

h.w.com.asia

Communication by Huyck.Wangner

Issue 2 - 2008



Contents

Issue 2 - 2008

- 3 In Focus
Xerium
- 5 Cover Story
China : Xerium's continued commitment
to the fastest growing market in Asia
- 6 Spotlight
Huyck.Wangner China Trading Co.
- 8 In the news
Viet Nam : Preparing for production start-up
- 10 Product News
- 12 Production Facilities



Cheryl A. Diuguid

Cheryl Diuguid
President Xerium Asia

Contributors : In Focus - Andrew Boothman
In the News - Geoff Charnley
Design & Layout by: Elaine Boothman
Edited by : Andrew Boothman
Compiled by : Emi Togo

Editor's Note:

With the positive feedback from our first Huyck.Wangner Asia newsletter and our commitment to update you on the exciting news in our Asia business, I am sure you will find this 2nd newsletter as informative.

But before I talk about the activities in the Asia region, I believe it is important to start with an update on Xerium's recent announcements regarding our successful negotiation with our lenders to amend our financing agreements.

During early Q1 of this year, Xerium announced that we were in noncompliance of our bank covenants and immediately began the process of identifying and implementing a solution. Along with Stephen Light, the new Xerium CEO and the management team we were able to develop a solution that not only addressed the short term issues but laid the groundwork for the longer term. It is important to note, that even during this challenging time we did not fail to meet any of our debt or interest payments or payment obligations nor did we impact our customers in anyway. In fact we remain a strong cash generating company as shown by our released quarterly earnings and continued committed to our strategy to invest in the Asia business.

On May 30, 2008 Xerium issued a press release announcing the successful completion of our refinancing at which time Stephen Light, President and Chief Executive Officer was quoted as saying. "Through this amendment process, the lenders recognized that Xerium's historical covenant compliance issues were the consequence of applying the Company's very strong cash flows to purposes other than debt repayment. Substantially reducing our debt through the term of the new agreement is at the very heart of our strategic plan to improve the company, enhance operational efficiencies, and maximize value on behalf of our numerous stakeholders. We believe this new agreement provides us access to the funds we need to execute our plan."

With this issue now behind us, a key element of Xerium's strategy going forward is our continued investment in New Product development. You will read about our recently announced Axxelerator press felt, Stabilizer shoe press belt, Compressor Forming Fabric technology and how we have provided our customers with solutions that improve their operations and reduce their operating costs.

As part of our commitment to better serve our customers with local support and services, you will read about the addition of an Asia customer service organization supported with the latest IT technology, get an update on our Viet Nam manufacturing plant, the startup activates in our Stowe Woodward Rolls business, and the recently announced China Trading Company.

Especially rewarding is the news that we won start up positions on the major new machines in Japan.

With all this good news, I am excited about our future and along with our continued investments and our talented employees, we continue to bring the greatest value to our customers.

Xerium

A Leading Supplier of PMC and Roll Covers to the Global Paper Industry

Xerium is a worldwide company which has been involved with the paper industry since 1849. The company is public listed and has traded on the New York Stock Exchange since May 2005.

We are separated into four operating units, Asia Pacific, N.America, S.America and Europe, with the headquarters located in Youngsville, North Carolina in America. Xerium sells using four strong brand names of Huyck.Wangner, Stowe Woodward, Mount Hope and Weavexx.

As well as the four production sites in Asia (2 rolls, 2 PMC and a 3rd PMC plant being built), Xerium has a total of 31 production locations worldwide, employing 3,800 people, of which approximately 500 are employed by Xerium Asia.

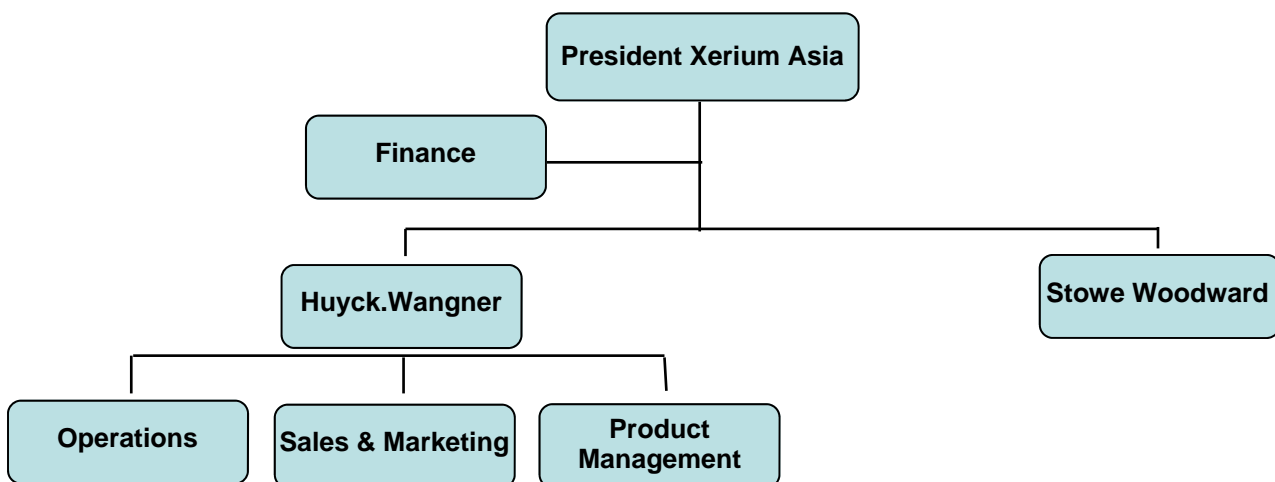
In Asia the sales network is a combination of direct employees and contracted representatives.

Asia now manufactures approximately 37% of the world's paper production and is a key market for Xerium. With the dramatic growth of paper production in the region, our new Greenfield production facility in Viet Nam will expand our local service to our Asian customers.

The recent acquisition of the Rolls operations in China and the continued development of our Huyck.Wangner organisation and expertise, will allow Xerium Asia to improve its position as a complete solutions provider for our customers in Asia.

For further information on Xerium, please visit our website at www.xerium.com.

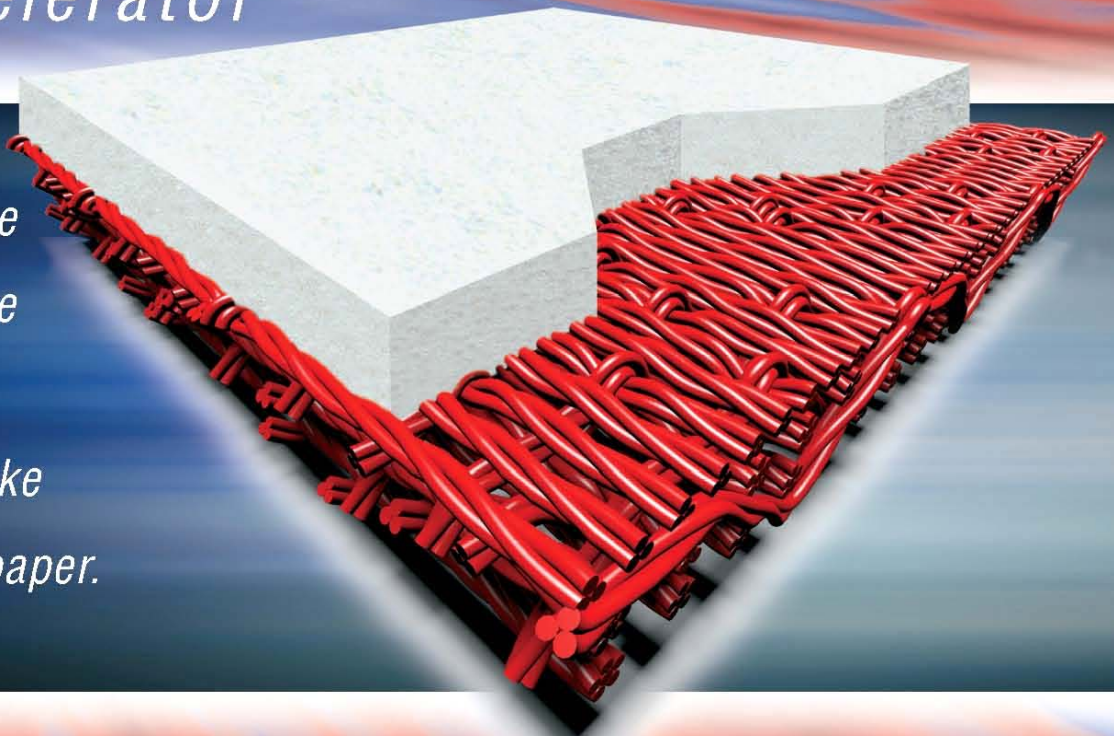
Xerium Asia Business



4 strong brands with 159 years of history

Press section Axxelerator

*Increase
machine
speed
and make
better paper.*



Axxelerator is the latest press section innovation from Huyck.Wangner. This patented weave concept features long machine direction floats that result in a more homogeneous surface providing outstanding pressure transfer. In addition, this unique concept is engineered to enhance elasticity and energy absorption.

Pile on the pressure. Axxelerator can take it and deliver a smoother sheet surface. You'll get a fast start-up and excellent pressure uniformity over the life of the fabric.

If you want to increase machine speed and make better paper, you want Axxelerator. Contact Huyck.Wangner today, www.xerium.com.



V A L U E T H R O U G H T E C H N O L O G Y

Cover Story

China : Xerium's continued commitment to the fastest growing market in Asia.

In early December 2007 Xerium acquired from IB Investments Limited all of the equity of a Mauritius holding company that owned 90% of a joint venture roll covering operation located in Xi'An, China which operates the Xibe brand name and a wholly owned foreign-funded enterprise with a roll covers facility in Changzhou, China.

The first of the two plants was licensed in 1985 as Xi' An's 6th oldest joint venture, formed between Xi' An Paper Machinery Works and Beloit Corporation. The 3,800 sqm of manufacturing space was quickly put to full use. Until 2000 PMP Group, a Polish paper machinery manufacturing company, purchased Beloit's interest.

The acquisition spurred the second Xibe facility in the City of Changzhou, Jiangsu province, near China's east coast and ideally located at the center of China's paper making industry. This manufacturing site was established at the beginning of 2004 .



Stowe Woodward plant in Xibe, Xi'An

Three times the size of the Xi' An location, this second facility, purpose built Roll Covering plant began operations in September of 2006.

High technology rubber roll covers for all paper machine positions, along with precision grinding and balancing are presently available at both locations. Because of its larger size and nearness to China's largest paper machines, the location in Changzhou is further equipped with large capacity overhead cranes, and we will be adding heavy-duty grinding and lathe capacity to complement its state-of-the-art Schenck balancing machine and large vulcanizing capacity.

The launch of the world's best roll covering technologies developed by Stowe Woodward is currently underway. Advanced rubber compounds with superior abrasion and heat resistance will be offered shortly. Composite roll covering technology will follow quickly. The China facilities will be fully capable of rubber, composite, polyurethane, bowed roll production and maintenance, along with roll repair services in keeping with Stowe Woodward's global reputation.



Stowe Woodward plant in Changzhou, Jiangsu

Huyck.Wangner China Trading Company

In April 2008, we announced the official opening of the Huyck.Wangner China Trading Company. By replacing the two long standing Representative offices, with a fully operational Trading Company, Huyck.Wangner is now better able to provide our customers with the convenience of local, real time trading and commercial terms.

As well as the trading terms, shorter response times benefits to our local Chinese customers, the new representative structure in China has allowed us to expand our library of knowledge and expertise to a much higher capability along with a broader product portfolio (sourced from any of our Xerium manufacturing plants around the world). Since its formation the new trading company has offered a complete paper machine clothing product portfolio of forming fabric, press felts, dryer fabrics and shoe press belts under the unified brand name of Huyck.Wangner.

This investment in China reflects our continued commitment to the growing demands of our Chinese customers for local support and services. The benefits



expected for the customer will be a faster and more focused response to their needs, as well as having a dedicated group of people in sales, service and administration committed to making the business partnership between the customer and Huyck.Wangner a success.

By using our recently implemented state of the art IT system, we will be able to fulfill our customers needs more effectively, with a focused solution to better bring the Huyck.Wangner product line to China.

With a long history of serving our Chinese customers with high performing PMC products, the combination of Huyck and Wangner representative offices into one newly formed China Trading Co. will bring our customers an even better level of customer service.

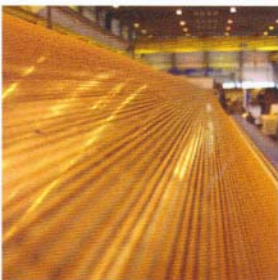


Meet the team



Now's the time!

Huyck.Wangner launches the new generation of Stabilizer.



FOUR GOOD REASONS FOR LOOKING MORE CLOSELY AT THE CONTENTS OF THIS BOX:

- The new generation of Stabilizer shoe press belt has superior properties when it comes to de-watering potential, stability and durability. It is the result of our new state-of-the-art production technology. This also ensures consistent quality and replication as well as short delivery times.
- No matter how demanding your applications are, there is always a Stabilizer to suit your needs! We are the only manufacturer to offer shoe press belts of both polyurethane and rubber and we decide which belt will be the most favorable for your press.
- The new generation of Stabilizer has a unique, completely embedded reinforcement which increases security and simultaneously gives a more flexible belt.
- Huyck.Wangner offers a broad range of application solutions and a profound knowledge of de-watering technology. This enables us to evaluate, optimize and increase the efficiency of your paper machine.

In the news

Viet Nam : Preparing for Production

Exciting times are here as we begin to realize the benefits of all the thorough planning for our new PMC site situated in My Phuoc Industrial Park in Binh Duong Province 40 km northeast of Ho Chi Minh (formerly Saigon) in the southern part of Viet Nam.

Ground Breaking

On January 25th the official ground breaking ceremony took place. Amongst the guests attending were the Chief Minister of Binh Duong Province, representatives from both the American and Australian Consulates, key members from the Project Construction team and a number of our key suppliers (see photos on opposite page).

At this time Xerium would like to thank Becamex for their efforts at the start of constructing this site and for the ground breaking ceremony arrangements.

Later on this year our President for Xerium Asia Cheryl Diuguid also met with the Vietnamese Prime Minister at a luncheon in America (photo top right on opposite page) .



Above can see the full scale of the roof height



Work in progress, to the left the roof slats being installed and below the side walls being erected.

Ongoing

The building roof is near completion. The next phase will be the installation of the equipment. We will produce the first piece of PMC ever to be manufactured in Viet Nam later this year.

Training

The success of this project depends on the selection and training of all our human resources. After hiring our key management staff, we established a rigorous and thorough interview/selection process for all levels of our new operation

So before the building had even started our first task was for our employees to complete English courses. These were designed to ensure that the training was successful.

Our training plan for machine operators and staff has been underway for most part of the year with several teams spending around two months at a time overseas at our production plants in Germany, Japan and Canada for on the job training.



Cheryl Diuguid with the Viet Nam Prime Minister and other Dignitaries at Luncheon in America, June 08.



Cheryl Diuguid onsite with Stephen Light (centre)

Highlights from the Ground Breaking Ceremony - January, 25, 2008



Product News

At the beginning of the year the company launched three products.

Compressor

One of the most recent results from applying the Compressor technology to a Huytexx Synergie fabric design on a Voith CFD machine in Germany that produces Newsprint at speeds over 1550 m/min showed some excellent improvements in :

- sheet dryness into the press section. Normal at 16.5%, with compressor technology fabric, dryness improved to 18.5—19.0%.
- break level reduction by 33%
- the machine speed was possible to be increased by 40 m/min to 1680 m/min.
- the mill also commented on a reduction in water/fiber carrying and improved machine cleanliness.



Reduced Forming Fabric Caliper technology

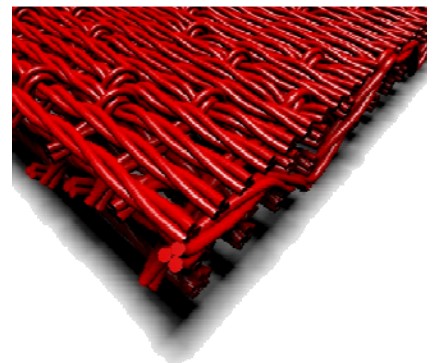
axxelerator

As mentioned in the Editor's Notes, Huyck.Wangner obtained start up orders on major new machines in Japan.

To one of the machines a 1200 m/min PPC/LWC machine, the Axxelerator press felt runs on the 4th press.

- with better break-in-time than the competitors, 2 days compared to 3 days.
- the sheet breaks for the month reduced by 75%.
- the draw reduced from 0.5% to 0.2%.
- increased speed was possible by 60 m/min
- 4th press loading could be decreased from 120 kg/cm to 110 kg/cm to improve the re-wetting.

The customer has re-ordered for this machine and ordered trials for their other machines.

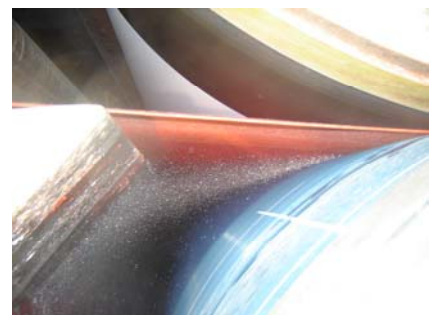


24 harness, patented base design



The Stabilizer shoe press belt has seen high order intake since its launch. The latest shoe press belt success is on a Printing and Writings machine in France running at 600 m/min using a grooved type belt.

As you can see in the picture opposite, the level of dewatering is ideal and better than competitors product as we were able to calculate the required belt groove depth using our PressManager software.



Shoe press belt performance

No miracle!

The result of Research and Development, tested and available immediately.

the concept

The most modern machines require stable forming fabrics with low caliper and void volume to optimise machine cleanliness and dewatering at the highest speed. In recent years, increasingly complex designs have been developed based on finer forming fabrics to deliver the required lower caliper.

These thin fabrics have to be produced with finer and/or thinner yarns. This sets up a conflict of purpose, whereby on one hand low fabric caliper is achieved but, on the other, wire stability is compromised.

Huyck.Wangner's challenge therefore was to reduce the caliper of the fabric whilst maintaining fabric strength.

Experiences with calendered paper gave us the idea, why not calender forming fabrics? We saw that calendering forming fabrics gives similar results to calendering paper. As well as improving fabric surface, fabric caliper is reduced by up to 15 percent, and fabric stability is actually enhanced.

the result

- reduced fabric caliper
 - fast water removal
 - increased drainage capacity
- reduced void volume
 - decreased water and fibre carry
 - improved machine cleanliness

the benefits

- stable fabric performance throughout the entire fabric life
- best paper profiles
- improved machine efficiency

These are the benefits that the compressor customers will achieve.

exclusively from Huyck.Wangner
www.xerium.com

compressor

engineered surface topography



Xerium Manufacturing Sites

Asia

Huyck.Wangner Australia Pty Limited
36 - 40 Fellmongers Road
Breakwater,
Victoria 3219
AUSTRALIA

Huyck.Wangner Japan Ltd
881-1 Tsukuriya
Hokota-Shi
Ibaraki-ken 311-1415
JAPAN

Huyck.Wangner Vietnam (open 2009)
Lot M -7D-CN
My Phuoc Industrial Zone
Ben Cat Ward, Binh Duong Province
VIET NAM

Europe

Huyck.Wangner Austria GmbH
Huyckstraße 1
2640 Gloggnitz
AUSTRIA

Huyck.Wangner Germany GmbH
Föhrstraße 39
72760 Reutlingen
GERMANY

Huyck.Wangner Italia S.p.A.
Via Persicara, 70
04100 Latina
ITALY

Huyck.Wangner Spain, S.A.
Polígono Industrial Altziturri, s/n
20159 Zizurkil, Gipuzkoa
SPAIN

Stowe Woodward AG
Am Langen Graben 22
DÜREN D-52353
GERMANY

North America

Weavexx
650 Park Street
P.O. Box 160
Kentville Nova Scotia B4N 3W6
CANADA

1 Lee Blvd
Warwick, Quebec, JDAM10
CANADA

Weavexx
401 Hwy
12 West
Starkville MS 39759
UNITED STATES of AMERICA

South America

Huyck.Wangner Brazil
Rod Americana-Piracicaba Km 156,5
13400-970 Piracicaba SP
BRAZIL

Avenida Barao do Rio Branco
1958/2000
25680.276
Petropolis-RJ
BRAZIL

Rua Manoel Ruffino da Silva
2250 zip code 58075 - 000
João Pessoa - PB
BRAZIL

Huyck.Wangner Argentina
Casilla Correo Central 2200
(1000) Buenos Aires
ARGENTINA