, pledges, security agreements, and other agreements and documents to be given or issued pursuant to or in connection with, the foregoing, having the principal terms and conditions set forth in Exhibit A to the Plan.

1.6 ***Amended and Restated Pledge and Security Agreement*** means that certain amended and restated pledge and security agreement, to be effective as of the Effective Date, among the collateral agent under the Amended and Restated Credit Agreement, the Reorganized U.S. Debtors, and Robec Brazil LLC, in form and substance reasonably satisfactory to the Secured Lender Ad Hoc Working Group and substantially in the form set forth in the Plan Supplement.

1.7 ***Austria Contribution Agreement*** means the contribution agreement between Reorganized Xerium and Reorganized Xerium Austria to be effective on the Effective Date, substantially in the form set forth in the Plan Supplement.

1.8 ***Austria Note*** means the note to be issued by Reorganized Xerium Austria to Reorganized Xerium on the Effective Date, substantially in the form set forth in the Plan Supplement (a) in a principal amount equal to 99% of the United States dollar equivalent of €8,623,016 based on the "New York Closing" conversion rate published online at http://online.wsj.com for February 23, 2010, which amount shall be restated on the date that is two (2) business days prior to the Effective Date using the "New York Closing" conversion rate published online at http://online.wsj.com for such date and (b) bearing interest at a rate not to exceed 9.25% per annum and subordinated to all debt for which Reorganized Xerium Austria is an obligor.

1.9 ***Austria Purchase Agreement*** means the purchase and sale agreement between Reorganized Xerium and Reorganized Xerium Austria to be effective on the Effective Date, substantially in the form set forth in the Plan Supplement.

1.10 ***Bankruptcy Code*** means title 11 of the United States Code, as amended from time to time, as applicable to the Reorganization Cases.

1.11 ***Bankruptcy Court*** means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Reorganization Cases, and to the extent of any reference made under section 157 of title 28 of the United States Code, the unit of such District Court having jurisdiction over the Reorganization Cases under section 151 of title 28 of the United States Code.

1.12 ***Bankruptcy Rules*** means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, applicable to the Reorganization Cases, and any local rules of the Bankruptcy Court.

1.13 ***Borrowers*** means Xerium, XTI LLC, Xerium Italy, Xerium Canada, Xerium Austria, and Xerium Germany.

1.14 ***Business Day*** means any day other than a Saturday, a Sunday, or any other day on which banking institutions in New York, New York are required or authorized to close by law or executive order.

1.15 ***Canada Direction Letter Agreement*** means the direction letter agreement between Reorganized Xerium Canada and Reorganized Xerium V to be effective on the Effective Date, substantially in the form set forth in the Plan Supplement.

1.16 ***Cash*** means legal tender of the United States of America.

1.17 ***Claim*** has the meaning set forth in section 101(5) of the Bankruptcy Code, and for the avoidance of doubt, includes Administrative Expense Claim.

1.18 ***Class*** means any group of substantially similar Claims or Equity Interests classified by the Plan pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

1.19 ***Collateral*** means any property or interest in property of the estate of any Debtor subject to a lien, charge or other encumbrance to secure the payment or performance of a Claim, which lien, charge or other encumbrance is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable nonbankruptcy law.

1.20 ***Commencement Date*** means the date on which each of the Debtors commenced its respective Reorganization Case.

1.21 ***Commitment Letter*** means that certain Commitment Letter, dated February 26, 2010, as amended and modified from time to time, between Citigroup Global Markets Inc. and Xerium, including the term sheets attached thereto, set forth in Exhibit B to the Plan.

1.22 ***Confirmation Date*** means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order.

1.23 ***Confirmation Hearing*** means the hearing to be held by the Bankruptcy Court regarding confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

1.24 ***Confirmation Order*** means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.25 ***Credit Facility*** means that certain Amended and Restated Credit and Guaranty Agreement, dated as of May 30, 2008, as amended prior to the Effective Date, by and among the Borrowers, as borrowers, the Debtors and the Non-Debtor Guarantors, as guarantors, the Administrative Agent, and the lenders party thereto, and any notes, guarantees, pledges, security agreements, or other agreements or documents given or issued pursuant thereto or in connection therewith.

1.26 ***Credit Facility Claims*** means the Secured Claims arising under the Credit Facility, other than a Deferred Waiver Claim.

1.27 ***Debtors*** means Xerium; Huyck Licensco Inc.; Stowe Woodward Licensco LLC; Stowe Woodward LLC; Wangner Itelpa I LLC; Wangner Itelpa II LLC; Weavexx, LLC; Xerium Asia, LLC; Xerium III (US) Limited; Xerium IV (US) Limited; Xerium V; XTI LLC; Xerium Canada; Xerium Austria; Xerium Germany; and Xerium Italy.

1.28 ***Deferred Waiver Claim*** means the unpaid principal amount of the Secured Claim arising under section 4 of the First Credit Facility Waiver.

1.29 ***DIP Credit Agreement*** means that certain debtor in possession credit and guaranty agreement, to be dated on or about the Commencement Date, by and among Xerium, as borrower, the U.S. Debtors (other than Xerium), as guarantors, Citicorp North America, Inc., as administrative agent and issuing bank, and the lender parties thereto (as amended or otherwise modified from time to time in accordance with the terms thereof).

1.30 ***DIP Facility*** means, collectively (a) the DIP Credit Agreement and (b) the related loans, guarantees, pledges, security agreements, and other agreements and documents to be given or issued pursuant to or in connection with, the foregoing, having the principal terms and conditions set forth in the Commitment Letter.

1.31 ***Disbursement Agent*** means any entity (including any applicable Debtor if it acts in such capacity) in its capacity as a Disbursement Agent under Sections 6.4, 6.5, and 6.7 hereof.

1.32 ***Disclosure Statement*** means that written disclosure statement, dated March 2, 2010, relating to the Plan, including, without limitation, all exhibits and schedules thereto, as the same may be amended, supplemented, or otherwise modified from time to time, as approved by the Bankruptcy Court pursuant to sections 1125 and 1126(b) of the Bankruptcy Code.

1.33 ***Disputed*** means, with respect to any Claim or Equity Interest, any Claim or Equity Interest as to which an objection to allowance or a request for estimation has been interposed on or before the deadline established in Section 7.2 of the Plan and such objection or request has not been withdrawn with prejudice or determined by a Final Order.

1.34 ***Distributable Share*** means, with reference to any distribution on account of any Allowed Credit Facility Claim, Allowed Secured Swap Termination Claim, or Allowed Unsecured Swap Termination Claim, a distribution equal in amount to the ratio (expressed as a percentage) that the amount such Allowed Claim bears to the aggregate amount of (a) Allowed Credit Facility Claims, Allowed Secured Swap Termination Claims, and Allowed Unsecured Swap Termination Claims plus (b) Disputed Credit Facility Claims, Disputed Secured Swap Termination Claim, and Disputed Unsecured Swap Termination Claims, if any, until disallowed.

1.35 ***Distribution Record Date*** means the record date for purposes of making distributions under the Plan on account of Allowed Claims and Allowed Equity Interests, which date shall be (a) the Confirmation Date, with respect to (i) all Allowed Claims and (ii) all Allowed Equity Interests in the Subsidiary Debtors and (b) the day immediately preceding the Effective Date, with respect to all Allowed Equity Interests in Xerium represented by issued and outstanding shares of Existing Common Stock.

1.36 ***Effective Date*** means the Business Day on or after the Confirmation Date specified by the Debtors on which (a) no stay of the Confirmation Order is in effect and (b) the conditions to the effectiveness of the Plan specified in Section 9 hereof have been satisfied or waived.

1.37 ***Entity*** has the meaning set forth in section 101(15) of the Bankruptcy Code.

1.38 ***Equity Interest*** means the interest of any holder of an equity security of any of the Debtors represented by any issued and outstanding shares of common or preferred stock or other instrument evidencing a present ownership or membership interest in any of the Debtors, whether or not transferable, or any option, warrant or right, contractual or otherwise, to acquire any such interest.

1.39 ***Existing Common Stock*** means the shares of common stock of Xerium, par value $0.01 per share, issued and outstanding immediately prior to the Effective Date.

1.40 ***Existing Management Agreement*** means an employment agreement between a Debtor and a member of its senior management employed by the Debtor in such capacity immediately prior to the Effective Date.

1.41 ***Existing Management Incentive Plan*** means the 2005 Equity Incentive Plan of Xerium, including any outstanding awards thereunder, in effect as of the Commencement Date.

1.42 ***Exit Facility*** means, collectively (a) the Exit Facility Credit Agreement, (b) the Exit Facility Pledge and Security Agreement, and (c) the related loans, guarantees, pledges, security agreements, and other agreements and documents to be given or issued pursuant to or in connection with, the foregoing, having the principal terms and conditions set forth in the Commitment Letter.

1.43 ***Exit Facility Credit Agreement*** means that certain credit and guaranty agreement, to be effective as of the Effective Date, by and among the Reorganized Borrowers, as borrowers, the Reorganized Debtors, the Non-Debtor Guarantors, and Robec Brazil LLC, as guarantors, Citicorp North America, Inc., as administrative agent, collateral agent, and issuing bank, and the lender parties thereto (as amended or otherwise modified from time to time in accordance with the terms thereof), in form and substance reasonably satisfactory to the Secured Lender Ad Hoc Working Group and substantially in the form set forth in the Plan Supplement.

1.44 ***Exit Facility Pledge and Security Agreement*** means that certain pledge and security agreement among the collateral agent under the Exit Facility Credit Agreement, the Reorganized U.S. Debtors, and Robec Brazil LLC, to be effective as of the Effective Date, in form and substance reasonably satisfactory to the Secured Lender Ad Hoc Working Group and substantially in the form set forth in the Plan Supplement.

1.45 ***Final Order*** means an order or judgment of a court of competent jurisdiction that has been entered on the docket maintained by the clerk of such court which has not been reversed, vacated or stayed and as to which (a) the time to appeal, petition for certiorari

or move for a stay, new trial, reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for a stay, new trial, reargument or rehearing shall then be pending or (b) if an appeal, writ of certiorari, stay, new trial, reargument or rehearing thereof has been sought, (i) such order or judgment shall have been affirmed by the highest court to which such order was appealed, certiorari shall have been denied, or a stay, new trial, reargument or rehearing shall have been denied or resulted in no modification of such order, and (ii) the time to take any further appeal, petition for certiorari or move for a stay, new trial, reargument or rehearing shall have expired; provided, however, that the possibility that a motion pursuant to section 502(j) or 1144 of the Bankruptcy Code or under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed relating to such order shall not cause such order to not be a "Final Order."

1.46 ***First Credit Facility Waiver*** means that certain Waiver and Amendment No. 1, dated as of September 29, 2009, by and among the Borrowers, as borrowers, the Debtors and the Non-Debtor Guarantors, as guarantors, the Administrative Agent, and the lenders party thereto.

1.47 ***Fourth Credit Facility Waiver*** means that certain Waiver and Amendment No. 4, dated as of February 26, 2010, by and among the Borrowers, as borrowers, the Debtors and the Non-Debtor Guarantors, as guarantors, the Administrative Agent, and the lenders party thereto.

1.48 ***General Unsecured Claim*** means any Claim against any of the Debtors that (a) is not an Administrative Expense Claim, Priority Tax Claim, Priority Non-Tax Claim, Secured Claim, Unsecured Swap Termination Claim, or Intercompany Claim or (b) is otherwise determined by the Bankruptcy Court to be a General Unsecured Claim.

1.49 ***Germany Assumption Agreement*** means the assumption agreement between Reorganized Xerium and Reorganized Xerium Germany to be effective on the Effective Date, substantially in the form set forth in the Plan Supplement.

1.50 ***Impaired*** has the meaning set forth in section 1124 of the Bankruptcy Code.

1.51 ***Intercompany Claim*** means any Claim held by (a) a Debtor against another Debtor or (b) a non-Debtor subsidiary of a Debtor against a Debtor.

1.52 ***Intercreditor Agreement*** means the intercreditor agreement, to be effective as of the Effective Date, by and among the collateral agent under the Amended and Restated Credit Agreement (as amended or otherwise modified from time to time in accordance with the terms thereof), the collateral agent under the Exit Facility Credit Agreement (as amended or otherwise modified from time to time in accordance with the terms thereof), the Reorganized Debtors, the Non-Debtor Guarantors, and Robec Brazil LLC, in form and substance reasonably satisfactory to the Secured Lender Ad Hoc Working Group and substantially in the form set forth in the Plan Supplement.

1.53 ***New Boards*** means the respective boards of directors or other governing bodies, as the case may be, of the Reorganized Debtors appointed pursuant to Section 5.9(d) of the Plan.

1.54 ***New Common Stock*** means the shares of common stock of Reorganized Xerium, par value $0.001 per share, issued or outstanding on or after the Effective Date

1.55 ***New Management Incentive Plan*** means the 2010 Equity Incentive Plan of Reorganized Xerium, to be effective as of the Effective Date, substantially in the form set forth in Exhibit C to the Plan.

1.56 ***New Warrants*** means the warrants to purchase New Common Stock to be issued by Reorganized Xerium on the Effective Date, in form and substance reasonably satisfactory to the Secured Lender Ad Hoc Working Group and substantially in the form set forth in the Plan Supplement, and having the principal terms and conditions set forth in Exhibit D to the Plan.

1.57 ***Nominating Agreements*** means the nominating agreements by and between Reorganized Xerium and each of American Securities LLC, Carl Marks Strategic Investments, L.P., and Cerberus Capital Management, L.P., on behalf of its affiliated funds and accounts, to be effective on the Effective Date, in each case, in form and substance reasonably satisfactory to the parties thereto and substantially in the form set forth in the Plan Supplement.

1.58 ***Non-Debtor Guarantors*** means Huyck Wangner Australia Pty Ltd; Xerium do Brasil Ltda; Xerium Technologies Brasil Indústria e Comércio SA; Wangner Itelpa Participacoes Ltda; Stowe Woodward France SAS; Xerium (France) SAS; Huyck Wangner Japan Ltd; Stowe Woodward Mexico SA de CV; TIAG Transworld Interweaving GmbH; Huyck Wangner UK Limited; Stowe Woodward (UK) Limited; Xerium Technologies Limited; Huyck Wangner Scandinavia AB; Stowe Woodward Sweden AB; Huyck Wangner Vietnam Co Ltd; Huyck Wangner Germany GmbH; Stowe Woodward AG; and Robec Walzen GmbH.

1.59 ***Non-U.S. Debtors*** means Xerium Canada, Xerium Austria, Xerium Germany, and Xerium Italy.

1.60 ***Non-U.S. Term Notes*** means those Term Notes for which the Reorganized Non-U.S. Debtors are obligors.

1.61 ***Other Secured Claim*** means a Secured Claim that is not a Credit Facility Claim, a Secured Swap Termination Claim, or a Claim arising under the DIP Facility. For the avoidance of doubt, "Other Secured Claim" includes the Deferred Waiver Claim.

1.62 ***Plan*** means this joint plan of reorganization, including the exhibits and schedules hereto and the Plan Supplement, as the same may be amended or modified from time to time in accordance with the provisions of the Bankruptcy Code.

1.63 ***Plan Documents*** means the documents to be executed, delivered, assumed, or performed in connection with the consummation and implementation of the Plan including, but not limited to, the New Warrants, the Restated Charters, the Restated Bylaws, the

Amended and Restated Credit Agreement, the Amended and Restated Pledge and Security Agreement, the Nominating Agreements, the Registration Rights Agreement, the Shareholder Rights Plan, the Intercreditor Agreement, the Exit Facility Credit Agreement, the Exit Facility Pledge and Security Agreement, the Austria Contribution Agreement, the Austria Purchase Agreement, the Austria Note, the Germany Assumption Agreement, the Canada Direction Letter Agreement, the U.S. Direction Letter Agreement, the Existing Management Agreements, the Existing Management Incentive Plan, and the New Management Incentive Plan.

1.64 ***Plan Supplement*** means the supplemental appendix to the Plan, described in Section 10.6 of the Plan.

1.65 ***Preferred Stock*** means the shares of preferred stock of Reorganized Xerium authorized to be issued on or after the Effective Date.

1.66 ***Priority Non-Tax Claim*** means any Claim against any of the Debtors, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment as specified in sections 507(a)(3), (4), (5), (6), (7) or (9) of the Bankruptcy Code.

1.67 ***Priority Tax Claim*** means any Claim of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.68 ***Pro Rata Share*** means, with reference to any distribution on account of any Allowed Equity Interest in Xerium or any Allowed Claim, a distribution equal in amount to the ratio (expressed as a percentage) that the amount such Allowed Equity Interest or Allowed Claim bears to the aggregate amount of (a) Allowed Equity Interests in Xerium or Allowed Claims in such Class, as the case may be plus (b) Disputed Equity Interests in Xerium or Disputed Claims in such Class, as the case may be, if any, until disallowed.

1.69 ***Registration Rights Agreement*** means the registration rights agreement by and among Reorganized Xerium, American Securities LLC, Carl Marks Strategic Investments, L.P., Cerberus Capital Management, L.P., on behalf of its affiliated funds and accounts, and certain other holders of New Common Stock or New Warrants that may be deemed to be "underwriters" under section 1145 of the Bankruptcy Code or 2(a)(11) of the Securities Act, or "issuers" under section 2(a)(11) of the Securities Act, to be effective on the Effective Date, in form and substance reasonably satisfactory to the parties thereto and substantially in the form set forth in the Plan Supplement.

1.70 ***Reorganization Cases*** means the voluntary cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the United States Bankruptcy Court for the District of Delaware.

1.71 ***Reorganized Borrowers*** means the Borrowers, as reorganized on and after the Effective Date in accordance with the Plan.

1.72 ***Reorganized Debtors*** means the Debtors, as reorganized on and after the Effective Date in accordance with the Plan.

1.73 ***Reorganized Non-U.S. Debtors*** means the Non-U.S. Debtors, as reorganized on and after the Effective Date in accordance with the Plan.

1.74 ***Reorganized U.S. Debtors*** means the U.S. Debtors, as reorganized on and after the Effective Date in accordance with the Plan.

1.75 ***Reorganized Xerium*** means Xerium, as reorganized on and after the Effective Date in accordance with the Plan.

1.76 ***Reorganized Xerium Austria*** means Xerium Austria, as reorganized on and after the Effective Date in accordance with the Plan.

1.77 ***Reorganized Xerium Canada*** means Xerium Canada, as reorganized on and after the Effective Date in accordance with the Plan.

1.78 ***Reorganized Xerium Canada Preferred Stock*** means the shares of Series A preferred stock of Reorganized Xerium Canada, with no par value, issued or outstanding on or after the Effective Date.

1.79 ***Reorganized Xerium Germany*** means Xerium Germany, as reorganized on and after the Effective Date in accordance with the Plan.

1.80 ***Reorganized Xerium Italy*** means Xerium Italy, as reorganized on and after the Effective Date in accordance with the Plan.

1.81 ***Reorganized Xerium V*** means Xerium V, as reorganized on and after the Effective Date in accordance with the Plan.

1.82 ***Restated Bylaws*** means the respective amended and restated bylaws or equivalent documents, as applicable, of each of the Reorganized Debtors to be adopted on the Effective Date, in form and substance reasonably satisfactory to the Secured Lender Ad Hoc Working Group and substantially in the forms set forth in the Plan Supplement.

1.83 ***Restated Charters*** means the respective amended and restated corporate charters, certificates of incorporation, or equivalent organizational documents, as applicable, of each of the Reorganized Debtors to be adopted and filed by the Reorganized Debtors in their respective jurisdictions of incorporation, formation, or organization on the Effective Date, in form and substance reasonably satisfactory to the Secured Lender Ad Hoc Working Group and substantially in the forms set forth in Plan Supplement.

1.84 ***Secured Claim*** means a Claim to the extent (a) of the value of the Collateral securing such Claim, (b) determined by a Final Order in accordance with section 506(a) of the Bankruptcy Code as secured, or (c) of any rights of setoff of the holder thereof under section 553 of the Bankruptcy Code.

1.85 ***Secured Lender Ad Hoc Working Group*** means American Securities LLC, on behalf of its affiliated funds; ING Investment Management Co., on behalf of its affiliated funds; Carl Marks Strategic Investments, L.P.; Citicorp North America, Inc.; Cerberus

Capital Management, L.P., on behalf of its affiliated funds and accounts; and Harbourmaster Capital Management Ltd.

1.86 ***Secured Swap Termination Agreement*** means that certain Forbearance Agreement, dated as of January 4, 2010, by and among Xerium, XTI LLC, and Merrill Lynch Capital Services, Inc., as amended from time to time.

1.87 ***Secured Swap Termination Claim*** means a Secured Claim arising under the Secured Swap Termination Agreement.

1.88 ***Securities Act*** means the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder.

1.89 ***Shared Collateral Claims*** means Credit Facility Claims and Secured Swap Termination Claims.

1.90 ***Shareholder Rights Plan*** means the shareholder rights plan of Reorganized Xerium, to be effective as of the Effective Date, in form and substance reasonably satisfactory to the Secured Lender Ad Hoc Working Group and substantially in the form set forth in Plan Supplement.

1.91 ***Subsidiary Debtors*** means Huyck Licensco Inc.; Stowe Woodward Licensco LLC; Stowe Woodward LLC; Wangner Itelpa I LLC; Wangner Itelpa II LLC; Weavexx, LLC; Xerium Asia, LLC; Xerium III (US) Limited; Xerium IV (US) Limited; Xerium V; XTI LLC; Xerium Canada; Xerium Austria; Xerium Germany; and Xerium Italy.

1.92 ***Tax Code*** means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury regulations promulgated thereunder.

1.93 ***Term Notes*** means the second lien term notes in the aggregate principal amount of $410,000,000.00 (four hundred ten million dollars) to be issued under the Amended and Restated Credit Facility on the Effective Date.

1.94 ***Unsecured Swap Termination Agreement*** means that certain Forbearance Agreement, dated as of December 31, 2009, by and among Xerium, XTI LLC, Xerium Canada, and Deutsche Bank AG, as amended from time to time.

1.95 ***Unsecured Swap Termination Claim*** means collectively (a) the Termination Claim as defined in the Unsecured Swap Termination Agreement and (b) the Unsecured Swap Termination Interest Component.

1.96 ***Unsecured Swap Termination Interest Component*** means interest on the Termination Claim (as defined in the Unsecured Swap Termination Agreement) as provided in section 3(a) of the Unsecured Swap Termination Agreement, that is accrued and unpaid through the date immediately prior to the Effective Date.

1.97 ***U.S. Debtors*** means Xerium; Huyck Licensco Inc.; Stowe Woodward Licensco LLC; Stowe Woodward LLC; Wangner Itelpa I LLC; Wangner Itelpa II LLC;

Weavexx, LLC; Xerium Asia, LLC; Xerium III (US) Limited; Xerium IV (US) Limited; Xerium V; and XTI LLC.

1.98 ***U.S. Direction Letter Agreement*** means the direction letter agreement between Reorganized Xerium V and Reorganized Xerium to be effective on the Effective Date, substantially in the form set forth in the Plan Supplement.

1.99 ***Xerium*** means Xerium Technologies, Inc.

1.100 ***Xerium Austria*** means Huyck.Wangner Austria GmbH.

1.101 ***Xerium Austria Shares Distribution*** means the shares of New Common Stock to which the holders of Allowed Credit Facility Claims against Xerium Austria are entitled pursuant to Section 4.2(b) of the Plan.

1.102 ***Xerium Canada Distribution*** means, collectively, the Xerium Canada Shares Distribution and the Xerium Canada Cash Distribution.

1.103 ***Xerium Canada*** means Xerium Canada Inc.

1.104 ***Xerium Canada Cash Distribution*** means, collectively, the difference between (a) the amount of Cash to which holders of Allowed Credit Facility Claims and Allowed Unsecured Swap Termination Claims against Xerium Canada are entitled pursuant to Sections 4.2(b) and 4.5(b), respectively, of the Plan and (b) the amount of Cash that Xerium Canada directly transfers to such holders of Allowed Credit Facility Claims and Allowed Unsecured Swap Termination Claims pursuant to Sections 4.2(b) and 4.5(b), respectively, of the Plan.

1.105 ***Xerium Canada Shares Distribution*** means, collectively, the shares of New Common Stock to which holders of Allowed Credit Facility Claims and Allowed Unsecured Swap Termination Claims against Xerium Canada and are entitled pursuant to Sections 4.2(b) and 4.5(b), respectively, of the Plan.

1.106 ***Xerium Germany*** means Xerium Germany Holding GmbH.

1.107 ***Xerium Germany Shares Distribution*** means the shares of New Common Stock to which the holders of Allowed Credit Facility Claims against Xerium Germany are entitled pursuant to Section 4.2(b) of the Plan.

1.108 ***Xerium Italy*** means Xerium Italia S.p.A.

1.109 ***Xerium Italy Exchange*** means the exchange of the Xerium Italy Share Distribution by Reorganized Xerium for the portion of Allowed Credit Facility Claims against Xerium Italy to be exchanged for the Xerium Italy Shares Distribution pursuant to Section 4.2(b) of the Plan.

1.110 ***Xerium Italy Shares Distribution*** means the shares of New Common Stock to which the holders of Allowed Credit Facility Claims against Xerium Italy are entitled pursuant to Section 4.2(b) of the Plan.

1.111 ***Xerium V*** means Xerium V (US) Limited.

B. Interpretation, Application of Definitions, and Rules of Construction.

For purposes of the Plan: (1) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine and the neuter gender, (2) unless otherwise specified, any reference in the Plan to an existing document, schedule, or exhibit, whether or not filed with the Bankruptcy Court, shall mean such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented, (3) any reference to an entity as a holder of a Claim or Equity Interest includes that entity's permitted successors and assigns, (4) unless otherwise specified, all references in the Plan to sections are references to sections of the Plan, (5) unless otherwise specified, all references in the Plan to exhibits are references to exhibits in the Plan Supplement, (6) the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular provision of the Plan, (7) subject to the provisions of any contract, certificate of incorporation, bylaw, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with, applicable federal law, including the Bankruptcy Code and Bankruptcy Rules, (8) captions and headings to sections of the Plan are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan, (9) unless otherwise set forth in the Plan, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply, (10) any term used in capitalized form in the Plan that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable, (11) all references to docket numbers of documents filed in the Reorganization Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system, (12) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, as applicable to the Reorganization Cases, unless otherwise stated, and (13) any immaterial effectuating provisions may be interpreted by the Reorganized Debtors after the Effective Date in such a manner that is consistent with the overall purpose and intent of the Plan all without further Bankruptcy Court order.

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

SECTION 2. ADMINISTRATIVE EXPENSE AND PRIORITY TAX CLAIMS

2.1 ***Administrative Expense Claims.***

(a) Except to the extent that the holder of an Allowed Administrative Expense Claim agrees to a less favorable treatment, and except as provided in Section 2.1(b) of the Plan, each Allowed Administrative Expense Claim shall be paid in full, in Cash, on the latest of (i) the Effective Date, (ii) the date on which such Administrative Expense Claim is Allowed, and (iii) the date on which such Administrative Expense Claim is due and payable in the ordinary course of business under any agreement or understanding between the applicable Debtor and the holder

of such Allowed Administrative Expense Claim, or, in each case, as soon as practicable thereafter; provided, however, that Allowed Administrative Expense Claims representing obligations incurred in the ordinary course of business or assumed by any of the Debtors shall be paid in full, in Cash, or performed by the applicable Debtor or Reorganized Debtor in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements or regulations governing, instruments evidencing, or other documents relating to, such transactions.

(b) All Entities seeking awards of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under section 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code shall (i) file their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred on or before the date that is forty-five (45) days after the Effective Date and (ii) be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court. The Debtors or the Reorganized Debtors, as applicable, are authorized to pay compensation for services rendered and reimbursement of expenses incurred after the Confirmation Date in the ordinary course and without the need for Bankruptcy Court approval.

2.2 *Priority Tax Claims.*

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, on the later of (a) the Effective Date and (b) the date on which such Priority Tax Claim is Allowed, or, in each case, as soon as practicable thereafter, each holder of an Allowed Priority Tax Claim shall, in full satisfaction, release, and discharge of such Allowed Priority Tax Claim, (i) to the extent such Claim is due and owing on the Effective Date, be paid in full, in Cash, on the Effective Date or (ii) to the extent such Claim is not due and owing on the Effective Date, be paid in full, in Cash (A) in accordance with the terms of any agreement between the Debtors and such holder, (B) as may be due and owing under applicable nonbankruptcy law, or (C) in the ordinary course of business.

2.3 *DIP Financing Claims.*

In satisfaction of the Debtors' respective obligations under the DIP Facility, on the Effective Date or as soon thereafter as practicable, (a) all obligations of the Debtors under the DIP Facility shall be assumed under, and become subject to the terms and conditions of, the Exit Facility and (b) all liens and security interests granted to secure the Debtors' obligations under the DIP Facility shall be satisfied, discharged, and terminated in full and of no further force or effect.

SECTION 3. CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

The Plan is premised upon the procedural consolidation of the Debtors for Plan purposes only.

The following table designates the Classes of Claims against, and Equity Interests in, the Debtors, and specifies which of those Classes are (a) Impaired and entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code,

(b) unimpaired and presumed to accept the Plan, and therefore, not entitled to vote to accept or reject the Plan, and (c) Impaired and deemed to reject the Plan.

Class	Designation	Impairment	Entitled to Vote
1	Priority Non-Tax Claims	Unimpaired	No (presumed to accept)
2	Shared Collateral Claims	Impaired	Yes
3	Other Secured Claims	Unimpaired	No (presumed to accept)
4	General Unsecured Claims	Unimpaired	No (presumed to accept)
5	Unsecured Swap Termination Claims	Impaired	Yes
6	Intercompany Claims	Unimpaired	No (presumed to accept)
7	Equity Interests in Subsidiary Debtors	Unimpaired	No (presumed to accept)
8	Equity Interests in Xerium	Impaired	No (deemed to reject)

SECTION 4. TREATMENT OF CLAIMS AND EQUITY INTERESTS

4.1 *Priority Non-Tax Claims (Class 1).*

(a) Classification. Class 1 consists of all Allowed Priority Non-Tax Claims.

(b) Treatment. Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, on the latest of (i) the Effective Date, (ii) the date on which such Priority Non-Tax Claim is Allowed, and (iii) the date on which such Allowed Priority Non-Tax Claim is due and payable in the ordinary course of business under any agreement or understanding between the applicable Debtor and the holder of such Claim, or, in each case, as soon as practicable thereafter, each Allowed Priority Non-Tax Claim shall be paid in Cash in an amount equal to the Allowed amount of such Claim, together with postpetition interest to the extent required to render such Claim unimpaired.

(c) Impairment and Voting. Class 1 is not Impaired. The holders of Claims in Class 1 are conclusively presumed to have accepted the Plan, and accordingly, are not entitled to vote to accept or reject the Plan.

4.2 *Shared Collateral Claims (Class 2).*

(a) Classification. Class 2 consists of all Allowed Credit Facility Claims and Allowed Secured Swap Termination Claims. Pursuant to the Plan, the Credit Facility Claims shall be Allowed in the aggregate principal amount of $597,069,009 and the Secured Swap

Termination Claims shall be Allowed in the aggregate principal amount of $6,769,826, plus, in each case, any interest accrued thereon through the date immediately prior to the Effective Date, as provided in the Credit Facility or Secured Swap Termination Agreement, as applicable. Notwithstanding that a portion of the Allowed Credit Facility Claims and the Allowed Secured Swap Termination Claims is denominated in a currency other than U.S. dollars, the Allowed amounts set forth herein with respect to the Allowed Credit Facility Claims and Allowed Secured Swap Termination Claims are stated in U.S. dollars after converting the amounts of such Claims using the "New York Closing" conversion rate published online at http://online.wsj.com for February 23, 2010. The final amount of the Allowed Credit Facility Claims and the Allowed Secured Swap Termination Claims shall be restated as of the date that is two (2) business days prior to the Effective Date (i) using the "New York Closing" conversion rate published online at http://online.wsj.com for such date and (ii) to reflect any payments made thereon during the Reorganization Cases, as adequate protection or otherwise. Distributions required under the Plan with respect to Allowed Credit Facility Claims and Allowed Secured Swap Termination Claims shall be made in accordance with such restated amounts.

(b) Treatment. Except to the extent that a holder of an Allowed Shared Collateral Claim agrees to a less favorable treatment, on the Effective Date or as soon as practicable thereafter, each holder of an Allowed Shared Collateral Claim shall receive (i) its Distributable Share of (A) Cash in an amount equal to $10,000,000.00 (ten million dollars), (B) the Term Notes, and (C) 82.6% of the shares of New Common Stock to be issued on the Effective Date pursuant to Section 5.2(a)(ii) of the Plan and (ii) Cash in an amount equal to (A) the unpaid interest on the principal amount of such holder's Allowed Credit Facility Claim or Allowed Secured Swap Termination Claim, as the case may be, accrued through the date immediately prior to the Effective Date at the rate set forth in section 4 of the Fourth Credit Facility Waiver, with respect to Allowed Credit Facility Claims, and at the rate set forth in section 3(a) of the Secured Swap Termination Agreement, with respect to Allowed Secured Swap Termination Claims less (B) any amounts paid to such holder during the Reorganization Cases, as adequate protection or otherwise.

(c) Issuance of Distribution Consideration.

(i) Except as otherwise provided in the Plan, including Section 5.9(i) of the Plan, the Cash and Term Notes distributable pursuant to this Section 4 to the holders of Class 2 Claims against (A) U.S. Debtors, shall be issued and distributed by Xerium and (B) Non-U.S. Debtors, shall be issued and distributed by the respective Non-U.S. Debtor as borrower under the Credit Facility, against which borrower such Class 2 Claim is held.

(ii) Except as otherwise provided in the Plan, including Section 5.9(i) of the Plan, the New Common Stock distributable pursuant to this Section 4 to the holders of Class 2 Claims against (A) U.S. Debtors, shall be distributed by Xerium and (B) Non-U.S. Debtors, shall be distributed by the respective Non-U.S. Debtor as borrower under the Credit Facility, against which borrower such Class 2 Claim is held.

(d) Manner of Distribution to Holders of Allowed Credit Facility Claims. Except as otherwise provided in Section 5.9(i) of the Plan, on the Effective Date, the applicable Debtors or Reorganized Debtors shall make all distributions of (i) Cash and Term Notes required under the Plan with respect to Allowed Credit Facility Claims to the Administrative Agent, and the Administrative Agent shall thereafter distribute such Cash and Term Notes to the holders of Allowed Credit Facility Claims and (ii) New Common Stock required under the Plan with respect to Allowed Credit Facility Claims to the holders of Allowed Credit Facility Claims. Such distributions by the Debtors or Reorganized Debtors, as applicable, shall be in complete satisfaction and discharge of all obligations of the Debtors and the Non-Debtor Guarantors to the holders of Allowed Credit Facility Claims. Without limiting Section 10 of the Plan or section 524 or 1141 of the Bankruptcy Code, each holder of an Allowed Credit Facility Claim that accepts such distribution shall be deemed to consent to the amendment and restatement of the Credit Facility pursuant to the Plan.

(e) Impairment and Voting. Class 2 is Impaired, and accordingly, the holders of Claims in Class 2 are entitled to vote to accept or reject the Plan.

4.3 ***Other Secured Claims (Class 3).***

(a) Classification. Class 3 consists of all Allowed Other Secured Claims. Pursuant to the Plan, the Deferred Waiver Claim shall be Allowed in the amount set forth in section 4 of the First Credit Facility Waiver.

(b) Treatment. Except to the extent that a holder of an Allowed Other Secured Claim agrees to a less favorable treatment, on the Effective Date, or as soon as practicable thereafter, each Allowed Other Secured Claim shall be, at the option of the Debtors or Reorganized Debtors, as applicable, (i) reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code, (ii) paid in full, in Cash, together with postpetition interest to the extent required to render such Claim unimpaired, (iii) satisfied by the surrender of the Collateral securing such Claim, or (iv) otherwise rendered unimpaired in accordance with section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable nonbankruptcy law that entitles the holder of an Allowed Other Secured Claim to demand or receive payment of such Claim prior to its stated maturity from and after the occurrence of default. Notwithstanding the foregoing, the Allowed Deferred Waiver Claim shall be paid by the Debtors or the Reorganized Debtors, as applicable, in full, in Cash, on the Effective Date, together with postpetition interest at the rate set forth in section 4 of the First Credit Facility Waiver, to the Administrative Agent and the Administrative Agent shall thereafter distribute such Cash to the applicable lender under the Credit Facility. Such payment by the Debtors or the Reorganized Debtors, as applicable, shall be in complete satisfaction and discharge of all obligations of the Debtors and the Non-Debtor Guarantors with respect to the Allowed Deferred Waiver Claim.

(c) Impairment and Voting. Class 3 is not Impaired. The holders of Claims in Class 3 are conclusively presumed to have accepted the Plan, and accordingly, are not entitled to vote to accept or reject the Plan.

4.4 ***General Unsecured Claims (Class 4).***

(a) Classification. Class 4 consists of all Allowed General Unsecured Claims.

(b) Treatment. Except to the extent that a holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, on the latest of (i) the Effective Date, (ii) the date on which such General Unsecured Claim is Allowed, and (iii) the date on which such General Unsecured Claim is due and payable in the ordinary course of business under any agreement or understanding between the applicable Debtor and the holder of such Claim, or, in each case, as soon as practicable thereafter, each Allowed General Unsecured Claim shall, at the Reorganized Debtors' option, (A) be paid in full, in Cash, with postpetition interest to the extent required to render such Claim unimpaired or (B) otherwise be rendered unimpaired in accordance with section 1124 of the Bankruptcy Code.

(c) Impairment and Voting. Class 4 is not Impaired. The holders of Claims in Class 4 are conclusively presumed to have accepted the Plan, and accordingly, are not entitled to vote to accept or reject the Plan.

4.5 ***Unsecured Swap Termination Claims (Class 5).***

(a) Classification. Class 5 consists of all Allowed Unsecured Swap Termination Claims. Pursuant to the Plan, the Unsecured Swap Termination Claims shall be Allowed in the aggregate principal amount of $12,837,079, plus the amount of the Unsecured Swap Termination Interest Component. Notwithstanding that a portion of the Allowed Unsecured Swap Termination Claims is denominated in a currency other than U.S. dollars, the Allowed amount set forth herein with respect to the Allowed Unsecured Swap Termination Claims is stated in U.S. dollars after converting the amount of such Claims using the "New York Closing" conversion rate published online at http://online.wsj.com for February 23, 2010. The final amount of the Allowed Unsecured Swap Termination Claims shall be restated as of the date that is two (2) business days prior to the Effective Date using the "New York Closing" conversion rate published online at http://online.wsj.com for such date. Distributions required under the Plan with respect to Allowed Unsecured Swap Termination Claims shall be made in accordance with such restated amounts.

(b) Treatment. Except to the extent that a holder of an Allowed Unsecured Swap Termination Claim agrees to a less favorable treatment, on the Effective Date or as soon as practicable thereafter, each holder of an Allowed Unsecured Swap Termination Claim shall receive its (i) Distributable Share of (A) Cash in an amount equal to $10,000,000.00 (ten million dollars), (B) the Term Notes, and (C) 82.6 % of the shares of New Common Stock to be issued on the Effective Date pursuant to Section 5.2(a)(ii) of the Plan and (ii) Pro Rata Share of Cash in an amount equal to the Unsecured Swap Termination Interest Component.

(c) Issuance of Distribution Consideration.

(i) Except as otherwise provided in the Plan, including Section 5.9(i) of the Plan, the Cash and Term Notes distributable pursuant to this Section 4 to the holders of Class 5 Claims against (A) U.S. Debtors, shall be issued and distributed by Xerium and (B) Non-U.S. Debtors, shall be issued and distributed

by the respective Non-U.S. Debtor identified in Schedule 1 to the Unsecured Swap Termination Agreement, against which Non-U.S. Debtor such Class 5 Claim is held.

(ii) Except as otherwise provided in the Plan, including Section 5.9(i) of the Plan, the New Common Stock distributable pursuant to this Section 4 to the holders of Class 5 Claims against (A) U.S. Debtors, shall be distributed by Xerium and (B) Non-U.S. Debtors, shall be distributed by the respective Non-U.S. Debtor identified in Schedule 1 to the Unsecured Swap Termination Agreement, against which Non-U.S. Debtor such Class 5 Claim is held.

(d) Impairment and Voting. Class 5 is Impaired, and accordingly, the holders of Claims in Class 5 are entitled to vote to accept or reject the Plan.

4.6 ***Intercompany Claims (Class 6).***

(a) Classification. Class 6 consists of all Allowed Intercompany Claims.

(b) Treatment. On the Effective Date or as soon as practicable thereafter, all Allowed Intercompany Claims shall either be reinstated to the extent determined to be appropriate by the Reorganized Debtors or adjusted, continued, or capitalized, either directly or indirectly, in whole or in part.

(c) Impairment and Voting. Class 6 is not Impaired. The holders of Claims in Class 6 are conclusively presumed to have accepted the Plan, and accordingly, are not entitled to vote to accept or reject the Plan.

4.7 ***Equity Interests in Subsidiary Debtors (Class 7).***

(a) Classification. Class 7 consists of all Allowed Equity Interests in the Subsidiary Debtors.

(b) Treatment. On the Effective Date, all Allowed Equity Interests in the Subsidiary Debtors shall be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code.

(c) Impairment and Voting. Class 7 is not Impaired. The holders of Equity Interests in Class 7 are conclusively presumed to have accepted the Plan, and accordingly, are not entitled to vote to accept or reject the Plan.

4.8 ***Equity Interests in Xerium (Class 8).***

(a) Classification. Class 8 consists of all Allowed Equity Interests in Xerium represented by shares of Existing Common Stock issued and outstanding immediately prior to the Effective Date.

(b) Treatment. On the Effective Date, (i) the Existing Common Stock shall be canceled and (ii) each holder of an Allowed Equity Interest in Class 8 shall receive its Pro Rata

Share of (A) a number of shares of New Common Stock that is equal to the difference between (1) 17.4% of the shares of New Common Stock to be issued on the Effective Date pursuant to Section 5.2(a)(ii) of the Plan and (2) the number of shares of New Common Stock to be reserved pursuant to Section 5.2(a)(iii) of the Plan and (B) New Warrants to purchase up to 10% of the issued and outstanding shares of New Common Stock as of the Effective Date (on a fully diluted basis).

(c) Impairment and Voting. Class 8 is Impaired. The holders of Equity Interests in Class 8 are deemed to have rejected the Plan, and accordingly, are not entitled to vote to accept or reject the Plan.

4.9 *Nonconsensual Confirmation.*

In the event that any Impaired Class of Claims or Equity Interests rejects the Plan or is deemed to have rejected the Plan, the Debtors (a) request that the Bankruptcy Court confirm the Plan in accordance with 1129(b) of the Bankruptcy Code with respect to such non-accepting Class, in which case the Plan shall constitute a motion for such relief and (b) reserve the right to amend the Plan in accordance with Section 12.5 hereof.

SECTION 5. MEANS FOR IMPLEMENTATION

5.1 *Procedural Consolidation of Debtors for Plan Purposes Only.*

The Plan provides for the procedural consolidation of the Debtors for Plan purposes only and shall serve as a motion by the Debtors for entry of an order of the Bankruptcy Court granting such relief. The Debtors propose procedural consolidation to avoid the inefficiency of proposing, voting on, and making distributions in respect of entity-specific claims. Accordingly, except as otherwise provided in the Plan, on the Effective Date, all of the Debtors and their estates shall, for purposes of the Plan only, be treated as though they were merged and (a) all assets and liabilities of the Debtors shall, for purposes of the Plan only, be treated as though they were merged, (b) all guarantees of the Debtors of payment, performance, or collection of obligations of any other Debtor shall be eliminated and canceled, (c) all joint obligations of two or more Debtors, and all multiple Claims against such entities on account of such joint obligations, shall be considered a single claim against the Debtors, and (d) any Claim filed in the Reorganization Cases shall be deemed filed against the consolidated Debtors and a single obligation of the consolidated Debtors on and after the Effective Date. Unless otherwise set forth herein, such consolidation shall not (other than for voting, treatment, and distribution purposes under the Plan) affect (i) the legal and corporate structures of the Debtors (including the corporate ownership of the Subsidiary Debtors), (ii) any intercompany claims, or (iii) the substantive rights of any creditor. If any party in interest challenges the proposed procedural consolidation, the Debtors reserve the right to establish at the Confirmation Hearing the ability to confirm the Plan on an entity-by-entity basis.

5.2 *Issuance of Capital Stock and New Warrants.*

(a) The issuance of the shares of New Common Stock, shares of Preferred Stock, and New Warrants by Reorganized Xerium (the amounts of which, as described in this Section 5.2(a)(i)-(iv), are subject to adjustment on the Effective Date, provided that such

adjustments shall not affect the percentage of shares of New Common Stock to be distributed pursuant to Sections 4.2(b), 4.5(b), and 4.8(b) of the Plan or the percentage of shares of New Common Stock subject to purchase under the New Warrants to be distributed pursuant to Section 4.8(b) of the Plan) is hereby authorized without the need for any further corporate action and without further action by the holders of Claims or Equity Interests. On the Effective Date:

(i) The capital stock of Reorganized Xerium shall consist of (A) 20,000,000 shares of New Common Stock, $0.001 par value per share, which shares shall be duly authorized, fully paid, and nonassessable and (B) 1,000,000 shares of Preferred Stock, $0.001 par value per share. The Preferred Stock may be issued in one or more series at any time, and from time to time for future corporate purposes as determined by the New Board of Reorganized Xerium and authorized by the Restated Charter of Reorganized Xerium, including in connection with the Shareholder Rights Plan.

(ii) 14,991,640 shares of New Common Stock shall be issued and distributed pursuant to Section 4 of the Plan, or withheld pursuant to Section 7.3 of the Plan, as applicable.

(iii) 39,729 shares of New Common Stock shall be issued and distributed or reserved for future distribution, as applicable, pursuant to the Existing Management Incentive Plan and Existing Management Agreements; provided, however, that to the extent that equity incentive awards granted prior to the Effective Date pursuant to the Existing Management Incentive Plan or the Existing Management Agreements do not vest on or after the Effective Date in accordance with their terms, the shares of New Common Stock reserved pursuant to this Section 5.2(a)(iii) of the Plan with respect thereto shall be added to the number of shares of New Common Stock reserved for distribution pursuant to the New Management Incentive Plan under Section 5.2(a)(iv)(A) of the Plan.

(iv) The remaining authorized shares of New Common Stock shall be reserved as follows:

(A) 463,525 shares of New Common Stock shall be reserved for future distribution pursuant to the New Management Incentive Plan, from which distributions may be granted by a committee comprised of disinterested members of the New Board of Reorganized Xerium; provided, however, that to the extent that equity incentive awards granted prior to the Effective Date pursuant to the Existing Management Incentive Plan or the Existing Management Agreements do not vest on or after the Effective Date in accordance with their terms, the shares of New Common Stock reserved pursuant to Section 5.2(a)(iii) of the Plan with respect thereto shall be added to the number of shares of New Common Stock reserved for distribution pursuant to the New Management Incentive Plan under this Section 5.2(a)(iv)(A) of the Plan.

(B) 1,665,738 shares of New Common Stock shall be reserved for issuance upon exercise of the New Warrants.

(C) 2,839,368 shares of New Common Stock shall be reserved for future corporate purposes as determined by the New Board of Reorganized Xerium consistent with its Restated Charter.

(v) New Warrants to purchase up to 10% of the issued and outstanding shares of New Common Stock as of the Effective Date (on a fully diluted basis) shall be issued and distributed pursuant to Section 4 of the Plan.

(b) The issuance of one hundred (100) shares of Reorganized Xerium Canada Preferred Stock is hereby authorized without further action by the holders of Claims or Equity Interests. On the Effective Date, one hundred (100) shares of Reorganized Xerium Canada Preferred Stock shall be issued by Reorganized Xerium Canada and transferred pursuant to Section 5.9(i)(iv) of the Plan.

5.3 ***Capitalization of Reorganized Xerium on the Effective Date; No Fractional Shares or Warrants.***

(a) Capitalization of Reorganized Xerium. All shares of New Common Stock distributable pursuant to Section 4 of the Plan are subject to dilution by (i) equity incentive awards to be granted under the New Management Incentive Plan on or after the Effective Date and (ii) the exercise of the New Warrants. All shares of New Common Stock distributable on account of equity incentive awards granted prior to but that are scheduled to vest on or after the Effective Date (x) shall not dilute the shares of New Common Stock distributed to holders of Allowed Claims in Class 2 and Class 5 pursuant to Section 4 of the Plan and (y) shall be reserved in accordance with Section 5.2(a)(iii) of the Plan.

(b) No Fractional Shares or Warrants. No fractional shares of New Common Stock or fractional New Warrants shall be issued or distributed under the Plan and no Cash shall be distributed in lieu of such fractional shares or warrants. When any distribution pursuant to the Plan on account of an Allowed Claim or Allowed Equity Interest would otherwise result in the issuance of a number of shares of New Common Stock or number of New Warrants that is not a whole number, the actual number of shares of New Common Stock or New Warrants distributed shall be rounded as follows: (i) fractions of ½ (one half) or greater shall be rounded up to the next whole number and (ii) fractions of less than ½ (one half) shall be rounded down to the next whole number with no further payment therefor. All Claims and Equity Interests of a holder shall be aggregated in making such determination. The total number of authorized shares of New Common Stock and number of New Warrants to be distributed to holders of Allowed Claims or Allowed Equity Interests shall be adjusted as necessary to account for the foregoing rounding.

5.4 ***Amended and Restated Credit Facility.***

The following actions are hereby authorized without the need for any further corporate action and without further action by the holders of Claims or Equity Interests: On the Effective Date, (i) the Reorganized Borrowers, as borrowers, and the Reorganized Debtors, the

Non-Debtor Guarantors, and Robec Brazil LLC, as guarantors, shall enter into the Amended and Restated Credit Facility having principal terms and conditions not materially less favorable to the Reorganized Debtors than those set forth in Exhibit A to the Plan and (ii) the Reorganized Borrowers shall issue the Term Notes. The Term Notes may be represented by notes or other documents or instruments or by notations in the register that shall be established by the administrative agent under the Amended and Restated Credit Agreement on or before the Effective Date.

5.5 ***Exit Financing.***

On the Effective Date, without the need for any further corporate action and without further action by the holders of Claims or Equity Interests, the Reorganized Debtors shall enter into the Exit Facility.

5.6 ***New Management Incentive Plan.***

On the Effective Date, without the need for any further corporate action and without further action by the holders of Claims or Equity Interests, the New Management Incentive Plan shall become effective. Awards and distributions to be made under the New Management Incentive Plan shall be determined and granted by a committee comprised of disinterested members of the New Board of Reorganized Xerium. The solicitation of votes on the Plan shall include, and be deemed to be, a solicitation for approval of the New Management Incentive Plan. Entry of the Confirmation Order shall constitute such approval.

5.7 ***Existing Debt Securities and Agreements; Release of Liens.***

On the Effective Date, (a) the Credit Facility shall be amended and restated as the Amended and Restated Credit Facility and each of the guarantees by (i) the Non-U.S. Debtors and the Non-Debtor Guarantors under the Credit Facility shall be amended and restated to reduce the aggregate amount of such guaranteed obligations to an amount that is not more than the lesser of (A) the maximum amount permitted under the laws of the jurisdiction of the respective Non-U.S. Debtor or Non-Debtor Guarantor, as the case may be and (B) the aggregate amount of Non-U.S. Term Note obligations and all other obligations of the Non-U.S. Debtors and the Non-Debtor Guarantors under the Amended and Restated Credit Facility and (ii) the U.S. Debtors under the Credit Facility shall be amended and restated to reduce the aggregate amount of such guaranteed obligations to an amount that is not more than the aggregate amount of the Term Notes and all other obligations of the U.S. Debtors, the Non-U.S. Debtors, and the Non-Debtor Guarantors under the Amended and Restated Credit Facility and (b) with respect to Secured Claims other than Credit Facility Claims, except to the extent the Plan provides otherwise, on the Effective Date, all liens, security interests, and pledges securing the obligations of the Debtors shall be released and the holders of such Secured Claims shall be authorized and directed to release any Collateral or other property and to take such actions as may be requested by the Reorganized Debtors to evidence the release of such liens, security interests, and pledges, including the execution, delivery, and filing or recording of such releases. The filing of the Confirmation Order with any federal, state, or local agency or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such liens, security interests, and pledges.

5.8 ***Surrender of Existing Securities.***

As a condition to receiving any distribution under the Plan, each holder of a promissory note, certificate, or other instrument evidencing a Claim must surrender such promissory note, certificate, or other instrument to Reorganized Xerium or its designee. Any holder of a Claim that fails to (a) surrender such instrument or (b) execute and deliver an affidavit of loss and/or indemnity reasonably satisfactory to Reorganized Xerium before the later to occur of (i) the second anniversary of the Effective Date and (ii) six months following the date such holder's Claim is Allowed, shall be deemed to have forfeited all rights and claims with respect thereto, may not participate in any distribution under the Plan on account thereof, and all amounts owing with respect to such Allowed Claim shall be retained by Reorganized Xerium; provided, however, that any promissory note, certificate, or other instrument, if any, issued under the Credit Facility shall be canceled on the Effective Date and holders of Allowed Credit Facility Claims shall not be required to surrender any such instruments prior to receiving distributions pursuant to the Plan.

5.9 ***Corporate Action.***

(a) Due Authorization. On the Effective Date, all matters provided for under the Plan that otherwise would require approval of the stockholders or directors of one or more of the Debtors shall be deemed to have occurred and shall be in effect on and after the Effective Date pursuant to the applicable general corporation (or similar) law of the jurisdictions in which the Debtors are incorporated, formed, or organized, as applicable, without any requirement of further action by the stockholders or directors of the Debtors or the Reorganized Debtors.

(b) General. On the Effective Date, all actions contemplated by the Plan (including, without limitation, the transactions contemplated by Section 5.9(i) of the Plan) shall be deemed authorized and approved in all respects without the need for any further corporate action and without further action by the holders of Claims or Equity Interests. On the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and directed to issue, execute, and deliver the agreements, documents, shares and other securities, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Reorganized Debtors, including, without limitation, the Amended and Restated Credit Facility, the Exit Facility, the Nominating Agreements, the Registration Rights Agreement, the Shareholder Rights Plan, the New Warrants, the Restated Charters, the Restated Bylaws, the Intercreditor Agreement, the Austria Contribution Agreement, the Austria Purchase Agreement, the Austria Note, the Germany Assumption Agreement, the Canada Direction Letter Agreement, the U.S. Direction Letter Agreement, the New Management Incentive Plan and any and all other agreements, documents, securities and instruments relating to the foregoing (including without limitation security documents). The authorizations and approvals contemplated by this Section 5.9(b) shall be effective notwithstanding any requirements under nonbankruptcy law.

(c) Restated Charters and Restated Bylaws of the Reorganized Debtors. On the Effective Date, each of the Reorganized Debtors shall be deemed to have adopted its respective Restated Charter and Restated Bylaws. On the Effective Date or as soon as practicable thereafter, the Reorganized Debtors shall file their respective Restated Charters in the

respective jurisdictions of their incorporation, formation, or organization, as applicable. Pursuant to and only to the extent required by section 1123(a)(6) of the Bankruptcy Code, the Restated Charters shall include, among other things, (i) a provision prohibiting the issuance of non-voting equity securities and (ii) a provision setting forth an appropriate distribution of voting power among classes of equity securities possessing voting power. The Restated Charter of Reorganized Xerium also shall include, among other things, an election by Reorganized Xerium to be governed by section 203 of the Delaware General Corporation Law.

(d) Boards of Directors of the Reorganized Debtors. On the Effective Date, the operation of the Reorganized Debtors shall become the general responsibility of their New Boards, subject to, and in accordance with, their respective Restated Charters and Restated Bylaws. The initial New Board of Reorganized Xerium shall consist of seven (7) directors, as follows: (i) the Chief Executive Officer of Xerium in office immediately prior to the Effective Date, (ii) one (1) director nominated by the board of directors of Xerium, and (iii) five (5) directors nominated by members of the Secured Lender Ad Hoc Working Group. The initial directors of the Reorganized Debtors shall be disclosed, together with biographical information, in the Plan Supplement and shall be deemed elected or appointed, as the case may be, pursuant to the Confirmation Order, but shall not take office and shall not be deemed to be elected or appointed until the occurrence of the Effective Date. Those directors not continuing in office shall be deemed removed therefrom as of the Effective Date pursuant to the Confirmation Order.

(e) Officers of the Reorganized Debtors. The initial officers of the Reorganized Debtors shall be disclosed, together with biographical information, in the Plan Supplement and shall be deemed elected or appointed, as the case may be, pursuant to the Confirmation Order, but shall not take office and shall not be deemed to be elected or appointed until the occurrence of the Effective Date. Those officers not continuing in office shall be deemed removed therefrom as of the Effective Date pursuant to the Confirmation Order.

(f) Nominating Agreements. On Effective Date, and without the need for any further corporate action and without further action by the holders of Claims or Equity Interests, the Nominating Agreements shall be executed and delivered by the parties thereto.

(g) Registration Rights Agreement. On the Effective Date, and without the need for any further corporate action and without further action by the holders of Claims or Equity Interests, the Registration Rights Agreement shall be executed and delivered by the parties thereto.

(h) Shareholder Rights Plan. On the Effective Date, and without the need for any further corporate action and without further action by the holders of Claims or Equity Interests, Reorganized Xerium shall adopt the Shareholder Rights Plan.

(i) Intercompany Transactions. On the Effective Date, and without the need for any further corporate action and without further action by the holders of Claims or Equity Interests:

(i) (A) Reorganized Xerium and Reorganized Xerium Austria shall (1) enter into the Austria Purchase Agreement, pursuant to which Reorganized

Xerium shall sell and Reorganized Xerium Austria shall purchase 99% of the Xerium Austria Shares Distribution in exchange for the Austria Note and (2) enter into the Austria Contribution Agreement, pursuant to which Reorganized Xerium shall contribute to Reorganized Xerium Austria 1% of the Xerium Austria Shares Distribution and (B) Reorganized Xerium Austria shall, in exchange for the portion of the Allowed Credit Facility Claims against Xerium Austria to be exchanged for the Xerium Austria Shares Distribution, transfer the Xerium Austria Shares Distribution to the holders of such Allowed Credit Facility Claims pursuant to Section 4.2(b) of the Plan.

(ii) (A) Reorganized Xerium and Reorganized Xerium Germany shall enter into the Germany Assumption Agreement, pursuant to which Reorganized Xerium shall (1) assume with discharging effect the obligations of Xerium Germany with respect to the portion of Allowed Credit Facility Claims against Xerium Germany to be exchanged for the Xerium Germany Shares Distribution and (2) unconditionally waive any recourse it may have against Xerium Germany with respect thereto and (B) Reorganized Xerium shall (1) in exchange for the portion of Allowed Credit Facility Claims against Xerium Germany assumed by Reorganized Xerium, transfer the Xerium Germany Shares Distribution to the holders of such Allowed Credit Facility Claims pursuant to Section 4.2(b) of the Plan and (2) forgive such Allowed Credit Facility Claims against Xerium Germany.

(iii) (A) Reorganized Xerium shall, in exchange for the portion of Allowed Credit Facility Claims against Xerium Italy to be exchanged for the Xerium Italy Shares Distribution, transfer the Xerium Italy Shares Distribution to the holders of such Allowed Credit Facility Claims pursuant to Section 4.2(b) of the Plan and (B) pursuant to the Austria Contribution Agreement and the Xerium Italy Exchange (1) Reorganized Xerium shall contribute to Reorganized Xerium Austria the portion of Allowed Credit Facility Claims against Xerium Italy exchanged for the Xerium Italy Shares Distribution and all receivables related thereto and (2) Reorganized Xerium Austria shall forgive such Allowed Credit Facility Claims against Xerium Italy.

(iv) (A) Reorganized Xerium Canada and Reorganized Xerium V shall enter into the Canada Direction Letter Agreement, pursuant to which (1) Reorganized Xerium Canada shall direct Reorganized Xerium V, and Reorganized Xerium V shall agree, to transfer or cause the transfer by Reorganized Xerium of the Xerium Canada Distribution to the holders of Allowed Credit Facility Claims and Allowed Unsecured Swap Termination Claims against Xerium Canada, and in consideration therefor, (2) Reorganized Xerium Canada shall transfer to Reorganized Xerium V one hundred (100) shares of Reorganized Xerium Canada Preferred Stock and (B) Reorganized Xerium V and Reorganized Xerium shall enter into the U.S. Direction Letter Agreement, pursuant to which (1) Reorganized Xerium V shall direct Reorganized Xerium, and Reorganized Xerium shall agree, to transfer the Xerium Canada Distribution to the holders of Allowed Credit Facility Claims and Allowed Unsecured Swap

Termination Claims against Xerium Canada in satisfaction of the obligations of Reorganized Xerium V under the Canada Direction Letter Agreement, and in consideration therefor, (2) Reorganized Xerium shall be deemed for U.S. federal income tax purposes to make a capital contribution to Reorganized Xerium V in exchange for a deemed transfer of Reorganized Xerium V shares to Reorganized Xerium and (3) Reorganized Xerium shall, in exchange for the portion of the Allowed Credit Facility Claims and the Allowed Unsecured Swap Termination Claims against Xerium Canada to be exchanged for the Xerium Canada Distribution, transfer the Xerium Canada Distribution to the holders of such Allowed Credit Facility Claims and Allowed Unsecured Swap Termination Claims pursuant to Sections 4.2(b) and 4.5(b), respectively, of the Plan.

5.10 ***Compromise of Controversies.***

In consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Claims and controversies resolved under the Plan, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under Bankruptcy Rule 9019.

5.11 ***Exemption from Securities Laws.***

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable nonbankruptcy law, the issuance under the Plan of the New Common Stock and New Warrants will be exempt from registration under the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder.

5.12 ***Exemption from Transfer Taxes.***

Pursuant to section 1146(a) of the Bankruptcy Code, any issuance, transfer or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any instrument of transfer from a Debtor to a Reorganized Debtor or any other Entity pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment. Without limiting the foregoing, any issuance, transfer or exchange of a security or any making or delivery of an instrument of transfer pursuant to the Plan shall be exempt from the imposition and payment of any and all transfer taxes (including, without limitation, any and all stamp taxes or similar taxes and any interest, penalties and addition to the tax that may be required to be paid in connection with the consummation of the Plan and the Plan Documents) pursuant to sections 1146(a), 505(a), 106, and 1141 of the Bankruptcy Code.

SECTION 6. DISTRIBUTIONS

6.1 *Distribution Record Date.*

As of the close of business on the Distribution Record Date, the various transfer registers for each of the Classes of Claims and Equity Interests as maintained by the Debtors, or their respective agents, shall be deemed closed, there shall be no further changes in the record holders of any Claims or Equity Interests for purposes of Plan distributions, and the Debtors or the Reorganized Debtors, as applicable, shall have no obligation to recognize, for distribution purposes, any transfer of Claims or Equity Interests occurring on or after the Distribution Record Date. The Debtors, the Reorganized Debtors or any party responsible for making distributions pursuant to this Section 6 shall be entitled to recognize and deal for all purposes hereunder only with those record holders stated on the transfer ledgers as of the close of business on the Distribution Record Date, to the extent applicable.

6.2 *Date of Distributions.*

Except as otherwise provided herein, any distributions and deliveries to be made under the Plan shall be made on the Effective Date or as soon as practicable thereafter. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

6.3 *Sources of Cash for Distributions.*

All Cash required for the payments to be made hereunder shall be obtained from the Debtors' and the Reorganized Debtors' operations, Cash on hand, and borrowings under the Exit Facility.

6.4 *Disbursement Agent.*

Unless otherwise provided in the Plan, all distributions under this Plan shall be made on the Effective Date by Reorganized Xerium as Disbursement Agent or such other entity designated by Reorganized Xerium as a Disbursement Agent. No Disbursement Agent hereunder, including, without limitation, the Administrative Agent, shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

6.5 *Rights and Powers of Disbursement Agent.*

Each Disbursement Agent shall be empowered to (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan, (b) make all distributions contemplated by the Plan, (c) employ professionals to represent it with respect to its responsibilities, and (d) exercise such other powers as may be vested in the Disbursement Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by such Disbursement Agent to be necessary and proper to implement the provisions hereof.

6.6 *Expenses of the Disbursement Agent.*

The amount of any reasonable fees and expenses incurred by each Disbursement Agent acting in such capacity (including taxes and reasonable attorneys' fees and expenses) on or after the Effective Date shall be paid in Cash by the Reorganized Debtors in the ordinary course of business.

6.7 *Delivery of Distributions.*

Subject to Bankruptcy Rule 9010, all distributions to any holder of an Allowed Claim or Equity Interest shall be made to the address of such holder as set forth in the books and records of the Debtors or its agents, as applicable, unless the Debtors or Reorganized Debtors have been notified in writing of a change of address, including by the filing of a proof of claim or interest by such holder that contains an address for such holder different from the address reflected in the Debtors' books and records. In the event that any distribution to any holder is returned as undeliverable, the Disbursement Agent shall use reasonable efforts to determine the current address of such holder, but no distribution to such holder shall be made unless and until the Disbursement Agent has determined the then-current address of such holder, at which time such distribution shall be made to such holder without interest; provided, however, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the Effective Date. After such date, all unclaimed property or interest in property shall revert to the Reorganized Debtors, and the Claim of any other holder to such property or interest in property shall be discharged and forever barred notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary.

6.8 *Manner of Payment Under Plan.*

(a) Cash distributable to holders of Allowed Claims against Non-U.S. Debtors shall be (i) converted to the legal tender of the country in which such Non-U.S. Debtor is incorporated, formed, or organized, as applicable, using the "New York Closing" conversion rate published online at http://online.wsj.com for the date that is two (2) business days prior to the Effective Date and (ii) distributed to such holders in such converted legal tender.

(b) Term Notes distributable to holders of Allowed Claims against Non-U.S. Debtors shall be (i) converted to the currency of the country in which such Non-U.S. Debtor is incorporated, formed, or organized, as applicable, using the "New York Closing" conversion rate published online at http://online.wsj.com for the date that is two (2) business days prior to the Effective Date and (ii) distributed as so converted.

(c) At the option of the applicable Disbursement Agent, any Cash payment to be made under the Plan may be made by a check or wire transfer or as otherwise required or provided in applicable agreements.

(d) Except as otherwise provided in Section 5.9(i) of the Plan, all distributions of Cash, Term Notes, New Common Stock, and New Warrants to the holders of Claims against, or Equity Interests in, Debtors domiciled in the United States of America shall be made by, or on behalf of, the applicable Debtor.

6.9 *Setoffs and Recoupment.*

The Debtors and the Reorganized Debtors may, but shall not be required to, set off against any Claim (for purposes of determining the Allowed amount of such Claim on which distribution shall be made) any claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors of any such claim the Debtors or the Reorganized Debtors may have against the holder of such Claim.

6.10 *Distributions After Effective Date.*

Distributions made after the Effective Date to holders of Disputed Claims or Disputed Equity Interests that are not Allowed Claims or Allowed Equity Interests, as the case may be, as of the Effective Date but which later become Allowed Claims or Allowed Equity Interests shall be deemed to have been made on the Effective Date.

6.11 *Allocation of Distributions Between Principal and Interest.*

The aggregate consideration to be distributed to the holders of Allowed Claims under the Plan shall be treated as first satisfying an amount equal to the stated principal amount of the Allowed Claims of such holders, as determined for federal income tax purposes, and any remaining consideration as satisfying accrued, but unpaid, interest, if any.

6.12 *No Postpetition Interest on Claims.*

Unless otherwise specifically provided for in this Plan, the Confirmation Order, or any other order entered by the Bankruptcy Court, or as required by applicable law, postpetition interest shall not accrue on or after the Commencement Date on account of any Claim.

SECTION 7. PROCEDURES FOR DISPUTED CLAIMS OR EQUITY INTERESTS

7.1 *Proofs of Claims and Equity Interests.*

Proofs of Claim arising from the rejection of executory contracts or unexpired leases pursuant to the Plan shall be served and filed in accordance with Section 8.3 of the Plan. Except as otherwise provided in the Plan or by order of the Bankruptcy Court, holders of other Claims or Equity Interests shall not be required to file proofs of Claims or Equity Interests in the Reorganization Cases.

7.2 *Objections to Claims and Equity Interests/Requests for Estimation*

(a) The Debtors and Reorganized Debtors shall be entitled to dispute Claims and Equity Interests, and if the Debtors dispute any Claim or Equity Interest, such dispute shall be determined, resolved, or adjudicated, as the case may be, by the Bankruptcy Court. On and after the Effective Date, except to the extent that the Reorganized Debtors consent, only the

Reorganized Debtors shall have the authority to file, settle, compromise, withdraw, or litigate to judgment objections to, and requests for estimation of, Claims and Equity Interests.

(b) The Debtors and the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claims or Disputed Equity Interests pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Debtor previously objected to such Claim or Equity Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim or Equity Interest at any time during litigation concerning any objection to any Claim or Equity Interest, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim or Disputed Equity Interest, the amount so estimated shall constitute either the Allowed amount of such Claim or Equity Interest or a maximum limitation on such Claim or Equity Interest, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim or Equity Interest, the Reorganized Debtors may pursue supplementary proceedings to object to the allowance of such Claim or Equity Interest. All of the aforementioned objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another. Claims or Equity Interests may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

(c) Any objections to Claims or Equity Interests or requests for estimation thereof shall be served and filed (i) in the case of Claims or Equity Interests known to the Debtors prior to the Effective Date, on or before the date that is the later of (A) 120 (one hundred twenty) days after the Effective Date and (B) such later date as may be fixed by the Bankruptcy Court, (ii) in the case of Claims arising from the rejection of executory contracts or unexpired leases pursuant to the Plan, on or before the date that is the later of (A) 120 (one hundred twenty) days after the date on which proof of such Claim is served and filed in accordance with Section 8.3 of the Plan and (B) such later date as may be fixed by the Bankruptcy Court, and (iii) in the case of other Claims or Equity Interests not known to the Debtors prior to the Effective Date, on or before that date that is the later of (A) 120 (one hundred twenty) days after such Claim or Equity Interest is known to the Debtors and (B) such later date as may be fixed by the Bankruptcy Court.

7.3 ***No Distributions Pending Allowance.***

Notwithstanding any other provision of the Plan, if all or any portion of a Claim or Equity Interest is a Disputed Claim or Disputed Equity Interest, as the case may be, no payment or distribution provided under the Plan shall be made on account of such Claim or Equity Interest unless and until such Disputed Claim or Disputed Equity Interest becomes an Allowed Claim or Allowed Equity Interest, as the case may be. In the event that a Claim or an Equity Interest in Xerium is Disputed, until such time as such Disputed Claim or Disputed Equity Interest is determined by Final Order, the Debtors or the Reorganized Debtors, as applicable, shall withhold on account of such Claim or Equity Interest the distribution to which the holder of such Claim or Equity Interest would be entitled under Section 4 of the Plan if such Claim or Equity Interest were Allowed in full.

7.4 *Distributions After Allowance.*

At such time as a Disputed Claim or Disputed Equity Interest becomes an Allowed Claim or Allowed Equity Interest, as the case may be, the Disbursement Agent shall distribute to the holder of such Claim or Equity Interest the property distributable to such holder pursuant to Section 4 of the Plan. To the extent that all or a portion of a Disputed Claim or Disputed Equity Interest is disallowed, the holder of such Claim or Equity Interest shall not receive any distribution on account of the portion of such Claim or Equity Interest, as the case may be, that is disallowed.

7.5 *Preservation of Claims and Rights to Settle Claims.*

Except as otherwise provided in the Plan, or in any contract, instrument, or other agreement or document entered into in connection with this Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce, sue on, settle, compromise, otherwise resolve, discontinue, abandon, or dismiss all claims, rights, causes of action, suits, and proceedings, including those described in the Plan Supplement, whether at law or in equity, whether known or unknown, that the Debtors or their estates may hold against any Entity, without the approval of the Bankruptcy Court, subject to the terms of Section 7.2 of the Plan, the Confirmation Order, and any contract, instrument, release, or other agreement entered into in connection herewith. The Reorganized Debtors or their successor(s) may pursue such retained claims, rights, causes of action, suits, or proceedings, as appropriate, in accordance with the best interests of the Reorganized Debtors or their successor(s) that hold such rights.

SECTION 8. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.1 *Assumption and Rejection of Contracts and Leases.*

Except for any executory contracts or unexpired leases that are (a) the subject of a motion to assume or reject that is pending on the Confirmation Date, which shall be assumed or rejected in accordance with the disposition of such motions or (b) listed on Exhibit E to the Plan or in any amendment to Exhibit E that may be included in the Plan Supplement, which are specifically rejected pursuant to the Plan, all executory contracts (including, without limitation, the Existing Management Incentive Plan and Existing Management Agreements) and unexpired leases to which any of the Debtors is a party are hereby specifically assumed (x) as of the Confirmation Date, with respect to the Existing Management Incentive Plan and the Existing Management Agreement of the Chief Executive Officer of Xerium and (y) as of the Effective Date, with respect to all other executory contracts and unexpired leases assumed pursuant to the Plan. Entry of the Confirmation Order by the Clerk of the Bankruptcy Court shall constitute an order of the Bankruptcy Court under sections 365 and 1123(b) of the Bankruptcy Code approving the contract and lease assumptions or rejections described above, as of the Confirmation Date or the Effective Date, as applicable, and determining that, with respect to such assumptions pursuant to the Plan, that "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) by the Reorganized Debtors has been demonstrated and no further adequate assurance is required.

8.2 *Cure of Defaults.*

Any monetary amounts by which any executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Debtors upon assumption thereof or as soon as practicable thereafter. If there is a dispute regarding (a) the nature or amount of any cure, (b) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, any cure shall occur following the entry of a Final Order resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

8.3 *Rejection Damage Claims.*

All Claims arising from the rejection of executory contracts and unexpired leases pursuant to the Plan must be filed with the Bankruptcy Court and served upon the Debtors and their counsel on or before the date that is thirty (30) days after the later of (a) the Confirmation Date and (b) the date of entry of an order of the Bankruptcy Court approving such rejection. Any Claims not filed within such time shall be forever barred from assertion against the Debtors, their estates, the Reorganized Debtors, and their property.

8.4 *Indemnification Obligations.*

(a) Directors, Officers, Agents, and Employees. Any obligations of the Debtors pursuant to their certificates of incorporation and bylaws, or organizational documents, as applicable, or any other agreements entered into by any Debtor at any time prior to the Effective Date, to indemnify current and former directors, officers, agents, and/or employees with respect to all present and future actions, suits, and proceedings against the Debtors or such directors, officers, agents, and/or employees, based upon any act or omission for or on behalf of the Debtors, irrespective of whether such indemnification is owed in connection with an event occurring before or after the Commencement Date, shall not be discharged or Impaired by confirmation of the Plan. Such obligations shall be deemed and treated as executory contracts to be assumed by the Debtors hereunder and shall continue as obligations of the Reorganized Debtors.

(b) Administrative Agent. The obligations of the Debtors to indemnify the Administrative Agent pursuant to section 10.4 of the Credit Facility, irrespective of whether such indemnification is owed in connection with an event occurring before or after the Commencement Date, shall not be discharged or Impaired by confirmation of the Plan and shall continue as obligations of the Reorganized Debtors.

8.5 *Compensation and Benefit Plans.*

All employee compensation and benefit plans, policies, and programs of the Debtors entered into before or after the Commencement Date and not since terminated shall be deemed to be, and shall be treated as if they were, executory contracts to be assumed pursuant to the Plan. Employee benefit plans, policies, and programs include, without limitation, the Existing Management Incentive Plan, all medical and health insurance, life insurance, dental

insurance, disability benefits and coverage, leave of absence, retirement plans, retention plans, severance plans, and other such benefits. The Debtors' obligations under such plans, policies, and programs shall survive confirmation of the Plan and shall be performed by the applicable Debtor or Reorganized Debtor in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements or regulations governing, instruments evidencing, or other documents relating to, such plans, policies, and programs, except for (a) executory contracts or employee benefit plans specifically rejected pursuant to the Plan (to the extent such rejection does not violate sections 1114 and 1129(a)(13) of the Bankruptcy Code) and (b) such executory contracts or employee benefit plans that are the subject of a motion to reject pending as of the Confirmation Date.

8.6 ***Retiree Benefits.***

On and after the Effective Date, the payment of retiree benefits (as defined in section 1114 of the Bankruptcy Code), if any, at the level established pursuant to section 1114 of the Bankruptcy Code, shall continue for the duration of the period the Debtors have obligated themselves to provide such benefits.

8.7 ***Insurance Policies.***

All insurance policies pursuant to which the Debtors have any obligations in effect as of the date of the Confirmation Order shall be deemed and treated as executory contracts pursuant to the Plan and shall be assumed by the respective Debtors and Reorganized Debtors and shall continue in full force and effect. All other insurance policies shall re-vest in the Reorganized Debtors.

SECTION 9. CONDITIONS PRECEDENT TO THE EFFECTIVE DATE

9.1 ***Conditions Precedent to the Effective Date.***

The Effective Date shall not occur and the Plan shall not become effective unless and until the following conditions have been satisfied in full or waived in accordance Section 9.2 of the Plan:

(a) Entry of Confirmation Order. The Confirmation Order, in form and substance satisfactory to the Debtors, shall have been entered and shall be in full force and effect and there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto.

(b) Administrative Agent. The Confirmation Order shall be in form and substance reasonably satisfactory to the Administrative Agent and shall have been entered and shall be in full force and effect and there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto.

(c) Execution and Delivery of Other Documents. All other actions and all agreements, instruments or other documents necessary to implement the Plan, including without limitation, the Exit Facility and the Amended and Restated Credit Facility, shall have been (i) effected or (ii) duly and validly executed and delivered by the parties thereto and all conditions to their effectiveness shall have been satisfied or waived.

(d) Access to Funding. The Debtors shall have access to funding under the Exit Facility.

(e) Regulatory Approvals. The Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents necessary to implement the Plan and that are required by law, regulation, or order.

(f) Consents. All authorizations, consents and approvals determined by the Debtors to be necessary to implement the Plan shall have been obtained.

(g) Corporate Formalities. Prior to or simultaneously with the effectiveness of the Plan, the Restated Charters shall have been filed in the Debtors' respective jurisdictions of incorporation, formation, or organization.

(h) Other Acts. Any other actions the Debtors determine are necessary to implement the terms of the Plan shall have been taken.

9.2 ***Waiver of Conditions Precedent.***

Each of the conditions precedent in Section 9.1(b)-(h) of the Plan may be waived, in whole or in part, by the Debtors in writing without notice to third parties or order of the Bankruptcy Court or any other formal action; provided, however, the condition precedent in Section 9.1(b) of the Plan and the condition precedent in Section 9.1(c) of the Plan that the Amended and Restated Credit Facility shall have been duly and validly executed, may be waived, in whole or in part, by the Debtors, only with the consent of the Administrative Agent.

9.3 ***Effect of Failure of Conditions.***

If the conditions specified in Section 9.1 hereof have not been satisfied or waived in the manner provided in Section 9.2 hereof on or before the date that is thirty (30) days after the Confirmation Date, then (a) the Confirmation Order shall be of no further force or effect, (b) no distributions under the Plan shall be made, (c) the Debtors and all holders of Claims and Equity Interests in the Debtors shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred, (d) all of the Debtors' obligations with respect to the Claims and Equity Interests shall remain unaffected by the Plan and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Entity or to prejudice in any manner the rights of the Debtors or any Entity in any further proceedings involving the Debtors, and (e) the Plan shall be deemed withdrawn.

SECTION 10. EFFECT OF CONFIRMATION

10.1 ***Vesting of Assets.***

On the Effective Date, except as otherwise provided in the Plan, pursuant to sections 1141(b) and 1141(c) of the Bankruptcy Code, all property of the Debtors' estates shall vest in the Reorganized Debtors free and clear of all Claims, liens, encumbrances, charges, and other interests. Except as otherwise provided in the Plan, each of the Debtors, as Reorganized

Debtors, shall continue to exist on and after the Effective Date as a separate legal entity with all of the powers available to such legal entity under applicable law, without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) in accordance with such applicable law. On and after the Effective Date, the Reorganized Debtors shall be authorized to operate their respective businesses, and to use, acquire, or dispose of assets, without supervision or approval by the Bankruptcy Court and free from any restrictions of the Bankruptcy Code or the Bankruptcy Rules.

10.2 ***Binding Effect.***

Subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtors, and such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is Impaired under the Plan, whether or not such holder has accepted the Plan, and whether or not such holder is entitled to a distribution under the Plan.

10.3 ***Discharge of the Debtors.***

(a) Scope. Except to the extent otherwise provided in the Plan, the rights afforded in the Plan and the treatment of all Claims against, or Equity Interests in, the Debtors under the Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims against, and Equity Interests in, the Debtors of any nature whatsoever, known or unknown, including without limitation, any interest accrued or expenses incurred thereon from and after the Commencement Date, or against their estates, the Reorganized Debtors, or their properties or interests in property. Except as otherwise provided in the Plan, upon the Effective Date, all Claims against, and Equity Interests in, the Debtors shall be satisfied, discharged, and released in full exchange for the consideration, if any, provided under the Plan. Except as otherwise provided in the Plan, all Entities shall be precluded from asserting against the Debtors, the Reorganized Debtors, or their respective properties or interests in property, any other Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

(b) Statutory Injunction. In accordance with section 524 of the Bankruptcy Code, the discharge provided by the Plan and section 1141 of the Bankruptcy Code, among other things, acts as an injunction against the commencement or continuation of any action, employment of process, or an act, to collect, recover or offset the claims discharged upon confirmation of the Plan.

10.4 ***Exculpation.***

The Debtors, the Reorganized Debtors, the Administrative Agent, the lender parties to the Credit Facility, the administrative agent under the DIP Facility, the lender parties to the DIP Facility, Deutsche Bank AG, Merrill Lynch Capital Services, Inc., the members of the Secured Lender Ad Hoc Working Group, and their respective principals, members, partners, officers, directors, employees, agents, managers, representatives, advisors, attorneys, accountants, and professionals shall neither have nor incur any liability to any Entity for any act taken or omitted to be taken in connection with, or arising out of, the Reorganization Cases, the

negotiation, formulation, dissemination, confirmation, consummation, or administration of the Plan, or property to be distributed under the Plan, or any other act or omission in connection with the Reorganization Cases, the Plan, the Disclosure Statement, or any contract, instrument, or other agreement or document related thereto or delivered thereunder, or any act taken or omitted to be taken in connection with the restructuring of the Debtors; provided, however, that the foregoing shall not affect the liability of any Entity that otherwise would result from any such act or omission to the extent that such act or omission is determined by a Final Order to have constituted willful misconduct or gross negligence.

10.5 ***Reservation of Rights.***

The Plan shall have no force or effect unless and until the Effective Date. Prior to the Effective Date, none of the filing of the Plan, any statement or provision contained in the Plan, or action taken by the Debtors with respect to the Plan shall be, or shall be deemed to be, an admission or waiver of any rights of any Debtor or any other party with respect to any Claims or Equity Interests or any other matter.

10.6 ***Plan Supplement.***

The Plan Supplement shall include certain documents relating to the Plan and its consummation and implementation, including the form of the New Warrants, the Restated Charters, the Restated Bylaws, the Amended and Restated Credit Agreement, the Amended and Restated Pledge and Security Agreement, the Nominating Agreements, the Registration Rights Agreement, the Shareholder Rights Plan, the Intercreditor Agreement, the Exit Facility Credit Agreement, the Exit Facility Pledge and Security Agreement, the Austria Contribution Agreement, the Austria Purchase Agreement, the Austria Note, the Germany Assumption Agreement, the Canada Direction Letter Agreement, the U.S. Direction Letter Agreement, a description of the claims, rights, causes of action, suits, and proceedings to be retained by the Reorganized Debtors, and modifications, if any, to Exhibit E to the Plan. The Plan Supplement shall be filed with the Clerk of the Bankruptcy Court on the Commencement Date and may be amended, modified, or supplemented by the Debtors prior to the Confirmation Hearing. Upon its filing with the Bankruptcy Court, the Plan Supplement may be accessed on the docket electronically maintained by the Clerk of the Bankruptcy Court or inspected in the office of the Clerk of the Bankruptcy Court during normal court hours.

SECTION 11. RETENTION OF JURISDICTION

The Bankruptcy Court shall have exclusive jurisdiction over all matters arising in, arising under, and related to, the Reorganization Cases and the Plan pursuant to, and for purposes of sections 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

(a) To hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;

(b) To determine any and all motions, adversary proceedings, applications, contested matters, or other litigated matters pending on the Effective Date;

(c) To ensure that distributions to holders of Allowed Claims and Allowed Equity Interests are accomplished as provided herein;

(d) To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(e) To issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Entity with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

(f) To hear and determine objections to Claims and Equity Interests, including any objections to the classification of any Claim or Equity Interest, and to allow or disallow any Disputed Claim or Disputed Equity Interest, in whole or in part;

(g) To consider any amendments to or modifications of the Plan, or remedy any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(h) To hear and determine all applications of retained professionals under sections 330, 331, and 503(b) of the Bankruptcy Code for allowances of compensation for services rendered and reimbursement of expenses incurred prior to the Confirmation Date;

(i) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Plan Documents, the Confirmation Order, any transactions contemplated thereby, or any agreement, instrument, or other document governing or relating to any of the foregoing;

(j) To hear and determine any issue for which the Plan or a Plan Document requires a Final Order of the Bankruptcy Court;

(k) To issue such orders as may be necessary or appropriate to aid in execution of the Plan or to maintain the integrity of the Plan following consummation, to the extent authorized by section 1142 of the Bankruptcy Code;

(l) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(m) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(n) To hear and determine all disputes involving the existence, scope and nature of the discharges granted under the Plan and the Bankruptcy Code;

(o) To hear and determine all disputes involving or in any manner implicating the exculpation or indemnification provisions contained in the Plan;

(p) To hear and determine any matters arising under or related to section 1145 of the Bankruptcy Code;

(q) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

(r) To recover all assets of the Debtors and property of the Debtors' estates, wherever located; and

(s) To enter a final decree closing the Reorganization Cases.

SECTION 12. MISCELLANEOUS PROVISIONS

12.1 *Payment of Statutory Fees.*

On the Effective Date, and thereafter as may be required, the Debtors shall pay all fees payable pursuant to section 1930 of chapter 123 of title 28 of the United States Code. Notwithstanding Section 5.1 above, the Debtors shall pay all of the foregoing fees on a per-Debtor basis.

12.2 *Dissolution of Statutory Committees and Cessation of Fee and Expense Payment.*

Any statutory committees appointed in the Reorganization Cases shall dissolve on the Effective Date. Provided that all such fees and expenses payable as of the Effective Date have been paid in full, the Reorganized Debtors shall not be responsible for paying any fees and expenses incurred after the Effective Date by the professionals retained by any statutory committees.

12.3 *Substantial Consummation.*

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

12.4 *Expedited Determination of Postpetition Taxes.*

The Reorganized Debtors shall have the right to request an expedited determination of their tax liability, if any, under section 505(b) of the Bankruptcy Code with respect to any tax returns filed, or to be filed, for any and all taxable periods ending after the Commencement Date through the Effective Date.

12.5 *Amendments.*

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, alterations, amendments or modifications of the Plan may be proposed in writing by the Debtors at any time prior to or after the Confirmation Date, but prior to the Effective Date. Holders of Claims that have accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, or modified, if the proposed

alteration, amendment, or modification complies with the requirements of this Section 12.5 and does not materially and adversely change the treatment of the Claim of such holder; provided, however, that any holders of Claims that were deemed to accept the Plan because such Claims were unimpaired shall continue to be deemed to accept the Plan only if, after giving effect to such amendment or modification, such Claims continue to be unimpaired.

12.6 ***Effectuating Documents and Further Transactions.***

Each of the officers of the Reorganized Debtors is authorized, in accordance with his or her authority under the resolutions of the applicable New Board, to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

12.7 ***Additional Intercompany Transactions.***

The Debtors and Reorganized Debtors, as applicable, are hereby authorized without the need for any further corporate action and without further action by the holders of Claims or Equity Interests to (a) engage in intercompany transactions to transfer Cash for distribution pursuant to the Plan and (b) continue to engage in intercompany transactions (subject to applicable contractual limitations, including those in the Exit Facility Credit Agreement and the Amended and Restated Credit Agreement) including, without limitation, transactions relating to the incurrence of intercompany indebtedness.

12.8 ***Revocation or Withdrawal of the Plan.***

The Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date. If the Debtors take such action, the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed to be a waiver or release of any Claims by or against the Debtors or any other Entity or to prejudice in any manner the rights of the Debtors or any Entity in further proceedings involving the Debtors.

12.9 ***Severability.***

If, prior to the entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

12.10 ***Schedules and Exhibits Incorporated.***

All exhibits and schedules to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if fully set forth herein.

12.11 ***Solicitation.***

The Debtors have, and upon the Confirmation Date shall be deemed to have, solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including without limitation, sections 1125(a) and (e) of the Bankruptcy Code, and any applicable nonbankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such solicitation. The Debtors, the Reorganized Debtors, and each of their respective principals, members, partners, officers, directors, employees, agents, managers, representatives, advisors, attorneys, accountants, and professionals shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, and purchase of any securities offered or sold under the Plan, and therefore, are not, and on account of such offer, issuance, sale, solicitation, or purchase shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer, issuance, sale, or purchase of any securities offered or sold under the Plan.

12.12 ***Governing Law.***

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit hereto or a schedule in the Plan Supplement provides otherwise, the rights, duties, and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

12.13 ***Compliance with Tax Requirements.***

In connection with the Plan and all instruments issued in connection herewith and distributed hereunder, any Entity issuing any instruments or making any distribution under the Plan, including any Entity described in Sections 5.2 and 5.4 hereof, shall comply with all applicable withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements. Any Entity issuing any instruments or making any distribution under the Plan to a holder of an Allowed Claim or Allowed Equity Interest has the right, but not the obligation, to not make a distribution until such holder has provided to such Entity the information necessary to comply with any withholding requirements of any such taxing authority, and any required withholdings (determined after taking into account all information provided by such holder pursuant to this Section 12.13) shall reduce the distribution to such holder.

12.14 ***Conflict Between Plan and Disclosure Statement.***

In the event of any conflict between the terms and provisions in the Plan and the terms and provisions in the Disclosure Statement, the terms and provisions of the Plan shall control and govern.

12.15 ***Notices.***

Any notice required or permitted to be provided under the Plan to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided in the Plan, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

(a) if to the Debtors or Reorganized Debtors to:

XERIUM TECHNOLOGIES, INC.
8537 Six Forks Road, Suite 300
Raleigh, NC 27615
Attn: Mr. Stephen R. Light
Telephone: (919) 526-1402
Facsimile: (919) 526-1430
Email: Stephen.Light@xerium.com

with copies to:

CADWALADER, WICKERSHAM & TAFT LLP
One World Financial Center
New York, NY 10281
Attn: John J. Rapisardi, Esq.
Sharon J. Richardson, Esq.
Telephone: (212) 504-6000
Facsimile: (212) 504-6666
Email: john.rapisardi@cwt.com
sharon.richardson@cwt.com

(b) if to the Administrative Agent, to:

Citicorp North America, Inc.
388 Greenwich Street
New York, NY 10013
Attn: Ryan Falconer
Telephone: (212) 816-3130
Facsimile: (866) 535-9445
Email: ryan.falconer@citi.com

with copies to:

CHADBOURNE & PARKE LLP
30 Rockefeller Plaza
New York, NY 10112
Attn: Howard Seife, Esq.
Andrew Rosenblatt, Esq.
Telephone: (212) 408-5100
Facsimile: (212) 541-5369
Email: hseife@chadbourne.com
arosenblatt@chadbourne.com

Dated: March 30, 2010

Respectfully submitted,

Xerium Technologies, Inc.

By: _____
Stephen R. Light
Chairman and Chief Executive Officer

Xerium III (US) Limited
Xerium IV (US) Limited
Xerium V (US) Limited
Huyck Licensco Inc.
Stowe Woodward Licensco LLC
Wangner Itelpa I LLC
Wangner Itelpa II LLC
Xerium Asia, LLC

By: _____
Stephen R. Light
President

Stowe Woodward LLC
Weavexx, LLC
Xerium Canada Inc.

By: _____
Stephen R. Light
President and Chief Executive Officer

Xerium Italia S.p.A.

By: _____
Stephen R. Light
Chairman

XTI LLC

By: _____
David Maffucci
Executive Vice President

Xerium Germany Holding GmbH

By: _____
David Maffucci
Managing Director

Huyck.Wangner Austria GmbH

By: _____

David Pretty
Managing Director

EXHIBIT A

AMENDED AND RESTATED CREDIT FACILITY

The following describes the principal terms of the Amended and Restated Credit Facility.

XERIUM TECHNOLOGIES, INC.

Summary of Terms and Conditions

US$410,000,000 Second Lien Secured Term Loan Facility

The following is a summary (the "Preliminary Term Sheet") of certain material terms of a proposed restructuring of the loans under the Amended and Restated Credit and Guaranty Agreement of Xerium Technologies, Inc. ("Xerium") and certain of its subsidiaries, dated as of May 30, 2008, as amended (the "Prepetition Credit Agreement"). The restructuring of such loans shall be effectuated through a plan of reorganization (the "Plan of Reorganization") to be filed by Xerium with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

1.	***Administrative and Collateral Agent:***	Citicorp North America, Inc. (the "New Term Loan Agent").
2.	***Sole Lead Arranger and Sole Bookrunner:***	Citigroup Global Markets, Inc.
3.	***Lenders:***	The banks and financial institutions party to the Prepetition Credit Agreement and the Prepetition Swap Parties (the "New Term Loan Lenders").
4.	***Prepetition Swap Parties:***	Deutsche Bank AG and Merrill Lynch Capital Services, Inc.
5.	***Borrowers:***	Xerium Technologies, Inc. (the "Company"), XTI LLC ("XTI", and together with the Company, the "U.S. Borrowers"), Xerium Canada, Inc. ("Xerium Canada"), Huyck Wangner Austria GmbH ("Huyck Austria"), Xerium Italia S.p.A. ("Xerium Italia") and Xerium Germany Holding GmbH ("Xerium Germany", and together with Xerium Canada, Huyck Austria and Xerium Italia, the "Non U.S. Borrowers").
6.	***Guarantors:***	The guarantors under the Prepetition Credit Agreement and Robec Brazil LLC (the "Guarantors"). The Guarantors organized under the laws of the United States or any state thereof are referred to as the "U.S. Guarantors", and the Guarantors organized outside the United States are referred to as the "Non U.S. Guarantors."
7.	***Joint and Several Obligations; Limitation on***	The obligations of the Borrowers under the Term Loan Facility and the related loan documents shall be joint and several, provided that none of the Non

Obligations: U.S. Borrowers shall be liable for any of the obligations of any U.S. Borrower.

The obligations of the Guarantors under the loan documents shall be joint and several, provided that none of the Non U.S. Guarantors shall be liable for any of the obligations of any U.S. Guarantor.

Notwithstanding the foregoing, any payments received by the New Term Loan Agent with respect to the Term Loans or the Collateral shall be applied to the payment of the obligations under the loan documents for the ratable benefit of the New Term Loan Lenders.

8. ***Term Loan Facility:*** The Borrowers shall issue to the New Term Loan Lenders term loans (the "Term Loans") in an aggregate amount equal to US$410,000,000.[1] The Term Loans shall be issued by the Borrowers in the following amounts and currencies:

Borrower	Amount[2]	Currency
Xerium	US$225,145,947.36	US Dollars
XTI	US$43,677,549.37	Euros
Xerium Canada	US$46,532,560.48	Canadian Dollars
Huyck Austria	US$24,267,534.91	Euros
Xerium Italia	US$16,957,549.73	Euros
Xerium Germany	US$53,418,858.16	Euros

The Term Loans shall be deemed to have been

[1] The $410 million will represent a pro rata reduction of the existing loans under the Prepetition Credit Agreement.

[2] Based on the applicable "New York Closing" exchange rate published online at http://online.wsj.com for Tuesday, February 23, 2010, to be adjusted at closing based on exchange rates two business days prior to closing.

made to the Borrowers on the Closing Date without any actual funding. Term Loans that are repaid shall not be reborrowed.

9. ***Closing Date:*** The date on which the conditions precedent to the closing of the Term Loan Facility shall have been satisfied or waived.

10. ***Amortization:*** 2% annual amortization, payable on the 15th day of the last month of each calendar quarter, beginning in the first full calendar quarter after the Closing Date.

11. ***Maturity Date:*** Five years following the Closing Date.

12. ***Interest:*** The Term Loans shall bear interest as follows:

(i) in the case of the Term Loans issued by Xerium Canada, at the BA Rate plus the Applicable Margin;

(ii) in the case of the Term Loans issued by Xerium, at the LIBOR Rate plus the Applicable Margin; and

(iii) in the case of the Term Loans issued by XTI, Xerium Italia, Huyck Austria and Xerium Germany, at the Euribor Rate plus the Applicable Margin.

The terms "BA Rate", "LIBOR Rate" and "Euribor Rate" shall have the same meanings as set forth in the Prepetition Credit Agreement except that the BA Rate, the LIBOR Rate and the Euribor Rate shall not be less than 2.00% per annum.

The term "Applicable Margin" means (i) 625 bps if the Leverage Ratio equals or exceeds 2.75:1.00, and (ii) 575 bps if the Leverage Ratio is less than 2.75:1.00.

Interest periods will be 1, 2, 3 or 6 months.

If any Event of Default occurs and is continuing, then the Borrowers will pay interest on the unpaid balance of the outstanding Term Loans at a per annum rate of two percent (2%) greater than the rate

of interest specified above.

13. ***Interest Payments:*** Interest shall be payable in arrears on the last day of each interest period.

14. ***Mandatory Prepayment:*** Mandatory prepayment of the Term Loans shall be made from (i) 100% of the net cash proceeds from asset sales in excess of US$100,000 (with the obligation to mandatorily prepay commencing when such asset sales are greater than US$250,000) made outside the ordinary course of business, less any taxes payable by the Borrowers with respect to such asset sales; provided that with respect to the net cash proceeds from the Australia and Vietnam Assets (as defined in Section 20(h)), only 50% of the net cash proceeds shall be subject to mandatory prepayment, (ii) 100% of insurance and condemnation award payments, less any taxes payable by the Borrowers with respect to such award payments, (iii) cash proceeds from debt issuances, other than permitted debt and permitted refinancing debt and (iv) 50% of excess cash flow, which shall exclude non-cash items and shall include certain working capital adjustments, after the end of each fiscal year, beginning at the end of fiscal year 2011 (payable in 2012), with (in the case of clauses (i), (ii) and (iii)) exceptions, baskets and reinvestment rights to be agreed upon. Mandatory prepayments pursuant to clauses (i), (ii) and (iv) will be shared ratably with the lenders under the First Lien Facility pursuant to the terms of the Intercreditor Agreement. Borrowers will bear all costs related to any mandatory prepayment of Term Loans on a day that is not the last day of an interest period.

15. ***Voluntary Prepayment:*** The Term Loans may be prepaid without penalty, on 3 business days' notice, in minimum amounts and increments to be agreed upon. Borrowers will bear all costs related to the voluntary prepayment of Term Loans prior to the last day of the interest period thereof.

16. ***Security and Second Priority:*** The New Term Loan Agent for and on behalf of the New Term Loan Lenders shall have perfected second priority security interests in and liens upon (i) all existing and after acquired real and personal,

tangible and intangible, property of the U.S. Borrowers and U.S. Guarantors and (ii) the real and personal, tangible and intangible, property of the Non U.S. Borrowers and Non U.S. Guarantors securing the obligations under the Prepetition Credit Agreement (together, the "Collateral").

All amounts owing under the Term Loan Facility and the related loan documents in respect thereof at all times will be subject and subordinate to the liens granted under the Company's US$80,000,000 revolving and term loan credit facility to become effective concurrently with the Term Loan Facility (the "First Lien Facility"), subject to the terms of the Intercreditor Agreement.

17. ***Conditions to Closing:*** The closing of the Term Loan Facility shall be subject to the satisfaction of the conditions customary for a transaction of this type, including:

(a) The Bankruptcy Court shall have entered an order confirming the Company's Plan of Reorganization, which order (i) shall be in form and substance satisfactory to the New Term Loan Agent and (ii) shall be in full force and effect and shall not have been reversed, modified, amended or stayed (or application therefor made).

(b) All fees and other payments required to be made under the Term Loan Agreement or any other written agreement shall have been paid.

(c) No Event of Default and no condition which would constitute an Event of Default with the giving of notice or lapse of time or both shall exist.

(d) Representations and warranties shall be true and correct in all material respects, except where such representation or warranty relates to an earlier date, in which case it shall be true and correct in all material respects as of such earlier date; provided that any representation or warranty that is by its terms qualified by materiality shall be true and correct in all

respects.

(e) Execution and delivery of all loan and collateral documents for the Term Loan Facility and the Intercreditor Agreement, including but not limited to mortgages, ALTA mortgage title insurance policies and evidence of flood insurance with respect to any property located in any flood hazard zone.

(f) The New Term Loan Agent shall have a perfected second priority security interest in the Collateral and all filings and recordings and searches necessary or desirable in connection with such liens and security interest shall have been duly made.

(g) Delivery of legal opinion by counsel to the Borrowers and the Guarantors.

(h) Delivery of customary officers' and secretaries' certificates, incumbency/specimen signature certificates, resolutions and good standing certificates.

(i) All required consents shall have been obtained.

(j) The Company's debtor-in-possession credit facility shall have been repaid in full and commitments thereunder terminated, and all liens and security interests related thereto shall have been terminated and released, unless continued or refinanced pursuant to the terms of the First Lien Facility.

(k) The New Term Loan Agent shall have received reasonably satisfactory evidence that the conditions to effectiveness under the First Lien Facility shall have been satisfied or waived in accordance with the terms thereof.

(l) Issuance of common stock of the Company to the lenders under the Prepetition Credit Agreement and to the Prepetition Swap Parties as contemplated by the Company's Plan of Reorganization.

(m) The agent under the Prepetition Credit

Agreement (on behalf of the lenders thereunder) and the Prepetition Swap Parties shall have received the cash payment contemplated by the Company's Plan of Reorganization.

(n) The collateral agent for the First Lien Facility, as bailee for the New Term Loan Agent and other parties, shall have received the certificates representing the shares of capital stock pledged pursuant to the security documents, together with undated stock powers (or the equivalent) for each such certificate executed by the applicable Borrower or Guarantor.

(o) The New Term Loan Agent shall have received a detailed consolidated budget and business plan of the Company and its subsidiaries through fiscal year 2015 (including a projected consolidated balance sheet and related statements of projected operations and cash flow as of the end of fiscal year 2015), in form and substance acceptable to the New Term Loan Agent.

(p) The Company's US$80,000,000 First Lien Facility shall have become effective.

18. ***Representations and Warranties:*** The Term Loan Agreement will contain representations and warranties that are customary for a transaction of this type and shall be based on the representations and warranties set forth in the Prepetition Credit Agreement (subject to materiality qualifiers and exceptions in the Prepetition Credit Agreement, as well as matters disclosed in SEC filings and the Disclosure Statement), including:

(a) Confirmation of corporate status and authority of the Company and its subsidiaries.

(b) Capital stock of each of the Company and its subsidiaries has been duly authorized and validly issued and is fully paid and non-assessable.

(c) Due authorization, execution and delivery of

the loan documents.

(d) Execution, delivery, and performance by the Borrowers and Guarantors of the loan documents do not conflict with law, existing agreements or organization documents except where such conflict would not reasonably be expected to result in a Material Adverse Effect.

(e) No governmental or regulatory approvals required.

(f) Legality, validity, binding effect and enforceability of the loan documents.

(g) Accuracy of information and financial statements.

(h) Projections based on good faith estimates.

(i) No occurrence of any event, matter or circumstance since the petition date: (a) which is materially adverse to the: (i) business, assets or financial condition of Company and its subsidiaries taken as a whole; or (ii) ability of any Borrower or any Guarantor to perform any of its obligations in accordance with their terms under any of the loan documents; or (b) which in the reasonable opinion of the Requisite Lenders results in any (i) loan document not being legal, valid and binding on and, subject to reservations contained in the legal opinions provided as conditions precedent thereto, enforceable against any party thereto, from and after the Effective Date of the Plan of Reorganization, and/or (ii) collateral document not being a valid and effective security interest, from and after the Effective Date of the Plan of Reorganization, and in the case of (b), in each case in a manner or to an extent materially prejudicial to the interest of any New Term Loan Lenders under the loan documents ("Material Adverse Effect").

(j) Payment of taxes by the Company and its subsidiaries, except those taxes being contested

in good faith by appropriate proceedings promptly instituted and diligently conducted and for which an adequate reserve has been made in accordance with GAAP.

(k) Good, sufficient and legal title to properties owned by the Company or its subsidiaries.

(l) Environmental compliance by the Company and its subsidiaries, except where non-compliance would not reasonably be expected to result in a Material Adverse Effect.

(m) No defaults by the Company or its subsidiaries in any contractual obligations except where such default would not reasonably be expected to result in a Material Adverse Effect and except as contemplated by the Plan of Reorganization.

(n) List of material contracts in effect on the Closing Date is true, correct and complete.

(o) Neither the Company nor any of its subsidiaries is an investment company.

(p) Neither the Company nor any of its subsidiaries is engaged in the business of extending credit for the purpose of purchasing or carrying any margin stock and no part of the proceeds of the Term Loans made will be used to purchase or carry any such margin stock.

(q) No unfair labor practices by the Company or its subsidiaries and other employment law non-compliance matters that could reasonably be expected to result in a Material Adverse Effect.

(r) Compliance by the Company and its subsidiaries with employee benefit plans, except where non-compliance would not reasonably be expected to result in a Material Adverse Effect.

(s) No broker's or finder's fee or commission will be payable in connection with the transactions contemplated by the loan documents.

(t) Borrowers and Guarantors are solvent.

(u) Full and accurate disclosure by Borrowers and Guarantors.

(v) Compliance with laws, except where non-compliance would not reasonably be expected to result in a Material Adverse Effect.

19. ***Affirmative Covenants:*** The Term Loan Agreement will contain affirmative covenants that are customary for a transaction of this type and shall be based on the affirmative covenants set forth in the Prepetition Credit Agreement, including:

(a) The Company to deliver to the New Term Loan Agent the following: (i) audited annual financial statements within 90 days after the end of each fiscal year; (ii) unaudited quarterly financial statements within 45 days after the end of each fiscal quarter; (iii) detailed consolidated budget and business plan of the Company and its subsidiaries through fiscal year 2015 (including a projected consolidated balance sheet and related statements of projected operations and cash flow as of the end of fiscal year 2015) on or before April 1 of each fiscal year; (iv) compliance certificates; (v) notices of default; (vi) notices of litigation; (vii) notices of ERISA events; (viii) annual collateral verification reports; and (ix) other information.

(b) The Company to file all reports and other documents with the Securities and Exchange Commission required under the Securities Exchange Act.

(c) Each Borrower, each Guarantor and their respective subsidiaries to preserve and maintain in full force and effect its corporate existence and all rights and franchises, licenses and permits material to its business, except where its board of directors determines that such preservation is no longer desirable in the conduct of its business and the loss is not disadvantageous in any material respect to it or

the New Term Loan Lenders.

(d) Each Borrower, each Guarantor and their respective subsidiaries to pay all material taxes, except those taxes which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which an adequate reserve has been made in accordance with GAAP.

(e) Each Borrower, each Guarantor and their respective subsidiaries to maintain in good repair, working order and condition, ordinary wear and tear excepted, all material properties used or useful in the business of the Company and its subsidiaries and make all appropriate repairs, renewals and replacements thereof, except where failure to do so would not reasonably be expected to have a Material Adverse Effect.

(f) The Company will maintain or cause to be maintained, with financially sound and reputable insurers, such public liability insurance, third party property damage insurance, business interruption insurance and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of the Company and its subsidiaries as may customarily be carried or maintained under similar circumstances by persons of established reputation engaged in similar businesses, in each case in such amounts, with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for such persons.

(g) Each Borrower, each Guarantor and their respective subsidiaries to maintain accurate books and records and, as reasonably requested and with reasonable notice, permit visitation and inspection by the New Term Loan Agent representatives.

(h) Each Borrower, each Guarantor and their respective subsidiaries to comply in all

material respects, with the requirements of all applicable laws, rules, regulations and orders of any governmental authority (including all environmental laws), except where failure to do so would not reasonably be expected to have a Material Adverse Effect.

(i) The Company to deliver to the New Term Loan Agent environmental reports and disclosures.

(j) Each Borrower to cause any person that becomes a material subsidiary to become a Guarantor and a grantor under the applicable collateral documents.

(k) Each Borrower, each Guarantor and their respective subsidiaries, upon acquisition of a material real estate asset, to take all actions to create in favor of New Term Loan Agent a valid and perfected second priority security interest.

(l) Each Borrower and Guarantors to take all actions the New Term Loan Agent may reasonably request in order to effect fully the purposes of the loan and collateral documents.

(m) Each Borrower and each of its subsidiaries will continue to own or possess the right to use, free from any restrictions, all patents, trademarks, copyrights, and domain names that are used in the operation of their respective businesses as presently conducted and as proposed to be conducted, except to the extent the failure to so own or possess would not reasonably be expected to have a Material Adverse Effect.

(n) Each Borrower and each Guarantor to supply to the New Term Loan Agent or any New Term Loan Lender documents and evidence reasonably requested and necessary to comply with "know your customer" or other similar checks.

(o) Each Borrower, each Guarantor and their

respective subsidiaries to ensure that its payment obligations under each of the loan and collateral documents rank and will at all times rank junior only to the obligations under the First Lien Facility in accordance with the terms of the Intercreditor Agreement and Permitted Liens (as defined in the Prepetition Credit Agreement) and will at all times rank at least pari passu to the obligations of all other present and future secured and unsubordinated indebtedness, other than obligations under the First Lien Facility.

(p) If the audit opinion delivered with the audited consolidated financial statements of the Company and its subsidiaries for the fiscal year 2009 contains a going concern qualification, the Company will use its commercially reasonable efforts to cause its auditors to deliver a revised opinion withdrawing the going concern qualification.

20. ***Negative Covenants:*** The Term Loan Agreement will contain negative covenants that are customary for a transaction of this type and shall be based on the negative covenants set forth in the Prepetition Credit Agreement, including:

(a) No incurrence of indebtedness by any Borrower or any Guarantor or any of their subsidiaries, other than:

1. the obligations under the Term Loan Agreement and the related loan and collateral documents (the "Obligations");

2. indebtedness of any subsidiary to any Borrower or to any other subsidiary, or of any Borrower to any subsidiary; provided, (i) all such indebtedness shall be evidenced by promissory notes and all such notes shall be subject to a lien pursuant to the collateral documents, (ii) all such indebtedness shall be unsecured and subordinated in right of payment to the payment in full of the Obligations pursuant to the terms of the applicable

promissory notes or an intercompany subordination agreement that in any such case, is reasonably satisfactory to the New Term Loan Agent, and (iii) any payment by any such subsidiary under any guaranty of the Obligations shall result in a pro tanto reduction of the amount of any indebtedness owed by such subsidiary to the Company or to any of its subsidiaries for whose benefit such payment is made;

3. senior or subordinated unsecured debt; provided, that (i) no default or event of default is continuing under the Term Loan Agreement or would result from such issuance, (ii) each Borrower is in compliance (and certifies as to such compliance) with the financial covenants on a pro forma basis after giving effect to the such issuance, (iii) the proceeds of such issuance are applied in accordance with the mandatory prepayment provisions of the Term Loan Agreement, (iv) such debt shall have a maturity of not earlier than six months after the Maturity Date, and (v) the documentation relating to such subordinated debt shall not contain any covenant or event of default that is either (x) not substantially provided for in the Term Loan Agreement or (y) more favorable to the holder of such subordinated debt than the comparable covenant or event of default set forth in the Term Loan Agreement, and, in the case of any subordinated debt, shall contain customary subordination provisions pursuant to which such debt is subordinated to the prior payment in full of the obligations under the Term Loan Agreement;

4. indebtedness incurred by the Company or any of its subsidiaries arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guaranties or letters of credit, surety bonds or performance

bonds securing the performance of each Borrower or any such subsidiary pursuant to such agreements, in connection with certain permitted acquisitions or permitted dispositions of any business, assets or subsidiary of the Company or any of its subsidiaries;

5. indebtedness which may be deemed to exist pursuant to any guaranties, performance, surety, statutory, appeal or similar obligations incurred in the ordinary course of business;

6. indebtedness in respect of netting services, overdraft protections and otherwise in connection with deposit accounts;

7. guaranties in the ordinary course of business of obligations to suppliers, customers, franchisees and licensees of the Company and its subsidiaries;

8. guaranties or the provision of other credit support by a Borrower of indebtedness of a subsidiary or guaranties or the provision of other credit support by a subsidiary of a Borrower of indebtedness of a Borrower or a subsidiary with respect, in each case, to indebtedness otherwise permitted to be incurred pursuant to the lien covenant section below;

9. existing disclosed indebtedness, but not any extensions, renewals or replacements of such indebtedness except (i) renewals and extensions expressly provided for in the agreements evidencing any such indebtedness as the same are in effect on the Closing Date and (ii) refinancings and extensions of any such indebtedness if the terms and conditions thereof are not materially less favorable to the obligor thereon or to the New Term Loan Lenders than the indebtedness being refinanced or extended, and the average life to maturity

thereof is greater than or equal to that of the indebtedness being refinanced or extended; provided, such indebtedness permitted under the immediately preceding clause (i) or (ii) above shall not (A) include indebtedness of an obligor that was not an obligor with respect to the indebtedness being extended, renewed or refinanced, (B) exceed in a principal amount the indebtedness being renewed, extended or refinanced or (C) be incurred, created or assumed if any default or event of default under the Term Loan Agreement has occurred and is continuing or would result therefrom;

10. indebtedness with respect to capital leases or purchase money indebtedness in an amount not to exceed at any time US$25 million in the aggregate (including any indebtedness acquired in connection with certain permitted acquisitions); provided, any such purchase money indebtedness shall be secured only to the asset(s) acquired in connection with the incurrence of such indebtedness;

11. other indebtedness of the Company and its subsidiaries in an aggregate amount not to exceed at any time US$25 million;

12. indebtedness under certain factoring agreements;

13. unsecured working capital facilities of any subsidiary in respect of which a letter of credit in an amount equal to the maximum principal amount of such facilities has been issued under the First Lien Facility;

14. hedging obligations entered into for the purpose of hedging risks associated with the operations of the Company and its subsidiaries;

15. the obligations under the First Lien

Facility;

16. any replacement, renewal or refinancing of and debt described in 3, 10, 11 and 15 ("Permitted Refinancing Indebtedness") that (i) does not exceed the aggregate principal amount of the debt being replaced, renewed or refinanced, (ii) does not have a maturity date earlier than the debt being replaced renewed or refinanced, (iii) does not rank at the time of such replacement, renewal or refinancing senior to the debt being replaced, renewed or refinanced and (iv) the documentation relating to such debt shall not contain any covenant or event of default that is either (x) not substantially provided for in the Term Loan Agreement or (y) more favorable to the holder of such debt than the comparable covenant or event of default set forth in the Term Loan Agreement; and

17. scheduled indebtedness existing on the Closing Date.

(b) No liens on any property or assets of the Company or its subsidiaries, other than:

1. liens in favor of New Term Loan Agent for the benefit of New Term Loan Lenders granted pursuant to any security document;

2. liens for taxes not then due or if due obligations with respect to such taxes that are not at such time required to be paid pursuant to the payment of taxes covenant or which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which an adequate reserve has been made in accordance with GAAP;

3. statutory liens of landlords, banks (and rights of set off), of carriers, warehousemen, mechanics, repairmen,

workmen and materialmen, and other liens imposed by law, in each case incurred in the ordinary course of business (i) for amounts not yet overdue or (ii) for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of 15 days) are being contested in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made for any such contested amounts;

4. liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money or other indebtedness), so long as no foreclosure, sale or similar proceedings have been commenced with respect to any portion of the Collateral on account thereof;

5. easements, rights of way, restrictions, encroachments, and other minor defects or irregularities in title, in each case which do not and will not interfere in any material respect with the ordinary conduct of the business of the Company or any of its subsidiaries;

6. any (i) interest or title of a lessor or sublessor under any lease of real estate permitted under the Term Loan Agreement, (ii) restriction or encumbrance that the interest or title of such lessor or sublessor may be subject to, or (iii) subordination of the interest of the lessee or sublessee under such lease to any restriction or encumbrance referred to

in the preceding clause (ii), so long as the holder of such restriction or encumbrance agrees to recognize the rights of such lessee or sublessee under such lease;

7. liens solely on any cash earnest money deposits made by the Company or any of its subsidiaries in connection with any letter of intent or purchase agreement permitted under the Term Loan Agreement;

8. purported liens evidenced by the filing of precautionary UCC financing statements or, for property located in foreign jurisdictions, the preparation and/or filing of functionally similar documents, relating solely to operating leases of personal property entered into in the ordinary course of business;

9. liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

10. any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property;

11. (i) licenses of patents, trademarks and other intellectual property rights granted by the Company or any of its subsidiaries in the ordinary course of business and not interfering in any material respect with the ordinary conduct of the business of the Company or such subsidiary and (ii) leases or subleases granted by Company of any of its subsidiaries to third parties in respect of surplus property which is not fundamental to the operation of the business in the ordinary course of business; provided that such leases and subleases are on arms-length commercial terms and are otherwise satisfactory to the

New Term Loan Agent;

12. liens described on a title report delivered in connection with any real property securing the obligations under the Term Loan Agreement;

13. liens securing indebtedness permitted pursuant to clauses 10. and 11. of the debt covenant above; provided, any such lien shall encumber only the asset acquired with the proceeds of such indebtedness;

14. liens granted by entities acquired pursuant to the asset sale covenant prior to their acquisition and not in contemplation of such acquisition and which are discharged within three months of the date of acquisition and in relation to which the secured amount is not increased in contemplation of or after the date of the relevant acquisition;

15. liens in favor of the collateral agent under the security documents relating to the First Lien Facility;

16. liens securing Permitted Refinancing Indebtedness, provided that any such lien shall encumber only the assets that secure the debt being replaced, renewed or refinanced by such Permitted Refinancing Indebtedness;

17. scheduled liens outstanding on the Closing Date and replacements thereof so long as the replacement liens encumber only the assets subject to the liens being replaced; and

18. a general lien basket of US$15 million so long as the assets subject to such lien are located outside the United States and are not included in the Collateral, of which US$5 million of such general lien basket may apply to assets subject to such lien that are located in the United States and

are not included in the Collateral.

(c) If any Borrower or any of its subsidiaries creates any lien upon any of its properties or assets, other than Permitted Liens, it shall make provisions whereby the obligations under the Term Loan Agreement will be secured by such lien equally and ratably.

(d) No further negative pledges by any Borrower, any Guarantor or their subsidiaries, other than:

1. specific property encumbered to secure payment of particular indebtedness or to be sold pursuant to an executed agreement with respect to a permitted asset sale;

2. restrictions contained in any documents evidencing subordinated debt; provided, that in respect of subordinated debt such restrictions do not restrict the ability to grant security interests under the Term Loan Agreement or any agreement that refinances the obligations under the Term Loan Agreement;

3. restrictions by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses and similar agreements entered into in the ordinary course of business (provided that such restrictions are limited to the property or assets secured by such liens or the property or assets subject to such leases, licenses or similar agreements, as the case may be);

4. liens permitted to be incurred under lien and debt covenants in the Term Loan Agreement and restrictions in the agreements relating thereto that limit the right of any Borrower or any Guarantor to dispose of or transfer the assets subject to such liens;

5. provisions limiting the disposition or distribution of assets or property under

sale-leaseback agreements, stock sale agreements and other similar agreements, which limitation is applicable only to the assets that are the subject of such agreements;

6. any encumbrance or restriction in connection with an acquisition of property, so long as such encumbrance or restriction relates solely to the property so acquired and was not created in connection with or in anticipation of such acquisition; and

7. restrictions imposed by customary provisions in partnership agreements, limited liability company organizational governance documents, joint venture agreements and other similar agreements that restrict the transfer of ownership interest in such partnership, limited liability company, joint venture or similar person.

(e) No restricted junior payments (e.g., dividends and payments of subordinated debt) except distributions from a subsidiary to its shareholders, provided that such payments are made to all its shareholders proportionately, and so long as no default exists, the Company can repurchase or redeem common stock up to US$7 million per year for the purpose of repurchases of common stock from departing executives or satisfying the purchase price of equity awards under, or paying withholding taxes with respect to vested equity compensation programs.

(f) Limited restrictions on subsidiary ability to make distributions.

(g) No investments in any person (including joint ventures) by any Borrower, any Guarantor or their subsidiaries, other than:

1. investments in cash and cash equivalents;

2. equity investments and loans as of the Closing Date in or to any subsidiary and equity investments and loans made after the Closing Date in or to any subsidiary of any Borrower;

3. investments (i) in any securities received in satisfaction or partial satisfaction of obligations of financially troubled account debtors and (ii) deposits, prepayments and other credits to suppliers made in the Company's and its subsidiaries' ordinary course of business;

4. intercompany loans and guaranties to the extent permitted by the provisions of the indebtedness covenant above;

5. capital expenditures permitted under the financial covenants below;

6. loans and advances to employees of the Company and its subsidiaries made in the ordinary course of business in an aggregate principal amount not to exceed US$1 million in the aggregate;

7. investments made in connection with certain permitted acquisitions, provided that equity of the Company may be used as consideration in connection with permitted acquisitions so long as the Company is in compliance, on a pro forma basis, with the financial covenants;

8. investments received in lieu of cash in connection with certain permitted asset sales;

9. existing disclosed investments; and

10. other investments in an aggregate amount not to exceed at any time US$20 million.

(h) No mergers, consolidations, acquisitions, sales, leases of all or part of Company's or any of its subsidiaries' assets or property other than:

1. purchases or acquisitions of inventory, materials and equipment and cap-ex in the ordinary course of business;

2. any subsidiary of the Company may be merged with or into a Borrower or any other subsidiary, or be liquidated, wound up or dissolved, or all or any part of its business, property or assets may be conveyed, sold, leased, transferred or otherwise disposed of, to a Borrower or any other subsidiary, provided that in the case of a merger involving a Borrower or a Guarantor merging with a non-Guarantor, such Borrower or Guarantor shall be the surviving entity;

3. sales or dispositions of inventory in the ordinary course of business and sales of other assets for gross consideration of less than US$250,000 with respect to any transaction or series of related transactions;

4. asset sales, the proceeds of which when aggregated with proceeds of all other asset sales in the same fiscal year are less than US$25 million; provided that (x) such amount shall exclude proceeds of the sale of assets of Huyck Wangner Australia Pty Limited and Huyck Wangner Vietnam Co Ltd (the "Australian and Vietnam Assets") and (y) the net cash proceeds will be subject to the mandatory prepayment provisions set forth in Section 14 above; provided further that up to US$3 million of such proceeds may be reinvested within 360 days of receipt;

5. disposals of obsolete, worn out or surplus property;

6. permitted acquisitions so long as the amount does not exceed US$10 million;

7. investments permitted under the Term

Loan Agreement.

(i) No sales by any Borrower, any Guarantor or their subsidiaries of interests in the capital stock of any of the subsidiaries, unless permitted by the Term Loan Agreement.

(j) No sales and lease backs by any Borrower, any Guarantor or their subsidiaries, unless permitted by the Term Loan Agreement.

(k) No transactions by any Borrower, any Guarantor or their subsidiaries with shareholders owning more than 5% of any class of stock of the Company or any of its subsidiaries and affiliates on terms less favorable to such Borrower or Guarantor, other than (a) any transaction between the Company or any of its subsidiaries and the Company and its subsidiaries; (b) compensation arrangements for directors, officers and other employees of Company and its subsidiaries entered into in the ordinary course of business, including indemnification arrangements, equity compensation and stock ownership plans; and (c) certain other permitted transactions agreed upon.

(l) No engaging by any Borrower, any Guarantor or their subsidiaries in business other than businesses engaged in by such Borrower and the Guarantors on the Closing Date or other similar or related businesses.

(m) No amendments or modifications by any Borrower, any Guarantor or their subsidiaries of any organizational documents that would be materially adverse to the New Term Loan Lenders.

(n) No amendments or waivers by any Borrower, any Guarantor or their subsidiaries with respect to certain terms of subordinated debt or amendments that would be adverse to the New Term Loan Lenders.

(o) No change by any Borrower, any Guarantor or

their subsidiaries in its fiscal year end from December 31.

21. ***Financial Covenants:***

(a) Interest Coverage Ratio measured quarterly for a rolling 12 month period at levels to be agreed upon.

(b) Leverage Ratio measured quarterly for a rolling 12 month period at levels to be agreed upon.

(c) Maximum Capital Expenditures each year in amounts to be agreed upon.

22. ***Events of Default:***

The Term Loan Agreement will contain Events of Default that are customary for a transaction of this type and shall be based on the events of default in the Prepetition Credit Agreement, including:

(a) Failure by any Borrower to pay principal when due and failure to pay interest, fees and other amounts within 3 business days of when due.

(b) Cross-default to payment defaults beyond applicable grace periods by any Borrower, any Guarantor or any of their subsidiaries on principal aggregating US$5 million, or to other events if the effect is to accelerate or permit acceleration of such debt.

(c) Failure by any Borrower or any Guarantor to comply with any negative covenant, any financial covenant or the use of proceeds covenant.

(d) Any representations or warranty made by any Borrower or any Guarantor shall be false in any material respect as of the date made or deemed made.

(e) Failure by any Borrower or any Guarantor to comply with other covenants in Term Loan Agreement or other loan or collateral documents and such failure continues unremedied for a period of 20 business days following receipt of notice by an officer of the Company or actual knowledge of such failure

by any such Borrower or Guarantor.

(f) Involuntary bankruptcy, liquidation, or the appointment of a receiver or similar official or institution of any such proceeding in respect of the Company or any of its subsidiaries if not dismissed within 60 days.

(g) Voluntary bankruptcy, liquidation, or the appointment of a receiver or similar official or institution of any such proceeding in respect of the Company or any of its subsidiaries, other than any Case(s) not closed as of the Closing Date.

(h) Failure to pay by the Company or any of its subsidiaries of a final judgment or court order if not stayed within 60 days in excess of US$5 million.

(i) Any order, judgment or decree shall be entered against any Borrower or any Guarantor decreeing the dissolution or split up of such Borrower or Guarantor and such order shall remain undischarged or unstayed for a period in excess of 30 days.

(j) Occurrence of an ERISA event which would reasonably be expected to result in liability of the Company or any of its subsidiaries in excess of US$5 million.

(k) Occurrence of a change of control of the Company, other than pursuant to the Plan of Reorganization.

(l) Any collateral document ceases to be in full force and effect other than in accordance with its terms or shall be declared null and void or the New Term Loan Agent shall not have or shall cease to have a valid and perfected lien in any Collateral purported to be covered by such collateral document with the priority required by such collateral document.

(m) Occurrence of any Material Adverse Effect.

23.	***Remedies Upon Event of Default:***	Upon the occurrence of an Event of Default under paragraphs (f), (g) or (k) above, automatically, and upon the occurrence of any other Event of Default, at the request of the Requisite Lenders, the principal of and all accrued interest and fees and all other amounts owed to the New Term Loan Agent and the New Term Loan Lenders under the Term Loan Agreement shall be immediately due and payable, and the New Term Loan Agent and the New Term Loan Lenders shall have the rights and remedies provided in the Term Loan Agreement and the collateral documents, subject to the terms of the Intercreditor Agreement.
24.	***CAM Exchange:***	On the date on which an Event of Default under paragraphs (f) and (g) above (bankruptcy) occurs, the New Term Loan Lenders shall automatically be deemed to have exchanged interest in all obligations of the Borrowers under the Term Loan Agreement such that each New Term Loan Lender shall own a pro rata interest in all of the Term Loans.
25.	***Assignments and Participations:***	Each New Term Loan Lender may sell or assign all or any portion of its Term Loans with notice to the New Term Loan Agent and to the Company. Each New Term Loan Lender may grant participations in all or any of its Term Loans without the prior consent of any Borrower.
26.	***Voting:***	Amendments, modifications, terminations and waivers of any provision of the Term Loan Agreement or any related document will require the approval of Requisite Lenders (as defined below), except that in certain circumstances the consent of a greater percentage of the outstanding Term Loans may be required.
27.	***Requisite Lenders:***	New Term Loan Lenders holding at least a majority of the outstanding Term Loans.
28.	***Intercreditor Agreement:***	The New Term Loan Agent and the collateral agent for the First Lien Facility shall enter into an intercreditor agreement setting forth the lien and payment priorities with respect to the obligations under the Term Loan Agreement and the First Lien Facility.

29.	***Term Loan Agreement and Other Terms:***	The Term Loan Agreement shall be an amendment and restatement of the Prepetition Credit Agreement effectuated through the Plan of Reorganization and will provide additional terms that are usual and customary for a transaction of this type.
30.	***Expenses:***	The Borrowers shall reimburse the New Term Loan Agent for all fees, expenses and disbursements, including reasonable fees, expenses and disbursements of counsel to the New Term Loan Agent, incurred in connection with the transaction, including, without limitation, related preparation, negotiation, execution and administration of the definitive documentation and ongoing expenses related to the Term Loan Facility. After the occurrence of a Default or and Event of Default, Borrowers shall reimburse the New Term Loan Agent and the New Term Loan Lenders for all costs and expenses and costs of settlement incurred in enforcing any Obligation or in collecting any payments due or in connection with any refinancing and restructuring of the credit arrangements.
31.	***Indemnification:***	The Borrowers and the Guarantors shall indemnify the New Term Loan Agent and New Term Loan Lenders and their respective affiliates, officers, partners, directors trustees, investment advisors, employees and agents for any liability, obligation, loss, damage, claim, costs, expense and disbursement (including reasonable fees and disbursements of counsel to the indemnitees) arising out of (i) the Term Loan Agreement and the related loan documents and the transactions contemplated under the Term Loan Facility, the use or proposed use of proceeds of the term loans or any enforcement of the Term Loan Agreement or any related loan documents or (ii) any environmental claims or hazardous materials activity arising from activity of the Company and its subsidiaries, provided that such indemnification obligation does not extend to any damages or liabilities arising from gross negligence or willful misconduct.
32.	***Yield Protection and Taxes:***	The Term Loan Agreement and the related documents will contain yield protection provisions and tax gross-up provisions that are customary and based on the yield protection and tax gross-up

provisions set forth in the Prepetition Credit Agreement.

33. ***Governing Law:*** The Term Loan Facility and all documentation in connection with the Term Loan Facility (other than the applicable security documents) shall be governed by the laws of the State of New York.

EXHIBIT B

COMMITMENT LETTER

EXECUTION VERSION

CITIGROUP GLOBAL MARKETS INC.
390 GREENWICH STREET
NEW YORK, NEW YORK 10013

February 26, 2010

Xerium Technologies, Inc.
8537 Six Forks Road, Suite 300
Raleigh, NC 27615
Attention: Mr. Stephen Light
Chief Executive Officer

US$80,000,000 Senior Secured Superpriority Priming DIP Financing Facility and
US$80,000,000 First Lien Exit Facility
or
US$80,000,000 First Lien Out of Court Restructuring Facility
COMMITMENT LETTER

Ladies and Gentlemen:

You have advised us that Xerium Technologies, Inc. (the "**Company**"), which may become a debtor-in-possession in cases (the "**Cases**") under Chapter 11 of Title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware (the "**Court**"), desires to establish (i) a US$80 million senior secured superpriority priming debtor-in-possession facility (the "**DIP Facility**") comprised of (A) a US$20 million senior secured superpriority priming debtor-in-possession revolving loan facility and (B) a US$60 million senior secured superpriority priming debtor-in-possession term loan facility, which will convert, upon confirmation of the Prepackaged Plan of Reorganization (the "**Plan of Reorganization**") in the Cases into (ii) a US$80 million first lien secured exit facility (the "**Exit Facility**", and together with the DIP Facility, the "**Facilities**") comprised of (A) a US$20 million first lien secured exit revolving loan facility, and (B) a US$60 million first lien secured exit term loan facility. The proceeds of the DIP Facility will be used by the Company solely to (i) pay related transaction costs, fees and expenses associated with the DIP Facility, (ii) fund working capital and general corporate purposes of the DIP Borrower and its subsidiaries during the pendency of the Cases, (iii) make adequate protection payments and (iv) fund costs, fees and expenses incurred in connection with the administration and prosecution of the Cases. The proceeds of the Exit Facility will be used by the Company and certain of its subsidiaries solely to (i) pay fees and expenses associated with the Exit Facility, (ii) fund working capital and general corporate purposes of the Company and certain of its subsidiaries, (iii) refinance the DIP Facility in accordance with the terms set forth in Annex I and (iv) fund costs, fees and expenses incurred in connection with the consummation of the Plan of Reorganization in accordance with the attached Annex I.

Subject to the terms and conditions of this commitment letter and the attached Annex I (collectively, and together with the Fee Letter referred to below, this "**Commitment Letter**", as amended and modified from time to time), Citigroup Global Markets Inc. ("**CGMI**"), on behalf of Citi (as defined below), is pleased to inform the Company of Citi's commitment to provide the Company the entire amount of the Facilities and to act as administrative agent and collateral agent for the Facilities. However, if the Company obtains unanimous approval by April 12, 2010 from (i) the lenders under the Prepetition Credit Agreement (as defined in Annex I), (ii) Deutsche Bank AG and Merrill Lynch Capital Services, Inc. as swap counterparties in the interest rate swap agreements with the Company or certain of

its subsidiaries, which agreements were terminated in December 2009 and January 2010, respectively, and (iii) Apax WW Nominees Ltd. and Apax-Xerium APIA LP for an out of court restructuring of its debt and equity (the "**Out of Court Restructuring Approval**"), Citi (as defined below) agrees that it will instead provide (A) a US$20 million first lien secured revolving loan facility and (B) a US$60 million first lien secured term loan facility (the "**Out of Court Restructuring Facility**") on terms set forth in Part II of Annex I, with adjustments to such terms to take into account that the Out of Court Restructuring Facility is not a debtor-in-possession facility and not an exit facility and references to "Facilities" in this Commitment Letter shall mean the Out of Court Restructuring Facility. If the Out of Court Restructuring Facility is provided, the aggregate amount of the upfront fees listed in the attached Annex I that would have been due on the DIP Closing Date and the Exit Closing Date will instead be due and payable on the closing date of the Out of Court Restructuring Facility. The proceeds of the Out of Court Restructuring Facility will be used by the Company and certain of its subsidiaries solely to (i) pay fees and expenses associated with the Out of Court Restructuring Facility, (ii) fund working capital and general corporate purposes of the Company and certain of its subsidiaries and (iii) fund costs, fees and expenses incurred in connection with the consummation of the Company's out of court restructuring. For purposes of this Commitment Letter, "**Citi**" means CGMI, Citibank, N.A., Citicorp USA, Inc., Citicorp North America, Inc. and/or any of their affiliates as may be appropriate to consummate the transactions contemplated hereby.

Section 1. Conditions Precedent. Citi's commitment and other obligations hereunder are subject to: (i) the preparation, execution and delivery of mutually acceptable loan documentation, including without limitation, a credit agreement, security agreements, guaranties and other agreements, incorporating substantially the terms and conditions outlined in this Commitment Letter and otherwise satisfactory to Citi (the "**Operative Documents**"); (ii) in the judgment of CGMI, the absence of any material adverse change in the business, condition (financial or otherwise), operations or prospects of the Company and its subsidiaries, taken as a whole, since September 30, 2009 other than (x) the matters described in the Company's quarterly report on Form 10-Q for the quarterly period ended September 30,2009 filed with the Securities and Exchange Commission and any Form 8-K filed with the Securities and Exchange Commission prior to the date hereof, (y) commencement of the Cases and (z) the occurrence or continuation of circumstances that give rise or would reasonably be expected to give rise to the filing of the Cases, so long as Citi has been made aware as of the date hereof of all such circumstances, (iii) the accuracy and completeness of all representations that the Company makes to Citi and all information that the Company furnishes to Citi; (iv) the Company's compliance with the terms of this Commitment Letter, including without limitation, the payment in full of all fees, expenses and other amounts payable under this Commitment Letter; (v) the satisfaction of the other conditions precedent to the closing of the Facilities contained in Annex I, (vi) Citi not discovering or otherwise becoming aware of any information not previously disclosed to it that it believes to be materially inconsistent with its understanding, based on the information provided to it prior to the date hereof, of the business, condition (financial or otherwise), operations or prospects of the Company and its subsidiaries taken as a whole and (vii) Citi shall have been afforded an opportunity to syndicate the Facilities for a period of a minimum of four weeks, commencing from the date of execution of this Commitment Letter by the Company.

Section 2. Commitment Termination. Citi's commitment and other obligations set forth in this Commitment Letter will terminate on the earlier of (I) the date the Operative Documents become effective, and (II) April 12, 2010 for the DIP Facility and the Exit Facility commitment, or if the Company obtains the Out of Court Approval, April 30, 2010 for the Out of Court Restructuring Facility commitment (the "**Citi Commitment Termination Date**"). Before such date, Citi may terminate its commitment and other obligations hereunder if any event occurs or information becomes available that, in its judgment, results in, or is likely to result in, the failure to satisfy any condition set forth in Section 1. Notwithstanding the

foregoing, the termination of Citi's commitment and other obligations hereunder will not affect Sections 4 through 12, which provisions will survive any such termination.

Section 3. Syndication. Citi reserves the right, before the execution of the Operative Documents, to syndicate all or a portion of the Facilities (including all or part of Citi's commitment) to one or more other financial institutions that will become parties to the Operative Documents pursuant to a syndication to be managed by CGMI (the financial institutions becoming parties to the Operative Documents being collectively referred to herein as the "**Lenders**"). Citi intends to commence syndication promptly upon execution of this Commitment Letter by the Company. CGMI will manage all aspects of the syndication in consultation with the Company, including the timing of all offers to potential Lenders, the determination of the amounts offered to potential Lenders, the acceptance of commitments of the Lenders and the compensation to be provided to the Lenders.

The Company will use its commercially reasonable efforts to assist CGMI, as CGMI may reasonably request, in forming a syndicate acceptable to CGMI. The Company's assistance in forming such a syndicate will include, without limitation, commercially reasonable efforts to (i) make senior management, advisors and representatives of the Company available to participate in information meetings with potential Lenders and rating agencies at such times and places as CGMI may reasonably request; (ii) ensure that the syndication efforts benefit from the Company's existing lending relationships; (iii) assist and cause its affiliates and advisors to assist in the preparation of a confidential information memorandum for the Facilities and other marketing and rating agency materials to be used in connection with syndication of the Facilities; (iv) promptly provide CGMI with all information reasonably necessary to successfully complete the syndication of the Facilities and (v) obtain corporate/ corporate family ratings for the Borrower and ratings for the Exit Facility or the Out of Court Restructuring Facility, as applicable, from Standard & Poor's Rating Group ("**S&P**") and Moody's Investors Service, Inc. ("**Moody's**") prior to the DIP Closing Date, or the closing date of the Out of Court Restructuring Facility, as applicable.

The Company acknowledges that (i) Citi may make available any Information and Projections (each as defined in Section 8) (collectively, the "**Company Materials**") to potential Lenders by posting the Company Materials on IntraLinks, the Internet or another similar electronic system (the "**Platform**") and (ii) certain of the potential Lenders may be public side Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Company or its securities) (each, a "**Public Lender**"). The Company agrees that (A) at the request of Citi, it will prepare a version of the information package and presentation to be provided to potential Lenders that does not contain material non-public information concerning the Company or its securities for purposes of United States federal and state securities laws; (B) all Company Materials that are to be made available to Public Lenders will be clearly and conspicuously marked "PUBLIC" which, at a minimum, will mean that the word "PUBLIC" will appear prominently on the first page thereof; (C) by marking Company Materials "PUBLIC," the Company will be deemed to have authorized Citi and the proposed Lenders to treat such Company Materials as not containing any material non-public information (although they may be confidential or proprietary) with respect to the Company or its securities for purposes of United States federal and state securities laws; (D) all Company Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Lender," and (E) Citi will be entitled to treat any Company Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Lender."

To ensure an effective syndication of the Facilities, the Company agrees that, other than in connection with amendments and waivers to the Company's and certain of its subsidiaries' Amended and Restated Credit and Guaranty Agreement, dated as of May 30, 2008 (as amended, supplemented or otherwise modified), the Plan of Reorganization and the transactions contemplated thereby, until the termination of the syndication (as determined by CGMI), the Company will not, and will not permit any of

its affiliates to, syndicate or issue, attempt to syndicate or issue, announce or authorize the announcement of the syndication or issuance of, or engage in discussions concerning the syndication or issuance of, any debt facility or debt security (including any renewals thereof), without the prior written consent of CGMI.

Citi will act as the sole administrative agent and collateral agent for the Facilities and CGMI will act as sole lead arranger and bookrunner. No additional agents, co-agents or arrangers will be appointed, no other titles awarded and no compensation (except as set forth in this Commitment Letter) will be paid, without the consent of Citi.

Section 4. Fees. In addition to the fees described in Annex I, the Company will pay the non-refundable fees set forth in the letter agreement dated the date hereof (the "**Fee Letter**") between the Company and Citi. The terms of the Fee Letter are an integral part of Citi's commitment and other obligations hereunder and constitute part of this Commitment Letter for all purposes hereof.

Section 5. Indemnification. The Company will indemnify and hold harmless Citi, each Lender and each of their respective affiliates and each of their respective officers, directors, employees, agents, advisors and representatives (each, an "**Indemnified Party**") from and against any and all claims, damages, losses, liabilities and expenses (including without limitation, fees and disbursements of counsel), that may be incurred by or asserted or awarded against any Indemnified Party (including, without limitation, in connection with any investigation, litigation or proceeding or the preparation of a defense in connection therewith), in each case, arising out of or in connection with or by reason of this Commitment Letter or the Operative Documents or the transactions contemplated hereby or thereby or any actual or proposed use of the proceeds of the Facilities, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this paragraph applies, such indemnity will be effective whether or not such investigation, litigation or proceeding is brought by the Company, any of its directors, security holders or creditors, an Indemnified Party or any other person or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated.

No Indemnified Party will have any liability (whether in contract, tort or otherwise) to the Company or any of its affiliates or any of their respective security holders or creditors for or in connection with the transactions contemplated hereby, except to the extent such liability is determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Indemnified Party's gross negligence or willful misconduct. In no event, however, will any Indemnified Party be liable on any theory of liability for any special, indirect, consequential or punitive damages (including without limitation, any loss of profits, business or anticipated savings).

The Company acknowledges that information and other materials relative to the Facilities and the transactions contemplated hereby may be transmitted through the Platform. No Indemnified Person will be liable to the Company or any of its affiliates or any of their respective security holders or creditors for any damages arising from the use by unauthorized persons of information or other materials sent through the Platform that are intercepted by such persons.

Section 6. Costs and Expenses. The Company will pay, or reimburse Citi on demand for, all reasonable transaction related costs and expenses incurred by Citi (whether incurred before or after the date hereof) in connection with the Facilities and the preparation, negotiation, execution and delivery of this Commitment Letter, including without limitation, the reasonable fees and expenses of counsel, regardless of whether any of the transactions contemplated hereby are consummated. The Company will also pay all

reasonable transaction related costs and expenses of Citi (including without limitation, the reasonable fees and disbursements of counsel) incurred in connection with the enforcement of any of its rights and remedies under this Commitment Letter.

Section 7. Confidentiality. By accepting delivery of this Commitment Letter, the Company agrees that this Commitment Letter, the Fee Letter and any written communications provided by Citi in connection with the transactions contemplated hereby are for the Company's confidential use only and that neither the existence of this Commitment Letter and the Fee Letter nor their terms will be disclosed by the Company to any person other than the Company's affiliates and its and their respective officers, directors, employees, advisors, agents and representatives (the "**Company Representatives**"), and then only on a confidential and "need to know" basis in connection with the transactions contemplated hereby; provided, however, that the Company may (i) make such public disclosures of the terms and conditions of this Commitment Letter and the Fee Letter as the Company is required by law or compulsory legal process (in which case you agree to inform us promptly thereof), (ii) disclose the contents of this Commitment Letter (but not the Fee Letter) in connection with the filing of the Cases and the solicitation of the Plan of Reorganization, provided, further, however, that notwithstanding the foregoing, unless otherwise directed by the Court, the Company shall (x) file the Fee Letter with the Court under seal, and (y) provide, on a confidential basis, a copy of the Fee Letter to the Office of the United States Trustee for the District of Delaware prior to the commencement of the Cases, (iii) the information contained in Annex I to Moody's, S&P and Fitch, Inc.; provided that such information is supplied only on a customary basis after consultation with Citi; and (iv) in enforcing the Company's rights with respect to this Commitment Letter or the Fee Letter. For the avoidance of doubt, in connection with the Company's preparation of any financial statements, cash flow statements, projections and other financial reports (collectively, "**Financial Information**"), the Company will not disclose the fees payable pursuant to the Fee Letter as a separate line item in any such Financial Information, but the amount of such fees may be included with other fees or amounts paid by the Company during the applicable period covered by such Financial Information.

Section 8. Representations and Warranties of the Company. The Company represents and warrants that (i) all information, other than Projections (as defined below), that has been or will hereafter be made available to Citi, any Lender or any potential Lender by the Company or any Company Representatives in connection with the transactions contemplated hereby (the "**Information**") is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made and (ii) all financial projections, if any, that have been or will be prepared by the Company or any Company Representatives and made available to Citi, any Lender or any potential Lender (the "**Projections**") have been or will be prepared in good faith based upon assumptions that are or were reasonable as of the date of the preparation of such Projections (it being understood that the Projections are subject to significant uncertainties and contingencies, many of which are beyond the Company's control, and that no assurance can be given that the Projections will be realized). If, at any time from the date hereof until the termination of this Commitment Letter, any of the representations and warranties in the preceding sentence would not be accurate and complete in any material respect if the Information or Projections were being furnished, and such representations and warranties were being made, at such time, then the Company agrees to its commercially reasonable efforts to promptly supplement the Information and/or Projections from time to time so that the representations and warranties contained in the preceding sentence would be remain accurate and complete in all material respects if the Information or Projections were being were being furnished, and such representations and warranties were being made, at such time.

In providing this Commitment Letter and in arranging the Facilities, Citi is relying on the accuracy of the Information furnished to it by or on behalf of the Company or any Company Representatives without independent verification thereof.

Section 9. No Third Party Reliance, Not a Fiduciary, Etc. The agreements of Citi hereunder and of any Lender that issues a commitment to provide financing under the Facilities are made solely for the benefit of the Company and may not be relied upon or enforced by any other person. Please note that those matters that are not covered or made clear herein are subject to mutual agreement of the parties. The Company may not assign or delegate any of its rights or obligations hereunder without Citi's prior written consent. This Commitment Letter may not be amended or modified, or any provision hereof waived, except by a written agreement signed by all parties hereto.

The Company hereby acknowledges that Citi is acting pursuant to a contractual relationship on an arm's length basis, and the parties hereto do not intend that Citi act or be responsible as a fiduciary to the Company, its management, stockholders, creditors or any other person. Each of the Company and Citi hereby expressly disclaims any fiduciary relationship and agrees they are each responsible for making their own independent judgments with respect to any transactions entered into between them. The Company also hereby acknowledges that Citi has not advised and is not advising the Company as to any legal, accounting, regulatory or tax matters, and that the Company is consulting its own advisors concerning such matters to the extent it deems appropriate.

The Company understands that Citi and its affiliates (collectively, the "**Group**") are engaged in a wide range of financial services and businesses (including investment management, financing, securities trading, corporate and investment banking and research). Members of the Group and businesses within the Group generally act independently of each other, both for their own account and for the account of clients. Accordingly, there may be situations where parts of the Group and/or their clients either now have or may in the future have interests, or take actions, that may conflict with the Company's interests. For example, the Group may, in the ordinary course of business, engage in trading in financial products or undertake other investment businesses for their own account or on behalf of other clients, including without limitation, trading in or holding long, short or derivative positions in securities, loans or other financial products of the Company or its affiliates or other entities connected with the Facilities or the transactions contemplated hereby.

In recognition of the foregoing, the Company agrees that the Group is not required to restrict its activities as a result of this Commitment Letter and that the Group may undertake any business activity without further consultation with or notification to the Company. Neither this Commitment Letter nor the receipt by Citi of confidential information nor any other matter will give rise to any fiduciary, equitable or contractual duties (including without limitation, any duty of trust or confidence) that would prevent or restrict the Group from acting on behalf of other customers or for its own account. Furthermore, the Company agrees that neither the Group nor any member or business of the Group is under a duty to disclose to the Company or use on behalf of the Company any information whatsoever about or derived from those activities or to account for any revenue or profits obtained in connection with such activities. However, consistent with the Group's long-standing policy to hold in confidence the affairs of its customers, the Group will not use confidential information obtained from the Company except in connection with its services to, and its relationship with, the Company, provided however, that the Group will be free to disclose information in any manner as required by law, regulation, regulatory authority or other applicable judicial or government order.

Section 10. Governing Law, Etc. This Commitment Letter will be governed by, and construed in accordance with, the law of the State of New York. This Commitment Letter sets forth the entire agreement

between the parties with respect to the matters addressed herein and supersedes all prior communications, written or oral, with respect hereto. This Commitment Letter may be executed in any number of counterparts, each of which, when so executed, will be deemed to be an original and all of which, taken together, will constitute one and the same Commitment Letter. Delivery of an executed counterpart of a signature page to this Commitment Letter by telecopier or electronic mail in portable document format (.pdf) will be as effective as delivery of an original executed counterpart of this Commitment Letter.

Section 11. Waiver of Jury Trial. Each party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Commitment Letter or the transactions contemplated hereby or the actions of the parties hereto in the negotiation, performance or enforcement hereof.

Section 12. Consent to Jurisdiction, Etc. The Company irrevocably and unconditionally (i) submits to the exclusive jurisdiction of any New York State or Federal court located in the City of New York over any suit, action or proceeding arising out of or relating to this Commitment Letter, (ii) accepts for itself and in respect of its property the jurisdiction of such courts, (iii) waives any objection to the laying of venue of any such suit, action or proceeding brought in any such courts and any claim that any such suit, action or proceeding has been brought in an inconvenient forum and (iv) consents to the service of any process, summons, notice or document in any such suit, action or proceeding by registered mail addressed to the Company at its address specified on the first page of this Commitment Letter. A final judgment in any such suit, action or proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing herein will affect the right of Citi to serve legal process in any other manner permitted by law or affect Citi's right to bring any suit, action or proceeding against the Company or its property in the courts of other jurisdictions. To the extent that the Company has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Company irrevocably waives such immunity in respect of its obligations under this Commitment Letter.

Section 13. Patriot Act Compliance. CGMI hereby notifies the Company that pursuant to the requirements of the USA PATRIOT ACT (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Patriot Act**"), it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow CGMI to identify the Company in accordance with the Patriot Act. In that connection, CGMI may also request corporate formation documents, or other forms of identification, to verify information provided.

Please indicate the Company's acceptance of the provisions hereof by signing the enclosed copy of this Commitment Letter and the Fee Letter and returning them to Caesar W. Wyszomirski, Authorized Signatory, Citigroup Global Markets Inc., 390 Greenwich Street, New York, New York 10013 (fax: (646) 328-3765) at or before 5 p.m. (New York City time) on February 27 , 2010, the time at which Citi's commitment and other obligations hereunder (if not so accepted prior thereto) will terminate.

[signature page follows]

If the Company elects to deliver this Commitment Letter by telecopier or electronic mail in portable document format (.pdf), please arrange for the executed original to follow by next-day courier.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

By Caesar W Wyszomirski
Name: Caesar W. Wyszomirski
Title: Authorized Signatory

ACCEPTED AND AGREED
on _____, 2010:

XERIUM TECHNOLOGIES, INC.

By_____
Name:
Title:

If the Company elects to deliver this Commitment Letter by telecopier or electronic mail in portable document format (.pdf), please arrange for the executed original to follow by next-day courier.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

By_____
Name: Caesar W. Wyszomirski
Title: Authorized Signatory

ACCEPTED AND AGREED
on FEBRUARY 26 2010:

XERIUM TECHNOLOGIES, INC.

By_____
Name: STEPHEN R. LIGHT
Title: CHAIRMAN, PRESIDENT + CEO

Annex I

Term Sheet

XERIUM TECHNOLOGIES, INC.

Summary of Terms and Conditions

US$80,000,000 Senior Secured Superpriority Priming DIP Financing Facility and US$80,000,000 First Lien Exit Facility
or
US$80,000,000 First Lien Out of Court Restructuring Facility

The following is a summary (the "Term Sheet") of certain material terms of (i) a proposed US$80 million senior secured superpriority priming debtor-in-possession facility (the "DIP Facility") comprised of (A) a US$20 million senior secured superpriority priming debtor-in-possession revolving loan facility and (B) a US$60 million senior secured superpriority priming debtor-in-possession term loan facility to be made available to Xerium Technologies, Inc. ("Xerium") and (ii) a proposed US$80 million first lien secured exit facility (the "Exit Facility") comprised of (A) a US$20 million first lien secured exit revolving loan facility, and (B) a US$60 million first lien secured exit term loan facility to be made available to Xerium and certain subsidiaries of Xerium. This Term Sheet is for discussion purposes only and remains subject to further review and comment. This Term Sheet does not contain all the terms, conditions and other provisions of the DIP Facility or the Exit Facility and does not constitute a commitment on behalf of any lender or any of its affiliates to arrange or provide financing for or to Xerium, except upon mutually satisfactory documentation and court orders.

However, if Xerium obtains unanimous approval by April 12, 2010 from (i) the lenders under the Prepetition Credit Agreement (as defined below), (ii) Deutsche Bank AG and Merrill Lynch Capital Services, Inc. as swap counterparties in the interest rate swap agreements with the Company or certain of its subsidiaries, which agreements were terminated in December 2009 and January 2010, respectively, and (iii) Apax WW Nominees Ltd. and Apax-Xerium APIA LP for an out of court restructuring of its debt and equity (the "Out of Court Restructuring Approval"), the proposed facility will instead be (A) a US$20 million first lien secured revolving loan facility and (B) a US$60 million first lien secured term loan facility (the "Out of Court Restructuring Facility") on terms set forth in Part II of this Term Sheet, with adjustments to such terms to take into account that the Out of Court Restructuring Facility is not a debtor-in-possession facility and not an exit facility. If the Out of Court Restructuring Facility is provided, the aggregate amount of the upfront fees payable on the DIP Closing Date and the Exit Closing Date will instead be due and payable on the closing date of the Out of Court Restructuring Facility and the closing date therefore shall occur no later than April 30, 2010.

I. TERMS OF DIP FACILITY

1.	***Administrative and Collateral Agent:***	An affiliate of Citigroup Global Markets, Inc. (in such capacity, the "DIP Facility Agent").
2.	***Sole Lead Arranger and Sole Bookrunner:***	Citigroup Global Markets, Inc. ("CGMI").
3.	***DIP Issuing Bank***	Citicorp North America, Inc.

4. ***Lenders:*** A syndicate of banks, financial institutions and other entities (the "DIP Facility Lenders").

5. ***Borrower***: Xerium Technologies, Inc., a Delaware corporation (the "Company" or the "DIP Borrower") and debtor-in-possession in the cases (the "Cases") that may be commenced under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Court").

6. ***Guarantors:*** All U.S. subsidiaries of the DIP Borrower (the "DIP Guarantors"), each of the DIP Guarantors being a debtor-in-possession in the Cases. The liability of the DIP Borrower and DIP Guarantors (collectively, the "Debtors") with respect to the DIP Facility shall be joint and several.

7. ***DIP Facility:*** *DIP Term Loan Facility*

The DIP Facility Lenders shall provide the DIP Borrower with a term loan credit facility (the "DIP Term Loan Facility") providing for extensions of term loans (the "DIP Term Loans") not to exceed US$60,000,000 (the "DIP TL Commitment Amount"). The DIP Term Loans shall be funded in full on the funding date under the terms of the DIP Loan Agreement. The DIP Term Loans will be made by the DIP Facility Lenders ratably in proportion to their respective DIP TL Commitment Amount. DIP Term Loans that are repaid shall not be reborrowed.

The DIP Facility shall have a letter of credit sublimit in the amount of US$20,000,000 as described in paragraph 8 below (the "DIP Term Loan L/C Facility").

Upon the entry of an order (the "Interim Order") by the Court substantially in the form agreed to by and among the DIP Borrower, the DIP Guarantors, the DIP Facility Agent and the DIP Facility Lenders, and subject to the terms of a debtor-in-possession credit agreement acceptable to the DIP Facility Lenders, the DIP Borrower and the DIP Guarantors (the "DIP Loan Agreement"), the DIP TL Commitment Amount shall be available to the DIP

Borrower.

All DIP Term Loans shall be made in U.S. dollars.

On the DIP Closing Date (as defined below), (i) a portion of the proceeds from the DIP Term Loans shall be deposited into the Term Loan LC Collateral Account in accordance with paragraph 8 below, (ii) a portion of the proceeds from the DIP Term Loans shall be utilized to pay transaction costs payable on the DIP Closing Date and (iii) the balance of the proceeds from the DIP Term Loans shall deposited into the Term Loan Deposit Account in accordance with paragraph 8 below.

DIP Revolving Loan Facility

The DIP Facility Lenders shall provide the DIP Borrower with a revolving loan facility (the "DIP Revolving Loan Facility") providing for extensions of revolving loans (the "DIP Revolving Loans", and together with the DIP Term Loans, the "DIP Loans") with the principal amount of the DIP Revolving Loans not to exceed US$20,000,000 in the aggregate (the "DIP RL Commitment Amount").

From the DIP Closing Date and prior to the DIP Revolving Commitment Termination Date (as defined below), the DIP Borrower may, subject to the terms of the DIP Loan Agreement, borrow, repay and reborrow DIP Revolving Loans, subject to satisfaction of applicable conditions to borrowing. DIP Revolving Loans will be in minimum principal amounts to be agreed to. All DIP Revolving Loans will be made by the DIP Facility Lenders ratably in proportion to their respective DIP RL Commitment Amounts. DIP Revolving Loans will be available on 3 business days' notice in the case of DIP Revolving Loans that are Eurodollar Loans and same business day notice in the case of DIP Revolving Loans that are Base Rate Loans. The DIP Borrower will repay each DIP Revolving Loan no later than on the DIP Revolving Commitment Termination Date.

Upon the entry of the Interim Order by the Court,

and subject to the terms of the DIP Loan Agreement, the DIP RL Commitment Amount shall be available to the DIP Borrower.

All DIP Revolving Loans shall be made in U.S. dollars.

8. ***DIP Letters of Credit:*** On the DIP Closing Date (i) the outstanding letters of credit (the "Prepetition Letters of Credit") under the DIP Borrower's Amended and Restated Credit and Guaranty Agreement dated as of May 30, 2008, as amended, (the "Prepetition Credit Agreement") shall be outstanding letters of credit under the DIP Term Loan L/C Facility (the "DIP Term Loan Letters of Credit") and (ii) a portion of the proceeds from the DIP Term Loans equal to the lesser of (x) 103% of the amount available to be drawn under the DIP Term Loan Letters of Credit and (y) US$20,000,000, shall be deposited into an account maintained by the DIP Facility Agent (the "Term Loan LC Collateral Account"). Amounts on deposit in the Term Loan LC Collateral Account shall secure the DIP Borrower's reimbursement obligation to the DIP Issuing Bank with respect to the DIP Term Loan Letters of Credit. If the DIP Borrower fails to reimburse the DIP Issuing Bank for drawings under the DIP Term Loan Letters of Credit then the DIP Facility Agent shall withdraw funds from the Term Loan LC Collateral Account equal to such drawings and remit such funds to the DIP Issuing Bank.

Funds on deposit in the Term Loan LC Collateral Account shall be invested in acceptable cash equivalents. The DIP Facility Agent, for the benefit of the DIP Issuing Bank, shall have a lien on the Term Loan LC Collateral Account and all funds and amounts held therein. If on the last business day of any month the amount on deposit in the Term Loan LC Collateral Account exceeds 103% of the amount available to be drawn under the DIP Term Loan Letters of Credit, then no later than the second succeeding business day the DIP Facility Agent shall remit such excess amount to the Term Loan Deposit Account (as defined below).

If on the last business day of any month (or such

other date as determined by the DIP Facility Agent in its sole discretion) at any time the amount on deposit in the Term Loan LC Collateral Account is less than 103% of the amount available to be drawn under the DIP Term Loan Letters of Credit, then the DIP Borrower shall cause additional amounts to be deposited within one business day after notice from the DIP Facility Agent into the Term Loan LC Collateral Account equal to such deficiency. If the DIP Borrower shall fail to make such deposit, the DIP Facility Agent shall withdraw funds from the Term Loan Deposit Account equal to such deficiency and deposit such funds into the Term Loan LC Collateral Account. If sufficient funds are not available in the Term Loan Deposit Account then the DIP Facility Lenders shall make a DIP Revolving Loan under the DIP Revolving Facility in an amount of such deficiency and the proceeds of which shall be deposited into the Term Loan LC Collateral Account. The conditions precedent to making DIP Revolving Loans and the minimum amounts of DIP Revolving Loans shall not apply to DIP Revolving Loans made pursuant to this paragraph. If there is not sufficient availability under the DIP Revolving Facility to make such DIP Revolving Loans provided for in this paragraph, such event shall constitute an Event of Default.

9. ***Term Loan Deposit Account:*** On the DIP Closing Date, proceeds from the DIP Term Loans (less the amounts deposited into the Term Loan LC Collateral Account and amounts applied to pay transaction costs on the DIP Closing Date) shall be deposited into an account maintained by the DIP Facility Agent (the "Term Loan Deposit Account"). Funds on deposit in the Term Loan Deposit Account shall be invested in acceptable cash equivalents. The DIP Facility Agent shall have a lien on the Term Loan Deposit Account and all funds and amounts held therein. The DIP Borrower shall have the right to withdraw funds from the Term Loan Deposit Account in amounts consistent with its cash needs based on the 13-week cash flow statement and pro forma financial statements, in form and substance satisfactory to the DIP Facility Lenders and demonstrating satisfactory liquidity (the "DIP Budget"). It shall be a condition to any such withdrawal that the DIP Borrower shall have

		delivered to the DIP Facility Agent a withdrawal request and no default or event of default shall have occurred and be continuing.
10.	***DIP Closing Date:***	No later than 3 business days after the entry of the Interim Order, but in any event no later than April 12, 2010.
11.	***DIP Maturity Date and DIP Revolving Commitment Termination Date:***	Unless accelerated as a result of an Event of Default (as defined herein), the DIP Loans outstanding under the DIP Facility will be immediately due and payable upon the earlier of (i) 120 days after the DIP Closing Date, (ii) 35 days after the entry of the Interim Order if the Final Order (as defined below) has not been entered by the Court on or before such date, (iii) the closing date of any sale of the Debtors of all or substantially all of the assets of the Debtors pursuant to section 363 of the Bankruptcy Code in the Cases that has been approved by an order of the Court, and (iv) the effective date of a Plan of Reorganization in the Cases that has been confirmed by an order of the Court (such date being the "DIP Maturity Date" and the "DIP Revolving Commitment Termination Date").
12.	***Purpose and Use of Proceeds:***	The proceeds of the DIP Facility will be used by the DIP Borrower (including by way of withdrawals from the Term Loan Deposit Account as described above) solely to (i) pay related transaction costs, fees and expenses associated with the DIP Facility, (ii) fund working capital and general corporate purposes of the DIP Borrower and its subsidiaries during the pendency of the Cases, (iii) make adequate protection payments, and (iv) fund costs, fees and expenses incurred in connection with the administration and prosecution of the Cases.
13.	***Amortization:***	None.
14.	***Interest:***	At the DIP Borrower's election, DIP Loans shall be Eurodollar Loans or Base Rate Loans. Eurodollar Loans shall bear interest at the annual rate equal to LIBOR plus the Applicable Margin, with a LIBOR floor of 2.00% per annum. Base Rate Loans shall bear interest at the annual rate equal to the Base Rate plus the Applicable Margin.

		Base Rate: a fluctuating rate equal to the highest of (a) the Prime Rate of the DIP Facility Agent, (b) the Federal Funds Effective Rate plus 1/2 of 1% and (c) LIBOR plus 1%, with a LIBOR floor of 2.00%. Applicable Margin: 4.50% per annum with respect to Eurodollar Loans and 3.50% per annum with respect to Base Rate Loans. If any Event of Default occurs and is continuing under the DIP Facility, then the DIP Borrower will pay interest on the unpaid balance of the DIP Loans at a per annum rate of two percent (2%) greater than the rate of interest specified above. If any Event of Default occurs and is continuing under the DIP Facility, each Eurodollar Loan will convert to a Base Rate Loan at the end of the Interest Period then in effect for such Eurodollar Loan.
15.	***Interest Period:***	Each interest period will be for one (1) month, or shorter periods if available to all DIP Facility Lenders.
16.	***Interest Payments:***	Interest shall be payable monthly in arrears and on the last day of each interest period.
17.	***Mandatory Prepayment:***	Mandatory prepayment of the DIP Loans shall be made from 100% of the net cash proceeds from asset sales made outside the ordinary course of business and 100% of insurance and condemnation award payments, subject to restrictions, exceptions, baskets and reinvestment rights to be agreed upon.
18.	***DIP Upfront Fee:***	To be determined in connection with the syndication.
19.	***DIP Commitment Fee:***	1.00% per annum on the daily average amount of the unused DIP RL Commitment Amount of each DIP Facility Lender, payable to each DIP Facility Lender monthly in arrears from the DIP Closing Date until the DIP Revolving Commitment Termination Date.
20.	***DIP Letter of Credit Fee:***	A fronting fee equal to 0.25% per annum will accrue on the outstanding undrawn amount of any DIP Letters of Credit, payable to the DIP Issuing

Bank monthly in arrears.

21. ***Security:*** The agent for the DIP Facility Lenders (the "DIP Facility Agent") for and on behalf of the DIP Facility Lenders shall be entitled to the following security, subject to exceptions to be agreed upon:

(a) Priming Liens. Pursuant to section 364(d)(1) of the Bankruptcy Code, fully perfected first priority, valid, binding, enforceable, non-avoidable and automatically perfected, priming security interests in and liens upon (the "Priming Liens"): all existing and after acquired real and personal, tangible and intangible, property of the DIP Borrower and the DIP Guarantors that constitutes collateral of the DIP Borrower and the DIP Guarantors under the Prepetition Credit Agreement (the "Priming Lien Collateral"), which shall be senior in all respects to the interests in and liens upon such property of, without limitation, the lenders under the Prepetition Credit Agreement (the "Prepetition First Lien Lenders") but which shall be subject to (i) non-avoidable, valid, enforceable and perfected Permitted Liens (as defined in the Prepetition Credit Agreement) in existence on the date the Cases are commenced (the "Petition Date"), (ii) non-avoidable, valid, enforceable and perfected liens that are capitalized leases, purchase money security interests or mechanics' or other statutory liens in existence on the Petition Date, and (iii) non-avoidable, valid, enforceable liens that are capitalized leases, purchase money security interests or mechanics' or other statutory liens in existence on the Petition Date that are perfected subsequent to the Petition Date as permitted by section 546(b) of the Bankruptcy Code and (iv) mechanics, warehousemen's or other statutory liens arising after the Petition Date (clauses (ii) - (iv), collectively, "Additional Permitted Liens").

(b) First Liens. Pursuant to section 364(c)(2) of the Bankruptcy Code, fully perfected first priority, valid, binding, enforceable, non-avoidable and automatically perfected, security interests in and

liens upon (the "First Liens" and collectively, with the Priming Liens, the "Financing Liens"), all existing and after acquired real and personal, tangible and intangible, property of the DIP Borrower and the DIP Guarantors that is not collateral of the DIP Borrower and the DIP Guarantors under the Prepetition Credit Agreement, existing, or acquired prior or subsequent to the commencement of the Cases, including, but not limited to, upon entry of the Final Order, all causes of action arising under Chapter 5 of the Bankruptcy Code, and any and all proceeds thereof, (the "First Lien Collateral" and together with the Priming Lien Collateral, the "DIP Collateral"), which liens are subject only to Permitted Liens and Additional Permitted Liens.

22. ***Priority:*** Pursuant to section 364(c)(1) of the Bankruptcy Code, all amounts owing by the Debtors under the DIP Facility in respect thereof at all times will constitute allowed superpriority administrative expense claims in the Debtors' respective Cases, having priority over all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code ("Superpriority"), subject to indebtedness secured by Permitted Liens and Additional Permitted Liens and the Carve-out (as defined herein).

23. ***Adequate Protection:*** The Prepetition First Lien Lenders and Merrill Lynch Capital Services, Inc., as secured swap counterparty (the "Secured Swap Counterparty") are entitled, pursuant to sections 361, 363(e) and 364(d)(1) of the Bankruptcy Code, to adequate protection of their respective interests in the Priming Lien Collateral equal in amount to the aggregate diminution in value (each such diminution, a "Diminution in Value"), calculated in accordance with Section 506(a) of the Bankruptcy Code, of their respective interests in the Priming Lien Collateral, including without limitation, any such diminution resulting from (i) the sale, lease or use by the Debtors of any Priming Lien Collateral, and (ii) the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code

(respectively, the "Adequate Protection Claim").

As adequate protection, the administrative agent under the Prepetition Credit Agreement (the "Prepetition First Lien Agent"), the Prepetition First Lien Lenders and the Secured Swap Counterparty shall be granted the following:

(a) Adequate Protection Liens. As security for and solely to the extent of any Diminution in Value of the pre-petition security interest, the Prepetition First Lien Agent (for the benefit of the Prepetition First Lien Lenders) and the Secured Swap Counterparty shall be granted (effective and perfected upon the date of the Interim Order and without the necessity of the execution by the Debtors of mortgages, security agreements, pledge agreements, financing statements or other agreements) replacement security interests in and liens upon all the DIP Collateral, subject and subordinate only to (i) the security interests and liens granted to the DIP Facility Agent for the benefit of the DIP Facility Lenders in the Interim Order and pursuant to the DIP Loan Agreement and (ii) Permitted Liens, (iii) Additional Permitted Liens and (iv) the Carve-out.

(b) Adequate Protection Claim. The Adequate Protection Claim of the Prepetition First Lien Lenders and the Secured Swap Counterparty shall have Superpriority status, subject only to the Superpriority status of the obligations under the DIP Facility, claims secured by Permitted Liens, and the Carve-out.

(c) Payment of Debt Service. Payment of accrued but unpaid interest (whether prepetition or postpetition) to the Prepetition First Lien Lenders and the Secured Swap Counterparty at the rate of 1.00% per annum in excess of the non-default interest rate payable on the LIBOR Loans under the Prepetition Credit Agreement.

(d) Fees and Expenses. The Debtors shall pay all reasonable fees, out-of-pocket costs and expenses of (i) the Prepetition First Lien Agent

and the Prepetition First Lien Lenders under the Prepetition Credit Agreement (including fees and expenses of legal advisors, financial advisors and investment banks) promptly upon receipt of invoices therefor and (ii) the Secured Swap Counterparty under the secured swap agreement.

(e) Other Adequate Protection. The Prepetition First Lien Lenders and the Secured Swap Counterparty shall be entitled to such other adequate protection as (i) reasonably agreed upon by the DIP Facility Agent, the DIP Facility Lenders, Prepetition First Lien Lenders and the Secured Swap Counterparty, as applicable, and the Debtors and approved by the Court, or (ii) as otherwise granted by the Court.

24. ***Carve-out:*** As used in this Term Sheet, the term "Carve-out" shall mean the following amounts: (i) all fees required to be paid to the Clerk of the Court, all statutory fees payable to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) and 28 U.S.C. § 156(c), and all fees, expenses, and disbursements payable to any professionals retained by the Debtors pursuant to 28 U.S.C. § 156(c); and (ii) in the event of an occurrence and during the continuance of an Event of Default, the "Case Professionals Carve-out", comprising the sum of (a) all allowed unpaid fees, expenses and disbursements (regardless of when such fees, expenses, and disbursements become allowed by order of the Court) for any professionals retained by the Debtors or any statutory committee appointed in the Cases pursuant to sections 327, 328, 363, or 1103, as applicable, of the Bankruptcy Code (the "Case Professionals") incurred subsequent to receipt of notice delivered by the DIP Facility Agent to counsel for the Debtors following the occurrence of an Event of Default expressly stating that the Carve-out has been invoked (a "Carve-out Trigger Notice") in an aggregate amount not in excess of US$3,000,000 (the "Carve-out Cap"), plus (b) all unpaid professional fees, expenses, and disbursements of such Case Professionals incurred prior to receipt of the Carve-out Trigger Notice to the extent previously or subsequently allowed pursuant to an order of the

Court (collectively, "Allowed Professional Fees") under sections 328, 330 and/or 331 of the Bankruptcy Code. So long as a Carve-out Trigger Notice has not been delivered, the Carve-out Cap shall not be reduced by the payment of fees or expenses allowed by the Court (whether allowed before or after delivery of the Carve-out Trigger Notice) and payable under sections 328, 330, or 331 of the Bankruptcy Code, or 28 U.S.C. §156(c).

25. ***Conditions to Closing*** The closing of the DIP Facility shall be subject to the satisfaction of the conditions customary for a transaction of this type, including:

(a) The Interim Order shall have been entered by the Court;

(b) Any "first day" order authorizing the use of cash collateral, and any other orders affecting or concerning the DIP Collateral shall be in form and substance reasonably satisfactory to the DIP Facility Agent and the DIP Facility Lenders, the DIP Borrower and the DIP Guarantors;

(c) All fees and other payments required to be made to the DIP Facility Lenders, the DIP Facility Agent and the Sole Lead Arranger and their respective advisors and counsel under the DIP Loan Agreement or any other written agreement shall have been paid;

(d) Delivery of the DIP Budget;

(e) Delivery of the business plan in form and substance reasonably satisfactory to the DIP Facility Lenders.

(f) The Interim Order shall be in full force and effect and shall not have been reversed, modified, amended or stayed (or application therefor made);

(g) No Event of Default and no condition which would constitute an Event of Default with the giving of notice or lapse of time or both shall exist;

(h) Representations and warranties in the DIP Loan

Agreement shall be true and correct in all material respects;

(i) No administrative claim that is senior to or pari passu with the Superpriority claims of the DIP Facility Agent and the DIP Facility Lenders shall exist, except the Permitted Liens, Additional Permitted Liens and the Carve-out;

(j) All documentation relating to the DIP Facility shall be in form and substance consistent with this Term Sheet and otherwise reasonably satisfactory to the Debtors and their counsel and the DIP Facility Agent and its counsel;

(k) The DIP Facility Agent shall have received satisfactory opinions of independent counsel to the DIP Borrower and the DIP Guarantors, addressing such customary matters as the DIP Facility Agent shall reasonably request;

(l) The absence of a DIP Material Adverse Effect, or any event or occurrence which could reasonably be expected to result in a material adverse change, in (i) the business, assets, financial condition or prospects of the DIP Borrower, the DIP Guarantors and their respective subsidiaries, taken as a whole, since September 30, 2009 (other than events leading up to and resulting from the anticipated filing of the Cases), (ii) ability of the DIP Borrower or any DIP Guarantor to perform any of its obligations in accordance with the terms under the DIP Loan Agreement or any loan document, or (iii) the ability of the DIP Facility Agent and the DIP Facility Lenders to enforce the DIP Loan Agreement or any DIP Facility loan document, provided that the filing of the Cases will not be deemed to constitute an impediment to enforcement hereunder;

(m) There shall exist no action, suit, investigation, litigation or proceeding pending or threatened in writing, in each case, based on actual knowledge, in any court or before any arbitrator or governmental instrumentality (other than the Cases) that could reasonably be expected to

result in a DIP Material Adverse Effect.

(n) All material necessary governmental and third party consents and approvals necessary in connection with the DIP Facility and the transactions contemplated thereby shall have been obtained (without the imposition of any conditions that are not reasonably acceptable to the DIP Facility Lenders) and shall remain in effect, and all applicable governmental filings have been made and all applicable waiting periods shall have expired without in either case any action being taken by any competent authority; and no law or regulation shall be applicable in the judgment of the DIP Facility Lenders that restrains, prevents or imposes materially adverse conditions upon the DIP Facility or the transactions contemplated thereby;

(o) The DIP Facility Lenders shall have a valid and perfected lien on and security interest in the DIP Collateral having the priority described herein; searches necessary or desirable in connection with such liens and security interests that have been requested by the DIP Facility Agent shall have been duly made;

(p) The DIP Facility Agent shall have received endorsements naming the DIP Facility Agent, on behalf of the DIP Facility Lenders, as an additional insured and loss payee under all insurance policies to be maintained with respect to the properties of the DIP Borrower, the DIP Guarantors and their respective subsidiaries forming part of the DIP Collateral;

(q) The filing of the Cases shall have occurred; and

(r) The DIP Borrower shall have received the requisite votes needed to confirm the DIP Borrower's Prepackaged Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code.

26. ***Conditions to All*** Each extension of credit under the DIP Facility shall be subject to the satisfaction of the conditions

Extensions of Credit customary for a transaction of this type, including:

(a) If the proceeds from the requested extension of credit are to be used in a manner or for a purpose which requires the prior approval of the Court, such approval shall have been obtained;

(b) The Interim Order or the Final Order, as the case may be, shall be in full force and effect and shall not have been reversed, modified, amended or stayed (or application therefor made), except for modifications and amendments that are reasonably acceptable to the DIP Facility Agent and the Debtors;

(c) Absence of any administrative claim that is senior to, or pari passu with, the Superpriority Claim of the DIP Facility Agent and the DIP Facility Lenders, other than claims secured by Permitted Liens, Additional Permitted Liens and the Carve-out;

(d) With respect to any DIP Revolving Loan, the receipt of a notice of borrowing or with respect to the issuance of a DIP Letter of Credit, a letter of credit application from the DIP Borrower. The request for and the acceptance of each extension of credit by the DIP Borrower shall constitute a representation and warranty that the conditions to each extension of credit shall have been satisfied;

(e) The extension of credit shall be consistent with the DIP Budget;

(f) No Event of Default and no condition which would constitute an Event of Default with the giving of notice or lapse of time or both shall exist; and

(g) Representations and warranties shall be true and correct in all material respects, except where such representation or warranty relates to an earlier date, in which case it shall be true and correct in all material respects as of such earlier date; provided that any representation or warranty that is by its terms qualified by

materiality shall be true and correct in all respects.

27. ***Representations and Warranties***:

The DIP Loan Agreement will contain representations and warranties that are customary for a transaction of this type, subject to materiality qualifiers and exceptions to be agreed upon, as well as matters disclosed in SEC filings and Disclosure Statement, including:

(a) Confirmation of corporate status and authority of the DIP Borrower and its subsidiaries.

(b) Due authorization, execution and delivery of the DIP Loan Agreement and the related documents;

(c) Execution, delivery, and performance by the DIP Borrower and the DIP Guarantors of the DIP Loan Agreement and the related documents do not conflict with law, existing agreements or organization documents except where such conflict would not reasonably be expected to result in a DIP Material Adverse Effect;

(d) No governmental or regulatory approvals required other than the Interim Order or the Final Order, as the case may be;

(e) Subject to the Interim Order or the Final Order, as the case may be, legality, validity, binding effect and enforceability of the DIP Loan Agreement and the related documents;

(f) Accuracy of information and financial statements in all material respects;

(g) Projections based on good faith estimates;

(h) No occurrence of any event, matter or circumstance since the Petition Date: (a) which is materially adverse to: (i) the business, assets or financial condition or prospects of the DIP Borrower and its subsidiaries taken as a whole; or (ii) the ability of any DIP Borrower or any DIP Guarantor to perform any of its obligations in accordance with their terms

under the DIP Loan Agreement and the related documents; or (b) which results in (i) the DIP Loan Agreement or any related loan document not being legal, valid and binding on, and enforceable against, any party thereto, from and after the date the Interim Order becomes effective, and/or (ii) any collateral document not being a valid and effective security interest, from and after the date the Interim Order becomes effective, and in the case of (b), in each case in a manner or to an extent materially prejudicial to the interest of any DIP Facility Lender under the DIP Loan Agreement or any related document ("DIP Material Adverse Effect");

(i) Payment of taxes by the Company and its subsidiaries, except those taxes being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which an adequate reserve has been made in accordance with GAAP;

(j) Good, sufficient and legal title to properties owned by the Company or its subsidiaries;

(k) Environmental compliance by the Company and its subsidiaries, except where non-compliance would not reasonably be expected to result in a DIP Material Adverse Effect;

(l) No defaults by the Company or its subsidiaries in any contractual obligations except where such conflict would not reasonably be expected to result in a DIP Material Adverse Effect;

(m) List of material contracts in effect on the DIP Closing Date is true, correct and complete;

(n) Neither the Company nor any of its subsidiaries is an investment company;

(o) Neither the Company nor any of its subsidiaries is engaged in the business of extending credit for the purpose of purchasing or carrying any margin stock and no part of the proceeds of the DIP Loans made will be used

to purchase or carry any such margin stock;

(p) No unfair labor practices by the Company or its subsidiaries and other employee matters, employment law non-compliance matters that could reasonably be expected to result in a DIP Material Adverse Effect;

(q) Compliance by the Company and its subsidiaries with employee benefit plans, except where non-compliance would not reasonably be expected to result in a DIP Material Adverse Effect;

(r) No broker's or finder's fee or commission will be payable in connection with the transactions contemplated by the DIP Loan Agreement and the related documents;

(s) Full and accurate disclosure by Borrowers and Guarantors;

(t) Compliance with applicable laws, except where non-compliance would not reasonably be expected to result in a DIP Material Adverse Effect;

(u) Continued effectiveness of the Interim Order or the Final Order, as applicable;

(v) Use of proceeds in accordance with the DIP Loan Agreement, the Interim Order and the Final Order (as applicable);

(w) No action, suit, investigation, litigation or proceeding pending or threatened that could have a DIP Material Adverse Effect, other than proceedings attendant to confirmation of the Plan of Reorganization;

(x) Insurance matters;

(y) Validity, priority and perfection of security interests in the DIP Collateral; and

(z) Status of the DIP Facility as senior debt entitled to superpriority administrative claim

status in the Cases.

28. ***Reporting Covenants:*** The DIP Loan Agreement will contain reporting covenants that are customary for a transaction of this type, including:

(a) Delivery of independently audited annual consolidated financial statements and unaudited quarterly and monthly consolidated financial statements, together with a comparison to the DIP Borrower's prior corresponding financial statements and annual financial plan and, with respect to quarterly and annual financial statements, a detailed explanation of material variances, provided that the annual consolidated financial statements for fiscal year 2009 may include a going concern qualification;

(b) Delivery each week of a rolling 13-week forecast of receipts and disbursements, and a report setting forth in reasonable detail any material variances from the weekly cash flows and disbursements on the basis of the actual prior week as well as on a cumulative basis (the "Cash Flow Forecast"); and

(c) Other reporting requirements and notices, including notices of default and litigation and ERISA notices.

29. ***Affirmative Covenants:*** The DIP Loan Agreement will contain affirmative covenants that are customary for a transaction of this type, including;

(a) The DIP Borrower, each DIP Guarantor and their respective subsidiaries to preserve and maintain in full force and effect its corporate existence and all rights and franchises, licenses and permits material to its business, except where its board of directors determines that such preservation is no longer desirable in the conduct of its business and the loss is not disadvantageous in any material respect to it or the DIP Facility Lenders;

(b) The DIP Borrower, each DIP Guarantor and

their respective subsidiaries to pay all material taxes, except those taxes being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which an adequate reserve has been made in accordance with GAAP;

(c) The DIP Borrower, each DIP Guarantor and their respective subsidiaries to maintain in good repair, working order and condition, ordinary wear and tear excepted, all material properties used or useful in the business of the DIP Borrower and its subsidiaries and make all appropriate repairs, renewals and replacements thereof, except where failure to do so would not reasonably be expected to have a DIP Material Adverse Effect;

(d) The DIP Borrower will maintain or cause to be maintained, with financially sound and reputable insurers, such public liability insurance, third party property damage insurance, business interruption insurance and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of the DIP Borrower and its subsidiaries as may customarily be carried or maintained under similar circumstances by persons of established reputation engaged in similar businesses, in each case in such amounts, with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for such persons;

(e) The DIP Borrower, each DIP Guarantor and their respective subsidiaries to maintain accurate books and records and, as reasonably requested and with reasonable advance notice, permit visitation and inspection by the DIP Facility Agent representatives;

(f) The DIP Borrower, each DIP Guarantor and their respective subsidiaries to comply in all material respects, with the requirements of all applicable laws, rules, regulations and orders of any governmental authority (including all

environmental laws);

(g) The DIP Borrower and each DIP Guarantors to take all actions the DIP Facility Agent may reasonably request in order to effect fully the purposes of the DIP Loan Agreement and the related documents;

(h) The DIP Borrower and each of its subsidiaries will continue to own or possess the right to use, free from any restrictions, all patents, trademarks, copyrights, and domain names that are used in the operation of their respective businesses as presently conducted and as proposed to be conducted, except where such failure to do so will not result in a DIP Material Adverse Effect;

(i) The DIP Borrower and each DIP Guarantor to supply to the DIP Facility Agent or any DIP Facility Lender documents and evidence necessary to comply with "know your customer" or other similar checks; and

(j) Not later than thirty-five (35) days after the entry of the Interim Order, the Court shall have entered an order (in form and substance acceptable to the DIP Facility Lenders and the DIP Facility Agent) (the "Final Order") on an application or motion by the DIP Borrower and the DIP Guarantors, that motion to be in form and substance satisfactory to the DIP Facility Lenders and the DIP Facility Agent, approving, on a final basis (but which Final Order need not have become final and non-appealable), the financing transactions contemplated herein and granting the superpriority claim status and liens referred to above, and which Final Order, among other things, shall (i) approve the DIP Facility and authorize extensions of credit under the DIP Facility, (ii) approve the payment by the DIP Borrower and DIP Guarantors of all the fees provided for herein, (iii) provide for the automatic termination of the automatic stay (but solely with respect to the DIP Facility) to permit the DIP Facility Agent and the DIP

Facility Lenders to exercise their remedies, with respect to the DIP Facility, after five (5) business days' written notice (the "Notice Period") of an Event of Default, which notice shall be provided by the DIP Facility Agent to the Debtors, counsel to the Debtors, counsel to any statutory committee(s) appointed in the Cases, and the Office of the United States Trustee for the District of Delaware, and which notice shall be filed with the Court, with a full waiver by the DIP Borrower and the DIP Guarantors of all rights to contest such termination except with respect to the existence of an Event of Default, (iv) not have been reversed, modified, amended or stayed, and (v) have such other findings, orders and relief typical for financings of the type contemplated herein. The Final Order shall have been entered on such notice to such parties as may be reasonably satisfactory to the DIP Facility Lenders and as required by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, orders of the Court, and any applicable local bankruptcy rules.

30. ***Negative Covenants:*** The DIP Loan Agreement will contain negative covenants that are customary for a transaction of this type, including:

(a) Limitation on debt;

(b) Limitation on liens;

(c) Limitation on negative pledges;

(d) Limitation on dividends, redemptions and repurchases with respect to capital stock;

(e) Limitations on investments and loans, provided that the DIP Borrower shall be permitted to make investments in foreign subsidiaries of no more than US$7,500,000 from the DIP Closing Date through May 31, 2010 and US$5,000,000 thereafter, and provided further that proceeds under the DIP Facility, subject to the limitations set forth herein, can be used to finance foreign operations and ensure foreign

companies maintain adequate liquidity to avoid the commencement of insolvency proceedings outside the U.S.;

(f) Limitations on mergers, consolidations; acquisitions, sales, leases and sale/leaseback transactions;

(g) Limitations on transactions with affiliates;

(h) Limitations on changes in business and organizational documents;

(i) No change in fiscal year; and

(j) Limitations on voluntary and optional prepayments and redemptions of debt (other than DIP Loans).

31. ***Financial Covenants:*** The DIP Loan Agreement will contain the following financial covenants:

(a) Minimum of US$40,000,000 from the DIP Closing Date through May 31, 2010 and US$35,000,000 thereafter of (x) unrestricted cash and cash equivalents of the DIP Borrower and the DIP Guarantors on hand and (y) undrawn and available commitments under the DIP Revolving Loan Facility at all times; and

(b) Actual average cash receipts for any period of four weeks shall not be less than 80% of average cash receipts for such period projected in the initial Cash Flow Forecast, and actual average cash disbursements (calculated without giving effect to debt service, professional fees and other restructuring expenses) for any period of four weeks shall not be more than 120% of average cash disbursements for such period projected in the initial Cash Flow Forecast, in each case tested on a rolling weekly basis.

32. ***Events of Default:*** The DIP Loan Agreement will contain Events of Default that are customary for a transaction of this type, including:

(a) Failure by the DIP Borrower to pay principal

when due and failure to pay interest, fees and other amounts within 3 business days of when due;

(b) Cross-default to payment defaults by the DIP Borrower, any DIP Guarantor or any of their subsidiaries on principal aggregating US$5 million, or to other events (other than the commencement of the Cases by the DIP Borrowers and the DIP Guarantors) if the effect is to accelerate or permit acceleration of such debt;

(c) Failure by the DIP Borrower or any DIP Guarantor to comply with any negative covenant, any financial covenant or the use of proceeds covenant;

(d) Any representations or warranty made by the DIP Borrower or any DIP Guarantor shall be false in any material respect as of the date made or deemed made;

(e) Failure by any DIP Borrower or any DIP Guarantor to comply with other covenants in the DIP Facility Loan Agreement or other related loan or collateral documents and such failure continues unremedied for a period of 20 business days following receipt of notice by an officer of the Company or actual knowledge by such officer;

(f) Involuntary bankruptcy, liquidation, or the appointment of a receiver or similar official or institution of any such proceeding in respect of any subsidiary of the DIP Borrower (other than those subject to the Cases) if not dismissed within 60 days;

(g) Voluntary bankruptcy, liquidation, or the appointment of a receiver or similar official or institution of any such proceeding in respect of any subsidiary of the DIP Borrower (other than those subject to the Cases);

(h) Failure to pay by the DIP Borrower or any of its subsidiaries of a final judgment or court

order if not stayed within 60 days in excess of US$5 million;

(i) Occurrence of an ERISA event (which shall exclude the filing of the Cases) which would reasonably be expected to result in a DIP Material Adverse Effect;

(j) Occurrence of a change of control of the DIP Borrower, other than as a result of the transactions contemplated by the Plan of Reorganization;

(k) Any collateral document ceases to be in full force and effect other than in accordance with its terms or shall be declared null and void or the DIP Facility Agent shall not have or shall cease to have a valid and perfected lien in any Collateral purported to be covered by such collateral document with the priority required by such collateral document;

(l) Actual invalidity, or any assertion by any the DIP Borrower, any DIP Guarantor or any of their affiliates of invalidity, of the DIP Loan Agreement or any related document;

(m) Entry of an order granting relief from the automatic stay with respect to any claim in excess of specified amounts to be mutually agreed upon;

(n) Entry of or application for order appointing a trustee under Section 1104 of the Bankruptcy Code or examiner with enlarged powers under Section 1106(b) of the Bankruptcy Code;

(o) Entry of an order converting any of the Cases into a chapter 7 case;

(p) Submission by the Debtors of, or entry of an order confirming, a plan of reorganization that does not (i) provide for termination of the DIP Facility and payment in full in cash of all obligations payable under the DIP Loan Agreement and the related documents on or before the effective date of such plan or (ii) provide for (A) a conversion of the DIP

Facility to the Exit Facility as described in this Term Sheet, pursuant to such Plan of Reorganization and (B) the continuation of the liens and security interests of the DIP Facility Agent and continued priority thereof until such plan effective date;

(q) Entry of an order dismissing any of the Cases that does not provide for termination of the DIP Facility and payment in full in cash of all obligations under the DIP Loan Agreement and the related documents;

(r) Entry of an order to (i) revoke, reverse, stay, modify, supplement or amend the Interim Order or the Final Order, (ii) permit any administrative expense or claim to have administrative priority as to the DIP Borrower or any DIP Guarantor equal or superior to the priority of the DIP Facility Agent and the DIP Facility Lenders in respect of the DIP Facility, other than claims secured by Permitted Liens, Additional Permitted Liens and the Carve-out, or (iii) grant or permit the grant of the liens on the DIP Collateral other than as permitted by the DIP Loan Agreement and the related documents, including, but not limited to, the Interim Order and the Final Order (as applicable);

(s) Failure by the Court to enter a Final Order within 35 days of the Petition Date;

(t) There shall be filed by the DIP Borrower or any DIP Guarantor any motion to sell all or a substantial part of the Collateral on terms that are not acceptable to the Requisite Lenders;

(u) The DIP Borrower or any DIP Guarantor shall file any action, suit or other proceeding or contested matter challenging the validity, perfection or priority of any liens securing the Prepetition Credit Agreement, or the validity or enforceability of any of the Credit Documents (as defined therein), or asserting any avoidance claim against, or seeking to recover any monetary damages from, any

agent or lender under any of the Prepetition Credit Agreement or the DIP Facility; and

(v) Without Requisite Lenders consent, the DIP Borrower or any DIP Guarantor shall discontinue or suspend all or any material part of its business operations or commence an orderly wind-down or liquidation of any material part of the DIP Collateral.

33. ***Remedies Upon Event of Default:*** If an Event of Default shall have occurred and is continuing, upon receipt by the Debtors of the written notice referred to in section 29(j)(iii) above (which written notice shall be served by the DIP Facility Agent upon the parties identified therein and filed with the Court), and upon expiration of the Notice Period, the principal of and all accrued interest and fees and all other amounts owed to the DIP Facility Agent and the DIP Facility Lenders under the Interim Order, the Final Order or the DIP Loan Agreement shall be immediately due and payable, and the DIP Facility Agent and the DIP Facility Lenders shall have the rights and remedies provided in the Interim Order, the Final Order or the DIP Loan Agreement, as applicable.

34. ***Voting:*** Amendments, modifications, terminations and waivers of any provision of the DIP Loan Agreement or any related document will require the approval of Requisite Lenders, except that in certain circumstances the consent of a greater percentage of the aggregate amount of the loans and commitments of the DIP Facility Lenders may be required.

35. ***Requisite Lenders:*** "Requisite Lenders" shall mean (i) the DIP Facility Lenders holding DIP Revolving Loans and commitments in the aggregate representing more than 50% of (a) the unfunded commitments and the outstanding DIP Revolving Loans or (b) if the commitments have been terminated, the outstanding DIP Revolving Loans (the "DIP RL Facility Exposure") and (ii) the DIP Facility Lenders holding DIP Term Loans in the aggregate representing more than 50% of the outstanding DIP Term Loans (the "DIP TL Facility Exposure"); provided that with respect to any amendment or waiver that would adversely affect the holders of the

		DIP RL Facility Exposure or the DIP TL Facility Exposure, as the case may be, differently from the rights of any other DIP Facility Lender, then the consent of only the holders of more than 50% of the DIP RL Facility Exposure or the DIP TL Facility Exposure, as the case may be, shall be required. The unfunded commitments of, and the outstanding DIP Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Requisite Lenders.
36.	***Assignments and Participations***	Each DIP Facility Lender may sell or assign all or any portion of its DIP Loans with the prior consent of the DIP Facility Agent. Each DIP Facility Lender may sell, assign or grant participations in all or any of its DIP Loans without the prior consent of the DIP Borrower. Minimum aggregate assignment level (which shall not be applicable to assignments to affiliates of the assigning DIP Facility Lenders and other DIP Lenders and their affiliates) of US$2,500,000 and increments of US$1,000,000 in excess thereof. The parties to the assignment shall pay to the DIP Facility Agent an administrative fee of US$3,500.
37.	***Defaulting Lenders:***	The DIP Loan Agreement shall contain defaulting lender provisions, including that (i) no defaulting lender (to be defined in the DIP Loan Agreement) will earn a DIP Commitment Fee so long that it remains a defaulting lender, (ii) no defaulting lender will be entitled to be counted in any matter requiring the consent of only the Requisite Lenders, and (iii) subject to receipt by a defaulting lender of all amounts due and owing to it, the DIP Borrower will have the right to replace such defaulting lender.
38.	***Other Terms:***	The DIP Loan Agreement will provide additional terms that are usual and customary for a transaction of this type and will be based on the Prepetition Credit Agreement.
39.	***Expenses:***	The DIP Borrower shall reimburse the DIP Facility Agent for all reasonable fees, expenses and disbursements, including reasonable fees, expenses and disbursements of counsel to the DIP Facility Agent, incurred in connection with the transaction, including, without limitation, related preparation,

		negotiation, execution and administration of the definitive documentation and ongoing expenses related to the DIP Facility. After the occurrence of a default or an Event of Default, the DIP Borrower shall reimburse the DIP Facility Agent and the DIP Facility Lenders for all costs and expenses and costs of settlement incurred in enforcing any obligation under the DIP Loan Agreement and the related loan documents or in collecting any payments due or in connection with any refinancing and restructuring of the credit arrangements.
40.	***Indemnification:***	The DIP Borrower and the DIP Guarantors shall indemnify the DIP Facility Agent, the DIP Issuing Bank and DIP Facility Lenders and their respective affiliates, officers, partners, directors trustees, investment advisors, employees and agents for any liability, obligation, loss, damage, claim, costs, expense and disbursement (including reasonable fees and disbursements of counsel to the indemnitees) arising out of (i) the DIP Loan Agreement and the related loan documents and the transactions contemplated under the DIP Facility, the use or proposed use of proceeds of the loans or any enforcement of the DIP Loan Agreement or any related loan documents or (ii) any environmental claims or hazardous materials activity arising from activity of the DIP Borrower and its subsidiaries, provided that such indemnification obligation does not extend to any damages, liabilities, or other costs arising from gross negligence or willful misconduct.
41.	***Yield Protection and Taxes:***	The DIP Loan Agreement and the related documents will contain yield protection provisions and tax gross-up provisions that are customary and based on the yield protection and tax gross-up provisions set forth in the Prepetition Credit Agreement.
42.	***Governing Law:***	The DIP Facility and all documentation in connection with the DIP Facility shall be governed by the laws of the State of New York applicable to agreements made and performed in such state, except as governed by the Bankruptcy Code.
43.	***Counsel to the DIP Facility***	Chadbourne & Parke LLP.

	Agent:	
44.	***Counsel to the DIP Borrower and DIP Guarantors:***	Cadwalader, Wickersham & Taft LLP.
45.	***Conflicts:***	In the event of any conflict between any of the terms of the DIP Loan Agreement and the Interim Order, the terms of the Interim Order shall govern. In the event of any conflict between or among any of the terms of the DIP Loan Agreement, the Interim Order and the Final Order, the Final Order shall govern.

II. TERMS OF EXIT FACILITY

On the Exit Closing Date pursuant to the Plan of Reorganization and the order of the Court confirming same (the "Confirmation Order"), the obligations of the DIP Borrower and the DIP Guarantors under the DIP Facility shall be assumed by the reorganized Company and certain of its affiliates, provided that, pursuant to the Plan of Reorganization and the Confirmation Order, and effective as of the Exit Closing Date, the terms of the DIP Facility shall be modified consistent with the terms set forth below (and such modified facility, which remains subject to definitive documentation in all respects, shall be referred to as the "Exit Facility"):

On the Exit Closing Date (a) the DIP Term Loans outstanding under the DIP Facility will continue as term loans under the Exit Facility, (b) the DIP Revolving Loans outstanding under the DIP Facility will continue as revolving loans under the Exit Facility, (c) the DIP Term Loan Letters of Credit outstanding under the DIP Term Loan L/C Facility shall be deemed to be outstanding letters of credit under the Exit Term Loan L/C Facility and (d) the commitment of the DIP Facility Lenders to make the DIP Revolving Loans shall be converted into their commitment to make Exit Revolving Loans under the Exit Facility.

1.	***Administrative and Collateral Agent:***	An affiliate of Citigroup Global Markets, Inc. (in such capacity, the "Exit Facility Agent").
2.	***Sole Lead Arranger and Sole Bookrunner:***	Citigroup Global Markets, Inc. ("CGMI")
3.	***Exit Issuing Bank:***	Citicorp North America, Inc.
4.	***Lenders:***	The lenders under the DIP Facility (the "Exit Facility Lenders").
5.	***Borrowers:***	Xerium Technologies, Inc. (the "Company"), XTI LLC ("XTI", and together with the Company, the "U.S. Borrowers"), Xerium Canada, Inc. ("Xerium

Canada"), Huyck Wangner Austria GmbH ("Huyck Austria"), Xerium Italia S.p.A. ("Xerium Italia") and Xerium Germany Holding GmbH ("Xerium Germany", and together with Xerium Canada, Huyck Austria and Xerium Italia, the "Non U.S. Borrowers").

6. ***Guarantors:*** The guarantors under Prepetition Credit Agreement and Robec Brazil LLC (the "Guarantors"). The Guarantors organized under the laws of the United States or any state thereof are referred to as the "U.S. Guarantors", and the Guarantors organized outside the United States are referred to as the "Non U.S. Guarantors."

7. ***Joint and Several Obligations; Limitation on Obligations:*** The obligations of the Borrowers under the Exit Facility and the related loan documents shall be joint and several, provided that none of the Non U.S. Borrowers shall be liable for any of the obligations of any U.S. Borrower.

The obligations of the Guarantors under the loan documents shall be joint and several, provided that none of the Non U.S. Guarantors shall be liable for any of the obligations of any U.S. Guarantor.

Notwithstanding the foregoing, any payments received by the Exit Facility Agent with respect to the Exit Loans or the Exit Collateral shall be applied to the payment of the obligations under the loan documents for the ratable benefit of the Exit Facility Lenders.

8. ***Exit Facility:*** *Exit Term Loan Facility*

The Exit Facility Lenders shall provide the Borrowers with a term loan credit facility (the "Exit Term Loan Facility") providing for extensions of term loans (the "Exit Term Loans") not to exceed US$60,000,000 (the "Exit TL Commitment Amount"). Exit Term Loans that are repaid shall not be reborrowed.

All Exit Term Loans shall be made in U.S. dollars.

The Exit Term Loan Facility shall have a letter of credit sublimit in the amount of US$20,000,000 as

described in paragraph 9 below (the "Exit Term Loan L/C Facility") and the DIP Term Loan Letters of Credit shall be deemed to be outstanding letters of credit under the Exit Term Loan L/C Facility (the "Exit Term Loan Letters of Credit").

Outstanding DIP Term Loans under the DIP Facility shall be deemed to be outstanding Exit Term Loans under the Exit Facility as of the Exit Closing Date.

Exit Revolving Facility

The Exit Facility Lenders shall provide the Borrowers with a revolving credit facility (the "Exit Revolving Facility") providing for extensions of revolving loans (the "Exit Revolving Loans", and together with the Exit Term Loans, the "Exit Loans") and letters of credit (the "Exit Revolving Letters of Credit"), with the principal amount of Exit Revolving Loans and the face amount of Exit Letters of Credit not to exceed US$20,000,000 in the aggregate (the "Exit RL Commitment Amount").

From the Exit Closing Date and prior to the Exit Revolving Commitment Termination Date, the Borrowers may, subject to the terms of the Exit Loan Agreement, borrow, repay and reborrow Exit Revolving Loans, subject to satisfaction of applicable conditions to borrowing. Exit Revolving Loans will be in minimum principal amounts to be agreed to. All Exit Revolving Loans will be made by the Exit Facility Lenders ratably in proportion to their respective Exit RL Commitment Amounts. Exit Revolving Loans will be available on 3 business days' notice in the case of Exit Revolving Loans that are Eurodollar Loans and same business day notice in the case of Exit Revolving Loans that are Base Rate Loans. The Borrowers will repay each Exit Revolving Loan no later than on the Exit Revolving Commitment Termination Date.

Outstanding DIP Revolving Loans under the DIP Facility shall be deemed to be outstanding Exit Revolving Loans under the Exit Facility as of the

Exit Closing Date.

Exit Revolving Loans shall be made in U.S. dollars.

9. ***Exit Letters of Credit:*** *Exit Revolving Facility Sublimit*

A portion of the Exit Revolving Facility not in excess of (a) US$3,000,000 for the period from the Exit Closing Date through the one year anniversary of the Exit Closing Date and (b) US$7,500,000 after the one year anniversary of the Exit Closing Date shall be available for the issuance of Exit Revolving Letters of Credit by the Exit Issuing Bank.

Drawings under any Exit Revolving Letter of Credit shall be reimbursed by the Borrowers on the next business day. To the extent the Borrowers do not so reimburse the Exit Issuing Bank, the Exit Facility Lenders under the Exit Facility shall be irrevocably and unconditionally obligated to reimburse the Exit Issuing Bank on a pro rata basis.

No Exit Revolving Letter of Credit shall have an expiration date after the earlier of (a) one year after the date of issuance and (b) five business days prior to the Exit Maturity Date.

Exit Term Loan Deposit Letter of Credit Subfacility

On the Exit Closing Date the amounts on deposit in the Term Loan LC Collateral Account will serve as collateral support for the Borrowers' reimbursement obligation with respect to the Exit Term Loan Letters of Credit. Amounts on deposit in the Term Loan LC Collateral Account shall secure the Borrowers' reimbursement obligation to the Exit Issuing Bank with respect to the Exit Term Loan Letters of Credit. If the Borrowers fail to reimburse the Exit Issuing Bank for drawings under the Exit Term Loan Letters of Credit then the Exit Facility Agent shall withdraw funds from the Term Loan LC Collateral Account equal to such drawings and remit such funds to the Exit Issuing Bank.

Funds on deposit in the Term Loan LC Collateral Account shall be invested in acceptable cash equivalents. The Exit Facility Agent, for the benefit of the Exit Issuing Bank, shall have a lien on the

Term Loan LC Collateral Account and all funds and amounts held therein. If on the last business day of any month the amount on deposit in the Term Loan LC Collateral Account exceeds 103% of the amount available to be drawn under the Exit Term Loan Letters of Credit, then no later than the second succeeding business day the Exit Facility Agent shall remit such excess amount to the Borrowers so long as no default or event of default shall have occurred and be continuing.

If on the last business day of any month (or such other date as determined by the Exit Facility Agent in its sole discretion) the amount on deposit in the Term Loan LC Collateral Account is less than 103% of the amount available to be drawn under the Exit Term Loan Letters of Credit, then the Borrowers shall cause additional amounts to be deposited within one business day after notice from the Exit Facility Agent into the Term Loan LC Collateral Account equal to such deficiency. If the Borrowers shall fail to make such deposit, the Exit Facility Lenders shall make an Exit Revolving Loan under the Exit Revolving Facility in an amount of such deficiency and the proceeds of which shall be deposited into the Term Loan LC Collateral Account. The conditions precedent to making Exit Revolving Loans and the minimum amounts of Exit Revolving Loans shall not apply to Exit Revolving Loans made pursuant to this paragraph. If there is not sufficient availability under the Exit Revolving Facility to make such Exit Revolving Loans provided for in this paragraph, such event shall constitute an Event of Default.

No Exit Term Loan Letter of Credit shall have an expiration date after the earlier of (a) one year after the date of issuance or the date of its continuance or extension and (b) five business days prior to the Exit Maturity Date.

10. ***Withdrawal from Term Loan Deposit Account:*** On the Exit Closing Date, all funds on deposit in the Term Loan Deposit Account established under the DIP Facility shall be withdrawn and remitted to the Company to be used in accordance with the terms of this Term Sheet.

11.	***Exit Closing Date:***	The date on which the conditions precedent to the closing of the Exit Facility shall have been satisfied or waived.
12.	***Exit Revolving Commitment Termination Date***	Three (3) years following the Exit Closing Date.
13.	***Exit Maturity Date:***	Four and a half (4.5) years following the Exit Closing Date.
14.	***Purpose and Use of Proceeds:***	The proceeds of the Exit Facility will be used by the Borrowers to solely (i) pay fees and expenses associated with the Exit Facility, (ii) fund working capital and general corporate purposes of the Borrowers and (iii) refinance the DIP Facility.
15.	***Amortization***	1.00% annual amortization on the Exit Term Loans, payable on the 15th day of the last month of each calendar quarter, beginning in the first full calendar quarter after the Exit Closing Date, with the balance paid on the Exit Maturity Date.
16.	***Interest:***	At the Borrower's election, Exit Loans shall be Eurodollar Loans or Base Rate Loans. Eurodollar Loans shall bear interest at the annual rate equal to LIBOR plus the Applicable Margin, with a LIBOR floor of 2.00% per annum. Base Rate Loans shall bear interest at the annual rate equal to the Base Rate plus the Applicable Margin. Base Rate: a fluctuating rate equal to the highest of (a) the Prime Rate of the Exit Facility Agent, (b) the Federal Funds Effective Rate plus 1/2 of 1% and (c) LIBOR plus 1%, with a LIBOR floor of 2.00%. Applicable Margin: 4.50% per annum with respect to Eurodollar Loans and 3.50% per annum with respect to Base Rate Loans. Interest periods will be 1, 2, 3 or 6 months. If any Event of Default occurs and is continuing, then the Borrowers will pay interest on the unpaid balance of the outstanding Exit Loans at a per annum rate of two percent (2%) greater than the rate of interest specified above.

		If any Event of Default occurs and is continuing under the Exit Facility, each Eurodollar Loan will convert to a Base Rate Loan at the end of the Interest Period then in effect for such Eurodollar Loan.
17.	***Interest Payments:***	Interest shall be payable in arrears on the last day of each interest period.
18.	***Exit Upfront Fee:***	To be determined in connection with the syndication.
19.	***Exit Commitment Fee:***	1.00% per annum on the daily average amount of the unused Exit RL Commitment Amount of each Exit Facility Lender, payable quarterly in arrears to each Exit Facility Lender from the Exit Closing Date until the Exit Revolving Commitment Termination Date.
20.	***Exit Letter of Credit Fee:***	A fronting fee equal to 0.25% per annum of the amounts available to be drawn under all Exit Letters of Credit, payable to the Exit Issuing Bank quarterly in arrears. A letter of credit fee equal to the Applicable Margin with respect to LIBOR Rate Loans on the amounts available to be drawn under all Exit Letters of Credit, payable to the Exit Facility Lenders quarterly in arrears.
21.	***Mandatory Prepayment:***	Mandatory prepayment of the Exit Loans shall be made from (i) 100% of the net cash proceeds from asset sales in excess of US$100,000 (with the obligation to mandatorily prepay commencing when such asset sales are greater than US$250,000) made outside the ordinary course of business, less any taxes payable by the Borrowers with respect to such asset sales, provided that with respect to the net cash proceeds from the Australia and Vietnam Assets (as defined in Section 29(h)), only 50% of the net cash proceeds shall be subject to mandatory prepayment, (ii) 100% of insurance and condemnation award payments, less any taxes payable by the Borrowers with respect to such award payments, (iii) cash proceeds from debt issuances, other than permitted debt and permitted refinancing debt and (iv) 50% of excess cash flow, which shall exclude non-cash

items and shall include certain working capital adjustments, after the end of each fiscal year, beginning at the end of fiscal year 2011 (payable in 2012), with (in the case of clauses (i), (ii) and (iii)) exceptions, baskets and reinvestment rights to be agreed upon. Mandatory prepayments pursuant to clauses (i), (ii) and (iv) will be shared ratably with the lenders under the Second Lien Term Loan Facility pursuant to the terms of the Intercreditor Agreement. Mandatory prepayments pursuant to clause (iii) will be applied first to obligations under the Exit Term Loan Facility and thereafter to obligations under the Exit Revolving Facility. Borrowers will bear all costs related to any mandatory prepayment of Exit Loans on a day that is not the last day of an interest period, provided that such mandatory prepayments shall be applied to base rate Loans and then to Eurodollar Loans.

22. ***Voluntary Prepayment:*** The Exit Loans may be prepaid without penalty, on 3 business days' notice, in minimum amounts of and increments to be agreed upon. Borrowers will bear all costs related to the voluntary prepayment of Exit Loans prior to the last day of the interest period thereof.

23. ***Reduction of Commitments*** Borrowers may permanently terminate or reduce the unused commitments, on 3 business days' notice, in minimum amounts and increments of to be agreed upon.

24. ***Security and First Priority:*** The Exit Facility Agent, for and on behalf of the Exit Facility Lenders and each Secured Hedge Counterparty (as defined below) shall have perfected first priority security interests in and liens upon (i) all existing and after acquired real and personal, tangible and intangible, property of the U.S. Borrowers and U.S. Guarantors and (ii) the real and personal, tangible and intangible, property of the Non U.S. Borrowers and Non U.S. Guarantors securing the obligations under the Prepetition Credit Agreement (together, the "Exit Collateral"). The term "Secured Hedge Counterparty" means each Exit Facility Lender, or any affiliate of a Exit Facility Lender, counterparty to the applicable documentation creating any currency exchange, interest rate or commodity swap

agreement, or other similar agreements with the Company or any of its subsidiaries, entered into in the ordinary course of business and not for speculative purposes.

All amounts owing under the Exit Facility and the related loan documents in respect thereof at all times will be senior to the liens granted under the Company's US$410,000,000 term loan facility to become effective concurrently with the Exit Facility (the "Second Lien Term Loan Facility"), and any indebtedness which replaces or refinances the Second Lien Term Loan Facility, subject to the terms of the Intercreditor Agreement.

25. ***Conditions to Closing:*** The closing of the Exit Facility shall be subject to the satisfaction of the conditions customary for a transaction of this type, including:

(a) All documentation relating to the Exit Facility (including the Intercreditor Agreement) shall be in form and substance consistent with this Term Sheet and otherwise satisfactory to the Borrowers and their counsel and the Exit Facility Agent and its counsel, it being understood that the Intercreditor Agreement to be included in the Plan Supplement (as defined in the Plan of Reorganization) shall be deemed to be in form and substance consistent with this Term Sheet and otherwise satisfactory to the Borrowers and their counsel and the Exit Facility Agent and its counsel, thus satisfying this condition to closing as it relates to the Intercreditor Agreement;

(b) The terms of the Plan of Reorganization shall have been confirmed by an order entered by the Court in form and substance acceptable to the Requisite Lenders; the Requisite Lenders shall be satisfied with, to the extent not specifically described in the Plan of Reorganization, the Disclosure Statement of the Plan Supplement, the terms of the restructuring of the Borrowers and its subsidiaries (including, without limitation, changes to the current composition of the Boards of Directors and of senior management

and the capital and tax structure of the Borrowers and their subsidiaries), it being understood that the documents to be included in the Plan Supplement identifying the current composition of the Boards of Directors and of senior management and the capital and tax structure of the Borrowers and their subsidiaries shall be deemed to be in form and substance consistent with this Term Sheet and otherwise satisfactory to the Borrowers and their counsel and the Exit Facility Agent and its counsel, thus satisfying this condition to closing as it relates to the such aforementioned documents;

(c) The Exit Facility Lenders shall have received, and the Requisite Lenders shall be satisfied with, (i) a pro forma estimated balance sheet of the Company and its subsidiaries at the Exit Closing Date after giving effect to the Plan of Reorganization and the transactions contemplated thereby, (ii) audited financial statements of the Borrower and its subsidiaries for the fiscal period ending December 31, 2009, (iii) interim unaudited monthly and quarterly financial statements of the Borrower and its subsidiaries through the fiscal month ending at least 30 days prior to the Exit Closing Date and the fiscal quarter ending at least 45 days prior to the Exit Closing Date, and (iv) the detailed business plan of the Company and its subsidiaries which shall include a projected consolidated balance sheet and related statements of projected operations and cash flow on a monthly basis for the fiscal year ending December 31, 2010, and on an annual basis through the fifth fiscal year after the Exit Closing Date, prepared by the Company's management;

(d) The Exit Facility Agent shall be satisfied that (i) the Borrowers', the Guarantors', and their respective subsidiaries' existing debts and liens do not exceed an amount agreed upon prior to the Exit Closing Date, and (ii) there shall not occur as a result of, and after giving effect to, the consummation of the Plan of

Reorganization or the funding of the Exit Facility, a default (or any event which with the giving of notice or lapse of time or both would be a default) under any of the Borrowers', the Guarantors' or their respective subsidiaries' debt instruments and other agreements that could reasonably be expected to result in an Exit Material Adverse Effect;

(e) The Company shall have delivered certificates, in form and substance satisfactory to the Exit Facility Agent, attesting to the solvency of each of the Borrowers and each of the Guarantors after giving effect to the transactions contemplated hereby, from its chief financial officer;

(f) The absence of an Exit Material Adverse Effect or event or occurrence which could reasonably be expected to result in a material adverse change, in (i) the business, assets, financial condition or prospects of the Borrowers, the Guarantors and their respective subsidiaries, taken as a whole, since the confirmation off the Plan of Reorganization, (ii) the ability of any Borrower or any Guarantor to perform any of its obligations in accordance with the terms under the Exit Loan Agreement or any loan document, or (iii) the ability of the Exit Facility Agent and the Exit Facility Lenders to enforce the Exit Loan Agreement or any loan document provided that the filing of the Cases will not be deemed to constitute an impediment to enforcement hereunder;

(g) There shall exist no action, suit, investigation, litigation or proceeding pending or threatened in any court or before any arbitrator or governmental instrumentality that (i) could reasonably be expected to result in an Exit Material Adverse Effect or (ii) restrains, prevents or imposes or can reasonably be expected to impose materially adverse conditions upon the Exit Facility or the transactions contemplated thereby, other than

the Cases;

(h) The Exit Facility Agent shall have received endorsements naming the Exit Facility Agent as an additional insured and loss payee under all insurance policies to be maintained with respect to the properties of the Borrowers, the Guarantors and their respective subsidiaries forming part of the Exit Collateral;

(i) The Borrowers and the Guarantors shall have at least US$35 million of unrestricted cash and cash equivalents on hand and undrawn and available commitments under the Exit Revolving Facility;

(j) All fees and other payments required to be made to the Exit Facility Lenders, the Exit Facility Agent and the Sole Lead Arranger and their respective advisors and counsel under the Exit Loan Agreement or any other written agreement shall have been paid;

(k) No Event of Default and no condition which would constitute an Event of Default with the giving of notice or lapse of time or both shall exist;

(l) Representations and warranties shall be true and correct in all material respects, except where such representation or warranty relates to an earlier date, in which case it shall be true and correct in all material respects as of such earlier date; provided that any representation or warranty that is by its terms qualified by materiality shall be true and correct in all respects;

(m) Execution and delivery of all collateral documents for the Exit Facility, including but not limited to mortgages, ALTA mortgage title insurance policies and evidence of flood insurance with respect to any property located in any flood hazard zone;

(n) The Exit Facility Agent shall have a perfected first priority security interest in the Exit

Collateral, and all filings and recordings and searches necessary or desirable in connection with such liens and security interest shall have been duly made;

(o) Delivery of legal opinion by counsel to the Borrowers and the Guarantors;

(p) Delivery of customary officers' and secretaries' certificates, incumbency/specimen signature certificates, resolutions and good standing certificates;

(q) All required consents shall have been obtained;

(r) The Exit Facility Agent shall have received the certificates representing the shares of capital stock pledged pursuant to the security documents, together with undated stock powers (or the equivalent) for each such certificate executed by the applicable Borrower or Guarantor; and

(s) The Company shall have received a rating on the Exit Facility from Moody's Investors Service, Inc. and shall have used commercially reasonable efforts to obtain a rating on the Exit Facility from Standard & Poor's Rating Group.

26. ***Conditions to All Extensions of Credit***

Each extension of credit shall be subject to the satisfaction of the conditions customary for a transaction of this type, including:

(a) No Event of Default and no condition which would constitute an Event of Default with the giving of notice or lapse of time or both shall exist; and

(b) Representations and warranties shall be true and correct in all material respects, except where such representation or warranty relates to an earlier date, in which case it shall be true and correct in all material respects as of such earlier date; provided that any representation or warranty that is by its terms qualified by materiality shall be true and correct in all respects.

27. ***Representations and Warranties:***

The Exit Loan Agreement will contain representations and warranties that are customary for a transaction of this type and shall be based on the representations and warranties set forth in the Prepetition Credit Agreement (subject to materiality qualifiers and exceptions to be agreed upon, as well as matters disclosed in SEC filings and the Disclosure Statement), including:

(a) Confirmation of corporate status and authority of the Company and its subsidiaries;

(b) Capital stock of each of the Company and its subsidiaries has been duly authorized and validly issued and is fully paid and non-assessable;

(c) Due authorization, execution and delivery of the loan documents;

(d) Execution, delivery, and performance by the Borrowers and Guarantors of the loan documents do not conflict with law, existing agreements or organization documents except where such conflict would not reasonably be expected to result in an Exit Material Adverse Effect;

(e) No governmental or regulatory approvals required;

(f) Legality, validity, binding effect and enforceability of the loan documents;

(g) Accuracy of information and financial statements;

(h) Projections based on good faith estimates;

(i) No occurrence of any event, matter or circumstance since the Petition Date, other than the transactions consummated under the Plan of Reorganization: (a) which is materially adverse to the: (i) business, assets financial condition or prospects of Company and its subsidiaries taken as a whole; or (ii) ability of any Borrower or any Guarantor to perform any of its obligations in accordance with their terms

under any of the loan documents; or (b) which in the reasonable opinion of the Requisite Lenders results in any (i) loan document not being legal, valid and binding on and, subject to reservations contained in the legal opinions provided as conditions precedent thereto, enforceable against any party thereto, from and after the Effective Date of the Plan of Reorganization, and/or (ii) collateral document not being a valid and effective security interest, from and after the Effective Date of the Plan of Reorganization, and in the case of (b), in each case in a manner or to an extent materially prejudicial to the interest of any Exit Facility Lender under the loan documents ("Exit Material Adverse Effect");

(j) Payment of taxes by the Company and its subsidiaries, except those taxes being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which an adequate reserve has been made in accordance with GAAP;

(k) Good, sufficient and legal title to properties owned by the Company or its subsidiaries;

(l) Environmental compliance by the Company and its subsidiaries, except where non-compliance would not reasonably be expected to result in an Exit Material Adverse Effect;

(m) No defaults by the Company or its subsidiaries in any contractual obligations, except where such default would not reasonably be expected to result in an Exit Material Adverse Effect and except as contemplated by the Plan of Reorganization;

(n) List of material contracts in effect on the Exit Closing Date is true, correct and complete;

(o) Neither the Company nor any of its subsidiaries is an investment company;

(p) Neither the Company nor any of its subsidiaries is engaged in the business of extending credit

for the purpose of purchasing or carrying any margin stock and no part of the proceeds of the Exit Loans made will be used to purchase or carry any such margin stock;

(q) No unfair labor practices by the Company or its subsidiaries and other employment law non-compliance matters that could reasonably be expected to result in an Exit Material Adverse Effect;

(r) Compliance by the Company and its subsidiaries with employee benefit plans, except where non-compliance would not reasonably be expected to result in an Exit Material Adverse Effect;

(s) No broker's or finder's fee or commission will be payable in connection with the transactions contemplated by the loan documents;

(t) Borrowers and Guarantors are solvent;

(u) Full and accurate disclosure by Borrowers and Guarantors;

(v) Compliance with laws, except where non-compliance would not reasonably be expected to result in an Exit Material Adverse Effect;

(w) Use of proceeds in accordance with the terms hereof and the Exit Loan Agreement;

(x) No action, suit, investigation, litigation or proceeding pending or threatened that could have an Exit Material Adverse Effect;

(y) Insurance matters;

(z) Validity, priority and perfection of security interests in the Exit Collateral; and

(aa) Status of the Exit Facility as senior debt.

28. ***Affirmative Covenants:*** The Exit Loan Agreement will contain affirmative covenants that are customary for a transaction of this type and shall be based on the affirmative covenants set forth in the Prepetition Credit

Agreement, including:

(a) The Company to deliver to the Exit Facility Agent the following: (i) audited annual financial statements within 90 days after the end of each fiscal year; (ii) unaudited quarterly financial statements within 45 days after the end of each fiscal quarter; (iii) detailed consolidated budget and business plan of the Company and its subsidiaries through the fifth fiscal year after the Exit Closing Date (including a projected consolidated balance sheet and related statements of projected operations and cash flow as of the end of such fiscal year) on or before April 1 of each fiscal year; (iv) compliance certificates; (v) notices of default; (vi) notices of litigation; (vii) notices of ERISA events; (viii) annual collateral verification reports; and (ix) other information.

(b) The Company to file all reports and other documents with the Securities and Exchange Commission required under the Securities Exchange Act.

(c) Each Borrower, each Guarantor and their respective subsidiaries to preserve and maintain in full force and effect its corporate existence and all rights and franchises, licenses and permits material to its business, except where its board of directors determines that such preservation is no longer desirable in the conduct of its business and the loss is not disadvantageous in any material respect to it or the Exit Facility Lenders.

(d) Each Borrower, each Guarantor and their respective subsidiaries to pay all material taxes, except those taxes which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which an adequate reserve has been made in accordance with GAAP.

(e) Each Borrower, each Guarantor and their respective subsidiaries to maintain in good repair, working order and condition, ordinary

wear and tear excepted, all material properties used or useful in the business of the Company and its subsidiaries and make all appropriate repairs, renewals and replacements thereof, except where failure to do so would not reasonably be expected to have an Exit Material Adverse Effect.

(f) The Company will maintain or cause to be maintained, with financially sound and reputable insurers, such public liability insurance, third party property damage insurance, business interruption insurance and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of the Company and its subsidiaries as may customarily be carried or maintained under similar circumstances by persons of established reputation engaged in similar businesses, in each case in such amounts, with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for such persons.

(g) Each Borrower, each Guarantor and their respective subsidiaries to maintain accurate books and records and, as reasonably requested and with reasonable notice, permit visitation and inspection by the Exit Facility Agent representatives.

(h) Each Borrower, each Guarantor and their respective subsidiaries to comply in all material respects, with the requirements of all applicable laws, rules, regulations and orders of any governmental authority (including all environmental laws), except where failure to do so would not reasonably be expected to have an Exit Material Adverse Effect.

(i) The Company to deliver to the Exit Facility Agent environmental reports and disclosures.

(j) Each Borrower to cause any person that becomes a material subsidiary to become a Guarantor and a grantor under the applicable

collateral documents.

(k) Each Borrower, each Guarantor and their respective subsidiaries, upon acquisition of a material real estate asset, to take all actions to create in favor of Exit Facility Agent a valid and perfected first priority security interest.

(l) Each Borrower and Guarantors to take all actions the Exit Facility Agent may reasonably request in order to effect fully the purposes of the loan and collateral documents.

(m) Each Borrower and each of its subsidiaries will continue to own or possess the right to use, free from any restrictions, all patents, trademarks, copyrights, and domain names that are used in the operation of their respective businesses as presently conducted and as proposed to be conducted, except to the extent the failure to so own or possess would not reasonably be expected to have an Exit Material Adverse Effect.

(n) Each Borrower and each Guarantor to supply to the Exit Facility Agent or any Exit Facility Lender documents and evidence reasonably requested and necessary to comply with "know your customer" or other similar checks.

(o) Each Borrower, each Guarantor and their respective subsidiaries to ensure that its payment obligations under each of the loan and collateral documents rank and will at all times rank senior to the obligations under the Second Lien Term Loan Facility in accordance with the terms of the Intercreditor Agreement and Permitted Liens and will at all times rank at least pari passu to the obligations of all other present and future secured and unsubordinated indebtedness.

29. ***Negative Covenants:*** The Exit Loan Agreement will contain negative covenants that are customary for a transaction of this type and shall be based on the negative covenants set forth in the Prepetition Credit

Agreement, including:

(a) No incurrence of indebtedness by any Borrower or any Guarantor or any of their subsidiaries, other than:

1. the obligations under the Exit Loan Agreement and the related loan and collateral documents (the "Obligations");

2. indebtedness of any subsidiary to any Borrower or to any other subsidiary, or of any Borrower to any subsidiary; provided, (i) all such indebtedness shall be evidenced by promissory notes and all such notes shall be subject to a lien pursuant to the collateral documents, (ii) all such indebtedness shall be unsecured and subordinated in right of payment to the payment in full of the Obligations pursuant to the terms of the applicable promissory notes or an intercompany subordination agreement that in any such case, is reasonably satisfactory to the Exit Facility Agent, and (iii) any payment by any such subsidiary under any guaranty of the Obligations shall result in a pro tanto reduction of the amount of any indebtedness owed by such subsidiary to the Company or to any of its subsidiaries for whose benefit such payment is made;

3. senior or subordinated unsecured debt; provided, that (i) no default or event of default is continuing under the Exit Loan Agreement or would result from such issuance, (ii) each Borrower is in compliance (and certifies as to such compliance) with the financial covenants on a pro forma basis after giving effect to the such issuance, (iii) the proceeds of such issuance are applied in accordance with the mandatory prepayment provisions of the Second Lien Term Loan Facility, and if the loans thereunder are paid in full, then the proceeds of such issuance shall be used for permitted

acquisitions or to fund permitted capital expenditures, (iv) such debt shall have a maturity of not earlier than six months after the Exit Maturity Date and (v) the documentation relating to such debt shall not contain any covenant or event of default that is either (x) not substantially provided for in the Exit Loan Agreement or (y) more favorable to the holder of such debt than the comparable covenant or event of default set forth in the Exit Loan Agreement, and, in the case of any subordinated debt, shall contain customary subordination provisions pursuant to which such debt is subordinated to the prior payment in full of the obligations under the Exit Loan Agreement;

4. indebtedness incurred by the Company or any of its subsidiaries arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guaranties or letters of credit, surety bonds or performance bonds securing the performance of each Borrower or any such subsidiary pursuant to such agreements, in connection with certain permitted acquisitions or permitted dispositions of any business, assets or subsidiary of the Company or any of its subsidiaries;

5. indebtedness which may be deemed to exist pursuant to any guaranties, performance, surety, statutory, appeal or similar obligations incurred in the ordinary course of business;

6. indebtedness in respect of netting services, overdraft protections and otherwise in connection with deposit accounts;

7. guaranties in the ordinary course of business of obligations to suppliers, customers, franchisees and licensees of

the Company and its subsidiaries;

8. guaranties or the provision of other credit support by a Borrower of indebtedness of a subsidiary or guaranties or the provision of other credit support by a subsidiary of a Borrower of indebtedness of a Borrower or a subsidiary with respect, in each case, to indebtedness otherwise permitted to be incurred pursuant to the lien covenant section below;

9. existing disclosed indebtedness, but not any extensions, renewals or replacements of such indebtedness except (i) renewals and extensions expressly provided for in the agreements evidencing any such indebtedness as the same are in effect on the Exit Closing Date and (ii) refinancings and extensions of any such indebtedness if the terms and conditions thereof are not materially less favorable to the obligor thereon or to the Exit Facility Lenders than the indebtedness being refinanced or extended, and the average life to maturity thereof is greater than or equal to that of the indebtedness being refinanced or extended; provided, such indebtedness permitted under the immediately preceding clause (i) or (ii) above shall not (A) include indebtedness of an obligor that was not an obligor with respect to the indebtedness being extended, renewed or refinanced, (B) exceed in a principal amount the indebtedness being renewed, extended or refinanced or (C) be incurred, created or assumed if any default or event of default under the Exit Loan Agreement has occurred and is continuing or would result therefrom;

10. indebtedness with respect to capital leases or purchase money indebtedness in an amount not to exceed at any time US$25 million in the aggregate (including any indebtedness acquired in connection with certain permitted acquisitions); provided,

any such purchase money indebtedness shall be secured only to the asset(s) acquired in connection with the incurrence of such indebtedness;

11. other indebtedness of the Company and its subsidiaries in an aggregate amount not to exceed at any time US$25 million;

12. indebtedness under certain factoring agreements;

13. unsecured working capital facilities of any subsidiary in respect of which an Exit Letter of Credit in an amount equal to the maximum principal amount of such facilities has been issued under the Exit Facility;

14. hedging obligations entered into for the purpose of hedging risks associated with the operations of the Company and its subsidiaries;

15. the obligations under the Second Lien Term Loan Facility;

16. any replacement, renewal or refinancing of and debt described in 3, 10, 11 and 15 ("Permitted Refinancing Indebtedness") that (i) does not exceed the aggregate principal amount of the debt being replaced, renewed or refinanced, (ii) does not have a maturity date earlier than the debt being replaced renewed or refinanced, (iii) does not rank at the time of such replacement, renewal or refinancing senior to the debt being replaced, renewed or refinanced and (iv) the documentation relating to such debt shall not contain any covenant or event of default that is either (x) not substantially provided for in the Exit Loan Agreement or (y) more favorable to the holder of such debt than the comparable covenant or event of default set forth in the Exit

Loan Agreement; and

17. scheduled indebtedness existing on the Exit Closing Date.

(b) No liens on any property or assets of the Company or its subsidiaries, other than:

1. liens in favor of Exit Facility Agent for the benefit of Exit Facility Lenders granted pursuant to any security document;

2. liens for taxes not then due or if due obligations with respect to such taxes that are not at such time required to be paid pursuant to the payment of taxes covenant or which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which an adequate reserve has been made in accordance with GAAP;

3. statutory liens of landlords, banks (and rights of set off), of carriers, warehousemen, mechanics, repairmen, workmen and materialmen, and other liens imposed by law, in each case incurred in the ordinary course of business (i) for amounts not yet overdue or (ii) for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of 15 days) are being contested in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made for any such contested amounts;

4. liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts,

trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money or other indebtedness), so long as no foreclosure, sale or similar proceedings have been commenced with respect to any portion of the Exit Collateral on account thereof;

5. easements, rights of way, restrictions, encroachments, and other minor defects or irregularities in title, in each case which do not and will not interfere in any material respect with the ordinary conduct of the business of the Company or any of its subsidiaries;

6. any (i) interest or title of a lessor or sublessor under any lease of real estate permitted under the Exit Loan Agreement, (ii) restriction or encumbrance that the interest or title of such lessor or sublessor may be subject to, or (iii) subordination of the interest of the lessee or sublessee under such lease to any restriction or encumbrance referred to in the preceding clause (ii), so long as the holder of such restriction or encumbrance agrees to recognize the rights of such lessee or sublessee under such lease;

7. liens solely on any cash earnest money deposits made by the Company or any of its subsidiaries in connection with any letter of intent or purchase agreement permitted under the Exit Loan Agreement;

8. purported liens evidenced by the filing of precautionary UCC financing statements or, for property located in foreign jurisdictions, the preparation and/or filing of functionally similar documents, relating solely to operating leases of personal property entered into in the ordinary course of business;

9. liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

10. any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property;

11. (i) licenses of patents, trademarks and other intellectual property rights granted by the Company or any of its subsidiaries in the ordinary course of business and not interfering in any material respect with the ordinary conduct of the business of the Company or such subsidiary and (ii) leases or subleases granted by Company of any of its subsidiaries to third parties in respect of surplus property which is not fundamental to the operation of the business in the ordinary course of business; provided that such leases and subleases are on arms-length commercial terms and are otherwise satisfactory to the Exit Facility Agent;

12. liens described on a title report delivered in connection with any real property securing the obligations under the Exit Loan Agreement;

13. liens securing indebtedness permitted pursuant to clauses 10. and 11. of the debt covenant above; provided, any such lien shall encumber only the asset acquired with the proceeds of such indebtedness;

14. liens granted by entities acquired pursuant to the asset sale covenant prior to their acquisition and not in contemplation of such acquisition and which are discharged within three months of the date of acquisition and in relation to which the secured amount is not increased in contemplation of or after the date of the

relevant acquisition;

15. liens in favor of the collateral agent under the security documents relating to the Second Lien Term Loan Facility;

16. liens securing Permitted Refinancing Indebtedness, provided that any such lien shall encumber only the assets that secure the debt being replaced, renewed or refinanced by such Permitted Refinancing Indebtedness;

17. scheduled liens outstanding on the Exit Closing Date and replacements thereof so long as the replacement liens encumber only the assets subject to the liens being replaced; and

18. a general lien basket of US$15 million so long as the assets subject to such lien is located outside the United States and are not included in the Exit Collateral, of which US$5 million of such general lien basket may apply to assets subject to such lien that are located in the United States and are not included in the Exit Collateral.

(c) If any Borrower or any of its subsidiaries creates any lien upon any of its properties or assets, other than Permitted Liens, it shall make provisions whereby the obligations under the Exit Loan Agreement will be secured by such lien equally and ratably.

(d) No further negative pledges by any Borrower, any Guarantor or their subsidiaries, other than:

1. specific property encumbered to secure payment of particular indebtedness or to be sold pursuant to an executed agreement with respect to a permitted asset sale;

2. restrictions contained in any documents evidencing subordinated debt; provided, that in respect of subordinated debt such restrictions do not restrict the ability to grant security interests under the Exit

Loan Agreement or any agreement that refinances the obligations under the Exit Loan Agreement;

3. restrictions by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses and similar agreements entered into in the ordinary course of business (provided that such restrictions are limited to the property or assets secured by such liens or the property or assets subject to such leases, licenses or similar agreements, as the case may be);

4. liens permitted to be incurred under lien and debt covenants in the Exit Loan Agreement and restrictions in the agreements relating thereto that limit the right of any Borrower or any Guarantor to dispose of or transfer the assets subject to such liens;

5. provisions limiting the disposition or distribution of assets or property under sale-leaseback agreements, stock sale agreements and other similar agreements, which limitation is applicable only to the assets that are the subject of such agreements;

6. any encumbrance or restriction in connection with an acquisition of property, so long as such encumbrance or restriction relates solely to the property so acquired and was not created in connection with or in anticipation of such acquisition; and

7. restrictions imposed by customary provisions in partnership agreements, limited liability company organizational governance documents, joint venture agreements and other similar agreements that restrict the transfer of ownership interest in such partnership, limited liability company, joint venture or similar

person.

(e) No restricted junior payments (e.g., dividends and payments of subordinated debt) except distributions from a subsidiary to its shareholders, provided that such payments are made to all its shareholders proportionately, and so long as no default exists, the Company can repurchase or redeem common stock up to US$7 million per year for the purpose of repurchases of common stock from departing executives or satisfying the purchase price of equity awards under, or paying withholding taxes with respect to vested equity compensation programs.

(f) Limited restrictions on subsidiary ability to make distributions.

(g) No investments in any person (including joint ventures) by any Borrower, any Guarantor or their subsidiaries, other than:

1. investments in cash and cash equivalents;

2. equity investments and loans as of the Exit Closing Date in or to any subsidiary and equity investments and loans made after the Exit Closing Date in or to any subsidiary of any Borrower;

3. investments (i) in any securities received in satisfaction or partial satisfaction of obligations of financially troubled account debtors and (ii) deposits, prepayments and other credits to suppliers made in the Company's and its subsidiaries' ordinary course of business;

4. intercompany loans and guaranties to the extent permitted by the provisions of the indebtedness covenant above;

5. capital expenditures permitted under the financial covenants below;

6. loans and advances to employees of the Company and its subsidiaries made in the

ordinary course of business in an aggregate principal amount not to exceed US$1 million in the aggregate;

7. investments made in connection with certain permitted acquisitions, provided that equity of the Company may be used as consideration in connection with permitted acquisitions so long as the Company is in compliance, on a pro forma basis, with the financial covenants;

8. investments received in lieu of cash in connection with certain permitted asset sales;

9. existing disclosed investments; and

10. other investments in an aggregate amount not to exceed at any time US$20 million.

(h) No mergers, consolidations, acquisitions, sales, leases of all or part of Company's or any of its subsidiaries' assets or property other than:

1. purchases or acquisitions of inventory, materials and equipment and cap-ex in the ordinary course of business;

2. any subsidiary of the Company may be merged with or into a Borrower or any other subsidiary, or be liquidated, wound up or dissolved, or all or any part of its business, property or assets may be conveyed, sold, leased, transferred or otherwise disposed of, to a Borrower or any other subsidiary, provided that in the case of a merger involving a Borrower or a Guarantor merging with a non-Guarantor, such Borrower or Guarantor shall be the surviving entity;

3. sales or dispositions of inventory in the ordinary course of business and sales of other assets for gross consideration of less than US$250,000 with respect to any transaction or series of related transactions;

4. asset sales, the proceeds of which when aggregated with proceeds of all other asset sales in the same fiscal year are less than US$25 million; provided that (x) such amount shall exclude proceeds of the sale of assets of Huyck Wangner Australia Pty Limited and Huyck Wangner Vietnam Co Ltd (the "Australian and Vietnam Assets") and (y) the net cash proceeds will be subject to the mandatory prepayment provisions set forth in Section 21 above; provided further that up to US$3 million of such proceeds may be reinvested within 360 days of receipt;

5. disposals of obsolete, worn out or surplus property;

6. permitted acquisitions with no dollar or asset limitation so long as (i) equity of the Company is used as 100% of the consideration in connection therewith or (ii) cash of the Company or any of its subsidiaries is used as all or a portion of the consideration; provided that, in the case of clause (ii), the Company must demonstrate that, on a pro forma basis, the leverage covenant level of the Company is at least 0.5x inside the then applicable Leverage Ratio covenant level; and

7. investments permitted under the Exit Loan Agreement.

(i) No sales by any Borrower, any Guarantor or their subsidiaries of interests in the capital stock of any of the subsidiaries, unless permitted by the Exit Loan Agreement.

(j) No sales and lease backs by any Borrower, any Guarantor or their subsidiaries, unless permitted by the Exit Loan Agreement.

(k) No transactions by any Borrower, any Guarantor or their subsidiaries with shareholders owning more than 5% of any class of stock of the Company or any of its

subsidiaries and affiliates on terms less favorable to such Borrower or Guarantor, other than (a) any transaction between the Company or any of its subsidiaries and the Company and its subsidiaries; (b) compensation arrangements for directors, officers and other employees of Company and its subsidiaries entered into in the ordinary course of business, including indemnification arrangements, equity compensation and stock ownership plans; and (c) certain other permitted transactions agreed upon.

(l) No engaging by any Borrower, any Guarantor or their subsidiaries in business other than businesses engaged in by such Borrower and the Guarantors on the Exit Closing Date or other similar or related businesses.

(m) No amendments or modifications by any Borrower, any Guarantor or their subsidiaries of any organizational documents that would be materially adverse to the Exit Facility Lenders.

(n) No amendments or waivers by any Borrower, any Guarantor or their subsidiaries with respect to certain terms of subordinated debt or amendments that would be adverse to the Exit Facility Lenders.

(o) No change by any Borrower, any Guarantor or their subsidiaries in its fiscal year end from December 31.

30. ***Financial Covenants:***

(a) Interest Coverage Ratio measured quarterly for a rolling 12 month period at levels to be agreed upon.

(b) Leverage Ratio measured quarterly for a rolling 12 month period at levels to be agreed upon.

(c) Maximum Capital Expenditures each year in amounts to be agreed upon.

31. ***Events of Default:***

The Exit Loan Agreement will contain Events of Default that are customary for a transaction of this type and shall be based on the events of default in

the Prepetition Credit Agreement, including:

(a) Failure by any Borrower to pay principal when due and failure to pay interest, fees and other amounts within 3 business days of when due.

(b) Cross-default to payment defaults beyond applicable grace periods by any Borrower, any Guarantor or any of their subsidiaries on principal aggregating US$5 million, or to other events if the effect is to accelerate or permit acceleration of such debt.

(c) Failure by any Borrower or any Guarantor to comply with any negative covenant, any financial covenant or the use of proceeds covenant.

(d) Any representations or warranty made by any Borrower or any Guarantor shall be false in any material respect as of the date made or deemed made.

(e) Failure by any Borrower or any Guarantor to comply with other covenants in Exit Loan Agreement or other loan or collateral documents and such failure continues unremedied for a period of 20 business days following receipt of notice by an officer of the Company or actual knowledge of such failure by any such Borrower or Guarantor.

(f) Involuntary bankruptcy, liquidation, or the appointment of a receiver or similar official or institution of any such proceeding in respect of the Company or any of its subsidiaries if not dismissed within 60 days.

(g) Voluntary bankruptcy, liquidation, or the appointment of a receiver or similar official or institution of any such proceeding in respect of the Company or any of its subsidiaries, other than any Case(s) not closed as of the Exit Closing Date.

(h) Failure to pay by the Company or any of its subsidiaries of a final judgment or court order if not stayed within 60 days in excess of US$5

million.

(i) Any order, judgment or decree shall be entered against any Borrower or any Guarantor decreeing the dissolution or split up of such Borrower or Guarantor and such order shall remain undischarged or unstayed for a period in excess of 30 days.

(j) Occurrence of an ERISA event which would reasonably be expected to result in liability of the Company or any of its subsidiaries in excess of US$5 million.

(k) Occurrence of a change of control of the Company, other than as a result of the transactions contemplated by the Plan of Reorganization.

(l) Any collateral document ceases to be in full force and effect other than in accordance with its terms or shall be declared null and void or the Exit Facility Agent shall not have or shall cease to have a valid and perfected lien in any Collateral purported to be covered by such collateral document with the priority required by such collateral document.

(m) Occurrence of any Exit Material Adverse Effect.

32. ***Remedies Upon Event of Default:*** Upon the occurrence of an Event of Default under paragraphs (f), (g) or (k) above, automatically, and upon the occurrence of any other Event of Default, at the request of the Requisite Lenders, the principal of and all accrued interest and fees and all other amounts owed to the Exit Facility Agent and the Exit Facility Lenders under the Exit Loan Agreement shall be immediately due and payable, and the Exit Facility Agent and the Exit Facility Lenders shall have the rights and remedies provided in the Exit Loan Agreement and the collateral documents, subject to the terms of the Intercreditor Agreement.

33. ***Voting:*** Amendments, modifications, terminations and waivers of any provision of the Exit Loan

		Agreement or any related document will require the approval of Requisite Lenders (as defined below), except that in certain circumstances the consent of a greater percentage of the aggregate amount of the loans and commitments of the Exit Facility Lenders may be required.
34.	***Requisite Lenders:***	"Requisite Lenders" shall mean (i) the Exit Facility Lenders holding Exit Revolving Loans and commitments in the aggregate representing more than 50% of (a) the unfunded commitments and the outstanding Exit Loans, letter of credit obligations and participations thereof or (b) if the commitments have been terminated, the outstanding Exit Revolving Loans, letter of credit obligations and participations thereof (the "Exit RL Facility Exposure") and (ii) the Exit Facility Lenders holding Exit Term Loans in the aggregate representing more than 50% of the outstanding Exit Term Loans (the "Exit TL Facility Exposure"); provided that with respect to any amendment or waiver that would adversely affect the holders of the Exit RL Facility Exposure or the Exit TL Facility Exposure, as the case may be, differently from the rights of any other Exit Facility Lender, then the consent of only the holders of more than 50% of the Exit RL Facility Exposure or the Exit TL Facility Exposure, as the case may be, shall be required. The unfunded commitments of, and the outstanding Exit Loans, letter of credit obligations and participations therein held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Requisite Lenders.
35.	***CAM Exchange:***	On the date on which an Event of Default under paragraphs (f) and (g) above (bankruptcy) occurs, the Exit Facility Lenders shall automatically be deemed to have exchanged interest in all obligations of the Borrowers under the Exit Loan Agreement such that each Exit Facility Lender shall own a pro rata interest in all of the Exit Loans.
36.	***Assignments and Participations:***	Each Exit Facility Lender may sell or assign all or any portion of its Exit Loans with the prior consent of the Exit Facility Agent, the Exit Issuing Bank, and except in the case of assignments to another Exit Facility Lender or an affiliate of a Exit Facility

		Lender or while an Event of Default is continuing, the prior consent of the Company (not to be unreasonably withheld). Minimum aggregate assignment level (which shall not be applicable to assignments to affiliates of the assigning Exit Facility Lenders and other Exit Facility Lenders and their affiliates) of US$2,500,000 and increments of US$1,000,000 in excess thereof. The parties to the assignment shall pay to the Exit Facility Agent an administrative fee of US$3,500. Each Exit Facility Lender may grant participations in all or any of its Exit Loans without the prior consent of the Company.
37.	***Intercreditor Agreement:***	The Exit Facility Agent and the collateral agent for the Second Lien Term Loan Facility shall enter into an intercreditor agreement setting forth the lien and payment priorities with respect to the obligations under the Exit Loan Agreement and the Second Lien Term Loan Facility.
38.	***Defaulting Lenders***	The Exit Loan Agreement shall contain defaulting lender provisions, including that (i) no defaulting lender (to be defined in the Exit Loan Agreement) will earn an Exit Commitment Fee or an Exit Letter of Credit Fee for so long that it remains a defaulting lender, (ii) no defaulting lender will be entitled to be counted in any matter requiring the consent of only the Requisite Lenders, (iii) the Borrower will be required to cash collateralize the defaulting lender's Exit Letter of Credit obligations and (iv) subject to receipt by a defaulting lender of all amounts due and owing to it, the Borrower will have the right to replace such defaulting lender.
39.	***Exit Loan Agreement and Other Terms:***	The Exit Loan Agreement shall be based on the Prepetition Credit Agreement and will provide additional terms that are usual and customary for a transaction of this type.
40.	***Expenses:***	The Borrowers shall reimburse the Exit Facility Agent for all fees, expenses and disbursements, including reasonable fees, expenses and disbursements of counsel to the Exit Facility Agent, incurred in connection with the transaction, including, without limitation, related preparation,

		negotiation, execution and administration of the definitive documentation and ongoing expenses related to the Exit Facility. After the occurrence of a Default or an Event of Default, Borrowers shall reimburse the Exit Facility Agent, the Exit Issuing Bank and the Exit Facility Lenders for all costs and expenses and costs of settlement incurred in enforcing any Obligation or in collecting any payments due or in connection with any refinancing and restructuring of the credit arrangements.
41.	***Indemnification:***	The Borrowers and the Guarantors shall indemnify the Exit Facility Agent, the Exit Issuing Bank and the Exit Facility Lenders and their respective affiliates, officers, partners, directors trustees, investment advisors, employees and agents for any liability, obligation, loss, damage, claim, costs, expense and disbursement (including reasonable fees and disbursements of counsel to the indemnitees) arising out of (i) the Exit Loan Agreement and the related loan documents and the transactions contemplated under the Exit Facility, the use or proposed use of proceeds of the loans or any enforcement of the Exit Loan Agreement or any related loan documents or (ii) any environmental claims or hazardous materials activity arising from activity of the Company and its subsidiaries, provided that such indemnification obligation does not extend to any damages or liabilities arising from gross negligence or willful misconduct.
42.	***Yield Protection and Taxes:***	The Exit Loan Agreement and the related documents will contain yield protection provisions and tax gross-up provisions that are customary and based on the yield protection and tax gross-up provisions set forth in the Prepetition Credit Agreement.
43.	***Governing Law:***	The Exit Facility and all documentation in connection with the Exit Facility (other than the applicable security documents) shall be governed by the laws of the State of New York.
44.	***Counsel to the Exit Facility Agent:***	Chadbourne & Parke LLP.

45. ***Counsel to the Borrowers and the Guarantors:*** Cadwalader, Wickersham & Taft LLP.

EXHIBIT C

NEW MANAGEMENT INCENTIVE PLAN

XERIUM TECHNOLOGIES, INC.
2010 EQUITY INCENTIVE PLAN

1. **Purpose; Term**.

This Xerium Technologies, Inc. 2010 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 the tenth anniversary of the Effective Date, 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.

"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.

"Common Stock" or "Stock" means the Common Stock, $0.001 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.

"Section 409A" means Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date.

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 463,525 shares of Common Stock in the aggregate may be delivered under or in satisfaction of Awards, provided, however, that to the extent that equity incentive awards granted prior to the Effective Date pursuant to the Company's 2005 Equity Incentive Plan, as amended, do not vest on or after the Effective Date in accordance with their terms, the number of shares of Common Stock subject to such unvested awards shall be added to the number of shares that may be delivered hereunder. 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 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 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, 150,000, 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 150,000, 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, 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 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. Notwithstanding anything herein to the contrary, the performance criteria terms set forth on Appendix A hereto shall apply to any Award for which performance goals are established pursuant to this Section 8(c) that is intended to satisfy the exception for qualified performance-based compensation under Section 162(m) of the Code.

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, it is intended that any grant of an Award shall satisfy the requirements for compliance with or exemption from Section 409A of the Code, to the extent applicable. The Plan and any Award shall be interpreted in a manner that is consistent with compliance with or exemption from Section 409A. In the event that any Award is subject to Section 409A and is otherwise payable upon a Change of Control, no

such payment shall be made unless such Change of Control constitutes a "Change in Control Event" as defined in Section 1.409A-3(i)(5)(i) of the Treasury Regulations, and as set forth in Section 1.409A-3(i)(5)(v) through (vii). In the event that any Award is subject to Section 409A and is payable upon termination of employment or service, such Award shall not be payable upon a termination of employment or service unless such termination of employment or service constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Treasury Regulations.

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.

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 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**. If (i) any Person or "group," within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, other than the Company or any of its subsidiaries or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or one of its subsidiaries, becomes a beneficial owner, directly or indirectly, in one or a series of transactions, of securities representing fifty percent (50%) or more of the total number of votes that may be cast for the election of directors of the Company, (ii) the Company merges into or combines with any other entity and, immediately following such merger or combination, any Person or group of Persons acting in concert holds 50% or more of the voting power of the entity surviving such merger or combination (other than any Person or group of Persons which held 50% or more of the Company's voting power immediately prior to such merger or combination or any Affiliated Person of any such Person or member of such group), (iii) the Company sells all or substantially all of its assets or business for cash or for securities of another Person or group of Persons (other than to any Person or group of Persons which held 50% or more of the Company's total voting power immediately prior to such sale or to any Affiliated Person of any such Person or any member of such group), or (iv) a dissolution or liquidation of the Company (any of (i), (ii), (iii) or (iv) being herein referred to as a "Covered Transaction"), then, without further action by the Committee, (A) all outstanding Options and SARs shall immediately become fully vested and exercisable, and (B) all outstanding Restricted Stock Awards and Stock Unit Awards shall immediately become fully earned and vested and, in the case of Restricted Stock, the Restricted Period with respect thereto shall immediately lapse; provided, however, that: (1) any such Restricted Stock Awards and Stock Unit Awards that are conditioned upon the attainment of specified price targets with respect to the Common Stock shall only become earned and vested to the extent that the transaction price per share in the Covered Transaction or, if not discernable due to the nature of the Covered Transaction, the Fair Market Value of a share of Common Stock, in each case as determined by the Committee, exceeds the applicable price targets under such Awards, and (2) any such Restricted Stock Awards and Stock Unit Awards that are conditioned upon the attainment of performance-based conditions (other than performance-based Awards covered by subsection (1) above) shall only become earned and vested in respect of that portion of the Award that would become earned and vested upon target-level achievement of the performance goals applicable thereto, as determined by the Committee. Without limiting the foregoing (but solely after giving full effect to the provisions of the preceding sentence), in the event of 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 (provided that the payment of any Award that constitutes a deferral of compensation subject to Section 409A may not be accelerated except to the extent permitted by Section 409A of the Code), (B) provide for the cancellation of the Award (without the consent of the Participant) in exchange for the 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.

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.

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 date on which the Joint Prepackaged Plan of Reorganization Plan of the Company (and the other Debtors listed therein) becomes effective.

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. **Repricing**. Without the approval of stockholders, the Committee will not amend or replace previously granted Options or SARs in a transaction that constitutes a "repricing," which for this purpose means any of the following or any other action that has the same effect: (i) lowering the exercise price of an Option or SAR after it is granted; (ii) any other action that is treated as a repricing under generally accepted accounting principles; or (iii) canceling an Option or SAR at a time when its exercise price exceeds the Fair Market Value of the underlying Common Stock, in exchange for another Option or SAR or other equity, cash or other property; provided, however, that the foregoing transactions shall not be deemed a repricing if pursuant to an adjustment authorized under Section 5(b).

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

APPENDIX A

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 Code.

EXHIBIT D

NEW WARRANTS

The summary below describes the principal terms of the New Warrants.

Number of Warrants	Holders of Allowed Equity Interests in Class 8 will receive their Pro Rata Shares of the New Warrants to purchase up to 10% of the fully diluted shares of New Common Stock as of the Effective Date, calculated after giving effect to (a) the issuance of the New Common Stock and (b) the full exercise of the New Warrants, in each case, prior to the issuance of any New Common Stock reserved for the New Management Incentive Plan.
Exercise Price	An exercise price equal to the value per share of all New Common Stock issued or outstanding at the time of exercise of the New Warrant equal to (a)(i) 1.1 multiplied by an amount equal to the sum of the final amount of the Allowed Credit Facility Claims, the final amount of the Allowed Secured Swap Termination Claims, and the final amount of the Allowed Unsecured Swap Termination Claims minus (ii) the aggregate principal amount of the Term Notes at the time of issuance minus (iii) $10 million in Cash divided by (b) the number of shares of New Common Stock distributed pursuant to Sections 4.2 and 4.5 of the Plan, which number may be adjusted from time to time for stock splits and reverse stock splits.
Issue Date	Effective Date.
Term	The New Warrants will be exercisable for a term of four years from the Issue Date.
Exercise Date	The date that the Exercise Price is received by Reorganized Xerium.
Form of Delivery	Upon exercise of any of the New Warrants, each holder shall provide Reorganized Xerium with (a) payment of the aggregate Exercise Price for all New Warrants exercised (unless the consideration being distributed is cash and a cashless exercise is elected by such holder), (b) all certificates evidencing the New Warrants and (c) any other documentation reasonably requested by Reorganized Xerium. In the event that any of the New Warrants are exercised, Reorganized Xerium shall deliver shares of New Common Stock to the holder of such New Warrants or shall deliver proceeds from a sale of Reorganized Xerium on an "as exercised" basis.

Anti-dilution	The New Warrant certificates shall provide for adjustment of the Exercise Price and the number of shares of New Common Stock purchasable upon the exercise of each New Warrant in the case of (a) the distribution of any stock dividends in New Common Stock after the Issue Date or (b) a stock split or a reverse stock split of the New Common Stock after the Issue Date.
Transferability	The New Warrants will be transferable, subject to federal and state securities laws.
Compliance With Securities Laws	To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable nonbankruptcy law, the issuance of New Warrants and New Common Stock issuable upon exercise of the New Warrants will be exempt from registration under the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder.

EXHIBIT E

EXECUTORY CONTRACTS AND UNEXPIRED LEASES TO BE REJECTED

Contracting Parties	Contact Information	Effective Date	Description of Agreement
One Tech Westborough, LLC, as **Landlord** and successor in interest to Westborough Office Center, Inc., who was a successor in interest to NE Aspen Westborough LLC. Xerium Technologies, Inc., as **Tenant** and successor in interest to Xerium, Inc.	One Tech Westborough, LLC c/o Conroy Development Corporation 800 Technology Center Drive Stoughton, Massachusetts 02072 Attention: Terence W. Conroy, Jr.	Rejection effective as of July 31, 2010.	**Lease, dated December 23, 1999,** as amended by that certain Amendment to Lease dated August 21, 2000, a Second Amendment to Lease dated March 22, 2005, and a Third Amendment to Lease dated August 24, 2006. Real estate lease for certain premises located at One Technology Drive, Westborough, Massachusetts, with a lease term expiring February 28, 2014.

EXHIBIT H TO
SUPERPRIORITY PRIMING SENIOR
SECURED DEBTOR-IN-POSSESSION
CREDIT AND GUARANTY AGREEMENT

[DIP BUDGET]

[See attached]

Xerium Technologies, Inc. (U.S. Entities)
Debtor-In-Possession Cash Budget
As of 3/29/2010

	Week Ending:													Month:		
(dollars in thousands)	**04/04/10**	**04/11/10**	**04/18/10**	**04/25/10**	**05/02/10**	**05/09/10**	**05/16/10**	**05/23/10**	**05/30/10**	**06/06/10**	**06/13/10**	**06/20/10**	**06/27/10**	**Jun**	**Jul**	**Aug**
Customer Receipts:																
External Customer	$ 2,740	$ 3,005	$ 3,005	$ 3,005	$ 3,005	$ 3,060	$ 3,060	$ 3,060	$ 3,060	$ 2,820	$ 2,820	$ 2,820	$ 2,820	$ 11,280	$ 12,583	$ 12,683
Intercompany	0	645	51	153	420	59	-	7	764	125	56	15	751	946	811	852
Total Cash From Customers	$ 2,740	$ 3,650	$ 3,056	$ 3,158	$ 3,425	$ 3,119	$ 3,060	$ 3,067	$ 3,823	$ 2,944	$ 2,876	$ 2,835	$ 3,571	$ 12,226	$ 13,394	$ 13,535
Other Inflows:																
External Interest Income	1	-	-	-	6	-	-	-	-	7	-	-	-	6	4	5
Royalty (Interco and External) Income	-	92	92	92	92	88	88	88	88	96	96	96	96	384	344	353
Corporate Central Charges	-	-	61	110	270	-	62	35	-	-	61	36	251	348	350	350
Asset Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Inflows	$ 2,741	$ 3,742	$ 3,209	$ 3,360	$ 3,793	$ 3,207	$ 3,210	$ 3,190	$ 3,912	$ 3,047	$ 3,033	$ 2,967	$ 3,918	$ 12,964	$ 14,092	$ 14,242
Disbursements:																
Raw Materials	(1,477)	(450)	(944)	(1,079)	(2,023)	(527)	(1,216)	(1,013)	(1,216)	(1,309)	(872)	(1,090)	(1,090)	(4,362)	(3,975)	(3,864)
Payroll, Commissions & Benefits	(1,213)	(599)	(1,689)	(708)	(1,498)	(522)	(1,669)	(522)	(1,550)	(553)	(1,659)	(719)	(553)	(4,264)	(4,190)	(4,302)
Supplies	(63)	(63)	(63)	(63)	(61)	(58)	(58)	(58)	(58)	(64)	(64)	(64)	(64)	(275)	(243)	(266)
Freight & Packing	(64)	(65)	(65)	(65)	(64)	(62)	(62)	(62)	(62)	(66)	(66)	(66)	(66)	(281)	(268)	(278)
Utilities	(567)	(67)	(67)	(67)	(67)	(65)	(65)	(65)	(65)	(67)	(67)	(67)	(67)	(287)	(295)	(291)
Insurance	(35)	(311)	(311)	(311)	(227)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(82)	(82)	(81)
Taxes	-	-	-	-	(50)	-	-	-	-	(65)	-	-	-	(44)	(32)	(32)
Professional & Audit Fees	(3,620)	(100)	(100)	(100)	(100)	(608)	(608)	(608)	(608)	(347)	(347)	(347)	(347)	(1,488)	(442)	(427)
Other Disbursements	(189)	(243)	(122)	(729)	(289)	(454)	(454)	(1,058)	(1,058)	(341)	(230)	(918)	(230)	(1,718)	(1,297)	(1,620)
Interest Expense	(6,515)	-	-	-	(381)	-	-	(523)	(336)	-	-	-	-	(6,884)	(393)	(859)
DIP Financing Fees	(2,227)	-	-	-	(21)	-	-	-	(22)	-	-	-	-	(21)	(22)	(22)
Capex	(35)	(15)	(15)	(15)	(50)	(60)	(60)	(60)	(65)	(90)	(115)	(110)	(100)	(416)	(436)	(949)
Total Disbursements	$ (16,006)	$ (1,913)	$ (3,376)	$ (3,138)	$ (4,832)	$ (2,374)	$ (4,210)	$ (3,988)	$ (5,059)	$ (2,921)	$ (3,439)	$ (3,400)	$ (2,536)	$ (20,122)	$ (11,673)	$ (12,991)
Pre-Petition Debt Receipts / (Repayments)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Cash Before Interco	$ (13,265)	$ 1,829	$ (167)	$ 222	$ (1,039)	$ 833	$ (1,000)	$ (798)	$ (1,147)	$ 126	$ (406)	$ (434)	$ 1,382	(7,158)	2,419	1,751
Intercompany Funding	653	(3,622)	(422)	(422)	(422)	(426)	(426)	(426)	(426)	(373)	(373)	(373)	(373)	(1,598)	(1,590)	(1,681)
Net Increase (Decrease) in Cash Before DIP	$ (12,612)	$ (1,793)	$ (589)	$ (199)	$ (1,461)	$ 408	$ (1,425)	$ (1,223)	$ (1,573)	$ (247)	$ (779)	$ (806)	$ 1,009	$ (8,756)	$ 829	$ 70
Beginning Cash Balance	$ 1,000	$ 29,403	$ 27,610	$ 27,022	$ 26,822	$ 28,953	$ 29,361	$ 28,055	$ 26,832	$ 25,259	$ 25,012	$ 24,233	$ 23,427	$ 25,259	$ 16,503	$ 17,332
Net Increase (Decrease) in Cash	(12,612)	(1,793)	(589)	(199)	(1,461)	408	(1,425)	(1,223)	(1,573)	(247)	(779)	(806)	1,009	(8,756)	829	70
DIP TL Proceeds (Net of LC Collateralization)	41,015	-	-	-	3,591	-	120	-	-	-	-	-	-	-	-	-
DIP Revolver Borrowings / (Repayment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance*	$ 29,403	$ 27,610	$ 27,022	$ 26,822	$ 28,953	$ 29,361	$ 28,055	$ 26,832	$ 25,259	$ 25,012	$ 24,233	$ 23,427	$ 24,435	$ 16,503	$ 17,332	$ 17,402
DIP Revolver Balance (beginning of period)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Borrowings / (Repayments)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Revolver Outstanding (end of period)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Available DIP Revolver	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Net Excess Revolver Availability	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000
DIP TL Letter of Credit Sub-Facility	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000
Letters of Credit (103% Collateralization)	(18,985)	(18,985)	(18,985)	(18,985)	(15,394)	(15,394)	(15,275)	(15,275)	(15,275)	(15,275)	(15,275)	(15,275)	(15,275)	(15,275)	(15,275)	(15,275)

**Excludes LC sub-facility cash collateral*

Xerium Technologies, Inc. (U.S. Entities)
DIP Receipts & Disbursements Covenants

(dollars in thousands)	Week Ending: 04/04/10	04/11/10	04/18/10	04/25/10	05/02/10	05/09/10	05/16/10	05/23/10	05/30/10
Minimum DIP Receipts Covenant									
Receipts									
External Customer	$ 2,740	$ 3,005	$ 3,005	$ 3,005	$ 3,005	$ 3,060	$ 3,060	$ 3,060	$ 3,060
Intercompany Sales	0	645	51	153	420	59	-	7	764
Interco Funding (Receipts)	3,200	-	-	-	-	-	-	-	-
Other Interco Income	1	92	153	202	368	88	150	123	88
Total DIP Receipts	$ 5,941	$ 3,742	$ 3,209	$ 3,360	$ 3,793	$ 3,207	$ 3,210	$ 3,190	$ 3,912
Rolling 4 Weeks Average Receipts				**4,063**	**3,526**	**3,392**	**3,393**	**3,350**	**3,380**
Proposed Cushion				(813)	(705)	(678)	(679)	(670)	(676)
Proposed DIP Receipts Covenant				**3,251**	**2,821**	**2,714**	**2,714**	**2,680**	**2,704**
Proposed Covenant Cushion %				20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Maximum DIP Disbursements Covenant									
Disbursements:									
Operating Expenses	(7,264)	(1,913)	(3,376)	(3,138)	(4,430)	(2,374)	(4,210)	(3,465)	(4,701)
Interest Expense	(6,515)	-	-	-	(381)	-	-	(523)	(336)
DIP Financing Fees	(2,227)	-	-	-	(21)	-	-	-	(22)
Intercompany Funding	(2,547)	(3,622)	(422)	(422)	(422)	(426)	(426)	(426)	(426)
Total DIP Disbursements	(18,553)	(5,535)	(3,798)	(3,560)	(5,254)	(2,799)	(4,636)	(4,414)	(5,484)
Less:									
Interest Expense	(6,515)	-	-	-	(381)	-	-	(523)	(336)
Financial Restructuring	(3,593)	(73)	(73)	(73)	(73)	(581)	(581)	(581)	(581)
DIP Financing Fees	(2,227)	-	-	-	(21)	-	-	-	(22)
Disbursements Excl. Interest, DIP Fees & Rest.	(6,218)	(5,463)	(3,725)	(3,487)	(4,780)	(2,218)	(4,055)	(3,309)	(4,546)
Rolling 4 Weeks Average Disbursements				**(4,723)**	**(4,364)**	**(3,552)**	**(3,635)**	**(3,590)**	**(3,532)**
Proposed Cushion				(945)	(873)	(710)	(727)	(718)	(706)
Proposed DIP Disbursements Covenant				(5,668)	(5,236)	(4,263)	(4,362)	(4,309)	(4,238)
Proposed Covenant Cushion %				20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Minimum Liquidity Covenant									
Liquidity									
Undrawn Revolver	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000
Cash	29,403	27,610	27,022	26,822	28,953	29,361	28,055	26,832	25,259
Total Liquidity	**$ 49,403**	**$ 47,610**	**$ 47,022**	**$ 46,822**	**$ 48,953**	**$ 49,361**	**$ 48,055**	**$ 46,832**	**$ 45,259**
Minimum Liquidity Covenant	**$ 40,000**	**$ 40,000**	**$ 40,000**	**$ 40,000**	**$ 40,000**	**$ 40,000**	**$ 40,000**	**$ 40,000**	**$ 40,000**
Cushion	9,403	7,610	7,022	6,822	8,953	9,361	8,055	6,832	5,259
Cushion %	23.5%	19.0%	17.6%	17.1%	22.4%	23.4%	20.1%	17.1%	13.1%

Xerium Technologies, Inc. (U.S. Entities)
DIP Budget Variance 3/25/10 vs. 3/5/10 Versions (Cumulative)

	Week Ending:												
(dollars in thousands)	**04/04/10**	**04/11/10**	**04/18/10**	**04/25/10**	**05/02/10**	**05/09/10**	**05/16/10**	**05/23/10**	**05/30/10**	**06/06/10**	**06/13/10**	**06/20/10**	**Total**
Customer Receipts:													
External Customer	$ 19	$ 62	$ 104	$ 146	$ 188	$ 147	$ 105	$ 64	$ 22	$ 222	$ 421	$ 621	$ 621
Intercompany	(855)	(686)	(652)	(601)	(1,284)	(1,299)	(1,329)	(1,469)	(1,592)	(1,537)	(1,551)	(1,684)	(1,684)
Total Cash From Customers	$ (836)	$ (624)	$ (548)	$ (455)	$ (1,096)	$ (1,152)	$ (1,223)	$ (1,405)	$ (1,569)	$ (1,315)	$ (1,130)	$ (1,063)	$ (1,063)
Other Inflows:													
External Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Interco Interest Income	(641)	(681)	(721)	(761)	(1,442)	(1,522)	(1,602)	(1,682)	(2,243)	(2,323)	(2,403)	(2,483)	(2,483)
Royalty (Interco and External) Income	(299)	(266)	(181)	(117)	(278)	(227)	(176)	(125)	(278)	(220)	(163)	(105)	(105)
Corporate Central Charges	-	-	(25)	(116)	154	154	216	67	(117)	(117)	(56)	(199)	(199)
Asset Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Inflows	$ (1,775)	$ (1,571)	$ (1,475)	$ (1,448)	$ (2,661)	$ (2,747)	$ (2,785)	$ (3,145)	$ (4,207)	$ (3,975)	$ (3,751)	$ (3,851)	$ (3,851)
Disbursements:													
Raw Materials	(84)	(130)	(187)	(580)	(667)	(573)	(1,167)	(1,559)	(1,547)	(2,176)	(2,369)	(2,780)	(2,780)
Payroll, Commissions & Benefits	628	574	1,118	1,118	1,581	1,581	1,998	1,998	2,534	2,534	3,087	2,921	2,921
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Freight & Packing	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities (1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	158	158	158	158	158	158	158	158	158	158	158	158	158
Taxes	-	-	-	-	-	-	-	-	30	(35)	(35)	(35)	(35)
Professional & Audit Fees	(2,853)	(2,188)	(1,524)	(859)	(240)	(240)	(240)	(240)	(240)	(240)	(240)	(240)	(240)
Other Disbursements	438	560	540	461	1,248	1,369	1,489	1,005	520	657	904	463	463
Interest Expense	43	43	43	43	43	43	43	43	43	43	43	43	43
DIP Financing Fees (2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Capex	24	69	113	157	187	202	217	232	242	283	300	321	321
Total Disbursements	$ (1,645)	$ (915)	$ 262	$ 498	$ 2,310	$ 2,540	$ 2,498	$ 1,637	$ 1,740	$ 1,223	$ 1,847	$ 852	$ 852
Pre-Petition Debt Receipts / (Repayments)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Cash Before Interco	$ (3,421)	$ (2,486)	$ (1,213)	$ (950)	$ (352)	$ (207)	$ (287)	$ (1,508)	$ (2,467)	$ (2,752)	$ (1,904)	$ (2,999)	$ (2,999)
Intercompany Funding	1,761	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)	(1,439)
Net Increase (Decrease) in Cash Before DIP	$ (1,660)	$ (3,925)	$ (2,652)	$ (2,389)	$ (1,791)	$ (1,646)	$ (1,726)	$ (2,948)	$ (3,907)	$ (4,192)	$ (3,344)	$ (4,439)	$ (4,439)

Xerium Technologies, Inc. (U.S. Entities)
DIP Budget Variance 3/25/10 vs. 3/5/10 Versions
Adjusted to Remove Filing Date Differences

	Week Ending:												
(dollars in thousands)	**04/04/10**	**04/11/10**	**04/18/10**	**04/25/10**	**05/02/10**	**05/09/10**	**05/16/10**	**05/23/10**	**05/30/10**	**06/06/10**	**06/13/10**	**06/20/10**	**Total**
Customer Receipts:													
External Customer	$ 19	$ 42	$ 42	$ 42	$ 42	$ (41)	$ (41)	$ (41)	$ (41)	$ 199	$ 199	$ 199	$ 621
Intercompany	(855)	170	34	51	(684)	(15)	(30)	(140)	(123)	55	(14)	(133)	(1,684)
Total Cash From Customers	$ (836)	$ 212	$ 76	$ 93	$ (641)	$ (56)	$ (71)	$ (182)	$ (164)	$ 254	$ 185	$ 67	$ (1,063)
Other Inflows:													
External Interest Income	0	-	-	-	(0)	-	-	-	-	0	-	-	0
Interco Interest Income	(641)	(40)	(40)	(40)	(681)	(80)	(80)	(80)	(561)	(80)	(80)	(80)	(2,483)
Royalty (Interco and External) Income	(299)	32	85	64	(161)	51	51	51	(153)	58	58	58	(105)
Corporate Central Charges	-	-	(25)	(91)	270	-	62	(149)	(184)	-	61	(144)	(199)
Asset Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Inflows	$ (1,775)	$ 204	$ 96	$ 27	$ (1,213)	$ (85)	$ (38)	$ (360)	$ (1,062)	$ 231	$ 224	$ (99)	$ (3,851)
Disbursements:													
Raw Materials	(84)	(46)	(57)	(393)	(87)	95	(594)	(392)	12	(629)	(193)	(411)	(2,780)
Payroll, Commissions & Benefits	628	(54)	545	-	463	-	417	-	536	-	553	(166)	2,921
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Freight & Packing	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities (1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	158	-	-	-	-	-	-	-	-	-	-	-	158
Taxes	-	-	-	-	-	-	-	-	30	(65)	-	-	(35)
Professional & Audit Fees	(2,853)	665	665	665	619	-	-	-	-	-	-	-	(240)
Other Disbursements	438	122	(20)	(79)	787	120	120	(484)	(484)	136	248	(441)	463
Interest Expense	43	-	-	-	-	-	-	-	-	-	-	-	43
DIP Financing Fees (2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Capex	24	44	44	44	30	15	15	15	10	41	16	22	321
Total Disbursements	$ (1,645)	$ 731	$ 1,177	$ 236	$ 1,811	$ 230	$ (42)	$ (861)	$ 103	$ (517)	$ 624	$ (996)	$ 852
													-
Pre-Petition Debt Receipts / (Repayments)	-	-	-	-	-	-	-	-	-	-	-	-	-
													-
Net Increase (Decrease) in Cash Before Interco	$ (3,421)	$ 935	$ 1,273	$ 263	$ 598	$ 145	$ (80)	$ (1,221)	$ (959)	$ (285)	$ 848	$ (1,095)	$ (2,999)
Intercompany Funding	1,761	(3,200)	-	-	-	-	-	-	-	-	-	-	(1,439)
Net Increase (Decrease) in Cash Before DIP	$ (1,660)	$ (2,265)	$ 1,273	$ 263	$ 598	$ 145	$ (80)	$ (1,221)	$ (959)	$ (285)	$ 848	$ (1,095)	$ (4,439)

Xerium Technologies, Inc. (U.S. Entities)
DIP Budget Variance 3/25/10 vs. 3/5/10 Versions
Unadjusted

	Week Ending:												
(dollars in thousands)	**04/04/10**	**04/11/10**	**04/18/10**	**04/25/10**	**05/02/10**	**05/09/10**	**05/16/10**	**05/23/10**	**05/30/10**	**06/06/10**	**06/13/10**	**06/20/10**	**Total**
Customer Receipts:													
External Customer	$ 19	$ 42	$ 42	$ 42	$ 42	$ (41)	$ (41)	$ (41)	$ (41)	$ 199	$ 199	$ 199	$ 621
Intercompany	(855)	170	34	51	(684)	(15)	(30)	(140)	(123)	55	(14)	(133)	(1,684)
Total Cash From Customers	$ (836)	$ 212	$ 76	$ 93	$ (641)	$ (56)	$ (71)	$ (182)	$ (164)	$ 254	$ 185	$ 67	$ (1,063)
Other Inflows:													
External Interest Income	0	-	-	-	(0)	-	-	-	-	0	-	-	0
Interco Interest Income	(641)	(40)	(40)	(40)	(681)	(80)	(80)	(80)	(561)	(80)	(80)	(80)	(2,483)
Royalty (Interco and External) Income	(299)	32	85	64	(161)	51	51	51	(153)	58	58	58	(105)
Corporate Central Charges	-	-	(25)	(91)	270	-	62	(149)	(184)	-	61	(144)	(199)
Asset Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Inflows	$ (1,775)	$ 204	$ 96	$ 27	$ (1,213)	$ (85)	$ (38)	$ (360)	$ (1,062)	$ 231	$ 224	$ (99)	$ (3,851)
Disbursements:													
Raw Materials	(84)	(46)	(57)	(393)	(87)	95	(594)	(392)	12	(629)	(193)	(411)	(2,780)
Payroll, Commissions & Benefits	628	(54)	545	-	463	-	417	-	536	-	553	(166)	2,921
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Freight & Packing	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	(286)	-	-	-	-	-	-	-	-	-	-	-	(286)
Insurance	158	-	-	-	-	-	-	-	-	-	-	-	158
Taxes	-	-	-	-	-	-	-	-	30	(65)	-	-	(35)
Professional & Audit Fees	(2,853)	665	665	665	619	-	-	-	-	-	-	-	(240)
Other Disbursements	438	122	(20)	(79)	787	120	120	(484)	(484)	136	248	(441)	463
Interest Expense	43	-	-	-	-	-	-	-	-	-	-	-	43
DIP Financing Fees	(2,222)	-	-	-	-	-	-	-	-	-	-	-	(2,222)
Capex	24	44	44	44	30	15	15	15	10	41	16	22	321
Total Disbursements	$ (4,154)	$ 731	$ 1,177	$ 236	$ 1,811	$ 230	$ (42)	$ (861)	$ 103	$ (517)	$ 624	$ (996)	$ (1,657)
Pre-Petition Debt Receipts / (Repayments)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Cash Before Interco	$ (5,929)	$ 935	$ 1,273	$ 263	$ 598	$ 145	$ (80)	$ (1,221)	$ (959)	$ (285)	$ 848	$ (1,095)	$ (5,508)
Intercompany Funding	1,761	(3,200)	-	-	-	-	-	-	-	-	-	-	(1,439)
Net Increase (Decrease) in Cash Before DIP	$ (4,169)	$ (2,265)	$ 1,273	$ 263	$ 598	$ 145	$ (80)	$ (1,221)	$ (959)	$ (285)	$ 848	$ (1,095)	$ (6,947)
Beginning Cash Balance	$ (38,188)	$ (1,504)	$ (3,769)	$ (2,496)	$ (2,233)	$ (1,635)	$ (1,491)	$ (1,571)	$ (2,793)	$ (3,752)	$ (4,037)	$ (3,189)	
Net Increase (Decrease) in Cash	(4,169)	(2,265)	1,273	263	598	145	(80)	(1,221)	(959)	(285)	848	(1,095)	
DIP TL Proceeds (Net of LC Collateralization)	40,853	-	-	-	-	-	-	-	-	-	-	-	
DIP Revolver Borrowings / (Repayment)	-	-	-	-	-	-	-	-	-	-	-	-	
Ending Cash Balance*	$ (1,504)	$ (3,769)	$ (2,496)	$ (2,233)	$ (1,635)	$ (1,491)	$ (1,571)	$ (2,793)	$ (3,752)	$ (4,037)	$ (3,189)	$ (4,284)	

**Excludes LC sub-facility cash collateral*

[FORM OF ISSUANCE NOTICE]

ISSUANCE NOTICE

Citicorp North America, Inc.,
as Administrative Agent
390 Greenwich St., 1st Floor
New York, NY 10013
Attn: [Blake Gronich]

Reference is made to the Superpriority Priming Senior Secured Debtor-in-Possession Credit and Guaranty Agreement, dated as of March [__], 2010 (as it may be amended, supplemented, restated or otherwise modified from time to time, the "**Credit Agreement**"), among Xerium Technologies, Inc., as debtor and debtor-in-possession, as Borrower, the companies named therein as Guarantors, Citigroup Global Markets Inc. as Sole Lead Arranger and Sole Bookrunner, Citicorp North America, Inc. as Collateral Agent and as Administrative Agent, and the other Banks and Agents party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

Pursuant to Section 2.2 of the Credit Agreement, the Borrower hereby irrevocably notifies the Issuing Bank and the Administrative Agent that it requests a Letter of Credit to be issued on _____, 2010 (the "**Credit Date**")[1] by the Issuing Bank in accordance with the terms and conditions of the Credit Agreement and, in that connection, specifies the following information:

1. stated face amount the Letter of Credit $ _____[2]

---

[1] The Credit Date shall be at least three (3) Business Days (in the case of standby letters of credit) or five (5) Business Days (in the case of commercial letters of credit) after the delivery of the Issuance Notice, or in each case such shorter period as may be agreed to by the Issuing Bank in any particular instance, in advance of the proposed date of issuance.

[2] When combined with the Dollar Equivalent of the aggregate face amount of Existing Letters of Credit, the amount must not exceed the $20,000,000; provided, (i) each Letter of Credit (other than the Existing Letters of Credit) must be denominated in Dollars, Euros, Canadian dollars, Australian dollars and Swedish krona, (ii) the stated amount of each Letter of Credit (other than the Existing Letters of Credit) must not be less than $500,000 or such lesser amount as is acceptable to the Issuing Bank and (iii) after giving effect to such issuance, in no event shall the amount of Cash and Cash Equivalents on deposit in the Term LC Collateral Account be less than 103% of the Dollar Equivalent of the amount available to be drawn under all Letters of Credit (including the Existing Letters of Credit).

2. date on which the Letter of Credit will expire is _____, 20__[3]

3. Name and address of beneficiary: _____

4. Select One: [standby or commercial Letter of Credit]

5. Attached hereto for such Letter of Credit is either (i) the verbatim text of such proposed Letter of Credit, or (ii) a description of the proposed terms and conditions of such Letter of Credit, including a precise description of any documents to be presented by the beneficiary which, if presented by the beneficiary prior to the expiration date of such Letter of Credit, would require the Issuing Bank to make payment under such Letter of Credit.

The Borrower hereby certifies that the following statements are true:

(i) after making the Credit Extensions requested on the Credit Date, Revolving Loans will not exceed the Revolving Commitments then in effect;

(ii) as of the Credit Date, the representations and warranties contained in each of the Credit Documents are true and correct in all material respects on and as of the Credit Date to the same extent as though made on and as of such date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties are true and correct in all material respects on and as of such earlier date;

(iii) as of the Credit Date, no event has occurred and is continuing or would result from the consummation of the Credit Extensions contemplated hereby that would constitute a Default or an Event of Default; and

(iv) as of the Credit Date, the conditions of Section 3.2 of the Credit Agreement have been satisfied or waived in accordance therewith.

IN WITNESS WHEREOF, the Borrower has caused this Issuance Notice to be executed and delivered by its duly Authorized Officer as of the date set forth below.

Date: _____, 20___

[3] In no event shall any Letter of Credit (other than the Existing Letters of Credit) have an expiration date later than 180 days from the Closing Date.

XERIUM TECHNOLOGIES, INC.,
as debtor and debtor-in-possession, as Borrower

By: _____
Name:
Title:

[FORM OF WITHDRAWAL REQUEST]

WITHDRAWAL REQUEST

Citicorp North America, Inc.,
as Administrative Agent
390 Greenwich St., 1st Floor
New York, NY 10013
Attn: [Blake Gronich]

Reference is made to the Superpriority Priming Senior Secured Debtor-in-Possession Credit and Guaranty Agreement, dated as of March [__], 2010 (as it may be amended, supplemented, restated or otherwise modified from time to time, the "**Credit Agreement**"), among Xerium Technologies, Inc., as debtor and debtor-in-possession, as Borrower, the companies named therein as Guarantors, Citigroup Global Markets Inc. as Sole Lead Arranger and Sole Bookrunner, Citicorp North America, Inc. as Collateral Agent and as Administrative Agent, and the other Banks party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

Pursuant to Section 2.1(c) of the Credit Agreement, the Borrower hereby notifies the Administrative Agent that it requests to withdraw funds on deposit in the Term Loan Deposit Account on _____, 2010 (the "**Disbursement Date**")[1] in accordance with the terms and conditions of the Credit Agreement and, in that connection, specifies the following information:

Amount of funds to be withdrawn from Term Loan Deposit Account $ _____

The Borrower hereby certifies that the following statements are true:

(i) after making the disbursement requested on the Disbursement Date, Revolving Loans will not exceed the Revolving Commitments then in effect;

(ii) as of the Disbursement Date, the representations and warranties contained in each of the Credit Documents are true and correct in all material respects on and as of the Disbursement Date to the same extent as though made on and as of such date, except to the extent such representations and warranties specifically relate to an

[1] Disbursement Date shall be at least one Business Day after the date on which the Borrower delivers the Withdrawal Request.

earlier date, in which case such representations and warranties are true and correct in all material respects on and as of such earlier date;

(iii) as of the date of the Withdrawal Request and as of the Disbursement Date, no event has occurred and is continuing or would result from the consummation of such disbursement contemplated hereby that would constitute a Default or an Event of Default;

(iv) the disbursed funds will be used for _____, in accordance with Section 2.4 of the Credit Agreement[2];

(iv) as of the Disbursement Date, the aggregate principal amount of Revolving Loans plus amounts withdrawn from the Term Loan Deposit Account pursuant to Section 2.1(c) of the Credit Agreement are consistent with the DIP Budget and in compliance with Section 6.8 of the Credit Agreement; and

(vi) as of the Disbursement Date, the conditions set forth in Sections 3.2 and 3.3 of the Credit Agreement have been satisfied or waived in accordance therewith.

[SIGNATURE PAGE FOLLOWS]

[2] Insert use of proceeds (clauses (ii), (iii), (iv) or (v) of Section 2.4 of the Credit Agreement).

IN WITNESS WHEREOF, the Borrower has caused this Withdrawal Request to be executed and delivered by its duly Authorized Officer as of the date set forth below.

Date: _____, 20___

XERIUM TECHNOLOGIES, INC.,
as debtor and debtor-in-possession, as Borrower

By: _____
Name:
Title:

[INTERCREDITOR AGREEMENT]

[See attached]

"NOTE**: THE TAKING OF THIS DOCUMENT OR ANY CERTIFIED COPY OR ANY DOCUMENT WHICH CONSTITUTES SUBSTITUTE DOCUMENTATION THEREOF, INCLUDING WRITTEN CONFIRMATIONS OR REFERENCES THERETO, INTO AUSTRIA AS WELL AS PRINTING OUT ANY E-MAIL COMMUNICATION WHICH REFERS TO THIS DOCUMENT IN AUSTRIA OR SENDING ANY E-MAIL COMMUNICATION TO WHICH A PDF SCAN OF THIS DOCUMENT IS ATTACHED TO AN AUSTRIAN ADDRESSEE OR SENDING ANY E-MAIL COMMUNICATION CARRYING AN ELECTRONIC OR DIGITAL SIGNATURE WHICH REFERS TO THIS DOCUMENT TO AN AUSTRIAN ADDRESSEE MAY CAUSE THE IMPOSITION OF AUSTRIAN STAMP DUTY. ACCORDINGLY, IN PARTICULAR KEEP THE ORIGINAL DOCUMENT AS WELL AS ALL CERTIFIED COPIES THEREOF AND WRITTEN AND SIGNED REFERENCES THERETO OUTSIDE OF AUSTRIA AND AVOID PRINTING OUT ANY EMAIL COMMUNICATION WHICH REFERS TO THIS DOCUMENT IN AUSTRIA OR SENDING ANY E-MAIL COMMUNICATION TO WHICH A PDF SCAN OF THIS DOCUMENT IS ATTACHED TO AN AUSTRIAN ADDRESSEE OR SENDING ANY E-MAIL COMMUNICATION CARRYING AN ELECTRONIC OR DIGITAL SIGNATURE WHICH REFERS TO THIS DOCUMENT TO AN AUSTRIAN ADDRESSEE."**

INTERCREDITOR AGREEMENT

This **INTERCREDITOR AGREEMENT** (this "**Agreement**"), is dated as of **[_____],** 2010, and entered into by and among **CITICORP NORTH AMERICA, INC.**, in its capacity as administrative agent and collateral agent for the First Lien Claimholders (as defined below), including its successors and assigns from time to time (the **"First Lien Agent"**) and **CITICORP NORTH AMERICA, INC.**, in its capacity as administrative agent and collateral agent for the Second Lien Claimholders (as defined below), including its successors and assigns from time to time (the **"Second Lien Agent"**) and acknowledged and agreed to by **XERIUM TECHNOLOGIES, INC.**, a Delaware corporation (the **"Company"**) and the other Grantors (as defined below). Capitalized terms used in this Agreement have the meanings assigned to them in Section 1 below.

RECITALS

The Company, the other Borrowers (as defined below), certain subsidiaries of the Company as Guarantors, the lenders party thereto, and Citicorp North America, Inc., as Administrative Agent and Collateral Agent, have entered into (or deemed to have entered into) that Second Amended and Restated Credit and Guaranty Agreement (Second Lien), dated as of the date hereof, providing for a term loan (as amended, restated, supplemented, modified or replaced from time to time, the **"Second Lien Credit Agreement"**);

The Company, the other Borrowers, the lenders party thereto, certain subsidiaries of the Company as Guarantors, and Citicorp North America, Inc., as Administrative Agent and Collateral Agent, entered into that Credit and Guaranty

Agreement (First Lien), dated as of the date hereof, providing for revolving credit and term loan facilities (as amended, restated, supplemented, modified or replaced from time to time, the **"First Lien Credit Agreement"**);

Pursuant to (i) the First Lien Credit Agreement certain present and future Subsidiaries of the Company (such current and future Subsidiaries providing a guaranty thereof, the **"Guarantors"**) have guaranteed the First Lien Obligations to the extent provided therein (the **"First Lien Guaranty"**); and (ii) the Second Lien Credit Agreement, the Guarantors have guaranteed the Second Lien Obligations to the extent provided therein (the **"Second Lien Guaranty"**);

The obligations of the Company, the other Borrowers and the Guarantors under the First Lien Credit Agreement and the obligations of the Company, the other Borrowers and the Guarantors under the First Lien Guaranty will be secured on a first priority basis by liens on certain assets of the Company, the other Borrowers and the Guarantors, respectively, pursuant to the terms of the First Lien Collateral Documents;

The obligations of the Company, the other Borrowers and the Guarantors under the Second Lien Credit Agreement and the obligations of the Company, the other Borrowers and the Guarantors under the Second Lien Guaranty will be secured on a second priority basis by liens on certain assets of the Company, the other Borrowers and the Guarantors, respectively, pursuant to the terms of the Second Lien Collateral Documents;

The First Lien Loan Documents and the Second Lien Loan Documents provide, among other things, that the parties thereto shall set forth in this Agreement their respective rights and remedies with respect to the Collateral; and

In order to induce the First Lien Agent and the First Lien Claimholders to extend credit and other financial accommodations and lend monies to or for the benefit of the Borrowers or any other Grantor, the Second Lien Agent on behalf of the Second Lien Claimholders has agreed to the intercreditor and other provisions set forth in this Agreement.

AGREEMENT

In consideration of the foregoing, the mutual covenants and obligations herein set forth and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. Definitions. Defined Terms. As used in the Agreement, the following terms shall have the following meanings:

"Affiliate" has the meaning assigned to that term in the First Lien Credit Agreement.

"Agreement" means this Intercreditor Agreement, as amended, restated, renewed, extended, supplemented or otherwise modified from time to time.

"Asset Sales" has the meaning assigned to that term in the First Lien Credit Agreement and the Second Lien Credit Agreement, each as in effect on the date hereof.

"**Bank Counterparty**" means any Person who is a "Bank Counterparty" under the First Lien Loan Agreement.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

"Bankruptcy Law" means the Bankruptcy Code and any other applicable bankruptcy, insolvency or similar federal, state or foreign law.

"**Borrowers**" means the Company and the other borrowers under the First Lien Credit Agreement and the Second Lien Credit Agreement.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law or governmental action to close.

"**Cap Amount**" has the meaning assigned to that term in the definition of "First Lien Obligations."

"Collateral" means all of the assets and property of any Grantor, whether real, personal or mixed, constituting both First Lien Collateral and Second Lien Collateral.

"Company" has the meaning assigned to that term in the Preamble to this Agreement.

"Comparable Second Lien Collateral Document" means, in relation to any Collateral subject to any Lien created under any First Lien Collateral Document, the Second Lien Loan Document that creates a Lien on the same Collateral, granted by the same Grantor.

"DIP Financing" has the meaning assigned to that term in Section 6.1.

"Dollar Equivalent" means on any day (a) with respect to any amount denominated in Dollars, such amount and (b) with respect to any amount denominated in a currency other than Dollars (the "**Alternative Currency**"), the amount of Dollars into which such amount may be converted at the spot rate at which Dollars are offered to the First Lien Administrative Agent in New York, New York for the Alternative Currency in which such amount is denominated at approximately 11:00 a.m. (New York City time) on such day or if such day is not a Business Day, on the immediately preceding Business Day.

"Discharge of First Lien Obligations" means:

(a) payment in full in cash of the principal of and interest (including interest accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not such interest would be allowed in such Insolvency or Liquidation Proceeding) on all Indebtedness outstanding under the First Lien Loan Documents and constituting First Lien Obligations;

(b) payment in full in cash of all other First Lien Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than any indemnification obligations for which no claim or demand for payment, whether oral or written, has been made at such time);

(c) termination or expiration of all commitments, if any, to extend credit that would constitute First Lien Obligations; and

(d) termination or cash collateralization (in an amount and manner reasonably satisfactory to the First Lien Agent, but in no event greater than 103% of the aggregate undrawn face amount) of all letters of credit issued under the First Lien Loan Documents and constituting First Lien Obligations.

"Excess Cash" has the meaning assigned to that term in the First Lien Credit Agreement and the Second Lien Credit Agreement, each as in effect on the date hereof.

"First Lien Administrative Agent" means the Administrative Agent under the First Lien Credit Agreement.

"First Lien Claimholders" means, at any relevant time, the holders of First Lien Obligations at that time, including the First Lien Lenders and the agents under the First Lien Loan Documents.

"First Lien Agent" has the meaning assigned to that term in the Recitals to this Agreement.

"First Lien Collateral" means all of the assets and property of any Grantor, whether real, personal or mixed, with respect to which a Lien is granted as security for any First Lien Obligations.

"First Lien Collateral Documents" means the Collateral Documents (as defined in the First Lien Credit Agreement) and any other agreement, document or instrument pursuant to which a Lien is granted securing any First Lien Obligations or under which rights or remedies with respect to such Liens are governed.

"First Lien Credit Agreement" has the meaning assigned to that term in the Recitals to this Agreement.

"First Lien Guaranty" has the meaning assigned to that term in the Recitals to this Agreement.

"First Lien Lenders" means the "Banks" under and as defined in the First Lien Loan Documents.

"First Lien Loan Documents" means the First Lien Credit Agreement and the other Credit Documents (as defined in the First Lien Credit Agreement) and each of the other agreements, documents and instruments providing for or evidencing any other First Lien Obligation, and any other document or instrument executed or delivered at any time in connection with any First Lien Obligations, including any intercreditor or joinder agreement among holders of First Lien Obligations, to the extent such are effective at the relevant time, as each may be amended, restated, amended and restated, supplemented, modified, renewed or extended from time to time in accordance with the provisions of this Agreement.

"First Lien Obligations" means, subject to clause (c) hereof, the following:

(a) (i) All principal of and interest (including without limitation any Post-Petition Interest) and premium (if any) on all loans made pursuant to the First Lien Credit Agreement, (ii) all reimbursement obligations (if any) and interest thereon (including without limitation any Post-Petition Interest) with respect to any letter of credit or similar instruments issued pursuant to the First Lien Credit Agreement, (iii) all guarantee obligations, fees, expenses and all other Obligations under the First Lien Credit Agreement and the other First Lien Loan Documents, in each case whether or not allowed or allowable in an Insolvency or Liquidation Proceeding and (iv) the "Obligations" (as such term is defined in the First Lien Credit Agreement).

(b) To the extent any payment with respect to any First Lien Obligation (whether by or on behalf of any Grantor, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to a debtor in possession, any Second Lien Claimholder, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall, for the purposes of this Agreement and the rights and obligations of the First Lien Claimholders and the Second Lien Claimholders, be deemed to be reinstated and outstanding as if such payment had not occurred. To the extent that any interest, fees, expenses or other charges (including, without limitation, Post-Petition Interest) to be paid pursuant to the First Lien Loan Documents are disallowed by order of any court, including, without limitation, by order of a Bankruptcy Court in any Insolvency or Liquidation Proceeding, such interest, fees, expenses and charges (including, without limitation, Post-Petition Interest) shall, as between the First Lien Claimholders and the Second Lien Claimholders, be deemed to continue to accrue and be added to the amount to be calculated as the "First Lien Obligations".

(c) Notwithstanding the foregoing, if the sum of: (1) Indebtedness for borrowed money constituting principal outstanding under the First Lien Credit Agreement and the other First Lien Loan Documents (other than Indebtedness in respect of Hedge Agreements); plus (2) the aggregate face amount of any letters of credit issued but not reimbursed under the First Lien Credit Agreement, is in excess of the Dollar Equivalent of $80,000,000 in the aggregate on the date hereof (the **"Cap Amount"**) plus Indebtedness in

respect of Hedge Agreements, then only that portion of such Indebtedness and such aggregate face amount of letters of credit which together do not exceed the Cap Amount shall be included in First Lien Obligations, and interest and reimbursement obligations with respect to such Indebtedness, letters of credit and Hedge Agreements shall only constitute First Lien Obligations to the extent related to Indebtedness, face amounts of letters of credit and Hedge Agreements included in the First Lien Obligations.

"Grantors" means the Company, the other Borrowers, each of the Guarantors and each other Person that has or may from time to time hereafter execute and deliver a First Lien Collateral Document or a Second Lien Collateral Document as a "grantor" or "pledgor" (or the equivalent thereof).

"Guarantors" has the meaning set forth in the Recitals to this Agreement.

"**Hedging Agreement**" means (a) a currency exchange, interest rate or commodity swap agreement, currency exchange, interest rate or commodity cap agreement and currency exchange, interest rate or commodity collar agreement entered into with a Bank Counterparty in the Company's or any of its Subsidiaries' ordinary course of business and not for speculative purposes or (b) any other agreement or arrangement designed to protect such Person against fluctuations in currency exchange, interest rates or commodity prices entered into with a Bank Counterparty in the Company's or any of its Subsidiaries' ordinary course of business and not for speculative purposes.

"Indebtedness" means and includes all Obligations that constitute "Indebtedness" within the meaning of the First Lien Credit Agreement or the Second Lien Credit Agreement, as applicable.

"Insolvency or Liquidation Proceeding" means:

(a) any voluntary or involuntary case or proceeding under any applicable Bankruptcy Law with respect to any Grantor;

(b) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to any Grantor or with respect to a material portion of their respective assets;

(c) any liquidation, dissolution, reorganization or winding up of any Grantor whether voluntary or involuntary and whether or not involving insolvency or bankruptcy; or

(d) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of any Grantor.

"Lien" means any lien, mortgage, pledge, assignment, security interest, charge or encumbrance of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, and any lease in the nature thereof)

and any option, trust or other preferential arrangement having the practical effect of any of the foregoing.

"Obligations" means the "Obligations" (as such term is defined in the First Lien Credit Agreement and the Second Lien Credit Agreement) and all other obligations of every nature of each Grantor from time to time owed to the First Lien Claimholders, the Second Lien Claimholders or any of them or their respective Affiliates, agents or trustees, in each case under the First Lien Loan Documents or the Second Lien Loan Documents, whether for principal, interest, fees, expenses, indemnification or otherwise and all guarantees of any of the foregoing.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

"Pledged Collateral" has the meaning set forth in Section 5.4.

"**Post-Petition Interest**" means interest, fees, expenses and other charges that pursuant to the First Lien Credit Agreement or the Second Lien Credit Agreement, continue to accrue after the commencement of any Insolvency or Liquidation Proceeding, whether or not such interest, fees, expenses and other charges are allowed or allowable under the Bankruptcy Law or in any such Insolvency or Liquidation Proceeding.

"Recovery" has the meaning set forth in Section 6.5.

"Second Lien Agent" has the meaning assigned to that term in the Preamble of this Agreement.

"Second Lien Claimholders" means, at any relevant time, the holders of Second Lien Obligations at that time, including the Second Lien Lenders and the agents under the Second Lien Loan Documents.

"Second Lien Collateral" means all of the assets and property of any Grantor, whether real, personal or mixed, with respect to which a Lien is granted as security for any Second Lien Obligations.

"Second Lien Collateral Documents" means the Collateral Documents (as defined in the Second Lien Credit Agreement) and any other agreement, document or instrument pursuant to which a Lien is granted securing any Second Lien Obligations or under which rights or remedies with respect to such Liens are governed.

"Second Lien Credit Agreement" has the meaning assigned to that term in the Recitals to this Agreement.

"Second Lien Guaranty" has the meaning assigned to that term in the Recitals to this Agreement.

"Second Lien Lenders" means the "Banks" under and as defined in the Second Lien Credit Agreement.

"Second Lien Loan Documents" means the Second Lien Credit Agreement and the other Credit Documents (as defined in the Second Lien Credit Agreement) and each of the other agreements, documents and instruments providing for or evidencing any other Second Lien Obligation, and any other document or instrument executed or delivered at any time in connection with any Second Lien Obligations, including any intercreditor or joinder agreement among holders of Second Lien Obligations to the extent such are effective at the relevant time, as each may be amended, restated, amended and restated, supplemented, modified, renewed or extended from time to time in accordance with the provisions of this Agreement.

"Second Lien Obligations" means

(a) (i) All principal of and interest (including without limitation any Post-Petition Interest) and premium (if any) on all loans made pursuant to the Second Lien Credit Agreement, (ii) all guarantee obligations, fees, expenses and other Obligations under the Second Lien Credit Agreement and the other Second Lien Loan Documents, in each case whether or not allowed or allowable in an Insolvency or Liquidation Proceeding and (iii) the "Obligations" (as such term is defined in the Second Lien Credit Agreement).

(b) To the extent any payment with respect to any Second Lien Obligation (whether by or on behalf of any Grantor, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to a debtor in possession, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall, for the purposes of this Agreement and the rights and obligations of the First Lien Claimholders and the Second Lien Claimholders, be deemed to be reinstated and outstanding as if such payment had not occurred.

(c) To the extent that any interest, fees, expenses or other charges (including, without limitation, Post-Petition Interest) to be paid pursuant to the Second Lien Loan Documents are disallowed by order of any court, including, without limitation, by order of a Bankruptcy Court in any Insolvency or Liquidation Proceeding, such interest, fees, expenses and charges (including, without limitation, Post-Petition Interest) shall be deemed to continue to accrue and be added to the amount to be calculated as the "Second Lien Obligations".

"Standstill Period" has the meaning set forth in Section 3.1(a)(1).

"Subsidiary" has the meaning assigned to that term in the First Lien Credit Agreement.

"UCC" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

1.2 Terms Generally.The definitions of terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise:

(a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, amended and restated, supplemented, modified, renewed or extended;

(b) any reference herein to any Person shall be construed to include such Person's permitted successors and assigns;

(c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof;

(d) all references herein to Sections shall be construed to refer to Sections of this Agreement; and

(e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 2. Lien Priorities.

2.1 Relative Priorities.Notwithstanding the date, time, method, manner or order of grant, attachment or perfection of any Liens securing the Second Lien Obligations granted on the Collateral or of any Liens securing the First Lien Obligations granted on the Collateral and notwithstanding any provision of the UCC, or any other applicable law or the Second Lien Loan Documents or any defect or deficiencies in, or failure to perfect or lapse in perfection of, or avoidance as a fraudulent conveyance or otherwise of, the Liens securing the First Lien Obligations or any other circumstance whatsoever, the Second Lien Agent, on behalf of itself and the Second Lien Claimholders, hereby agrees that:

(a) any Lien on the Collateral securing any First Lien Obligations now or hereafter held by or on behalf of the First Lien Agent or any First Lien Claimholders or any agent or trustee therefor, regardless of how acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be senior in all respects and prior to any Lien on the Collateral securing any Second Lien Obligations; and

(b) any Lien on the Collateral securing any Second Lien Obligations now or hereafter held by or on behalf of the Second Lien Agent, any Second Lien Claimholders or any agent or trustee therefor regardless of how acquired, whether by grant,

possession, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to all Liens on the Collateral securing any First Lien Obligations. All Liens on the Collateral securing any First Lien Obligations shall be and remain senior in all respects and prior to all Liens on the Collateral securing any Second Lien Obligations for all purposes, whether or not such Liens securing any First Lien Obligations are subordinated to any Lien securing any other obligation of the Company, any other Grantor or any other Person.

2.2 Prohibition on Contesting Liens.Each of the Second Lien Agent, for itself and on behalf of each Second Lien Claimholder, and the First Lien Agent, for itself and on behalf of each First Lien Claimholder, agrees that it will not (and hereby waives any right to) contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding), the priority, validity, perfection or enforceability of a Lien held by or on behalf of any of the First Lien Claimholders in the First Lien Collateral or by or on behalf of any of the Second Lien Claimholders in the Second Lien Collateral, as the case may be, or the provisions of this Agreement; provided that nothing in this Agreement shall be construed to prevent or impair the rights of the First Lien Agent or any First Lien Claimholder or the Second Lien Agent or any Second Lien Claimholder, as the case may be, to enforce this Agreement, including the provisions of this Agreement relating to the priority of the Liens securing the First Lien Obligations and the Second Lien Obligations as provided in Sections 2.1 and 3.1.

2.3 No New Liens. So long as the Discharge of First Lien Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company or any other Grantor, the parties hereto agree that the Company shall not, and shall not permit any other Grantor to:

(a) grant or permit any additional Liens on any asset or property to secure any Second Lien Obligation unless it has granted or concurrently grants a Lien on such asset or property to secure the First Lien Obligations, the parties hereto agreeing that any such Lien shall be subject to Section 2.1 hereof; or

(b) grant or permit any additional Liens on any asset or property to secure any First Lien Obligations unless it has granted or concurrently grants a Lien on such asset or property to secure the Second Lien Obligations. To the extent that the foregoing provisions are not complied with for any reason, without limiting any other rights and remedies available to the First Lien Agent and/or the First Lien Claimholders, the Second Lien Agent, on behalf of Second Lien Claimholders, agrees that any amounts received by or distributed to any of them pursuant to or as a result of Liens granted in contravention of this Section 2.3 shall be subject to Section 4.2.

2.4 Similar Liens and Agreements.The parties hereto agree that it is their intention that the First Lien Collateral and the Second Lien Collateral be identical. In furtherance of the foregoing and of Section 8.9, the parties hereto agree, subject to the other provisions of this Agreement:

(a) upon request by the First Lien Agent or the Second Lien Agent, to cooperate in good faith (and to direct their counsel to cooperate in good faith) from time to time in order to determine the specific items included in the First Lien Collateral and the Second Lien Collateral and the steps taken to perfect their respective Liens thereon and the identity of the respective parties obligated under the First Lien Loan Documents and the Second Lien Loan Documents; and

(b) that the documents and agreements creating or evidencing the First Lien Collateral and the Second Lien Collateral and guarantees for the First Lien Obligations and the Second Lien Obligations, subject to Section 5.3(d), shall be in all material respects the same forms of documents other than with respect to the first lien and the second lien nature of the Obligations thereunder.

SECTION 3. Enforcement.

3.1 Exercise of Remedies.(a) Until the Discharge of First Lien Obligations has occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company or any other Grantor, the Second Lien Agent and the Second Lien Claimholders:

(1) will not exercise or seek to exercise any rights or remedies with respect to any Collateral (including the exercise of any right of setoff or any right under any lockbox agreement, account control agreement, landlord waiver or bailee's letter or similar agreement or arrangement to which the Second Lien Agent or any Second Lien Claimholder is a party) or institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure); provided, however, that the Second Lien Agent may exercise any or all such rights or remedies after the passage of a period of at least 180 days has elapsed since the later of: (i) the date on which the Second Lien Agent declared the existence of any Event of Default under any Second Lien Loan Documents and demanded the repayment of all the principal amount of any Second Lien Obligations; and (ii) the date on which the First Lien Agent received notice from the Second Lien Agent of such declarations of an Event of Default (the **"Standstill Period"**); provided, further, however, that notwithstanding anything herein to the contrary, in no event shall the Second Lien Agent or any Second Lien Claimholder exercise any rights or remedies with respect to the Collateral if, notwithstanding the expiration of the Standstill Period, the First Lien Agent or First Lien Claimholders shall have commenced and be diligently pursuing the exercise of their rights or remedies with respect to all or any material portion of the Collateral (prompt notice of such exercise to be given to the Second Lien Agent);

(2) will not contest, protest or object to any foreclosure proceeding or action brought by the First Lien Agent or any First Lien Claimholder or any other exercise by the First Lien Agent or any First Lien Claimholder of any rights and remedies relating to the Collateral under the First Lien Loan Documents or otherwise; and

(3) subject to their rights under clause (a)(1) above, will not object to the forbearance by the First Lien Agent or the First Lien Claimholders from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the Collateral, in each case so long as the Liens granted to secure the Second Lien Obligations of the Second Lien Claimholders attach to the proceeds thereof subject to the relative priorities described in Section 2.

(b) Until the Discharge of First Lien Obligations has occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company or any other Grantor, subject to Section 3.1(a)(1), the First Lien Agent and the First Lien Claimholders shall have the exclusive right to enforce rights, exercise remedies (including set-off, recoupment and the right to credit bid their debt) and, subject to Section 5.1, to make determinations regarding the release, disposition, or restrictions with respect to the Collateral without any consultation with or the consent of the Second Lien Agent or any Second Lien Claimholder; provided, that the Lien securing the Second Lien Obligations shall remain on the proceeds of such Collateral released or disposed of subject to the relative priorities described in Section 2. In exercising rights and remedies with respect to the Collateral, the First Lien Agent and the First Lien Claimholders may enforce the provisions of the First Lien Loan Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to sell or otherwise dispose of Collateral upon foreclosure, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured creditor under the UCC or any other applicable law and of a secured creditor under Bankruptcy Laws of any applicable jurisdiction. Any payment or proceeds of Collateral received by the First Lien Agent or any First Lien Claimholder in connection with the First Lien Agent's exercise of rights or remedies in respect of Collateral shall be applied to the Obligations as provided in Section 4.1. To the extent the Second Lien Agent is expressly permitted hereunder to exercise rights or remedies in respect of the Collateral, then (x) in exercising rights and remedies with respect to the Collateral, the Second Lien Agent may enforce the provisions of the Second Lien Loan Documents and exercise remedies thereunder, all in such order and in such manner as it may determine in the exercise of its sole discretion and (y) such exercise and enforcement by the Second Lien Agent shall include the rights of an agent appointed by the Second Lien Agent to sell or otherwise dispose of Collateral upon foreclosure, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured creditor under the UCC or any other applicable law and of a secured creditor under Bankruptcy Laws of any applicable jurisdiction.

(c) Notwithstanding the foregoing, the Second Lien Agent and any Second Lien Claimholder may:

(1) file a claim or statement of interest with respect to the Second Lien Obligations; provided that an Insolvency or Liquidation Proceeding has been commenced by or against the Company or any other Grantor;

(2) take any action (not adverse to the priority status of the Liens on the Collateral securing the First Lien Obligations, or the rights of any First Lien Agent or the First Lien Claimholders to exercise remedies in respect thereof) in order to create, perfect, preserve or protect its Lien on the Collateral;

(3) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of the Second Lien Claimholders, including any claims secured by the Collateral, if any, in each case in accordance with the terms of this Agreement;

(4) vote on any plan of reorganization, file any proof of claim, make other filings and make any arguments and motions that are, in each case, in accordance with the terms of this Agreement, with respect to the Second Lien Obligations and the Collateral;

(5) bid for or purchase for cash any Collateral at any private or public sale of such Collateral initiated by the First Lien Agent or any First Lien Claimholder;

(6) join (but not control in any way) any foreclosure or other judicial lien enforcement proceeding with respect to any Collateral initiated by the First Lien Agent or any First Lien Claimholder so long as they do not delay, interfere or hinder in any way with the exercise by the First Lien Agent or the First Lien Claimholders of their rights as provided in the First Lien Loan Documents and this Agreement; or

(7) exercise any of its rights or remedies with respect to the Collateral after the termination of the Standstill Period to the extent permitted by Section 3.1(a)(1).

The Second Lien Agent, on behalf of itself and the Second Lien Claimholders, agrees that it will not take or receive any Collateral or any proceeds of Collateral in connection with the exercise of any right or remedy (including set-off and recoupment) with respect to any Collateral in its capacity as a creditor, unless and until the Discharge of First Lien Obligations has occurred, except in connection with any foreclosure expressly permitted by Section 3.1(a)(1) to the extent the Second Lien Agent and Second Lien Claimholders are permitted to retain the proceeds thereof in accordance with Sections 4.1 and 4.2 of this Agreement. Without limiting the generality of the foregoing, unless and until the Discharge of First Lien Obligations has occurred, except as expressly provided in Sections 3.1(a), 4.1, 6.3(b) and this Section 3.1(c), the sole right of the Second Lien Agent and the Second Lien Claimholders with respect to the Collateral is to hold a Lien on the Collateral pursuant to the Second Lien Collateral Documents for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, after the Discharge of First Lien Obligations has occurred.

(d) Subject to Sections 3.1(a) and (c) and Section 6.3(b):

(1) the Second Lien Agent, for itself and on behalf of the Second Lien Claimholders, agrees that the Second Lien Agent and the Second Lien Claimholders will not take any action that would hinder any exercise of remedies under the First Lien Loan Documents or as otherwise prohibited hereunder, including any sale, lease, exchange, transfer or other disposition of the Collateral, whether by foreclosure or otherwise;

(2) the Second Lien Agent, for itself and on behalf of the Second Lien Claimholders, hereby waives any and all rights it or the Second Lien Claimholders may have as a junior lien creditor or otherwise to object to the manner in which the First Lien Agent or the First Lien Claimholders seek to enforce or collect the First Lien Obligations or the Liens securing the First Lien Obligations granted in any of the First Lien Collateral undertaken in accordance with this Agreement, regardless of whether any action or failure to act by or on behalf of the First Lien Agent or First Lien Claimholders is adverse to the interest of the Second Lien Claimholders; and

(3) the Second Lien Agent hereby acknowledges and agrees that no covenant, agreement or restriction contained in the Second Lien Collateral Documents or any other Second Lien Document (other than this Agreement) shall be deemed to restrict in any way the rights and remedies of the First Lien Agent or the First Lien Claimholders with respect to the Collateral as set forth in this Agreement and the First Lien Credit Documents.

(e) Except as specifically set forth in Sections 3.1(a), (d), and (g), the Second Lien Agent and the Second Lien Claimholders may exercise rights and remedies as unsecured creditors against the Company or any other Grantor that has guaranteed or granted Liens to secure the Second Lien Obligations in accordance with the terms of the Second Lien Loan Documents and applicable law; provided that in the event that any Second Lien Claimholder becomes a judgment Lien creditor in respect of Collateral as a result of its enforcement of its rights as an unsecured creditor with respect to the Second Lien Obligations, such judgment Lien shall be subject to the terms of this Agreement for all purposes (including in relation to the First Lien Obligations) as the other Liens securing the Second Lien Obligations are subject to this Agreement.

(f) Except as specifically set forth in Sections 3.1(a), (d), and (g), nothing in this Agreement shall prohibit the receipt by the Second Lien Agent or any Second Lien Claimholders of the required payments of interest, principal and other amounts owed in respect of the Second Lien Obligations so long as such receipt is not the direct or indirect result of the exercise by the Second Lien Agent or any Second Lien Claimholders of rights or remedies as a secured creditor (including set-off and recoupment) or enforcement in contravention of this Agreement of any Lien held by any of them. Nothing in this Agreement impairs or otherwise adversely affects any rights or remedies the First Lien Agent or the First Lien Claimholders may have with respect to the First Lien Collateral.

(g) The Second Lien Agent and the Second Lien Claimholders agree with the Grantors that none of the Grantors may make any payment to the Second Lien Agent or any Second Lien Claimholders in respect of the Second Lien Obligations (other than non-cash pay interest in kind, payments under Section 4.1 and payments in the form of reorganization securities contemplated by Section 6.6) until the Discharge of First Lien Obligations if:

(i) a payment default on the First Lien Obligations occurs and is continuing beyond any applicable grace period in the applicable First Lien Loan Document and the Second Lien Agent and the Company receives written notice thereof from the First Lien Agent;

(ii) any other default occurs (other than an Event of Default under Section 8.1(f) or 8.1(g)[1] of the First Lien Credit Agreement) and is continuing beyond any applicable grace period in the applicable First Lien Loan Document on the First Lien Obligations that permits the First Lien Claimholders to accelerate its maturity and the Second Lien Agent and the Company receive a notice thereof from the First Lien Agent (any such notice given pursuant to this clause (ii) (a "**Payment Blockage Notice**"); or

(iii) an Event of Default occurs and is continuing under Section 8.1(f) or 8.1(g) of the First Lien Credit Agreement,

provided that, unless otherwise prohibited by this Section 3, the Grantors may resume payments in respect of the Second Lien Obligations upon the earlier of:

(i) in the case of a payment default under clause (i) above, upon the earlier of (a) the Discharge of First Lien Obligations has occurred and (b) the date upon which such default is cured or waived;

(ii) in the case of a nonpayment default under clause (ii) above, upon the earlier of (a) the Discharge of First Lien Obligations has occurred, (b) the date on which such nonpayment default is cured or waived, and (c) 180 days after the date on which the applicable Payment Blockage Notice is issued, unless the First Lien Obligations have been accelerated; or

(iii) in the case of an Event of Default under clause (iii) above, upon the occurrence of the Discharge of First Lien Obligations.

3.2 Actions Upon Breach. If any Second Lien Claimholder, in contravention of the terms of this Agreement, in any way takes, attempts to or threatens to take any action with respect to the Collateral (including, without limitation, any attempt to realize upon or enforce any remedy with respect to this Agreement), or fails to take any action required by this Agreement, this Agreement shall create an irrebuttable presumption

[1] Sections 8.1(f) and (g) are the bankruptcy default provisions.

and admission by such Second Lien Claimholder that relief against such Second Lien Claimholder by injunction, specific performance and/or other appropriate equitable relief is necessary to prevent irreparable harm to the First Lien Claimholders, it being understood and agreed by the Second Lien Agent on behalf of each Second Lien Claimholder that (i) the First Lien Claimholders' damages from its actions may at that time be difficult to ascertain and may be irreparable, and (ii) each Second Lien Claimholder waives any defense that the Grantors and/or the First Lien Claimholders cannot demonstrate damage and/or be made whole by the awarding of damages.

SECTION 4. Payments.

4.1 Application of Proceeds.(a) So long as the Discharge of First Lien Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company or any other Grantor, Collateral or proceeds thereof received in connection with the sale or other disposition of, or collection on, such Collateral upon the exercise of remedies by the First Lien Agent or First Lien Claimholders shall be applied by the First Lien Agent to the First Lien Obligations in such order as specified in the relevant First Lien Loan Documents. Upon the Discharge of First Lien Obligations, the First Lien Agent shall deliver to the Second Lien Agent any Collateral and proceeds of Collateral held by it in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct to be applied by the Second Lien Agent to the Second Lien Obligations in such order as specified in the Second Lien Collateral Documents.

(b) The First Lien Agent, on behalf of the First Lien Claimholders, and the Second Lien Agent, on behalf of the Second Lien Claimholders, acknowledge that mandatory prepayments under the First Lien Credit Agreement and the Second Lien Credit Agreement from proceeds from certain Asset Sales, insurance and condemnation payments and Excess Cash, as described in Section 2.14 of the First Lien Credit Agreement and Section 2.14 of the Second Lien Credit Agreement, shall be shared ratably between the First Lien Claimholders and the Second Lien Claimholders based on the then outstanding principal amount of the loans outstanding under the First Lien Credit Agreement and the Second Lien Credit Agreement, and that mandatory prepayments from proceeds from the incurrence by the Company or any of its Subsidiaries of certain Indebtedness as described in Section 2.14 of the First Lien Credit Agreement, shall be applied first to the payment of the First Lien Obligations until the Discharge of First Lien Obligations and then to the payment of the Second Lien Obligations.

4.2 Payments Over.(a) So long as the Discharge of First Lien Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company or any other Grantor, any Collateral or proceeds thereof (including assets or proceeds subject to Liens referred to in the final sentence of Section 2.3) received by the Second Lien Agent or any Second Lien Claimholders in connection with the exercise of any right or remedy (including set-off or recoupment) relating to the Collateral in contravention of this Agreement in all cases shall be segregated and held in trust and forthwith paid over to the First Lien Agent for the benefit of the First Lien Claimholders in the same form as received, with any necessary

endorsements or as a court of competent jurisdiction may otherwise direct. The First Lien Agent is hereby authorized to make any such endorsements as agent for the Second Lien Agent or any such Second Lien Claimholders. This authorization is coupled with an interest and is irrevocable until the Discharge of First Lien Obligations.

(b) So long as the Discharge of First Lien Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company or any other Grantor, any Collateral or proceeds thereof (including assets or proceeds subject to Liens referred to in the final sentence of Section 2.3) received by the Second Lien Agent or any Second Lien Claimholders in connection with the exercise of any right or remedy (including set-off or recoupment) relating to the Collateral not in contravention of this Agreement shall be segregated and held in trust and forthwith paid over to the First Lien Agent for the benefit of the First Lien Claimholders in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct; provided, however, that this Section 4.2(b) shall only be applicable if the exercise of such right or remedy by the Second Lien Agent or any Second Lien Claimholder has the effect of discharging the Lien of the First Lien Agent on such Collateral. The First Lien Agent is hereby authorized to make any such endorsements as agent for the Second Lien Agent or any such Second Lien Claimholders. This authorization is coupled with an interest and is irrevocable until the Discharge of First Lien Obligations.

(c) So long as the Discharge of First Lien Obligations has not occurred, if in any Insolvency or Liquidation Proceeding the Second Lien Agent or any Second Lien Claimholders shall receive any distribution of money or other property in respect of the Collateral, such money or other property shall be segregated and held in trust and forthwith paid over to the First Lien Agent for the benefit of the First Lien Claimholders in the same form as received, with any necessary endorsements. Any Lien received by the Second Lien Agent or any Second Lien Claimholders in any Insolvency or Liquidation Proceeding shall be subject to the terms of this Agreement.

SECTION 5. Other Agreements.

5.1 Releases.(a) If in connection with the exercise of the First Lien Agent's remedies in respect of the Collateral, the First Lien Agent, for itself or on behalf of any of the First Lien Claimholders, releases any of its Liens on any part of the Collateral or releases any Guarantor from its obligations under its guaranty of the First Lien Obligations or forecloses on or otherwise disposes of any Collateral, then the Liens, if any, of the Second Lien Agent, for itself or for the benefit of the Second Lien Claimholders, on such Collateral, and the obligations of such Guarantor under its guaranty of the Second Lien Obligations, shall be automatically, unconditionally and simultaneously released; provided, that such release of the Liens of the Second Lien Agent will not occur without the consent of the Second Lien Agent if in connection with the exercise of the First Lien Agent's remedies in respect of the Collateral the net proceeds thereof will not be applied to the First Lien Obligations. The Second Lien Agent, for itself or on behalf of any such Second Lien Claimholders, promptly shall execute and deliver to the First Lien Agent or such Guarantor

such termination statements, releases and other documents as the First Lien Agent or such Guarantor may request to effectively confirm such release.

(b) If in connection with any sale, lease, exchange, transfer or other disposition of any Collateral by any Grantor permitted under the terms of the First Lien Loan Documents and not expressly prohibited under the terms of the Second Lien Loan Documents (other than in connection with the exercise of the First Lien Agent's remedies in respect of the Collateral which shall be governed by Section 5.1(a) above), the First Lien Agent, for itself or on behalf of any of the First Lien Claimholders, releases any of its Liens on any part of the Collateral, or releases any Guarantor from its obligations under its guaranty of the First Lien Obligations, then the Liens, if any, of the Second Lien Agent, for itself or for the benefit of the Second Lien Claimholders, on such Collateral, and the obligations of such Guarantor under its guaranty of the Second Lien Obligations, shall be automatically, unconditionally and simultaneously released. The Second Lien Agent, for itself or on behalf of any such Second Lien Claimholders, promptly shall execute and deliver to the First Lien Agent or such Guarantor such termination statements, releases and other documents as the First Lien Agent or such Grantor may request to effectively confirm such release.

(c) Until the Discharge of First Lien Obligations occurs, to the extent that the First Lien Agent or the First Lien Claimholders (i) have released any Lien on Collateral or any Guarantor from its obligation under its guaranty and any such Liens or guaranty are later reinstated or (ii) obtain any new liens or additional guarantees from any Guarantor, then the Second Lien Agent, for itself and for the Second Lien Claimholders, shall be granted a Lien on any such Collateral, subject to the lien subordination provisions of this Agreement, and an additional guaranty, as the case may be.

(d) Until the Discharge of First Lien Obligations occurs, the Second Lien Agent, for itself and on behalf of the Second Lien Claimholders, hereby irrevocably constitutes and appoints the First Lien Agent, with the full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Second Lien Agent or the Second Lien Claimholders or in the Second Lien Agent's own name, from time to time in the First Lien Agent's discretion, for the purpose of carrying out the terms of this Section 5.1, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary to accomplish the purposes of this Section 5.1, including any endorsements or other instruments of transfer or release.

5.2 Insurance.Unless and until the Discharge of First Lien Obligations has occurred, the First Lien Agent and the First Lien Claimholders shall have the sole and exclusive right, subject to any rights of the Grantors under the First Lien Loan Documents, to adjust settlement for any insurance policy covering the Collateral in the event of any loss thereunder and to approve any award granted in any condemnation or similar proceeding (or any deed in lieu of condemnation) affecting the Collateral. Subject to the ratable sharing provision in Section 4.1(b), and subject to the rights of the Grantors under the First Lien Loan Documents and the Second Lien Loan Documents, all proceeds of any such policy and any such award (or any payments with respect to a deed in lieu of

condemnation) if in respect to the Collateral shall be paid to the First Lien Agent for the benefit of the First Lien Claimholders pursuant to the terms of the First Lien Loan Documents (including for purposes of cash collateralization of letters of credit) and thereafter, to the extent no First Lien Obligations are outstanding, and subject to the rights of the Grantors under the Second Lien Loan Documents, to the Second Lien Agent for the benefit of the Second Lien Claimholders to the extent required under the Second Lien Collateral Documents and then, to the extent no Second Lien Obligations are outstanding, to the owner of the subject property, such other Person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct. Until the Discharge of First Lien Obligations has occurred, if the Second Lien Agent or any Second Lien Claimholders shall, at any time, receive any proceeds of any such insurance policy or any such award or payment in contravention of this Agreement, it shall segregate and hold in trust and forthwith pay such proceeds over to the First Lien Agent in accordance with the terms of Section 4.2 for application as described in Section 4.1(b) and this Section 5.2.

5.3 Amendments to First Lien Loan Documents and Second Lien Loan Documents.(a) The First Lien Loan Documents may be amended, restated, amended and restated, supplemented or otherwise modified in accordance with their terms, in each case, without notice to, or the consent of the Second Lien Agent or the Second Lien Claimholders, all without affecting the lien subordination or other provisions of this Agreement or refinanced to the extent permitted by the Second Lien Credit Agreement; provided, however, that any such amendment, restatement, amendment and restatement, supplement, modification or refinancing shall not, without the consent of the Second Lien Agent:

(1) increase the sum of (without duplication) (A) the then outstanding aggregate principal amount of the First Lien Credit Agreement (including, if any, any undrawn portion of any commitment under the First Lien Credit Agreement) and (B) the aggregate face amount of any letters of credit issued under the First Lien Credit Agreement and not reimbursed in excess of the Cap Amount;

(2) extend the scheduled maturity of the First Lien Credit Agreement beyond the scheduled maturity of the Second Lien Credit Agreement, unless such extension shall not preclude the Second Lien Claimholders from receiving payment in respect of the Second Lien Obligations in accordance with the terms of this Agreement;

(3) contravene the provisions of this Agreement;

(4) change the prepayment provisions thereof;

(5) increases the amount of proceeds from the disposition of any Collateral that are not required to be used to prepay First Lien Obligations and that may be retained by the Grantors to an amount greater than permitted under the Second Lien Credit Agreement; or

(6) modifies a covenant or event of default that directly restricts one or more Grantors from making payments under the Second Lien Loan Documents that would otherwise be permitted under the First Lien Loan Documents as in effect on the date hereof.

(b) Without the prior written consent of the First Lien Agent, no Second Lien Loan Document may be refinanced, amended, restated, amended and restated, supplemented or otherwise modified or entered into to the extent such refinancing, amendment, restatement, amendment and restatement, supplement or modification, or the terms of any new Second Lien Loan Document, would:

(1) increase the then outstanding principal amount of the Second Lien Credit Agreement;

(2) change any default or Event of Default thereunder in a manner adverse to the loan parties thereunder;

(3) change (to earlier dates) any dates upon which payments of principal or interest are due thereon, except for any acceleration of the maturity date of the Second Lien Obligations during the continuance of an Event of Default (as defined in the Second Lien Credit Agreement);

(4) change the prepayment provisions thereof;

(5) contravene the provisions of this Agreement; or

(6) increase materially the obligations of the obligor thereunder or to confer any additional material rights on the Second Lien Lenders (or a representative on their behalf) which would be adverse to any loan parties, any First Lien Lenders, the First Lien Agent or the holders of any other First Lien Obligations.

(c) Each Grantor agrees that each Second Lien Collateral Document to which it is a party shall include the following language (or language to similar effect approved by the First Lien Agent, which approval shall not be unreasonably withheld, delayed or conditioned):

> "Notwithstanding anything herein to the contrary, the lien and security interest granted to the Second Lien Agent pursuant to this Agreement and the exercise of any right or remedy by the Second Lien Agent hereunder are subject to the provisions of the Intercreditor Agreement, dated as of [_____,] 2010 (as amended, restated, supplemented or otherwise modified from time to time, the **"Intercreditor Agreement"**), among Citicorp North America, Inc. as First Lien Agent and Citicorp North America, Inc. as Second Lien Agent and certain other persons party or that may become party thereto from time to time. In the event of any conflict

between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control."

(d) In the event any First Lien Agent or the First Lien Claimholders and the relevant Grantor enter into any amendment, waiver or consent in respect of any of the First Lien Collateral Documents for the purpose of adding to, or deleting from, or waiving or consenting to any departures from any provisions of, any First Lien Collateral Document or changing in any manner the rights of the First Lien Agent, such First Lien Claimholders, the Company or any other Grantor thereunder, then such amendment, waiver or consent shall apply automatically to any comparable provision of the Comparable Second Lien Collateral Document without the consent of the Second Lien Agent or the Second Lien Claimholders and without any action by the Second Lien Agent, the Company or any other Grantor, provided, that:

(1) no such amendment, waiver or consent shall have the effect of:

(A) removing assets subject to the Lien of the Second Lien Collateral Documents, except to the extent that a release of such Lien is permitted or required by Section 5.1 and provided that there is a corresponding release of the Liens securing the First Lien Obligations;

(B) imposing duties on the Second Lien Agent without its consent;

(C) permitting other Liens on the Collateral not permitted under the terms of the Second Lien Loan Documents or Section 6; or

(D) being prejudicial to the interests of the Second Lien Claimholders to a greater extent than the First Lien Claimholders; and

(2) notice of such amendment, waiver or consent shall have been given to the Second Lien Agent no later than the effective date of such amendment, waiver or consent.

5.4 Gratuitous Bailee for Perfection.(a) The First Lien Agent agrees to hold that part of the Collateral that is in its physical possession or "control" (within the meaning of Section 9-314 of the UCC) (or in the physical possession or control of its agents or bailees) to the extent that physical possession or control thereof is taken to perfect a Lien thereon under the UCC (such Collateral being the "**Pledged Collateral**") or other applicable law as collateral agent for the First Lien Claimholders and as gratuitous bailee for the Second Lien Agent (such bailment being intended, among other things, to satisfy the requirements of Sections 8-106(d)(3), 8-301(a)(2) and 9-313(c) of the UCC and any other relevant comparable law) and any assignee solely for the purpose of perfecting the security interest granted under the First Lien Loan Documents and the Second Lien Loan Documents, respectively, subject to the terms and conditions of this Section 5.4. Solely with respect to any deposit accounts under the control (within the meaning of Section 9-

104 of the UCC and under any other relevant comparable law) of the First Lien Agent, the First Lien Agent agrees to also hold control over such deposit accounts as gratuitous agent for the Second Lien Agent, subject to the terms and conditions of this Section 5.4.

(b) The First Lien Agent shall have no obligation whatsoever to the First Lien Claimholders, the Second Lien Agent or any Second Lien Claimholder to ensure that the Pledged Collateral is genuine or owned by any of the Grantors or to preserve rights or benefits of any Person except as expressly set forth in this Section 5.4. The duties or responsibilities of the First Lien Agent under this Section 5.4 shall be limited solely to holding the Pledged Collateral as bailee (and with respect to deposit accounts, agent) in accordance with this Section 5.4 and delivering the Pledged Collateral upon a Discharge of First Lien Obligations as provided in paragraph (d) below.

(c) The First Lien Agent shall not have by reason of the First Lien Collateral Documents, the Second Lien Collateral Documents, this Agreement or any other document a fiduciary relationship in respect of the First Lien Claimholders, the Second Lien Agent or any Second Lien Claimholder and the Second Lien Agent and the Second Lien Claimholders hereby waive and release the First Lien Agent from all claims and liabilities arising pursuant to the First Lien Agent's role under this Section 5.4 as gratuitous bailee and gratuitous agent with respect to any common Collateral. It is understood and agreed that the interests of the First Lien Agent and the Second Lien Agent may differ and the First Lien Agent shall be fully entitled to act in its own interest without taking into account the interests of the Second Lien Agent or Second Lien Claimholders.

(d) Upon the Discharge of First Lien Obligations under the First Lien Loan Documents to which the First Lien Agent is a party, the First Lien Agent shall deliver the remaining Pledged Collateral in its possession (if any) together with any necessary endorsements (such endorsement shall be without recourse and without any representation or warranty), first, to the Second Lien Agent to the extent Second Lien Obligations remain outstanding, and second, to the Company to the extent no First Lien Obligations or Second Lien Obligations remain outstanding (in each case, so as to allow such Person to obtain possession or control of such Pledged Collateral). The First Lien Agent further agrees to take all other action reasonably requested by the Second Lien Agent at the expense of the Second Lien Agent or the Company in connection with the Second Lien Agent obtaining a first-priority interest in the Collateral or as a court of competent jurisdiction may otherwise direct.

5.5 Purchase Right.Without prejudice to the enforcement of the First Lien Claimholders remedies, the First Lien Claimholders agree at any time following (a) an acceleration of the First Lien Obligations in accordance with the terms of the First Lien Credit Agreement, (b) a payment default under the First Lien Credit Agreement that has not been cured or waived by the First Lien Claimholders within 180 days of the occurrence thereof, (c) the commencement of any Insolvency or Liquidation Proceeding, or (d) the commencement of any enforcement action in respect of the First Lien Obligations, the First Lien Agent, on behalf of the First Lien Claimholders, will offer the Second Lien Claimholders the option (but the Second Lien Claimholders will not have the obligation) to purchase the entire aggregate amount of outstanding First Lien Obligations (including

unfunded commitments under the First Lien Credit Agreement) at par plus accrued interest (without regard to any prepayment penalty or premium), without warranty or representation or recourse, on a pro rata basis across First Lien Claimholders. The Second Lien Claimholders shall irrevocably accept or reject such offer within ten (10) Business Days of the receipt thereof and the parties shall endeavor to close promptly thereafter. If the Second Lien Claimholders accept such offer, they shall give the Company contemporaneous written notice thereof and same shall be exercised pursuant to documentation mutually acceptable to each of the First Lien Agent and the Second Lien Agent. If the Second Lien Claimholders reject such offer (or do not so irrevocably accept such offer within the required timeframe), the First Lien Claimholders shall have no further obligations pursuant to this Section 5.6 and may take any further actions in their sole discretion in accordance with the First Lien Loan Documents and this Agreement.

SECTION 6. Insolvency or Liquidation Proceedings.

6.1 Finance and Sale Issues.Until the Discharge of First Lien Obligations has occurred, if the Company or any other Grantor shall be subject to any Insolvency or Liquidation Proceeding and the First Lien Agent shall desire to permit the use of "Cash Collateral" (as such term is defined in Section 363(a) of the Bankruptcy Code), on which the First Lien Agent or any other creditor has a Lien or to permit the Company or any other Grantor to obtain financing, whether from the First Lien Claimholders or any other Person under Section 364 of the Bankruptcy Code or any similar Bankruptcy Law (**"DIP Financing"**), then the Second Lien Agent, on behalf of itself and the Second Lien Claimholders, agrees that it will raise no objection to such Cash Collateral use or DIP Financing and to the extent the Liens securing the First Lien Obligations are subordinated to or pari passu with such DIP Financing, the Second Lien Agent will subordinate its Liens in the Collateral to the Liens securing such DIP Financing (and all Obligations relating thereto) and will not request adequate protection or any other relief in connection therewith (except, as expressly agreed by the First Lien Agent or to the extent permitted by Section 6.3); provided that, the aggregate principal amount of the DIP Financing plus the aggregate outstanding principal amount of First Lien Obligations (other than First Lien Obligations in respect of Hedge Agreements) plus the aggregate face amount of any letters of credit issued and not reimbursed under the First Lien Credit Agreement does not exceed the Cap Amount and the Second Lien Agent and the Second Lien Claimholders retain the right to object to any ancillary agreements or arrangements regarding Cash Collateral use or the DIP Financing that are materially prejudicial to their interests. The Second Lien Agent on behalf of the Second Lien Claimholders, agrees that it will raise no objection or oppose a motion to sell or otherwise dispose of any Collateral free and clear of its Liens or other claims under Section 363 of the Bankruptcy Code (or any other similar law) if the requisite First Lien Claimholders have consented to such sale or disposition of such assets, and such motion does not impair the rights of the Second Lien Claimholders under Section 363(k) of the Bankruptcy Code (or any other similar law); provided, that the Cap Amount shall be reduced by an amount equal to the net cash

proceeds of such sale or other disposition which are used to pay the principal or face amount of the First Lien Obligations.

6.2 Relief from the Automatic Stay.Until the Discharge of First Lien Obligations has occurred, the Second Lien Agent, on behalf of itself and the Second Lien Claimholders, agrees that none of them shall seek (or support any other Person seeking) relief from the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of the Collateral, without the prior written consent of the First Lien Agent, unless a motion for adequate protection permitted under Section 6.3 has been denied by the Bankruptcy Court and except in connection with any remedies permitted to be taken by the Second Lien Agent pursuant to Section 3.1(a)(1).

6.3 Adequate Protection.The Second Lien Agent, on behalf of itself and the Second Lien Claimholders, agrees that none of them shall contest (or support any other Person contesting):

(1) any request by the First Lien Agent or the First Lien Claimholders for adequate protection; or

(2) any objection by the First Lien Agent or the First Lien Claimholders to any motion, relief, action or proceeding based on the First Lien Agent or the First Lien Claimholders claiming a lack of adequate protection.

(b) Notwithstanding the foregoing provisions in this Section 6.3, in any Insolvency or Liquidation Proceeding:

(1) if the First Lien Claimholders (or any subset thereof) are granted adequate protection in the form of additional collateral in connection with any Cash Collateral use or DIP Financing, then the Second Lien Agent, on behalf of itself or any of the Second Lien Claimholders, may seek or request adequate protection in the form of a Lien on such additional collateral, which Lien will be subordinated to the Liens securing the First Lien Obligations and such Cash Collateral use or DIP Financing (and all Obligations relating thereto) on the same basis as the other Liens securing the Second Lien Obligations are so subordinated to the First Lien Obligations under this Agreement and the First Lien Agent, on behalf of itself and the First Lien Claimholders, shall not object to any such request for adequate protection that meets the requirements of Section 6.3(b)(2); and

(2) The Second Lien Agent and Second Lien Claimholders shall only be permitted to seek adequate protection with respect to their rights in the Collateral in any Insolvency or Liquidation Proceeding in the form of (A) additional collateral; provided that, as adequate protection for the First Lien Obligations, the First Lien Agent, on behalf of the First Lien Claimholders, is also granted a senior Lien on such additional collateral; (B) replacement Liens on the Collateral; provided that, as adequate protection for the First Lien Obligations, the First Lien Agent, on behalf of the First Lien Claimholders, is also granted senior replacement Liens on the Collateral; (C) an administrative expense claim; provided that, as

adequate protection for the First Lien Obligations, the First Lien Agent, on behalf of the First Lien Claimholders, is also granted an administrative expense claim which is senior and prior to the administrative expense claim of the Second Lien Agent and the Second Lien Claimholders; (D) a claim for professional fees and expenses in any Insolvency or Liquidation Proceeding; provided that, as adequate protection for the First Lien Obligations, the First Lien Agent, on behalf of the First Lien Claimholders, is also granted a claim for professional fees and expenses which is senior and prior to the claim for professional fees and expenses of the Second Lien Agent and the Second Lien Claimholders; (E) cash payments with respect to interest on the Second Lien Obligations; provided either (1) as adequate protection for the First Lien Obligations, the First Lien Agent, on behalf of the First Lien Claimholders, is also granted cash payments with respect to interest on the First Lien Obligations, or (2) such cash payments do not exceed an amount equal to the interest accruing on the principal amount of Second Lien Obligations outstanding on the date such relief is granted at the interest rate under the Second Lien Credit Documents and accruing from the date the Second Lien Agent is granted such relief; and (F) any other form of adequate protection; provided that, as adequate protection for the First Lien Obligations, the First Lien Agent, on behalf of the First Lien Claimholders, is also granted a claim for such form of adequate protection which is senior and prior to the claim for such form of adequate protection of the Second Lien Agent and the Second Lien Claimholders. If any Second Lien Secured Party receives post-petition interest and/or adequate protection payments in an Insolvency or Liquidation Proceeding ("Second Lien Adequate Protection Payments"), and the First Lien Claimholders do not receive payment in full in cash of all First Lien Obligations (subject, in the case of principal outstanding under the First Lien Credit Agreement and the other First Lien Documents and face amounts of letters of credit, to the Cap Amount) upon the effectiveness of the plan of reorganization for, or conclusion of, that Insolvency or Liquidation Proceeding, then, each Second Lien Claimholders shall pay over to the First Lien Claimholders an amount (the "Pay-Over Amount") equal to the lesser of (i) the Second Lien Adequate Protection Payments received by such Second Lien Claimholders and (ii) the amount of the short-fall (the "Short Fall") in payment in full of the First Lien Loan Obligations (subject, in the case of principal outstanding under the First Lien Credit Agreement and the other First Lien Documents and face amounts of letters of credit, to the Cap Amount); provided that to the extent any portion of the Short Fall represents payments received by the First Lien Claimholders in the form of promissory notes, equity or other property, equal in value to the cash paid in respect of the Pay-Over Amount, the First Lien Claimholders shall, upon receipt of the Pay-Over Amount, transfer those promissory notes, equity or other property, pro rata, equal in value to the cash paid in respect of the Pay-Over Amount to the applicable Second Lien Claimholders in exchange for the Pay-Over Amount. Notwithstanding anything herein to the contrary, the First Lien Claimholders shall not be deemed to have consented to, and expressly retain their rights to object to the grant of adequate protection in the form of cash payments to the Second Lien Claimholders made pursuant to the foregoing Section 6.3(b).

(c) The Second Lien Agent, for itself and on behalf of the other Second Lien Claimholders, agrees that notice of a hearing to approve DIP Financing or use of Cash Collateral on an interim basis shall be adequate if delivered to the Second Lien Agent at least five (5) Business Days in advance of such hearing and that notice of a hearing to approve DIP Financing or use of Cash Collateral on a final basis shall be adequate if delivered to the Second Lien Agent at least fifteen (15) days in advance of such hearing.

6.4 No Waiver.Subject to Sections 3.1(a) and (d), 6.3(b) and 6.7(d), nothing contained herein shall prohibit or in any way limit the First Lien Agent or any First Lien Claimholder from objecting in any Insolvency or Liquidation Proceeding or otherwise to any action taken by the Second Lien Agent or any of the Second Lien Claimholders, including the seeking by the Second Lien Agent or any Second Lien Claimholders of adequate protection or the asserting by the Second Lien Agent or any Second Lien Claimholders of any of its rights and remedies under the Second Lien Loan Documents or otherwise.

6.5 Avoidance Issues.If any First Lien Claimholder is required in any Insolvency or Liquidation Proceeding or otherwise to turn over or otherwise pay to the estate of the Company or any other Grantor any amount paid in respect of First Lien Obligations (a **"Recovery"**), then such First Lien Claimholders shall be entitled to a reinstatement of First Lien Obligations with respect to all such recovered amounts, and from and after the date of such reinstatement the Discharge of First Lien Obligations shall be deemed not to have occurred for all purposes hereunder. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto from such date of reinstatement.

6.6 Reorganization Securities.If, in any Insolvency or Liquidation Proceeding, debt obligations of the reorganized debtor secured by Liens upon any property of the reorganized debtor are distributed pursuant to a plan of reorganization or similar dispositive restructuring plan, both on account of First Lien Obligations and on account of Second Lien Obligations, then, to the extent the debt obligations distributed on account of the First Lien Obligations and on account of the Second Lien Obligations are secured by Liens upon the same property, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens securing such debt obligations.

6.7 Post-Petition Interest.Neither the Second Lien Agent nor any Second Lien Claimholder shall oppose or seek to challenge any claim by the First Lien Agent or any First Lien Claimholder for allowance in any Insolvency or Liquidation Proceeding of First Lien Obligations consisting of Post-Petition Interest to the extent of the value of any First Lien Claimholder's Lien, without regard to the existence of the Lien of the Second Lien Agent on behalf of the Second Lien Claimholders on the Collateral.

(b) Neither the First Lien Agent nor any other First Lien Claimholder shall oppose or seek to challenge any claim by the Second Lien Agent or any Second Lien Claimholder for allowance in any Insolvency or Liquidation Proceeding of Second Lien

Obligations consisting of Post-Petition Interest to the extent of the value of the Lien of the Second Lien Agent on behalf of the Second Lien Claimholders on the Collateral (after taking into account the value of the First Lien Obligations).

6.8 Waiver.The Second Lien Agent, for itself and on behalf of the Second Lien Claimholders, waives any claim it may hereafter have against any First Lien Claimholder arising out of the election of any First Lien Claimholder of the application of Section 1111(b)(2) of the Bankruptcy Code, and/or out of any cash collateral or financing arrangement or out of any grant of a security interest in connection with the Collateral in any Insolvency or Liquidation Proceeding.

6.9 Separate Grants of Security and Separate Classification.The Second Lien Agent, for itself and on behalf of the Second Lien Claimholders, and the First Lien Agent for itself and on behalf of the First Lien Claimholders, acknowledges and agrees that

(a) the grants of Liens pursuant to the First Lien Collateral Documents and the Second Lien Collateral Documents constitute two separate and distinct grants of Liens; and

(b) because of, among other things, their differing rights in the Collateral, the Second Lien Obligations are fundamentally different from the First Lien Obligations and must be separately classified in any plan of reorganization proposed or adopted in an Insolvency or Liquidation Proceeding.

To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the First Lien Claimholders and the Second Lien Claimholders in respect of the Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then each of the parties hereto hereby acknowledges and agrees that, subject to Sections 2.1 and 4.1, all distributions shall be made as if there were separate classes of senior and junior secured claims against the Grantors in respect of the Collateral (with the effect being that, to the extent that the aggregate value of the Collateral is sufficient (for this purpose ignoring all claims held by the Second Lien Claimholders), the First Lien Claimholders shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing (or that would be owing if there were such separate classes of senior and junior secured claims) in respect of Post-Petition Interest, including any additional interest payable pursuant to the First Lien Credit Agreement, arising from or related to a default, which is disallowed as a claim in any Insolvency or Liquidation Proceeding) before any distribution is made in respect of the claims held by the Second Lien Claimholders with respect to the Collateral, with the Second Lien Agent, for itself and on behalf of the Second Lien Claimholders, hereby acknowledging and agreeing to turn over to the First Lien Agent, for itself and on behalf of the First Lien Claimholders, Collateral or proceeds of Collateral otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Second Lien Claimholders).

6.10 Credit Bid Rights. Notwithstanding anything herein to the contrary, this Agreement shall not be construed to prohibit the Second Lien Claimholders from exercising a credit bid under Section 363(k) of the Bankruptcy Code in a sale or other disposition of Collateral under Section 363 of the Bankruptcy Code; provided that in connection with and immediately after giving effect to such sale and credit bid there occurs a Discharge of First Priority Obligations.

SECTION 7. Reliance; Waivers; Etc.

7.1 Reliance.Other than any reliance on the terms of this Agreement, the First Lien Agent, on behalf of itself and the First Lien Claimholders under its First Lien Loan Documents, acknowledges that it and such First Lien Claimholders have, independently and without reliance on the Second Lien Agent or any Second Lien Claimholders, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into such First Lien Loan Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the First Lien Credit Agreement or this Agreement. The Second Lien Agent, on behalf of itself and the Second Lien Claimholders, acknowledges that it and the Second Lien Claimholders have, independently and without reliance on the First Lien Agent or any First Lien Claimholder, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into each of the Second Lien Loan Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the Second Lien Loan Documents or this Agreement.

7.2 No Warranties or Liability. The First Lien Agent, on behalf of itself and the First Lien Claimholders under the First Lien Loan Documents, acknowledges and agrees that each of the Second Lien Agent and the Second Lien Claimholders have made no express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the Second Lien Loan Documents, the ownership of any Collateral or the perfection or priority of any Liens thereon. Except as otherwise provided herein, the Second Lien Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under the Second Lien Loan Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. Except as otherwise provided herein, the Second Lien Agent, on behalf of itself and the Second Lien Obligations, acknowledges and agrees that the First Lien Agent and the First Lien Claimholders have made no express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the First Lien Loan Documents, the ownership of any Collateral or the perfection or priority of any Liens thereon. Except as otherwise provided herein, the First Lien Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under their respective First Lien Loan Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. The Second Lien Agent and the Second Lien Claimholders shall have no duty to the First Lien Agent or any of the First Lien Claimholders, and the First Lien Agent and the First Lien Claimholders shall have no duty to the Second Lien

Agent or any of the Second Lien Claimholders, to act or refrain from acting in a manner which allows, or results in, the occurrence or continuance of an event of default or default under any agreements with the Company or any other Grantor (including the First Lien Loan Documents and the Second Lien Loan Documents), regardless of any knowledge thereof which they may have or be charged with.

7.3 No Waiver of Lien Priorities.(a) No right of the First Lien Claimholders, the First Lien Agent or any of them to enforce any provision of this Agreement or any First Lien Loan Document shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or any other Grantor or by any act or failure to act by any First Lien Claimholder or the First Lien Agent, or by any noncompliance by any Person with the terms, provisions and covenants of this Agreement, any of the First Lien Loan Documents or any of the Second Lien Loan Documents, regardless of any knowledge thereof which the First Lien Agent or the First Lien Claimholders, or any of them, may have or be otherwise charged with.

(b) Without in any way limiting the generality of the foregoing paragraph (but subject to the rights of the Company and the other Grantors under the First Lien Loan Documents and subject to the provisions of Section 5.3(a)), the First Lien Claimholders, the First Lien Agent and any of them may, at any time and from time to time in accordance with the First Lien Loan Documents and/or applicable law, without the consent of, or notice to, the Second Lien Agent or any Second Lien Claimholders, without incurring any liabilities to the Second Lien Agent or any Second Lien Claimholders and without impairing or releasing the Lien priorities and other benefits provided in this Agreement (even if any right of subrogation or other right or remedy of the Second Lien Agent or any Second Lien Claimholders is affected, impaired or extinguished thereby) do any one or more of the following:

(1) change the manner, place or terms of payment or change or extend the time of payment of, or amend, renew, exchange, increase or alter, the terms of any of the First Lien Obligations or any Lien on any First Lien Collateral or guaranty thereof or any liability of the Company or any other Grantor, or any liability incurred directly or indirectly in respect thereof (including any increase in or extension of the First Lien Obligations, without any restriction as to the tenor or terms of any such increase or extension) or otherwise amend, renew, exchange, extend, modify or supplement in any manner any Liens held by the First Lien Agent or any of the First Lien Claimholders, the First Lien Obligations or any of the First Lien Loan Documents; provided that any such increase in the First Lien Obligations shall not increase the sum of the Indebtedness constituting principal under the First Lien Credit Agreement and the face amount of any letters of credit issued under the First Lien Credit Agreement and not reimbursed to an amount in excess of the Cap Amount;

(2) sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order any part of the First Lien Collateral or any liability of the Company or any other Grantor to the First Lien

Claimholders or the First Lien Agent, or any liability incurred directly or indirectly in respect thereof;

(3) settle or compromise any First Lien Obligation or any other liability of the Company or any other Grantor or any security therefor or any liability incurred directly or indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including the First Lien Obligations) in any manner or order; and

(4) exercise or delay in or refrain from exercising any right or remedy against the Company or any security or any other Grantor or any other Person, elect any remedy and otherwise deal freely with the Company, any other Grantor or any First Lien Collateral and any security and any guarantor or any liability of the Company or any other Grantor to the First Lien Claimholders or any liability incurred directly or indirectly in respect thereof.

(c) Except as otherwise expressly provided herein, the Second Lien Agent, on behalf of itself and the Second Lien Claimholders, also agrees that the First Lien Claimholders and the First Lien Agent shall have no liability to the Second Lien Agent or any Second Lien Claimholders, and the Second Lien Agent, on behalf of itself and the Second Lien Claimholders, hereby waives any claim against any First Lien Claimholder or the First Lien Agent, arising out of any and all actions which the First Lien Claimholders or the First Lien Agent may take or permit or omit to take with respect to:

(1) the First Lien Loan Documents (other than this Agreement);

(2) the collection of the First Lien Obligations; or

(3) the foreclosure upon, or sale, liquidation or other disposition of, any First Lien Collateral. The Second Lien Agent, on behalf of itself and the Second Lien Claimholders, agrees that the First Lien Claimholders and the First Lien Agent have no duty to them in respect of the maintenance or preservation of the First Lien Collateral, the First Lien Obligations or otherwise.

(d) Until the Discharge of First Lien Obligations, the Second Lien Agent, on behalf of itself and the Second Lien Claimholders, agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable law with respect to the Collateral or any other similar rights a junior secured creditor may have under applicable law.

7.4 Obligations Unconditional.All rights, interests, agreements and obligations of the First Lien Agent and the First Lien Claimholders and the Second Lien Agent and the Second Lien Claimholders, respectively, hereunder shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of any First Lien Loan Documents or any Second Lien Loan Documents;

(b) except as otherwise expressly set forth in this Agreement, any change in the time, manner or place of payment of, or in any other terms of, all or any of the First Lien Obligations or Second Lien Obligations, or any amendment or waiver or other modification, including any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of any First Lien Loan Document or any Second Lien Loan Document;

(c) except as otherwise expressly set forth in this Agreement, any exchange of any security interest in any Collateral or any other collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the First Lien Obligations or Second Lien Obligations or any guaranty thereof;

(d) the commencement of any Insolvency or Liquidation Proceeding in respect of the Company or any other Grantor; or

(e) any other circumstances which otherwise might constitute a defense available to, or a discharge of, the Company or any other Grantor in respect of the First Lien Agent, the First Lien Obligations, any First Lien Claimholder, the Second Lien Agent, the Second Lien Obligations or any Second Lien Claimholder in respect of this Agreement.

SECTION 8. Miscellaneous.

8.1 Conflicts.In the event of any conflict between the provisions of this Agreement and the provisions of the First Lien Loan Documents or the Second Lien Loan Documents, the provisions of this Agreement shall govern and control.

8.2 Effectiveness; Continuing Nature of this Agreement; Severability.This Agreement shall become effective when executed and delivered by the parties hereto. This is a continuing agreement of lien subordination and the First Lien Claimholders may continue, at any time and without notice to the Second Lien Agent or any Second Lien Claimholder subject to the Second Lien Loan Documents, to extend credit and other financial accommodations and lend monies to or for the benefit of the Company or any Grantor constituting First Lien Obligations in reliance hereof. The Second Lien Agent, on behalf of itself and the Second Lien Claimholders, hereby waives any right it may have under applicable law to revoke this Agreement or any of the provisions of this Agreement. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency or Liquidation Proceeding. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. All references to the Company or any other Grantor shall include the Company or such Grantor as debtor and debtor-in-possession and any receiver or trustee for the Company or any other Grantor

(as the case may be) in any Insolvency or Liquidation Proceeding. This Agreement shall terminate and be of no further force and effect:

(a) with respect to the First Lien Agent, the First Lien Claimholders and the First Lien Obligations, the date of Discharge of First Lien Obligations, subject to the rights of the First Lien Claimholders under Section 6.5; and

(b) with respect to the Second Lien Agent, the Second Lien Claimholders and the Second Lien Obligations, upon the later of (1) the date upon which the obligations under the Second Lien Credit Agreement terminate if there are no other Second Lien Obligations outstanding on such date and (2) if there are other Second Lien Obligations outstanding on such date, the date upon which such Second Lien Obligations terminate.

8.3 Amendments; Waivers.No amendment, modification or waiver of any of the provisions of this Agreement by the Second Lien Agent or the First Lien Agent shall be deemed to be made unless the same shall be in writing signed on behalf of each party hereto or its authorized agent and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time. Notwithstanding the foregoing, the Company shall not have any right to consent to or approve any amendment, modification or waiver of any provision of this Agreement except to the extent the rights or obligations of the Company or any other Grantor are affected. The Company shall be given notice and copies of all amendments, modifications and waivers hereof or hereunder.

8.4 Information Concerning Financial Condition of the Company and its Subsidiaries.. (a) The First Lien Agent and the First Lien Claimholders, on the one hand, and the Second Lien Claimholders and the Second Lien Agent, on the other hand, shall each be responsible for keeping themselves informed of (a) the financial condition of the Company and its Subsidiaries and all endorsers and/or guarantors of the First Lien Obligations or the Second Lien Obligations and (b) all other circumstances bearing upon the risk of nonpayment of the First Lien Obligations or the Second Lien Obligations.

(b) The First Lien Agent and the First Lien Claimholders shall have no duty to advise the Second Lien Agent or any Second Lien Claimholder of information known to it or them regarding such condition or any such circumstances or otherwise. In the event the First Lien Agent or any of the First Lien Claimholders, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to the Second Lien Agent or any Second Lien Claimholder, it or they shall be under no obligation:

(i) to make, and the First Lien Agent and the First Lien Claimholders shall not make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided;

(ii) to provide any additional information or to provide any such information on any subsequent occasion;

(iii) to undertake any investigation; or

(iv) to disclose any information, which pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

(c) The Second Lien Agent and the Second Lien Claimholders shall have no duty to advise the First Lien Agent or any First Lien Claimholder of information known to it or them regarding such condition or any such circumstances or otherwise. In the event the Second Lien Agent or any of the Second Lien Claimholders, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to the First Lien Agent or any First Lien Claimholder, it or they shall be under no obligation:

(i) to make, and the Second Lien Agent and the Second Lien Claimholders shall not make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided;

(ii) to provide any additional information or to provide any such information on any subsequent occasion;

(iii) to undertake any investigation; or

(iv) to disclose any information, which pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

8.5 Subrogation.With respect to the value of any payments or distributions in cash, property or other assets that any of the Second Lien Claimholders or the Second Lien Agent pays over to the First Lien Agent or the First Lien Claimholders under the terms of this Agreement, the Second Lien Claimholders and the Second Lien Agent shall be subrogated to the rights of the First Lien Agent and the First Lien Claimholders; provided that, the Second Lien Agent, on behalf of itself and the Second Lien Claimholders, hereby agrees not to assert or enforce all such rights of subrogation it may acquire as a result of any payment hereunder until the Discharge of First Lien Obligations has occurred. Each Grantor acknowledges and agrees that the value of any payments or distributions in cash, property or other assets received by the Second Lien Agent or the Second Lien Claimholders that are paid over to the First Lien Agent or the First Lien Claimholders pursuant to this Agreement shall not reduce any of the Second Lien Obligations.

8.6 Application of Payments.All payments received by the First Lien Agent or the First Lien Claimholders may be applied, reversed and reapplied, in whole or

in part, to such part of the First Lien Obligations provided for in the First Lien Loan Documents. The Second Lien Agent, on behalf of itself and the Second Lien Claimholders, assents to any extension or postponement of the time of payment of the First Lien Obligations or any part thereof and to any other indulgence with respect thereto, to any substitution, exchange or release of any security which may at any time secure any part of the First Lien Obligations and to the addition or release of any other Person primarily or secondarily liable therefor, except as expressly set forth in Section 5.3 of this Agreement.

8.7 SUBMISSION TO JURISDICTION; WAIVERS.**(a) ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY ARISING OUT OF OR RELATING HERETO MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY AND CITY OF NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY:**

(1) **ACCEPTS GENERALLY AND UNCONDITIONALLY THE NONEXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS;**

(2) **WAIVES ANY DEFENSE OF FORUM NON CONVENIENS;**

(3) **AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 8.8; AND**

(4) **AGREES THAT SERVICE AS PROVIDED IN CLAUSE (3) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT.**

(b) EACH OF THE PARTIES HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER HEREOF, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND

REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE; MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 8.7(b) AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(c) EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER FIRST LIEN LOAN DOCUMENT OR SECOND LIEN LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, VERBAL OR WRITTEN STATEMENT OR ACTION OF ANY PARTY HERETO.

8.8 Notices.All notices to the Second Lien Claimholders and the First Lien Claimholders permitted or required under this Agreement shall also be sent to the Second Lien Agent and the First Lien Agent, respectively. Unless otherwise specifically provided herein, any notice hereunder shall be in writing and may be personally served, telexed or sent by telefacsimile or United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of telefacsimile or telex, or three Business Days after depositing it in the United States mail with postage prepaid and properly addressed. For the purposes hereof, the addresses of the parties hereto shall be as set forth in the First Lien Credit Agreement and the Second Lien Credit Agreement, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

8.9 Further Assurances.The First Lien Agent, on behalf of itself and the First Lien Claimholders under the First Lien Loan Documents, and the Second Lien Agent, on behalf of itself and the Second Lien Claimholders under the Second Lien Loan Documents, and the Company and the other Grantors, agree that each of them shall take such further action and shall execute and deliver such additional documents and instruments (in recordable form, if requested) as the First Lien Agent or the Second Lien Agent may reasonably request to effectuate the terms of and the Lien priorities contemplated by this Agreement.

8.10 APPLICABLE LAW.THIS AGREEMENT, AND ANY CLAIM OR CONTROVERSY RELATING TO THE SUBJECT MATTER HEREOF WHETHER SOUNDING IN CONTRACT LAW OR TORT LAW, SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

8.11 Binding on Successors and Assigns.This Agreement shall be binding upon the First Lien Agent, the First Lien Claimholders, the Second Lien Agent, the Second Lien Claimholders and their respective successors and assigns. If either of the First Lien Agent or the Second Lien Agent resigns or is replaced pursuant to the First Lien Credit Agreement or the Second Lien Credit Agreement, as applicable, its successor shall be deemed to be a party to this Agreement and shall have all the rights of, and be subject to all the obligations of, this Agreement.

8.12 Specific Performance.Each of the First Lien Agent and the Second Lien Agent may demand specific performance of this Agreement. The First Lien Agent, on behalf of itself and the First Lien Claimholders under the First Lien Loan Documents, and the Second Lien Agent, on behalf of itself and the Second Lien Claimholders, hereby irrevocably waive any defense based on the adequacy of a remedy at law and any other defense which might be asserted to bar the remedy of specific performance in any action which may be brought by the First Lien Agent or the First Lien Claimholders or the Second Lien Agent or the Second Lien Claimholders, as the case may be.

8.13 Headings.Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

8.14 Counterparts.This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement or any document or instrument delivered in connection herewith by electronic transmission or "PDF" shall be effective as delivery of a manually executed counterpart of this Agreement or such other document or instrument, as applicable.

8.15 Authorization.Each party hereto represents and warrants to the other parties hereto that it is duly authorized to execute this Agreement.

8.16 No Third Party Beneficiaries.This Agreement and the rights and benefits hereof shall inure to the benefit of each of the parties hereto and its respective successors and assigns and shall inure to the benefit of each of the First Lien Claimholders and the Second Lien Claimholders. Nothing in this Agreement shall impair, as between the Company and the other Grantors and the First Lien Agent and the First Lien Claimholders, or as between the Company and the other Grantors and the Second Lien Agent and the Second Lien Claimholders, the obligations of the Company and the other Grantors to pay principal, interest, fees and other amounts as provided in the First Lien Loan Documents and the Second Lien Loan Documents, respectively.

8.17 Provisions Solely to Define Relative Rights.The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the First Lien Agent and the First Lien Claimholders on the one hand and the Second Lien Agent and the Second Lien Claimholders on the other hand. Nothing in this Agreement is intended to or shall impair the obligations of the Company or any other Grantor, which are

absolute and unconditional, to pay the First Lien Obligations and the Second Lien Obligations as and when the same shall become due and payable in accordance with their terms.

8.18 Multiple Capacities.The First Lien Claimholders, the Second Lien Claimholders, the Grantors and all other parties hereto, hereby (i) acknowledge that Citicorp North America, Inc. is acting hereunder and under the First Lien Loan Documents, the Second Lien Loan Documents and the facilities described therein in multiple capacities for multiple parties and (ii) waives any conflict of interest, now contemplated or arising hereafter, in connection therewith and agrees not to assert against Citicorp North America, Inc. any claims, causes of action, damages or liabilities of whatever kind or nature relating thereto. Each Party agrees that Citicorp North America, Inc., in its various capacities hereunder, may take such actions on its behalf as is contemplated by the terms of thereof. Citicorp North America, Inc. may, in such multiple capacities, discharge its separate functions fully, without hindrance, liability or regard to claims based on conflict of interest principles, duty of loyalty principles or other breach of duties principles arising from or based on its acting in such multiple capacities. In furtherance thereof, each party hereto expressly waives all defenses, claims or assertions it may have against Citicorp North America, Inc. that are based on any such claims.

8.19 Austrian Stamp Duty

Notwithstanding the foregoing, each of the parties hereto covenants and agrees that it will not send, or cause to be sent, bring or cause to be brought, or otherwise import, or cause otherwise to be imported, into the Republic of Austria any original counterpart or certified or conformed copy of any executed First Lien Loan Documents or Second Lien Loan Documents (for the purposes of this Section 8.19, together, the "**Loan Documents**") or any document constituting or evidencing any transfer by any party of any right or interest under any Loan Document, or make use of any Loan Document or document before any fiscal or governmental authority or agency or any court of Austria; provided that, any party may, at the joint and several cost and expense of the Credit Parties as defined in the First Lien Credit Agreement if with respect to any executed First Lien Loan Documents or the Credit Parties as defined in the Second Lien Credit Agreement if with respect to any executed Second Lien Loan Document, send, or cause to be sent, bring, or cause to be brought, or otherwise import, or cause otherwise to be imported, any such Loan Document or document into the Republic of Austria if required to do so by applicable law or if such Loan Document or document is required to be presented in Austria in order to assist, enforce, protect or preserve any right of or remedy available to such party arising under or in respect of any of the Loan Documents or applicable law.

Each of the parties further agrees not to: (i) object to the introduction into evidence of (a) any uncertified copy of a signed original of a Loan Document or notarized or certified copy thereof or (b) any written minutes recording the transactions contemplated by a Loan Document and signed by a party or its representative (for the purpose of this Section 8.19, each an "**Original**"); (ii) raise as a defense to any action or exercise of a remedy a failure to introduce an Original into evidence; (iii) object to the submission of any uncertified copy of a Loan Document in any proceedings relating to a dispute before any

court, arbitral body or governmental authority in Austria (for the purpose of this Section 8.19, the "**Proceedings**"); (iv) contest the authenticity, and conformity to the Original (*Ubereinstimmung mit dem echten Original*), of an uncertified copy of an Original, in each case, unless any such uncertified copy actually introduced into evidence in Proceedings does not accurately reflect the content of such Original.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Intercreditor Agreement as of the date first written above.

First Lien Agent

CITICORP NORTH AMERICA, INC.,
as First Lien Agent

By:_____
Name:
Title:

Second Lien Agent

CITICORP NORTH AMERICA, INC.,
as Second Lien Agent

By:_____
Name:
Title:

Acknowledged and Agreed to by:

XERIUM TECHNOLOGIES, INC.,

By:_____
Name:
Title:

XTI LLC

By:_____
Name:
Title:

XERIUM ITALIA S.P.A.

By:_____
Name:
Title:

XERIUM CANADA INC.

By:_____
Name:
Title:

HUYCK.WANGNER AUSTRIA GMBH

By:_____
Name:
Title:

XERIUM GERMANY HOLDING GMBH

By:_____
Name:
Title:

HUYCK.WANGNER GERMANY GMBH

By:_____
Name:
Title:

HUYCK.WANGNER AUSTRALIA PTY LIMITED

By:_____
Name:
Title:
By:_____
Name:
Title:

ROBEC WALZEN GMBH

By:_____
Name:
Title:

WANGNER ITELPA PARTICIPAÇÕES LTDA.

By:_____
Name:
Title:

XERIUM TECHNOLOGIES DO BRASIL INDÚSTRIA E COMÉRCIO S.A.

By:_____
Name:
Title:

XERIUM DO BRASIL LTDA.

By:_____
Name:
Title:

XERIUM (FRANCE) SAS

By:_____

Name:
Title:

STOWE WOODWARD FRANCE SAS

By:_____
Name:
Title:

STOWE WOODWARD AG

By:_____
Name:
Title:

HUYCK. WANGNER JAPAN LIMITED

By:_____
Name:
Title:

STOWE WOODWARD MÉXICO, S.A. DE C.V.

By:_____
Name:
Title:

HUYCK. WANGNER UK LIMITED

By:_____
Name:
Title:

STOWE-WOODWARD (UK) LIMITED

By:_____
Name:
Title:

XERIUM TECHNOLOGIES LIMITED

By:_____
Name:
Title:

HUYCK LICENSCO INC.

By:_____
Name:
Title:

STOWE WOODWARD LLC

By:_____
Name:
Title:

STOWE WOODWARD LICENSCO LLC

By:_____
Name:
Title:

WEAVEXX, LLC

By:_____
Name:
Title:

XERIUM III (US) LIMITED

By:_____
Name:
Title:

XERIUM IV (US) LIMITED

By:_____
Name:
Title:

XERIUM V (US) LIMITED

By:_____
Name:
Title:

WANGNER ITELPA I LLC

By:_____
Name:
Title:

WANGNER ITELPA II LLC

By:_____
Name:
Title:

XERIUM ASIA LLC

By:_____
Name:
Title:

ROBEC BRAZIL LLC

By:_____
Name:
Title:

HUYCK WANGNER VIETNAM CO LTD

By:_____
Name:

Title:

HUYCK WANGNER SCANDINAVIA AB

By:_____
Name:
Title:

STOWE WOODWARD SWEDEN AB

By:_____
Name:
Title:

[FORM OF CLOSING DATE CERTIFICATE]

CLOSING DATE CERTIFICATE

EACH OF THE UNDERSIGNED HEREBY CERTIFY AS FOLLOWS:

1. I am the Vice President and Treasurer of XERIUM TECHNOLOGIES, INC. (the "**Borrower**").

2. Reference is made to the Superpriority Priming Senior Secured Debtor-in-Possession Credit and Guaranty Agreement, dated as of March [__], 2010 (as it may be amended, supplemented, restated or otherwise modified from time to time, the "**Credit Agreement**"), among Xerium Technologies, Inc., as debtor and debtor-in-possession, as Borrower, the companies named therein as Guarantors, Citigroup Global Markets Inc. as Sole Lead Arranger and Sole Bookrunner, Citicorp North America, Inc. as Collateral Agent and as Administrative Agent, and the other Banks party thereto. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Credit Agreement. I have reviewed the terms of Section 3 of the Credit Agreement and the definitions and provisions contained in the Credit Agreement relating thereto, and in my opinion I have made, or have caused to be made under my supervision, such examination or investigation as is necessary to enable me to express an informed opinion as to the matters referred to herein.

3. Based upon my review and examination described in paragraph 2 above, I certify, on behalf of Borrower, that as of the date hereof:

(i) as of the Closing Date, the representations and warranties contained in each of the Credit Documents are true, correct and complete in all material respects on and as of the Closing Date to the same extent as though made on and as of such date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties were true, correct and complete in all material respects on and as of such earlier date;

(ii) as of the Closing Date, there exists no action, suit, investigation, litigation or proceeding or other legal or regulatory developments, pending or threatened in any court or before any arbitrator or Governmental Authority that singly or in the aggregate, materially impairs the transactions contemplated by the Credit Documents or that could have a Material Adverse Effect.

(iii) as of the Closing Date, no event has occurred and is continuing or would result from the consummation of the borrowing contemplated hereby that would constitute a Default or Event of Default.

4. Attached hereto as Annex A are true, complete and correct copies of the Historical Financial Statements.

5. Attached hereto as Annex B is a true, complete and correct copy of the DIP Budget.

6. The Debtors have filed voluntary petitions in the Bankruptcy Court for relief and commenced the Cases under chapter 11 of the Bankruptcy Code.

7. The Debtors has received the requisite votes needed to confirm the Prepackaged Plan of Reorganization of the Debtors pursuant to chapter 11 of the Bankruptcy Code.

8. Attached hereto as Annex C is a true, correct and complete copy of the Interim Order.

[Remainder of page intentionally left blank.]

The foregoing certifications are made and delivered as of _____ __, 2010.

XERIUM TECHNOLOGIES, INC.,
as debtor and debtor-in-possession, as Borrower

By: _____
Name:
Title: Vice President and Treasurer