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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2001

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______________ to ______________

Commission file number: 0-16214

ALBANY INTERNATIONAL CORP.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation organization)	**14-0462060** (IRS Employer or Identification No.)
1373 Broadway, Albany, New York (Address of principal executive offices)	**12204** (Zip Code)

Registrant's telephone number, including area code **518-445-2200**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock ($0.001 par value)	**New York Stock Exchange and Pacific Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports,) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of Class A Common Stock held on February 15, 2002 by non-affiliates of the registrant was $636,758,349.

The registrant had 25,631,298 shares of Class A Common Stock and 5,867,457 shares of Class B Common Stock outstanding as of February 15, 2002.

DOCUMENTS INCORPORATED BY REFERENCE	**PART**
Registrant's Annual Report to Shareholders for the year ended December 31, 2001.	II
Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on May 9, 2002.	III

PART I

Item 1. BUSINESS

Albany International Corp. ("the Registrant") designs, manufactures and markets paper machine clothing for each section of the paper machine. It manufactures and sells more paper machine clothing worldwide than any other company. Paper machine clothing consists of large continuous belts of custom designed and custom manufactured, engineered fabrics that are installed on paper machines and carry the paper stock through each stage of the paper production process. Paper machine clothing is a consumable product of technologically sophisticated design that is made with synthetic monofilament and fiber materials. The design and material composition of paper machine clothing can have a considerable effect on the quality of paper products produced and the efficiency of the paper machines on which it is used. The Registrant produces a substantial portion of its monofilament requirements.

Practically all press fabrics are woven tubular or endless from monofilament yarns on large, specially designed looms. After weaving, the base press fabric goes to a needling operation where a thick fiber layer, called a batt, is laid on the base just before passing through the needling machine. The needles are equipped with tiny barbs that grab batt fibers locking them into the body of the fabric. After needling, the composite fabrics are usually washed, and water is removed. The fabric then is heat set, treatments and coatings may be applied, and it is measured and trimmed to width.

The Registrant's manufacturing process is similar for forming fabrics and drying fabrics, except that there is normally no needling operation in the construction of those fabrics. Most monofilament screens are woven flat on wide looms. The fabrics are seamed to produce an endless loop, and heat stabilized by running them around two large cylinders under heat and drawn out by tension. After heat setting, the fabrics are seamed and boxed.

In addition to paper machine clothing, the Registrant manufactures other engineered products for the non-woven industry, corrugator belts, filtration media and high performance doors. Albany Door Systems, which includes Rapid Roll Doors®, is the operation of the Company that developed high speed, high performance doors, which grew from the application of the Company's coated fabric technology. Since the inception of Rapid Roll Doors in the early 1980's, manufacturing operations in North America, Europe and Australia have supplied over 100,000 installations worldwide.

Industry Factors

There are approximately 1,100 paper machines in the United States located in approximately 560 paper mills. It is estimated that there are approximately 4,700 paper machines in the world which produce at least 50 tons of paper per day. Additionally, there are many smaller paper machines. Demand for paper machine clothing is tied to the volume of paper production, which in turn reflects economic growth. According to published data, world paper production volumes have grown at an annual rate of approximately 3.0% over the last ten years. The Registrant anticipates continued growth for the long-term in world paper production. The profitability of the paper machine clothing business has generally been less cyclical than the profitability of the papermaking industry.

Because the paper industry has been characterized by an evolving but essentially stable manufacturing technology based on the wet forming papermaking process, which requires a very large capital investment, the Registrant does not believe that a commercially feasible substitute technology that does not employ paper machine clothing is likely to be developed and incorporated into the paper production process by paper manufacturers in the foreseeable future. Accordingly, the prospects for continued demand for paper machine clothing appear excellent.

Over the last few years, paper manufacturers have generally reduced the number of suppliers of paper machine clothing per machine position. In addition, eight major paper machine clothing

companies have been reduced to four through mergers or acquisitions. These factors have increased opportunities for market leaders, including the Registrant, to expand their market share.

International Operations

The Registrant maintains manufacturing facilities in Australia, Brazil, Canada, China, Finland, France, Germany, Great Britain, Italy, Mexico, The Netherlands, South Korea, Sweden and the United States. The Registrant has 50% interests in an entity in South Africa and an entity in Russia which are engaged primarily in the engineered fabrics business. The Registrant also has a 50% interest in an entity in England which is engaged in the Albany Door Systems business (see Note 1 of Notes to Consolidated Financial Statements).

The Registrant's geographically diversified operations allow it to serve the world's paper markets more efficiently and to provide superior technical service to its customers. The Registrant benefits from the transfer of research and development product innovations between geographic regions. The worldwide scope of the Registrant's manufacturing and marketing efforts also limits the impact on the Registrant of economic downturns that are limited to a geographic region.

The Registrant's widespread presence subjects it to certain risks, including controls on foreign exchange and the repatriation of funds. However, the Registrant has been able to repatriate earnings in excess of working capital requirements from each of the countries in which it operates without substantial governmental restrictions and does not foresee any material changes in its ability to continue to do so in the future. In addition, the Registrant believes that the risks associated with its operations and locations outside the United States are those normally associated with doing business in these locations.

Marketing, Customers and Backlog

Paper machine clothing is custom designed for each user depending upon the type, size and speed of the papermaking machine, the machine section, the grade of paper being produced, and the quality of the pulp stock used. Technical expertise, judgment and experience are critical in designing the appropriate clothing for each position on the machine. As a result, the Registrant employs highly skilled sales and technical service personnel in 25 countries who work directly with paper mill operating management. The Registrant's technical service program in the United States gives its service engineers field access to the measurement and analysis equipment needed for troubleshooting and application engineering. Sales, service and technical expenses are major cost components of the Registrant. The Registrant employs approximately 1,050 people in the sales and technical functions combined, many of whom have engineering degrees or paper mill experience. The Registrant's market leadership position reflects the Company's commitment to technological innovation.

Typically, the Registrant experiences its highest quarterly sales levels in the fourth quarter of each fiscal year. The Registrant believes that this pattern only partially reflects seasonal shifts in demand for its products but is more directly related to purchasing policies of the Registrant's customers.

Payment terms granted to customers reflect general competitive practices. Terms vary with product and competitive conditions, but generally require payment within 30 to 90 days, from the date of invoice, depending on the country of operation. Historically, bad debts were insignificant. However, several paper companies declared bankruptcy during 2001 and, therefore, bad debt expense increased. The largest customer of the Company accounts for approximately 5% of the Company's net sales. Management does not believe that the loss of any one customer would have a material adverse effect on the Registrant's business.

The Registrant's order backlogs at December 31, 2001 and 2000 were approximately $595 million and $604 million, respectively. Order backlog at December 31, 2001 is generally expected to be invoiced during the next 12 months.

Research and Development

The Registrant invests heavily in research, new product development and technical analysis to maintain its leadership in the paper machine clothing industry. The Registrant's expenditures fall into two primary categories, research and development and technical expenditures. Research and development expenses totaled $23.2 million in 2001, $23.3 million in 2000, and $23.6 million in 1999. While most research activity supports existing products, the Registrant engages in research for new products. New product research has focused primarily on more sophisticated paper machine clothing and has resulted in a stream of products such as PRINTEX, KRAFTEX and MICROTEX forming fabrics, DYNATEX, SEAMDYNATEX, and APERTECH press fabrics, process belts such as TRANSBELT |, VENTABELT, GLOSSBELT and PRESSBELT, as well as AEROGROOVE, AERO 2000, SPIRALNETICS and AEROGRIP which are dryer fabrics. Technical expenditures totaled $23.7 million in 2001, $26.2 million in 2000, and $24.5 million in 1999. Technical expenditures are focused on design, quality assurance and customer support.

Although the Registrant has focused most of its research and development efforts on paper machine clothing products and design, the Registrant also has made progress in developing non-paper machine clothing products, such as PRIMALOFT, a synthetic down alternative. PRIMALOFT is widely used in technical outdoor apparel as well as premium comforters and pillows. The Registrant conducts its major research at its operations in Mansfield, Massachusetts and Halmstad, Sweden. Additionally, the Registrant conducts process and product design development activities at manufacturing locations in Selestat, France; Goppingen, Germany; Albany, New York; and Menasha, Wisconsin.

The Registrant holds a number of patents, trademarks and licenses, none of which are material to the continuation of the Registrant's business. All brand names and product names are trademarks of Albany International Corp. The Registrant has licensed some of its patents to one or more competitors, mainly to enhance customer acceptance of the new products. The revenue from such licenses is less than 1% of consolidated net sales.

Raw Materials and Inventory

Primary raw materials for the Registrant's products are synthetic fibers, which are generally available from a number of suppliers. The Registrant, therefore, is not required to maintain raw material inventories in excess of its current needs to assure availability. In addition, the Registrant manufactures monofilament, a basic raw material for all types of paper machine clothing, at its facility in Homer, New York, which supplies approximately 31% of its world-wide monofilament requirements. This manufacturing capability assists the Registrant in its negotiations with monofilament producers for the balance of its supply requirements, and enhances the ability of the Registrant to develop proprietary products.

Competition

While there are a number of small regional paper machine clothing suppliers worldwide, only four compete on a global basis. Market shares vary depending on the country and the type of paper machine clothing produced. In the paper machine clothing market, the Registrant believes that it has a market share of approximately 36% in the United States and Canadian markets, taken together, 26% in the rest of the world and approximately 30% in the world overall. Together, the United States and Canada constitute approximately 37% of the total world market for paper machine clothing.

Competition is intense in all areas of the Registrant's business. While price competition is, of course, a factor, the primary bases for competition are the performance characteristics of the Registrant's products, which are principally technology-driven, and the quality of customer service. The Registrant, like its competitors, provides diverse services to customers through its sales and technical service personnel including: (1) consulting on performance of the paper machine; (2) consulting on paper machine configurations, both new and rebuilt; (3) selection and custom manufacture of the appropriate paper machine clothing; and (4) storing fabrics for delivery to the user.

Employees

The Registrant employs 6,769 persons, of whom approximately 69% are engaged in manufacturing the Registrant's products. Wages and benefits are competitive with those of other manufacturers in the geographic areas in which the Registrant's facilities are located. The Registrant considers its relations with its employees in general to be excellent.

Executive Officers of Registrant

The following table sets forth certain information with respect to the executive officers of the Registrant:

Name	Age	Position
Frank R. Schmeler	63	Chairman of the Board and Chief Executive Officer
Michel J. Bacon	52	Group Vice President—Europe

William M. McCarthy	51	Group Vice President—Canada, Pacific and Latin America
Edward Walther	58	Group Vice President—United States
Michael C. Nahl	59	Senior Vice President and Chief Financial Officer
Edward R. Hahn	57	Senior Vice President—Chief Technical Officer
Frank Kolf	56	Senior Vice President—Administration and Development
Dieter Polt	59	Senior Vice President—Industrial Products
Thomas H. Hagoort	69	General Counsel and Secretary
Richard A. Carlstrom	58	Vice President—Controller
Thomas H. Curry	53	Vice President—Sales and Marketing United States
David C. Michaels	46	Vice President—Treasury and Tax
Kenneth C. Pulver	58	Vice President—Corporate Communications
John C. Treanor	63	Treasurer
Charles J. Silva, Jr.	42	Assistant General Counsel and Assistant Secretary

Frank R. Schmeler joined the Registrant in 1964. He has served the Registrant as Chairman of the Board since 2001, Chief Executive Officer since 2000, as President from 1998 to 2001, Chief Operating Officer from 1997 to 2000, Executive Vice President from 1997 to 1998, Senior Vice President from 1988 to 1997, Vice President and General Manager of the Felt Division from 1984 to 1988, Division Vice President and General Manager, Albany International Canada from 1978 to 1984 and as Vice President of Marketing, Albany International Canada from 1976 to 1978. He has been a Director of the Registrant since 1997.

Michel J. Bacon joined the Registrant in 1978. He has served the Registrant as Group Vice President since 2001, Senior Vice President from 1996 to 2001, Vice President and General Manager of Albany International Canada from 1991 to 1996, Vice President of Operations, Albany International Canada Press Division from 1989 to 1991 and as Vice President of Marketing, Albany International Canada from 1987 to 1989.

William M. McCarthy joined the Registrant in 1977. He has served the Registrant as Group Vice President since 2001, Senior Vice President from 1997 to 2001, and since 1991 has held various positions for Press Fabrics U.S. including Vice President and General Manager, Vice President-Marketing and Technical Director. From 1988 to 1991 he was Technical Director for Continental Europe-Press Fabrics.

Edward Walther joined the Registrant in 1994. He has served the Registrant as Group Vice President since 2001, as Executive Vice President from 1997 to 2001, Senior Vice President from 1995 to 1997 and as Vice President and General Manager—Continental Europe from 1994 to 1995. Prior to joining the Registrant, he held various marketing and managerial positions with a company in the paper machine clothing business.

Michael C. Nahl joined the Registrant in 1981. He has served the Registrant as Senior Vice President and Chief Financial Officer since 1983 and prior to 1983 as Group Vice President. From 1965 to 1979 he served in marketing, financial, logistical, analytical and management positions for the Exxon Corporation and from 1979 to 1981 he was with General Refractories Corporation as Director of Strategic Planning, Vice President and Chief Financial Officer. He is a Director of UCAR International Inc.

Edward R. Hahn joined the Registrant in 1971. He has served the Registrant as Senior Vice President since 2000 and as Vice President-Research and Development and Executive Director of Albany International Research Company from 1995 to 2000, as Vice President and General Manager of Press Fabrics U.S. from 1990 to 1995, as Vice President of Euroscan Press and Dryer Divisions from 1987 to 1990 and as Vice President of Operations for Nordiskafilt from 1986 to 1987.

Frank Kolf joined the Registrant in 2001 as Senior Vice President. Prior to joining the Registrant, he served as Executive Vice President for the Wangner Group and as Director of Strategic Corporate Controlling with Carl Schenck AG.

Dieter Polt joined the Registrant in 2001 as Senior Vice President. Prior to joining the Registrant, he served as President and Chief Executive Officer of the Wangner Group and held senior management positions in the instrumentation industry.

Thomas H. Hagoort joined the Registrant in 1991. He has served the Registrant as General Counsel and Secretary since 1997 and as General Counsel from 1991 to 1997. From 1968 until December 31, 1990 he was a partner in Cleary, Gottlieb, Steen and Hamilton, an international law firm with headquarters in New York City.

Richard A. Carlstrom joined the Registrant in 1972. He has served the Registrant as Vice President-Controller since 1993, as Controller since 1980, as Controller of a U.S. division from 1975 to 1980.

Thomas H. Curry joined the Registrant in 1992. He has served the Registrant as Vice President-Sales and Marketing U.S. since 1999 and from 1995 to 1999 held various positions for Press Fabrics U.S. including Vice President-General Manager and Vice President-Marketing and from 1992 to 1995 held various sales

and marketing positions for the U.S. Dryer Division.

David C. Michaels joined the registrant in 1987. He has served the Registrant as Vice President-Treasury and Tax since 2000 and previously served as Director of Tax. Prior to 1987, he held various financial and tax positions at Veeco Instruments, Inc.

Kenneth C. Pulver joined the Registrant in 1968. He has served the Registrant as Vice President-Corporate Communications since 1997 and as Vice President of Operations for Primaloft from 1992 to 1997. From 1984 to 1992 he served in various marketing positions with Albany Engineered Systems.

John C. Treanor joined the Registrant in 1970. He has served the Registrant as Treasurer since 1997, as Controller of Albany International Europe from 1992 to 1997 and as Controller of Albany International Canada from 1985 to 1992.

Charles J. Silva, Jr. joined the Registrant in 1994. He has served the Registrant as Assistant General Counsel and Assistant Secretary since 1996 and as Assistant General Counsel from 1994 to 1996. Prior to 1994, he was an associate with Cleary, Gottlieb, Steen and Hamilton, an international law firm with headquarters in New York City.

The Registrant believes it is in compliance with all Federal, State and local provisions which have been enacted or adopted regarding the discharge of materials into the environment, or otherwise relating to the protection of the environment, and does not have knowledge of environmental regulations which do or might have a material effect on future capital expenditures, earnings, or competitive position.

The Registrant is incorporated under the laws of the State of Delaware and is the successor to a New York corporation which was originally incorporated in 1895 and which was merged into the Registrant in August 1987 solely for the purpose of changing the domicile of the corporation. Upon such merger, each outstanding share of Class B Common Stock of the predecessor New York corporation was changed into one share of Class B Common Stock of the Registrant. References to the Registrant that relate to any time prior to the August 1987 merger should be understood to refer to the predecessor New York corporation.

Item 2. PROPERTIES

The Registrant's principal manufacturing facilities are located in the United States, Canada, Europe, Brazil, Mexico, Australia, South Korea and China. The aggregate square footage of the Registrant's operating facilities in the United States and Canada is approximately 2,744,000 square feet, of which 2,523,000 square feet are owned and 221,000 square feet are leased. The Registrant's facilities located outside the United States and Canada comprise approximately 4,212,000 square feet, of which 3,337,000 square feet are owned and 875,000 square feet are leased. The Registrant considers these facilities to be in good condition and suitable for their purpose. The capacity associated with these facilities is adequate to meet production levels required and anticipated through 2002. The Registrant's expected 2002 capital expenditures of about $35 million will provide sufficient capacity for anticipated growth.

The Registrant believes it has modern, efficient production equipment. In the last five years, excluding acquisitions, it has spent $187 million on new plants and equipment or upgrading existing facilities.

Item 3. LEGAL PROCEEDINGS

The Registrant and many other companies are defendants in suits brought in various courts in the United States by plaintiffs who allege that they have suffered personal injury as a result of exposure to asbestos-containing products. The Registrant was defending against 7,749 such claims as of February 28, 2002. This compares with 7,347 claims as of December 31, 2001, 1,997 plaintiffs as of December 31, 2000, and 2,276 claims as of December 31, 1999. These suits allege a variety of lung and other diseases based on alleged exposure to products previously manufactured by the Registrant. The bulk of these suits have been brought in Mississippi and Louisiana, with smaller numbers in North Carolina and other states. The Registrant anticipates that additional claims will be filed against it and related companies in the future but is unable to predict the number and timing of such future claims.

These suits typically involve claims against anywhere from twenty to over two hundred defendants, and the complaints often fail to identify the plaintiffs' work history or the nature of the plaintiffs' alleged exposure to the Registrant's products. However, the Registrant's production of asbestos-containing paper machine clothing products was limited to certain synthetic dryer fabrics marketed during the period from 1967 to 1976 and used in paper mills. (Such fabrics generally had a useful life of from three to twelve months.) It has been the Registrant's experience to date that a significant number of the plaintiffs in these cases were never employed in paper mills, and that a significant number of other plaintiffs did not have any contact with any asbestos-containing paper machine clothing sold by the Registrant. It is the position of the Registrant and the other paper machine clothing defendants that there was insufficient exposure to asbestos from any paper machine clothing products to cause asbestos-related injury in any plaintiff. Furthermore, asbestos contained in the Registrant's synthetic products was encapsulated in a resin-coated yarn woven into the interior of the fabric, further reducing the likelihood of fiber release.

While the Registrant believes it has meritorious defenses to these claims, it has settled certain of these cases for amounts it considers reasonable given the facts and circumstances of each case. All of the amounts the Registrant has paid to date to defend and resolve these cases have been covered by insurance, and the Registrant's insurer Liberty Mutual has defended each case under a standard reservation of rights. As of February 15, 2002, the Registrant had resolved, by means of settlement or outright dismissal, 2,195 asbestos-related personal injury claims for $1,135,000. All of this amount was paid by the Registrant's insurance carrier.

Brandon Drying Fabrics, Inc.

Brandon Drying Fabrics, Inc. ("Brandon"), a subsidiary of Geschmay Corp., is also a separate defendant in most of these cases, and remains a defendant in a number of cases settled by the Registrant. Brandon was defending against 9,179 claims as of February 28, 2002. This compares with 8,759 claims pending as of December 31, 2001, 3,598 claims as of December 31, 2000 and 1,887 claims as of December 31, 1999. The Registrant acquired Geschmay Corp., formerly known as Wangner Systems Corporation, in 1999.

Brandon Drying Fabrics, Inc. was created in 1978 in connection with the purchase of certain assets from Abney Mills, a South Carolina textile manufacturing entity. Brandon Sales, Inc. was a wholly owned subsidiary of Abney and its assets were among those purchased from Abney Mills. After the

purchase, Brandon Drying Fabrics, Inc. manufactured drying fabrics under its own name, none of which contained asbestos. It is believed that Abney Mills ceased production of asbestos-containing products prior to the 1978 purchase. Affidavits obtained from former Abney Mills employees confirm that belief.

Under the terms of the Assets Purchase Agreement between Brandon Drying Fabrics, Inc. and Abney Mills, Abney Mills agreed to indemnify, defend and hold Brandon Drying Fabrics, Inc. harmless from any actions or claims on account of products manufactured by Abney Mills and its related corporations prior to the date of the sale, whether or not the product was sold subsequent to the date

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of the sale. It appears that Abney Mills has since been dissolved. Nevertheless, a representative of this dissolved entity has been notified of the pendency of these actions and demand has been made that it assume the defense of these actions.

Because Brandon Drying Fabrics, Inc. did not manufacture asbestos-containing products, and because it does not believe that it was the legal successor to, or otherwise responsible for obligations of, Abney Mills with respect to products manufactured by Abney Mills, it believes it has strong defenses to the claims that have been asserted against it. In some instances, plaintiffs have voluntarily dismissed claims against it, while in others it has entered into what it considers to be reasonable settlements. As of February 15, 2002, Brandon Drying Fabrics, Inc. has resolved, by means of settlement or dismissal, 708 claims for a total of $129,499. Brandon Drying Fabric, Inc.'s insurance carriers have agreed to indemnification and defense costs related to these proceedings of 88.2% of the total, subject to the standard reservation of rights. The remaining 11.8% is being sought from an insurance company that denies that it issued a policy. Brandon's internal records demonstrate otherwise, and Brandon has filed suit against this company as well as its other carriers. Based on advice of counsel, Brandon is confident that it will prevail in establishing 100% indemnification and defense cost coverage.

Mount Vernon

In some of these cases, the Registrant is named both as a direct defendant and as the "successor in interest" to Mount Vernon Mills. The Registrant acquired certain assets from Mount Vernon Mills in 1993. Certain plaintiffs allege injury caused by asbestos-containing products alleged to have been sold by Mount Vernon Mills many years prior to this acquisition. Mount Vernon Mills, Inc. is contractually obligated to indemnify the Registrant against any liability arising out of such products. The Registrant denies any liability for products sold by Mount Vernon Mills prior to the acquisition of the Mount Vernon assets. Pursuant to its contractual indemnification obligations, Mount Vernon has assumed the defense of these claims. On this basis, the Registrant has successfully moved for dismissal in a number of actions.

The Registrant believes that all asbestos-related claims against it or Brandon Drying Fabrics, Inc. are without merit. Based upon its understanding of the insurance policies available, how settlement amounts have been allocated to various policies, its recent settlement experience, the absence of any judgments against the Registrant or Brandon Drying Fabrics, Inc., and the defenses available, the Registrant currently does not anticipate any material liability relating to the resolution of the aforementioned pending proceedings in excess of existing insurance limits. Consequently, the Registrant does not believe, based upon currently available information, that the ultimate resolution of the aforementioned proceedings will have a material adverse effect on the financial position, results of operations or cash flows of the Registrant.

Although the Registrant cannot predict the number and timing of future claims, based upon the foregoing factors and the trends in claims against it to date, the Registrant does not anticipate that additional claims likely to be filed against it or Brandon Drying Fabrics, Inc. in the future will have a material adverse effect on its financial position, results of operations or cash flows. However, the Registrant is aware that litigation is inherently uncertain, especially when the outcome is dependent primarily on determinations of factual matters to be made by juries. The Registrant is also aware that numerous other defendants in asbestos cases, as well as others who claim to have knowledge and expertise on the subject, have found it difficult to anticipate the volume of future asbestos claims. For these reasons, there can be no assurance that the foregoing conclusions will not change.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted during the fourth quarter of 2001 to a vote of security holders.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

"Stock and Shareholders" and "Quarterly Financial Data" on page 42 of the Annual Report are incorporated herein by reference.

Restrictions on dividends and other distributions are described in Note 6, on page 24 of the Annual Report. Such description is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

"Eleven Year Summary" on pages 40 and 41 of the Annual Report is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Financial Review" on pages 35 to 39 of the Annual Report is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements of the Registrant and its subsidiaries, included on pages 16 to 34 in the Annual Report, are incorporated herein by reference:

Report of Independent Accountants

Consolidated Statements of Income and Retained Earnings—years ended December 31, 2001, 2000, and 1999

Consolidated Statements of Comprehensive Income—years ended December 31, 2001, 2000 and 1999

Consolidated Balance Sheets—December 31, 2001 and 2000

Consolidated Statements of Cash Flows—years ended December 31, 2001, 2000 and 1999

Notes to Consolidated Financial Statements

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

a) *Directors.* The information set out in the section captioned "Election of Directors" of the Proxy Statement is incorporated herein by reference.

b) *Executive Officers of Registrant.* Information about the officers of the Registrant is set forth in Item 1 above.

Item 11. EXECUTIVE COMPENSATION

The information set forth in the sections of the Proxy Statement captioned "Executive Compensation", "Summary Compensation Table", "Option/SAR Grants in Last Fiscal Year", "Option/SAR Exercises During 2001 and Year-End Values", "Pension Plan Table", "Compensation and Stock Option Committee Report on Executive Compensation", "Compensation and Stock Option Committee Interlocks and Insider Participation", "Stock Performance Graph", and "Directors' Fees" is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set out in the section captioned "Share Ownership" of the Proxy Statement is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENTS SCHEDULE AND REPORTS ON FORM 8-K

(a)(1) *Financial Statements.* The consolidated financial statements included in the Annual Report are incorporated by reference in Item 8.

(a)(2) *Schedule.* The following financial statement schedule for each of the three years in the period ended December 31, 2001:

Report of Independent Accountants on Financial Statement Schedule

Schedule II—Valuation and Qualifying Accounts

(a)(3) **Exhibits**

3(a) Certificate of Incorporation of Registrant.(3)

3(b) Bylaws of Registrant.(10)

4(a) Article IV of Certificate of Incorporation of Registrant (included in Exhibit 3(a)).

4(b) Specimen Stock Certificate for Class A Common Stock.(1)

Credit Agreement

10(i)(i) Credit Agreement, dated as of August 11, 1999 (the "Credit Agreement") among the Registrant, certain banks listed therein, The Chase Manhattan Bank, as Administrative Agent, Chase Manhattan International Limited, as London Agent, Citibank N.A., as Syndication Agent and Banc One Capital Markets, Inc., as Documentation Agent. (9)

10(i)(ii) Amendment No. 1, dated as of December 22, 1999, to the Credit Agreement. (11)

10(j)(I) Receivables Sale Agreement, dated as of September 28, 2001, among the Registrant, as the Collection Agent, Albany International Receivables Corporation, as the Seller, ABN AMRO Bank N.V., as the Agent the Committed Purchasers party thereto and Amsterdam Funding Corporation. (11)

10(j)(ii) Purchase and Sale Agreement, dated as of September 28, 2001, among the Registrant, Geschmay Corp., Albany International Research Co., Albany International Techniweave, Inc., Albany International Canada Inc., M&I Door Systems LTD, as Originators, and Albany International Receivables Corporation as Buyer. (11)

Stock Options

10(m)(i) Form of Stock Option Agreement, dated as of August 1, 1983, between the Registrant and each of five employees, together with schedule showing the names of such employees and the material differences among the Stock Option Agreements with such employees. (1)

10(m)(ii) Form of Amendment of Stock Option Agreement, dated as of July 1, 1987, between the Registrant and each of the five employees identified in the schedule referred to as Exhibit 10(m)(i). (1)

10(m)(iii) 1988 Stock Option Plan. (2)

10(m)(iv) 1992 Stock Option Plan. (4)

10(m)(v) 1997 Executive Stock Option Agreement. (7)

10(m)(vi) 1998 Stock Option Plan. (8)

Executive Compensation

10(n) Pension Equalization Plan adopted April 16, 1986, naming two current executive officers and one former executive officer of Registrant as "Participants" thereunder. (1)

10(n)(i) Supplemental Executive Retirement Plan. (5)

10(o)(I) Form of Executive Deferred Compensation Plan adopted September 1, 1985, as amended and restated as of August 8, 2001. (11)

10(o)(ii) Form of Directors' Deferred Compensation Plan adopted September 1, 1985, as amended and restated as of August 8, 2001. (11)

10(o)(iii) Deferred Compensation Plan of Albany International Corp., as amended and restated as of August 8, 2001. (11)

10(o)(iv) Centennial Deferred Compensation Plan, as amended and restated as of August 8, 2001. (11)

Other Exhibits

13 Annual Report to Security Holders for the year ended December 31, 2001.

21 Subsidiaries of Registrant.

23 Consent of PricewaterhouseCoopers LLP.

24 Powers of Attorney.

(b) No reports on Form 8-K were filed during the fourth quarter of 2001.

All other schedules and exhibits are not required or are inapplicable and, therefore, have been omitted.

(1) Previously filed as an Exhibit to the Company's Registration Statement on Form S-1, No. 33-16254, as amended, declared effective by the Securities and Exchange Commission on September 30, 1987, which previously-filed Exhibit is incorporated by reference herein.

(2)

Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K dated August 8, 1988, which previously-filed Exhibit is incorporated by reference herein.

(3) Previously filed as an Exhibit to the Registrant's Registration Statement on Form 8-A, File No. 1-10026, declared effective by the Securities and Exchange Commission on August 26, 1988 (as to The Pacific Stock Exchange, Inc.), and on September 7, 1988 (as to The New York Stock Exchange, Inc.), which previously-filed Exhibit is incorporated by reference herein.

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(4) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K dated January 18, 1993, which previously-filed Exhibit is incorporated by reference herein.

(5) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K dated June 30, 1994, which previously-filed Exhibit is incorporated by reference herein.

(6) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K dated March 15, 1996, which previously-filed Exhibit is incorporated by reference herein.

(7) Previously filed as an Exhibit to the Registrant's Current Report on Form 10-K dated March 16, 1998, which previously-filed Exhibit is incorporated by reference herein.

(8) Previously filed as an Exhibit to the Registrant's Current Report on Form 10-Q dated August 10, 1998, which previously-filed Exhibit is incorporated by reference herein.

(9) Previously filed as an Exhibit to the Registrant's Current Report on form 8-K dated September 21, 1999, which previously-filed Exhibit is incorporated by reference herein.

(10) Previously filed as an Exhibit to the Registrant's Current Report on Form 10-Q dated November 10, 1999, which previously-filed Exhibit is incorporated by reference herein.

(11) Previously filed as an Exhibit to the Registrant's Current Report on Form 10-Q dated November 12, 2001, which previously-filed Exhibit is incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 22nd day of March, 2002.

ALBANY INTERNATIONAL CORP.

by /s/ MICHAEL C. NAHL

Michael C. Nahl
Principal Financial Officer Senior Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
* (Frank R. Schmeler)	Chairman of the Board and Chief Executive Officer	March 22, 2002
/s/ MICHAEL C. NAHL (Michael C. Nahl)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 22, 2002
* (Richard A. Carlstrom)	Vice President-Controller (Principal Accounting Officer)	March 22, 2002
* (Thomas R. Beecher Jr.)	Director	March 22, 2002

*	Director	March 22, 2002
(Charles B. Buchanan)		
*		
(James L. Ferris Ph.D.)	Director	March 22, 2002
*		
(Erland E. Kailbourne)	Director	March 22, 2002

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*		
(Francis L. McKone)	Director	March 22, 2002
*		
(Dr. Joseph G. Morone)	Director	March 22, 2002
*		
(Christine L. Standish)	Director	March 22, 2002
*		
(John C. Standish)	Director	March 22, 2002
*		
(Allan Stenshamn)	Director	March 22, 2002
*		
(Barbara P. Wright)	Director	March 22, 2002

*By /s/ MICHAEL C. NAHL

Michael C. Nahl
Attorney-in-fact

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENTS SCHEDULE

To The Board of Directors and
Shareholders of Albany International Corp.

Our audits of the consolidated financial statements referred to in our report dated January 25, 2002 appearing in the 2001 Annual Report to Shareholders of Albany International Corp. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, the financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

Albany, New York
January 25, 2002

SCHEDULE II

ALBANY INTERNATIONAL CORP. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
(Dollars in thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Expense	Charged to Intangibles(A)	Deductions(B)	Balance at End of Period
Allowance for doubtful accounts Year ended December 31:					
2001	$ 7,688	$ 4,878	$ —	$ 2,078	$ 10,488
2000	$ 8,768	$ 1,008	$ —	$ 2,088	$ 7,688
1999	$ 5,504	$ 2,071	$ 2,838	$ 1,645	$ 8,768

(A) Represents the allowance for doubful accounts opening balance sheet amount for the Geschmay group, which was acquired in 1999.

(B) Includes accounts written off as uncollectible, recoveries and the effect of currency exchange rates.

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FINANCIAL SECTION

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REPORT OF MANAGEMENT

Management of Albany International Corp. is responsible for the integrity and objectivity of the accompanying financial statements and related information. These statements have been prepared in conformity with accounting principles generally accepted in the United States of America, and include amounts that are based on our best judgments with due consideration given to materiality.

Management maintains a system of internal accounting controls designed to provide reasonable assurance, at reasonable cost, that assets are safeguarded and that transactions and events are recorded properly. A program of internal audits and management reviews provides a monitoring process that allows the Company to be reasonably sure the system of internal accounting controls operates effectively.

The financial statements have been audited by PricewaterhouseCoopers LLP, independent accountants. Their role is to express an opinion as to whether management's financial statements present fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America, the Company's financial condition and operating results. Their opinion is based on procedures which include reviewing and evaluating certain aspects of selected systems, procedures and internal accounting controls, and conducting such tests as they deem necessary.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets periodically with the independent accountants, management and internal audit to review their work and confirm that they are properly discharging their responsibilities. In addition, the independent accountants are free to meet with the Audit Committee without the presence of management to discuss results of their work and observations on the adequacy of internal financial controls, the quality of financial reporting and other relevant matters.

[SIG]
Frank R. Schmeler
CHAIRMAN OF THE BOARD AND AND CHIEF EXECUTIVE OFFICER

[SIG]
Michael C. Nahl
SENIOR VICE PRESIDENT CHIEF FINANCIAL OFFICER

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND
SHAREHOLDERS OF ALBANY INTERNATIONAL CORP.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and retained earnings, of comprehensive income and of cash flows present fairly, in all material respects, the financial position of Albany International Corp. and its subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a

reasonable basis for our opinion.

As discussed in Note 6 to the consolidated financial statements, on January 1, 2001 the Company adopted Statement of Financial Accounting Standards No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES.

[LOGO]

January 25, 2002

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
ALBANY INTERNATIONAL CORP.

For the Years Ended December 31, (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	2001	2000	1999
STATEMENTS OF INCOME			
Net sales	$836,696	$852,934	$778,366
Cost of goods sold	497,301	515,649	458,930
Gross profit	339,395	337,285	319,436
Selling and general expenses	186,441	184,123	177,481
Technical and research expenses	46,950	49,528	48,096
Restructuring, net	21,892	--	16,872
Operating income	84,112	103,634	76,987
Interest income	(1,977)	(1,336)	(1,248)
Interest expense	30,893	43,158	26,800
Other expense/(income), net	2,833	(755)	(481)
Income before income taxes	52,363	62,567	51,916
Income taxes	19,374	25,027	22,325
Income before associated companies	32,989	37,540	29,591
Equity in earnings of associated companies	342	545	631
Income before cumulative effect of change in accounting principle, net of taxes	33,331	38,085	30,222
Cumulative effect of change in accounting principle, net of taxes	(1,129)	--	--
Net income	32,202	38,085	30,222
RETAINED EARNINGS			
Retained earnings, beginning of period	314,639	276,554	255,586
Less dividends	1,568	--	9,254
Retained earnings, end of period	$345,273	$314,639	$276,554
Earnings per share--basic:			
Income before cumulative effect of change in accounting principle	$ 1.07	$ 1.24	$ 1.00
Cumulative effect of change in accounting principle	(0.03)	0.00	0.00
Net income	$ 1.04	$ 1.24	$ 1.00
Earnings per share--diluted:			
Income before cumulative effect of change in accounting principle	$ 1.06	$ 1.24	$ 0.99
Cumulative effect of change in accounting principle	(0.03)	0.00	0.00
Net income	$ 1.03	$ 1.24	$ 0.99

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

ALBANY INTERNATIONAL CORP.

For the Years
Ended
December 31,
2001 2000
1999
(IN
THOUSANDS)
NET INCOME $
32,202 $
38,085 $
30,222 Other
comprehensive
(loss)/income,
before tax:
Foreign
currency
translation
adjustments
(29,259)
(45,090)
(37,141)
Pension
liability
adjustment
(20,043)
1,680 12,965
Derivative
valuation
adjustments:
Transition
adjustment as
of January 1,
2001 (4,888)
-- -- Current
period
decline in
fair value
(8,204) -- --
Income taxes
related to
items of
other
comprehensive
income/(loss)
13,083 276 --
- -----------

Comprehensive
(loss)/
income
($17,109) ($
5,049) $
6,046 - -----

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL
STATEMENTS.

CONSOLIDATED BALANCE SHEETS
ALBANY INTERNATIONAL CORP.

At December
31, 2001
2000

(IN THOUSANDS, EXCEPT SHARE DATA) ASSETS Current assets: Cash and cash equivalents $ 6,153 $ 5,359 Accounts receivable, less allowance for doubtful accounts ($10,488 in 2001; $7,688 in 2000) 143,156 236,810 Note receivable 21,103 -- Inventories Finished goods 97,789 119,619 Work in process 46,638 54,408 Raw material and supplies 29,649 42,846 Prepaid expenses 5,288 7,534 Deferred taxes 16,170 27,711 - ---
Total current assets 365,946 494,287 - ---
- Property, plant and equipment, at cost, net 339,102 387,658 Investments in associated companies 4,374 4,300 Intangibles 140,333 161,709 Deferred taxes 48,539 19,095 Other assets 33,635 45,203 - ----------------------

----

Total assets
$ 931,929
$1,112,252 -

LIABILITIES
Current
liabilities:
Notes and
loans
payable $
28,786 $
37,760
Accounts
payable
42,555
47,005
Accrued
liabilities
87,924
80,678
Current
maturities
of long-term
debt 4,837
44,092
Income taxes
payable and
deferred
21,970
12,499 - ---

Total
current
liabilities
186,072
222,034 - --

- Long-term
debt 248,146
398,087
Other
noncurrent
liabilities
156,055
129,741
Deferred
taxes and
other
credits
25,012
37,473 - ---

Total
liabilities
615,285
787,335 - --

-
COMMITMENTS
AND
CONTINGENCIES
-- --
SHAREHOLDERS'
EQUITY
Preferred
stock, par
value $5.00
per share;
authorized
2,000,000
shares; none
issued -- --
Class A
Common
Stock, par
value $.001
per share;
authorized
100,000,000
shares;
issued
27,711,738
in 2001 and
27,138,064
in 2000 28
27 Class B
Common
Stock, par
value $.001
per share;
authorized
25,000,000
shares;
issued and
outstanding
5,867,476 in
2001 and
5,869,457 in
2000 6 6
Additional
paid in
capital
234,213
223,897
Retained
earnings
345,273
314,639
Accumulated
items of
other
comprehensive
income:
Translation
adjustments
(194,950)
(165,691)
Derivative
valuation
adjustment
(8,248) --
Pension
liability
adjustment
(14,027)
(2,223) - --

- 362,295
370,655 Less
treasury
stock, at
cost 45,651
45,738 - ---

Total
shareholders'
equity
316,644
324,917 - --

- Total
liabilities
and
shareholders'
equity $
931,929
$1,112,252 -

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF CASH FLOWS
ALBANY INTERNATIONAL CORP.

For the Years
Ended December 31,
2001 2000 1999
(IN THOUSANDS)
OPERATING
ACTIVITIES Net
income $ 32,202 $
38,085 $ 30,222
Adjustments to
reconcile net
income to net cash
provided by
operating
activities: Equity
in earnings of
associated
companies (342)
(545) (631)
Depreciation and
amortization
57,546 62,216
55,874 Provision
for deferred
income taxes,

other credits and long-term liabilities (18,634) 6,108 (1,127) Increase in cash surrender value of life insurance, net of premiums paid (1,434) (728) (1,110) Unrealized currency transaction (gains)/losses (1,040) (3,172) (5,802) (Gains)/losses on disposition of assets (1,323) 2,152 2,914 Shares contributed to ESOP 4,835 4,489 4,337 Tax benefit of options exercised 577 -- 8 Changes in operating assets and liabilities: Accounts receivable 30,066 1,654 (1,179) Sale of accounts receivable 63,878 -- -- Note receivable (21,103) -- -- Inventories 42,797 18,809 13,300 Prepaid expenses 2,245 (2) (1,368) Accounts payable (4,449) 4,357 (511) Accrued liabilities 11,967 (8,313) 3,938 Income taxes payable 10,848 3,280 (2,588) Other, net 5,642 2,192 1,821 - ---- ------------------ ------------------ ------------------ ------------------ ----------------- Net cash provided by operating activities 214,278 130,582 98,098 - - ------------------ ------------------ ------------------ ------------------ ------------------ -- INVESTING ACTIVITIES Purchases of property, plant and equipment (25,831) (36,866) (34,953) Purchased software (2,407) (978) (2,929) Proceeds from sale of assets 6,828 8,938 464 Acquisitions, net of cash acquired - - (1,037) (247,236) Proceeds from life

insurance policies 10,602 -- -- Loans to other companies -- -- (3,000) Distributions from associated companies -- -- 148 Premiums paid for life insurance (1,161) (1,161) (1,187) - -- Net cash used in investing activities (11,969) (31,104) (288,693) - -- FINANCING ACTIVITIES Proceeds from borrowings 67,400 18,921 581,064 Principal payments on debt (265,158) (102,048) (366,503) Proceeds from options exercised 4,907 -- 165 Debt issuance costs -- -- (4,905) - -- Net cash (used in)/provided by financing activities (192,851) (83,127) 209,821 - -- Effect of exchange rate changes on cash flows (8,664) (18,017) (18,069) - --- Increase/(decrease) in cash and cash equivalents 794 (1,666) 1,157 Cash and cash equivalents at beginning of year 5,359 7,025 5,868 - --- Cash and cash equivalents

at end of year $ 6,153 $ 5,359 $ 7,025 - ---------- ------------------ ------------------ ------------------ ------------------ -----------

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Albany International Corp. and its subsidiaries (the "Company") after elimination of intercompany transactions. Beginning in 2001, the Company has one subsidiary that is a qualified special purpose entity which is not consolidated in accordance with Financial Accounting Standard (FAS) No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" (see Note 6). The Company has 50% interests in an entity in South Africa, an entity in England and an entity in Russia. The consolidated financial statements include the Company's original investment in these entities, plus its share of undistributed earnings or losses, in the account "Investments in associated companies."

REVENUE RECOGNITION

The Company records sales when persuasive evidence of an arrangement exists, delivery has occurred, the selling price is fixed and collectibility is reasonably assured. The Company limits the concentration of credit risk in receivables by closely monitoring credit and collection policies. The allowance for doubtful accounts is adequate to absorb estimated losses.

The Company records the costs of freight associated with the shipment of goods as a reduction to net sales. These freight costs were $16,797,000 in 2001, $17,431,000 in 2000, and $14,320,000 in 1999.

ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TRANSLATION OF FINANCIAL STATEMENTS

Assets and liabilities of non-U.S. operations are translated at year-end rates of exchange, and the income statements are translated at the average rates of exchange for the year. Gains or losses resulting from translating non-U.S. currency financial statements are recorded in "Other comprehensive income" and accumulated in shareholders' equity in the caption "Translation adjustments".

Gains or losses resulting from currency transactions denominated in a currency other than the entity's local currency, forward exchange contracts which are not designated as hedges for accounting purposes and futures contracts are generally included in income. Changes in value of forward exchange contracts which are effective as hedges for accounting purposes are generally recorded, net of tax, in "Other comprehensive income" and accumulated in shareholders' equity in the caption "Translation adjustments."

RESEARCH EXPENSE

Research expense, which is charged to operations as incurred, was $23,224,000 in 2001, $23,287,000 in 2000, and $23,567,000 in 1999.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and highly liquid short-term investments with original maturities of three months or less.

INVENTORIES

Inventories are stated at the lower of cost or market and are valued at average cost.

PROPERTY, PLANT AND EQUIPMENT

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets for financial reporting purposes; accelerated methods are used for income tax purposes. Useful lives for buildings, and machinery and equipment are 25 to 40 years, and 3 to 10 years, respectively.

Significant additions or improvements extending assets' useful lives are capitalized; normal maintenance and repair costs are expensed as incurred.

The cost of fully depreciated assets remaining in use are included in the respective asset and accumulated depreciation accounts. When items are sold or retired, related gains or losses are included in net income.

INTANGIBLES AND OTHER ASSETS

The excess purchase price over fair values assigned to assets acquired has been amortized on a straight-line basis over 20 to 40 years. Beginning in 2002, the Company will adopt the provisions of FAS No. 142 "Goodwill and Other Intangible Assets" which will eliminate the prior practice of goodwill amortization and instead adopt an impairment-only approach (see Note 4).

Patents, trade names and technology, at cost, are amortized on a straight-line basis over 8 to 12 years.

Goodwill and other long-lived assets are reviewed for impairment whenever changes in circumstances indicate that the carrying amount may not be recoverable.

Computer software purchased for internal use, at cost, is amortized on a straight-line basis over 5 years and is included in "Other assets."

DERIVATIVES

Gains or losses on forward exchange contracts that function as an economic hedge against currency fluctuation effects on future revenue streams are recorded in "Other (income)/ expense, net". All open positions on forward exchange contracts are valued at fair value using the estimated forward rate of a matching contract.

Gains or losses on forward exchange contracts that are designated as a hedge of a foreign operation's net assets and/or long-term intercompany loans are recorded in "Translation adjustments", a separate component of shareholders' equity. These contracts reduce the risk of currency exposure on foreign currency net assets and do not exceed the foreign currency amount being hedged. To the extent the above criteria are not met, or the related assets are sold, extinguished, or terminated, activity associated with such hedges is recorded in "Other (income)/expense, net".

Gains or losses on futures contracts are recorded in "Other (income)/expense, net". Open positions are valued at fair value using quoted market rates.

INCOME TAXES

The Company accounts for taxes in accordance with the asset and liability method. Deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable for future years to differences between financial statement and tax bases of existing assets and liabilities. The effect of tax rate changes on deferred taxes is recognized in the income tax provision in the period that includes the enactment date.

It is the Company's policy to accrue appropriate U.S. and non-U.S. income taxes on earnings of subsidiary companies which are intended to be remitted to the parent company in the near future.

The provision for taxes is reduced by investment and other tax credits in the years such credits become available.

PENSION PLANS

Substantially all employees are covered under either Company or government sponsored pension plans. For principal Company sponsored plans, pension plan expenses are based on actuarial determinations. The plans are generally trusteed or insured and accrued amounts are funded as required in accordance with governing laws and regulations.

EARNINGS PER SHARE

Net income per share is computed using the weighted average number of shares of Class A Common Stock and Class B Common Stock outstanding during each year. Diluted net income per share includes the effect of all potentially dilutive securities.

RECENT ACCOUNTING PRONOUNCEMENTS

In August 2001, FAS No. 143, "Accounting for Asset Retirement Obligations" was issued. FAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred commencing for fiscal years beginning after June 15, 2002. The Company does not expect the adoption of FAS No. 143 to have a material effect on its financial statements.

In October 2001, FAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", was issued. FAS No. 144 requires that long-lived assets be measured at the lower of carrying amount or fair value less cost to sell. The Company is required to adopt this Standard on January 1, 2002. The Company does not expect the adoption of FAS No. 144 to have a material effect on its financial statements.

2. EARNINGS PER SHARE

The amounts used in computing earnings per share and the weighted average number of shares of potentially dilutive securities are as follows:

(IN THOUSANDS)	2001	2000	1999
INCOME AVAILABLE TO COMMON STOCK-HOLDERS:			
Income available to common stock-holders	$32,202	$38,085	$30,222
WEIGHTED AVERAGE NUMBER OF SHARES:			
Weighted averange number of			

shares used in net income per share	31,089	30,632	30,340
Effect of dilutive securites: stock options	259	4	143
Weighted average number of shares used in diluted net income per share	31,348	30,636	30,483

Options to purchase 2,190,500 shares of common stock at prices ranging from $19.38 to $25.56 per share were outstanding at December 31, 2001, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares.

3. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment are summarized below:

(IN THOUSANDS)	2001	2000
LAND	$ 26,620	$ 28,995
Buildings	161,295	173,983
Machinery and equipment	527,417	547,581
	715,332	750,559

	2001	2000
Accumulated depreciation	376,230	362,901
	$339,102	$387,658

There was no construction in progress in 2001 and 2000.

Depreciation expense was $45,792,000 in 2001, $49,937,000 in 2000 and $47,669,000 in 1999.
Expenditures for maintenance and repairs are charged to income as incurred and amounted to $18,643,000 in 2001, $20,300,000 in 2000, and $17,305,000 in 1999.

Capital expenditures were $25,831,000 in 2001, $36,866,000 in 2000 and $34,953,000 in 1999. At the end of 2001, the Company was committed to $13,663,000 of future expenditures for new equipment and facilities.

4. INTANGIBLES

The components of intangibles are summarized below:

(IN THOUSANDS)	2001	2000
Excess purchase price over fair value of assets acquired	$157,407	$170,374
Patents, trade names and technology	20,320	20,320
Accumulated amortization	(46,300)	(38,786)
Deferred unrecognized pen- sion cost (see Note 12)	8,906	9,801
	$140,333	$161,709

Amortization expense was $7,514,000 in 2001, $9,077,000 in 2000, and $5,173,000 in 1999.

The change in excess purchase price over fair value of assets acquired (goodwill) resulted primarily from the effect of translation.

In June 2001, FAS No. 142 "Goodwill and Other Intangible Assets" was issued. FAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Amortization of goodwill, including goodwill recorded in past business combinations, will cease January 1, 2002, when the Company adopts this Standard. Goodwill amortization was approximately $6,800,000 in 2001. The Company is currently assessing, but has not yet determined, the outcome of the impairment test required by FAS No. 142.

5. ACCRUED LIABILITIES

Accrued liabilities consist of:

(IN THOUSANDS)	2001	2000
SALARIES AND WAGES	$23,584	$22,782
Employee benefits	16,207	19,168
Returns and allowances	4,990	5,293
Interest	2,222	3,555
Restructuring costs (see Note 16)	24,279	14,319
Other	16,642	15,561
	$87,924	$80,678

6. FINANCIAL INSTRUMENTS

Notes and loans payable at December 31, 2001 and 2000 were short-term debt instruments with banks, denominated in local currencies with a weighted average interest rate of 7.14% in 2001 and 7.08% in 2000.

Long-term debt at December 31, 2001 and 2000, principally to banks and bondholders, exclusive of amounts due within one year, consists of:

(IN THOUSANDS)	2001	2000
August 1999 credit agreement which terminates in 2004 with borrowings outstanding at an average interest rate of 5.44% in 2001 and 7.90% in 2000.	$229,000	$373,280
Various notes and mortgages relative to operations principally outside the United States, at an average interest rate of 5.68% in 2001 and 5.32% in 2000, due in varying amounts through 2008.	6,468	11,742
Industrial revenue financings at an average interest rate of 6.09% in 2001 and 5.96% in 2000, due in varying amounts through 2009.	12,678	13,065

$248,146
$398,087 -

The weighted average interest rate for all debt was 5.56% in 2001 and 7.70% in 2000.

Principal payments due on long-term debt for the next five years are: 2002, $4,837,000; 2003, $2,281,000; 2004, $230,976,000; 2005, $1,242,000; 2006 $1,115,000.

Interest paid was $32,169,000 in 2001, $40,647,000 in 2000, and $26,779,000 in 1999.

In August 1999, the Company entered into a $750 million credit agreement with its banks. This facility included a $250 million term loan that was fully prepaid during 2001. The remaining $500 million is a revolving loan with the banks' commitment to lend terminating in 2004. This agreement includes commitment fees and variable interest rates based on various loan pricing methods. The interest rate margin is determined by the Company's leverage ratio. The credit agreement contains various covenants which include limits on the disposition of assets, cash dividends, and the Company's ability to purchase its Common Stock. Additionally, the credit agreement specifies a minimum interest coverage of 3.0, a maximum leverage ratio of 3.0 and a limitation on guarantees to non U.S. subsidiaries. The Company cannot purchase its Common Stock or pay cash dividends unless, and only to the extent that, the leverage ratio, as defined in the credit agreement, is less than 2.75. The December 31, 2001 leverage ratio was below 2.0. Borrowings are collateralized by a pledge of shares of, and intercompany loans to, certain subsidiaries of the Company. In the event of nonperformance by any bank on its commitment to extend credit, the Company could not borrow the full amount of the facility. However, the Company does not anticipate nonperformance by any bank.

Under the August 1999 credit agreement, the Company could have borrowed an additional $210,000,000 at December 31, 2001. The Company's ability to borrow additional amounts under the Credit Agreement is conditional upon the absence of any material adverse change.

During 2000, the Company entered into swap agreements that hedge a portion of its interest rate exposure. Under the terms of the agreements, each party makes payments on a notional amount of $100,000,000. The Company pays a blended fixed rate of 7.17% and the counterparties pay a floating rate based on LIBOR. These swap agreements expire on June 6, 2005. As of December 31, 2001, the blended rate receivable from the counterparties was 2.0%. On January 2, 2001, the Company entered into four additional swap agreements which fixed interest rates on an additional notional amount of $100,000,000. The blended fixed rate payable by the Company under these agreements is 5.65% and the counterparties pay a floating rate, based on LIBOR which, at December 31, 2001 was 2.0%. These agreements expire on August 11, 2005. The total cost of the swap agreements of $3,423,000 in 2001 and $167,000 in 2000 was recorded as "Interest expense". With the exception of the portion of debt which has been hedged, the estimated fair value of the Company's long-term debt excluding current maturities is considered to be the carrying value on the basis that the significant components are variable rate debt.

At December 31, 2001, the Company had no open forward exchange contracts. Periodically, the Company also enters into futures contracts primarily to hedge in the short-term against interest rate fluctuations. During 2001, the Company did not enter into any of these contracts. The "Interest rate protection agreements" component of "Other (income)/ expense, net" includes (gains)/losses on futures

contracts, based on fair value, of $(382,000) in 2000 and $1,125,000 in 1999.

All financial instruments are held for purposes other than trading. For all positions there is risk from the possible inability of the counterparties (major financial institutions) to meet the terms of the contracts and the risk of unfavorable changes in interest and currency rates which may reduce the benefit of the contracts. However, for most closed forward exchange contracts, both the purchase and sale sides of the Company's exposures were

with the same financial institution. The Company seeks to control risk by evaluating the credit worthiness of counterparties and by monitoring the currency exchange and interest rate markets, hedging risks in compliance with internal guidelines and reviewing all principal economic hedging contracts with designated directors of the Company.

On January 1, 2001, the Company adopted the provisions of FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". This Standard requires that all derivative instruments are recognized on the balance sheet at their fair value and changes in fair value are recognized immediately in earnings, unless the derivatives qualify as hedges in accordance with the Standard. The change in fair value for those derivatives that qualify as hedges is recorded in shareholders' equity in the caption, "Derivative valuation adjustment". The Company's interest rate swaps qualify as cash flow hedges as defined in the Standard and, accordingly, changes in the fair value are recognized in "Other noncurrent liabilities" and "Other comprehensive income". Subsequently, amounts will be reclassified to "Interest expense, net" in accordance with the Standard. On the date of adoption, the Company recognized an initial transition adjustment of $4,888,000. During 2001, the fair value of the interest rate swaps declined an additional $8,204,000. The Company has a lease for manufacturing facilities with an embedded derivative which must be recognized in earnings in accordance with this Standard. The cumulative after-tax effect of this change in accounting principle was $1,129,000. Included in other (income)/expense is $(1,482,000) related to changes in fair value of this derivative during 2001.

During 2001, the Company entered into a trade accounts receivable securitization program whereby it sells designated North American accounts receivable, with no recourse. The accounts receivable are sold on an ongoing basis to a subsidiary of the Company which is a qualified special purpose entity and, in accordance with FAS No. 140, is not consolidated in the Company's financial statements. The Company receives fees for collecting accounts receivable and for performing certain other administrative functions. The amount of accounts receivable sold is subject to change based upon certain criteria and was approximately $63,878,000 as of December 31, 2001. In addition to cash received from the sale of accounts receivable, the Company has a note receivable in the amount of $21,103,000 as of December 31, 2001. The note is subject to monthly fluctuation based on the amount of receivables sold and bears interest at variable rates. As of December 31, 2001, the interest rate was 2.87% and interest income for 2001 was $193,000. The estimated fair value of the note receivable is considered to be the carrying value on the basis that the note carries a variable interest rate and the proceeds of the sale have been reduced by a discount factor. Included in other (income)/expense are costs of $1,794,000 representing initial transaction costs and the discounts applied in the sale of accounts receivable. The discount factor is based on timing of cash receipts, interest rates and anticipated credit losses.

7. COMMITMENTS AND CONTINGENCIES

Albany International Corp. and its affiliate, Brandon Drying Fabrics Inc., are defendants in a number of proceedings for injuries allegedly suffered as a result of exposure to asbestos-containing products. The Company marketed asbestos-containing dryer fabrics during the period from 1967 to 1976. Such fabrics generally had a life of from three to twelve months. At February 28, 2002, there were 9,970 plaintiffs pursuing claims against Albany International Corp., Brandon Drying Fabrics, or both. This compares with 9,467 claimants as of December 31, 2001, 4,099 claimants as of December 31, 2000 and 2,429 claimants as of December 31, 1999. The Company anticipates that additional claims will be filed against it in the future but is unable to predict the timing and number of such future claims.

The Company believes that all asbestos-related claims against it are without merit. Based upon its understanding of the insurance policies available, how settlement amounts have been

allocated to various policies, recent settlement experience, the absence of any judgments against the Company, and the defenses available, the Company currently does not anticipate any material liability relating to the resolution of the above proceedings in excess of existing insurance limits. Consequently, the Company does not believe, based upon currently available information, that the ultimate resolution of these claims will have a material adverse effect on its financial position, results of operations or cash flows.

Although the Company cannot predict the number and timing of future claims, based upon the foregoing factors and the trends in claims against it to

date, the Company does not anticipate that additional claims likely to be filed in the future will have a material adverse effect on its financial position, results of operations or cash flows. However, the Company is aware that litigation is inherently uncertain, especially when the outcome is dependent primarily on determinations of factual matters to be made by juries. The Company is also aware that numerous other defendants in asbestos cases, as well as others who claim to have knowledge and expertise on the subject, have found it difficult to anticipate the volume of future asbestos claims. For these reasons, there can be no assurance that the foregoing conclusions will not change.

Stockholders and other interested persons are encouraged to read the discussion of these matters set forth in the Company's periodic reports filed with the Securities and Exchange Commission on Forms 10-K and 10-Q.

Principal leases are for machinery and equipment, vehicles and real property. Certain leases contain renewal and purchase option provisions at fair market values. There were no significant capital leases. Total rental expense amounted to $22,197,782, $22,671,000, and $23,298,000 for 2001, 2000, and 1999, respectively.

Future rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2001 are: 2002, $18,820,000: 2003, $14,605,000; 2004, $10,249,000; 2005, $8,527,000; 2006, $6,162,000; and thereafter, $7,017,000.

The Company has issued a letter of credit to a bank that loaned money to a joint venture partner. The bank can draw upon the letter of credit if the joint venture partner defaults on the loan. The letter of credit is denominated in South African Rand and is approximately $2,800,000.

8. SHAREHOLDERS' EQUITY

The Company has two classes of Common Stock, Class A Common Stock, par value $.001 and Class B Common Stock, par value $.001 which have equal liquidation rights. Each share of the Company's Class A Common Stock is entitled to one vote on all matters submitted to shareholders and each share of Class B Common Stock is entitled to ten votes. Class A and Class B Common Stock will receive equal dividends as the Board of Directors may determine from time to time. The Class B Common Stock is convertible into an equal number of shares of Class A Common Stock at any time. At December 31, 2001, 10,457,346 shares of Class A Common Stock were reserved for the conversion of Class B Common Stock and the exercise of stock options.

In January 1998, the Board authorized the purchase of 3,000,000 shares of Class A Common Stock, in the open market or otherwise, at such prices as management may from time to time consider to be advantageous to the Company's shareholders. Since January 1998, the Company has purchased 1,616,900 shares of its Class A Common Stock pursuant to this authorization and of the shares purchased, none were purchased during 2001, 2000 or 1999.

In November 2001, the Board authorized payment of a cash dividend of $.05 per share. The dividend was paid January 4, 2002.

As discussed in Note 6, the Company is restricted from purchasing its Common Stock or paying cash dividends when the leverage ratio, as defined in the credit agreement, is 2.75 or higher.

During 1999, the Company declared a 2.0% stock dividend which resulted in a subsequent distribution of 483,621 shares of Class A Common Stock and 115,081 shares of Class B Common Stock. As a result of the stock dividend, additional paid-in capital increased $9,215,000, treasury stock decreased $39,000 and retained earnings decreased $9,254,000.

Changes in shareholders' equity for 2001, 2000, and 1999 are as follows:

- --------

Class A
Class B
Treasury
Stock
Common
Stock
Common
Stock
Additional
(Class A)

----- ----

- Paid in

(IN
THOUSANDS)
Shares
Amount
Shares
Amount
Capital
Shares
Amount
- --------

Balance:
January 1,
1999
26,082 $26
5,785 $6
$206,428
2,240 $
46,592
Shares
contributed
to ESOP
199 -- --
-- 3,622
(29) (646)
Options
exercised
8 -- -- --
173 -- --
Stock
dividends
484 1 115
-- 9,215
(2) (39)
Conversion
of Class B
shares to
Class A
shares 31
-- (31) --
-- -- --
Shares
issued to
Directors
-- -- -- -
- 5 (3)
(64) - ---

Balance:
December
31, 1999
26,804 $27
5,869 $6
$219,443
2,206 $
45,843
Shares
contributed
to ESOP
334 -- --
-- 4,489 -
- --
Shares
issued to
Directors
-- -- -- -
- (35) (5)
(105) - --

Balance:
December
31, 2000
27,138 $27
5,869 $6
$223,897
2,201 $
45,738
Shares
contributed
to ESOP
261 -- --
-- 4,835 -
- --
Conversion
of Class B
shares to
Class A
shares 2 -
- (2) -- -
- -- --
Options
exercised
311 1 -- -
- 5,483 --
-- Shares
issued to
Directors
-- -- -- -
- (2) (4)
(87) - ---

Balance:
December
31, 2001
27,712 $28
5,867 $6
$234,213
2,197 $
45,651 - -

----

9. OTHER (INCOME)/EXPENSE, NET

The components of other (income)/expense, net, as further described in Note 6, are:

- ---------

--- (IN
THOUSANDS)
2001 2000
1999
- ---------

CURRENCY
TRANSACTIONS
)(1,932)
(4,012)
(5,807
Interest
rate
protection
agreements
-- (382)
1,125 Lease
with
embedded
derivative
(1,482) --
-- Sale of
accounts
receivable
1,794 -- --
Sale of
buildings
(1,323) --
--
Amortization
of debt
issuance
costs and
loan
origination
fees 2,258
2,328 1,624
Other 3,518
1,311 2,577
- ---------

$ 2,833 $ (755) $ (481)

10. INCOME TAXES

Income taxes currently payable are provided on taxable income at the statutory rate applicable to such income.

The components of income taxes are:

(IN THOUSANDS)	2001	2000	1999
Current:			
U.S. Federal	$ 5,545	$ 5,506	$ 2,959
U.S. State	1,024	1,360	1,303
Non-U.S.	29,012	21,177	23,068
	35,581	28,043	27,330
Deferred:			
U.S. Federal	(5,633)	(4,212)	1,407
U.S. State	(897)	(578)	143
Non-U.S.			

(9,677)
1,774
(6,555) -

(16,207)
(3,016)
(5,005) -

------ $
19,374 $
25,027 $
22,325 - -

U.S. (loss)/income before income taxes was $(2,775,000) in 2001, $(4,469,000) in 2000, and $8,625,000 in 1999.

Taxes paid, net of refunds, were $18,902,000 in 2001, $18,362,000 in 2000, and $23,711,000 in 1999.

A comparison of the federal statutory rate to the Company's effective rate is as follows:

- ---------

----- 2001
2000 1999
- ---------

----- U.S.
STATUTORY
RATE %035
%035 %0 35
State taxes
(0.5) 1.0
1.6 Non-
U.S. tax
rates,
repatriation
of
earnings,
and other
net charges
associated
with prior
years 1.5
3.9 5.4
Other 1.0
0.1 1.0 - -

--
Effective
tax rate

37.0% 40.0%
43.0% - ---

The significant components of deferred income tax (benefit)/expense attributed to income from operations for the years ended December 31, 2001, 2000, and 1999 are as follows:

- ------------------

-------- (IN
THOUSANDS) 2001 2000
1999
- ------------------

-------- DEFERRED
TAX BENEFIT)(10,388
)(2,727) (3,138
Adjustments to
deferred tax assets
and liabilities for
enacted changes in
tax laws and rates
(1,729) (282) 112
Utilization/(benefit)
of operating loss
carryforwards
(4,090) (7) (1,979)
- ------------------

-------- $(16,207)
$(3,016) $ (5,005) -

The Company has not recognized deferred income taxes on $218,027,000 of undistributed earnings of its international subsidiaries because management considers such earnings to be permanently reinvested. If the earnings were distributed, the Company may be subject to both U.S. income taxes and foreign withholding taxes. Determination of the amount of this unrecognized deferred income tax liability is not practical.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2001 and 2000 are presented below:

U.S. Non-U.S.

---- --------
--------- (IN
THOUSANDS)
2001 2000
2001 2000 - -

Accounts
receivable,
principally
due to
allowance for
doubtful
accounts $
1,439 $ 545 $
387 $ 435
Inventories,

principally due to additional costs inventoried for tax purposes, pursuant to the Tax Reform Act of 1986 2,884 2,850 (31) (907) Tax loss carryforwards -- -- 3,220 13,196 Other -- 9,944 8,271 1,648 - -- Total current deferred tax assets 4,323 13,339 11,847 14,372 - -- Sale lease back transaction 935 512 -- -- Deferred compensation 12,365 11,304 -- -- Plant, equipment and depreciation (14,088) (15,396) 2,208 211 Postretirement benefits 23,087 17,462 706 -- Tax loss carryforwards -- -- 11,414 -- Other 8,272 4,958 3,640 44 - -- Total noncurrent deferred tax assets 30,571 18,840 17,968 255 - -- Total deferred tax assets $34,894 $32,179 $29,815 $14,627 - ---

----

---- Total
current
deferred tax
liabilities $
-- $ -- $
8,103 $ 7,404
- -----------

Plant,
equipment and
depreciation
-- -- 19,950
26,965 Other
-- -- (5,162)
-- - --------

Total
noncurrent
deferred tax
liabilities -
- -- 14,788
26,965 - ----

--- Total
deferred tax
liabilities $
-- $ --
$22,891
$34,369 - ---

The Company expects to use 22% of the non-U.S. deferred tax loss carryforwards in 2002 and the remainder has no expiration. The Company has restructured its operations to reduce or eliminate losses and has reorganized in certain countries to ensure that the loss carryforwards will be utilized. Accordingly, a valuation allowance is not needed on the U.S. and non-U.S. deferred tax assets of $14,634,000 since it is more likely than not that the net deferred tax assets will be used in the future. The Company has deferred tax loss carryforwards of $2,139,000 for which a full valuation has been recorded. The Company has alternative minimum tax credit carryforwards of $1,265,000 which have no expiration.

11. OPERATING SEGMENT AND GEOGRAPHIC DATA

In accordance with Financial Accounting Standard No. 131, "Disclosures About Segments of an Enterprise and Related Information", the internal organization that is used by management for making operating decisions and assessing performance is used as the source of the Company's reportable segments. The accounting policies of the segments are the same as those described in the "Accounting Policies" footnote.

The primary segment of the Company is Engineered Fabrics which includes developing, manufacturing, marketing and servicing custom designed engineered fabrics used in the manufacture of paper, paperboard and products in other process industries. Another segment of the Company, Albany Door Systems, is an aggregation of the Company's operations that manufacture, market and service high performance doors. The segment Applied

Technologies is made up of operations that manufacture products with applications outside of the core businesses of the Company.

The following table shows data by operating segment, reconciled to consolidated totals included in the financial statements.

(IN THOUSANDS)	2001	2000	1999
NET SALES			
Engineered Fabrics	$ 698,187	$ 707,751	$ 633,373
Albany Door Systems	102,273	103,692	104,354
Applied Technologies	36,236	41,491	40,639
Consolidated total	$ 836,696	$ 852,934	$ 778,366
DEPRECIATION AND AMORTIZATION			
Engineered Fabrics	$ 47,818	$ 53,329	$ 46,890
Albany Door Systems	2,659	2,255	2,304
Applied Technologies	2,097	2,711	3,402
Corporate	4,972	3,921	3,278
Consolidated			

total $
57,546 $
62,216 $
55,874 - --

- ----------

------- (IN
THOUSANDS)
2001 2000
1999
- ----------

OPERATING
INCOME
Engineered
Fabrics $
156,936 $
150,653 $
138,658
Restructuring
of
operations
(21,892) --
(16,872) - -

---- 135,044
150,653
121,786
Albany Door
Systems
9,556 8,152
6,520
Applied
Technologies
1,651 3,397
4,802
Research
expense
(23,224)
(23,287)
(23,567)
Unallocated
expenses
(38,915)
(35,281)
(32,554) - -

Operating
income
before
reconciling
items 84,112
103,634
76,987
Reconciling
items:
Interest

income 1,977
1,336 1,248
Interest
expense
(30,893)
(43,158)
(26,800)
Other
(expense)/
income, net
(2,833) 755
481 - ------

Consolidated
income
before
income taxes
$ 52,363 $
62,567 $
51,916 - ---

-- OPERATING
ASSETS
Engineered
Fabrics
$1,074,047
$1,267,794
$1,368,167
Albany Door
Systems
66,178
68,703
64,040
Applied
Technologies
95,083
83,578
89,945
Reconciling
items:
Accumulated
depreciation
(376,230)
(362,901)
(348,148)
Deferred tax
assets
64,709
46,806
33,402
Investments
in
associated
companies
4,374 4,300
4,389 Other
3,768 3,972
(4,953) - --

Consolidated
total assets
$ 931,929
$1,112,252
$1,206,842 -

CAPITAL EXPENDITURES			
Engineered Fabrics	$ 22,448	$ 33,137	$ 28,757
Albany Door Systems	605	531	1,638
Applied Technologies	2,635	2,790	4,302
Corporate	143	408	256
Consolidated total	$ 25,831	$ 36,866	$ 34,953

The following table shows data by geographic area. Net sales are based on the location of the operation recording the final sale to the customer.

(IN THOUSANDS)	2001	2000	1999
NET SALES			
United States	$329,787	$334,253	$310,070
Canada	57,873	63,397	58,060
Sweden	81,624	80,828	83,714
Germany	94,697	98,131	69,375
Other countries	272,715	276,325	257,147

Consolidated total
$836,696
$852,934
$778,366 -

PROPERTY, PLANT AND EQUIPMENT, AT COST, NET UNITED STATES
$122,985
$134,487
$133,127
Canada
17,530
20,356
22,916
Sweden
34,968
42,638
51,778
Germany
48,678
55,144
64,004
Other countries
114,941
135,033
163,347 - -

Consolidated total
$339,102
$387,658
$435,172 -

----

12. PENSION PLANS

The Company has a noncontributory, qualified defined benefit pension plan covering U.S. employees, a noncontributory, nonqualified pension plan covering certain U.S. executives and both contributory and noncontributory pension plans covering non-U.S. employees. Employees are covered primarily by plans which provide pension benefits that are based on the employee's service and average compensation during the three to five years before retirement or termination of employment. The qualified defined benefit pension plan is closed to new participants.
The following table sets forth the components of amounts recognized in the Company's balance sheet.

(IN THOUSANDS)	2001	2000
Projected benefit		

obligation in excess of plan assets	$(62,655)	$(44,047)
Unrecognized net loss	40,839	14,784
Prior service cost not yet recognized in net periodic pension cost	9,095	10,059
Remaining unrecognized net obligation	231	247
Contributions	704	675
Accrued pension liability	$(11,786)	$(18,282)

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligation in excess of plan assets were $201,477,000, $182,166,000, and $138,996,000 respectively, for 2001 and $160,799,000, $140,517,000, and $113,370,000, respectively, for 2000.

The weighted average expected long-term rate of return for these plans was 9.0% for 2001 and 2000. The weighted average discount rate was 6.8% for 2001 and 7.1% for 2000. In 2001 and 2000, the weighted average rate of increase in future compensation levels was 4.7%.

The following table sets forth the reconciliation of beginning and ending balances of benefit obligations and fair value of plan assets, and the funded status of the plans.

(IN THOUSANDS)	2001	2000
Change in benefit obligation:		
Benefit obligation at beginning of year	$206,947	$204,126
Service cost	6,084	6,498
Interest cost	14,287	14,146
Participant contributions	687	1,137
Plan amendments	--	1,977
Benefits paid	(14,193)	(13,587)
Actuarial loss (gain)	2,020	(1,769)
Exchange rate loss	(6,480)	(5,581)
Benefit obligation at end of year	$209,352	$206,947
Change in plan assets:		
Fair value of plan assets at beginning of year	$162,900	$156,010
Actual return on plan assets	(8,990)	18,710
Employer contributions	10,064	4,856
Participant contributions	687	1,137
Benefits paid	(14,193)	(13,587)
Administrative expenses	(875)	(878)
Exchange rate loss	(2,896)	(3,348)
Fair value of plan assets at end of year	$146,697	$162,900

Amounts recognized in the balance sheet are as follows:

(IN THOUSANDS)	2001	2000
Accrued pension liability	$(42,958)	$(30,306)
Intangible asset	8,906	9,801
Accumulated other comprehensive income	22,266	2,223
Net amount recognized at year-end	$(11,786)	$(18,282)

The Company was required to accrue an additional minimum liability for those plans for which accumulated plan benefits exceeded plan assets. The liability at December 31, 2001 and 2000 respectively, of $31,172,000 and $12,024,000 was offset by an asset amounting to $8,906,000 and $9,801,000 (included in intangibles) and a charge to equity of $22,266,000 and $2,223,000.

Net pension cost included the following components:

(IN THOUSANDS)	2001	2000	1999
Service cost	$ 6,084	$ 6,498	$ 6,927
Interest cost on projected benefit obligation	14,287	14,146	13,775
Expected return on assets	(14,142)	(13,504)	(12,557)
Net amortization and deferral	1,120	1,215	1,287
Net periodic pension cost	$ 7,349	$ 8,355	$ 9,432

Annual pension cost charged to operating expense for all Company plans, including all statutory and defined contribution plans, was $11,645,000 for 2001, $13,791,000 for 2000, and $13,518,000 for 1999.

13. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

In addition to providing pension benefits, the Company provides certain medical, dental and life insurance benefits for its retired United States employees. Substantially all of the Company's U.S. employees may become eligible for these benefits, which are subject to change, if they reach normal retirement age while working for the Company. Retirees share in the cost of these benefits. The Company's non-U.S. operations do not offer such benefits to retirees.

The Company accrues the cost of providing postretirement benefits during the active service period of the employees. The Company currently funds the plan as claims are paid.

The following table reflects the status of the postretirement benefit plan:

(IN THOUSANDS)	2001	2000
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 75,620	$ 62,389
Service cost	1,907	1,848
Interest cost	5,647	5,862
Plan participants' contribution	1,054	581
Amendments	(1,798)	(8,654)
Acquisitions	--	3,177
Actuarial loss	6,458	16,317
Benefits paid	(6,715)	(5,900)
Benefit obligation at end of year	$ 82,173	$ 75,620
Change in plan assets:		
Fair value of plan assets at beginning of year	--	--
Employer contributions	5,661	5,319
Plan participants' contributions	1,054	581
Benefits paid	(6,715)	(5,900)
Fair value of plan assets at end of year	--	--
Funded status	82,173	75,620
Unrecognized prior service cost	9,409	8,558

Unrecognized net (loss)	(29,901)	(24,588)
Accrued postretirement cost	$ 61,681	$ 59,590

Net periodic postretirement benefit cost included the following:

(IN THOUSANDS)	2001	2000	1999
Service cost of benefits earned	$1,907	$1,848	$1,357
Interest cost on accumulated postretirement benefit obligation	5,647	5,862	4,389
Amortization of gains and losses	(947)	(97)	--
Amortization of unrecognized net loss	1,146	971	60
Net periodic postretirement benefit cost	$7,753	$8,584	$5,806

For measuring the expected postretirement benefit obligation, a 7.0 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 2001. The rate was assumed to decrease to 5.0 percent for 2005 and remain at that level thereafter.

The weighted average discount rate was 7.25% for 2001 and 7.5% for 2000 and 1999.

A one percentage point increase in the health care cost trend rate would result in a $11,116,000 increase in the accumulated postretirement benefit obligation as of December 31, 2001 and an increase of $1,194,000 in the aggregate service and interest cost components of the net periodic postretirement benefit cost.

14. TRANSLATION ADJUSTMENTS

The Consolidated Statements of Cash Flows were affected by translation as follows:

(IN THOUSANDS)	2001	2000	1999
Change in cumulative translation adjustments	$ 29,259	$ 44,814	$ 37,141
Other noncurrent liabilities	2,749	3,392	1,756
Deferred taxes	118	5,911	3,816
Long-term debt	411	1,205	549
Investments in associated companies	(1,018)	(634)	(167)
Net fixed assets	(15,141)	(24,835)	(16,900)
Other assets	(7,714)	(11,836)	(8,126)
Effect of exchange rate changes	$ 8,664	$ 18,017	$ 18,069

Shareholders' equity was affected by translation as follows: decrease from translation of non-U.S. financial statements of $28,296,000, $39,454,000, and $34,982,000, and from remeasurement of loans of $963,000, $5,360,000, and $2,159,000 in 2001, 2000, and 1999 respectively.

15. STOCK OPTIONS AND INCENTIVE PLANS

During 1988, 1992 and 1998, the shareholders approved stock option plans for key employees. The 1988 and 1992 plans, under which options can no longer be granted, each provided for the granting of up to 2,000,000 shares of Class A Common Stock. The 1998 plan currently provides for the granting of up to 4,500,000 shares of Class A Common Stock. In addition, in 1997 the Board of Directors granted one option outside these plans for 250,000

shares of Class A Common Stock. Options are normally exercisable in five cumulative annual amounts beginning 12 months after date of grant. Option exercise prices are normally equal to and are not permitted to be less than the market value on the date of grant. The option granted by the Board in 1997 is not exercisable unless the Company's share price reaches $48 per share and is then limited to 10% of the total number of shares multiplied by the number of full years of employment elapsed since the grant date. During 2000, the Board of Directors approved an amendment to increase the period after retirement to exercise options from 5 years to 10 years. This amendment, however, does not change the original termination date of each option. Unexercised options generally terminate twenty years after date of grant for all plans.

For the purpose of applying FAS No. 123, "Accounting for Stock-Based Compensation", the fair value of each option granted is estimated on the grant date using the Black-Scholes Single Option model. No adjustments were made for certain factors which are generally recognized to reduce the value of option contracts. These factors include limited transferability, a 20% per year vesting schedule, a share price threshold with vesting based on years of employment and the risk of forfeiture of the non-vested portion if employment is terminated. The cash dividend yield assumed was 1.0% for the 2001 calculation. No dividend was assumed for 2000 and 1999. The expected volatility was 27.6% in 2001, 26.8% in 2000, 25.5% in 1999. The expected life of the options varies based on employee group and ranges from 12 to 20 years. The risk-free interest rate ranges from 5.7% to 5.9% in 2001, 5.3% to 5.7% in 2000, 6.6% to 6.9% in 1999. The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for the stock option plans. Accordingly, no compensation cost has been recognized in 2001, 2000, or 1999. Had compensation cost and fair value been determined pursuant to FAS No. 123, net income would decrease from $32,202,000 to $30,075,000 in 2001, $38,085,000 to $34,147,000 in 2000, and $30,222,000 to $28,567,000 in 1999. Earnings per share would decrease from $1.04 to $0.97 in 2001, $1.24 to $1.11 in 2000, $1.00 to $0.94 in 1999. Diluted earnings per share would decrease from $1.03 to $0.96 in 2001, $1.24 to $1.11 in 2000, $0.99 to $0.94 in 1999. The weighted average fair value of options granted during 2001, 2000, and 1999, for the purposes of FAS 123, is $11.41, $7.35 and $10.98 per share, respectively.

Activity with respect to these plans is as follows:

(IN THOUSANDS)	2001	2000	1999
Shares under option at January 1	4,234,750	3,927,650	3,550,750
Options granted	433,500	348,300	411,750
Options cancelled	60,325	41,200	26,300
Options exercised	311,230	--	8,550
Shares under option at December 31	4,296,695	4,234,750	3,927,650
Options exercisable at December 31	2,959,305	2,896,200	2,518,950
Shares available for options	293,175	168,150	476,750

The weighted average exercise price is as follows:

	2001	2000	1999
Shares under option at January 1	$17.98	$18.65	$19.00
Options granted	20.45	10.56	15.69
Options cancelled	16.06	18.70	19.76
Options exercised	15.77	--	19.26
Shares under option at December 31	18.42	17.98	18.65
Options exercisable at December 31	18.31	18.18	17.97

The following is a summary of the status of options outstanding at December 31, 2001:

Exercise Price Range	Outstanding Options Number	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Exercisable Options Number	Weighted Average Exercise Price
$10.56	331,945	18.88	$10.56	77,905	$10.56
15.00-15.50	575,000	7.38	15.39	575,000	15.39
15.69-16.25	528,350	16.00	15.85	320,000	15.96
16.75	430,000	8.33	16.75	430,000	16.75
17.63-18.75	240,900	11.75	18.65	240,900	18.65
19.38	382,250	16.84	19.38	250,050	19.38
19.75	392,150	15.29	19.75	331,850	19.75
20.45	433,000	19.85	20.45	500	20.45
22.25	733,100	13.89	22.25	733,100	22.25
25.56	250,000	15.85	25.56	--	--

The Company's voluntary deferred compensation plans provide that a portion of certain employees' salaries are deferred in exchange for amounts payable upon their retirement, disability or death. The deferred compensation liability is included in the caption "Other noncurrent liabilities" and was $29,003,000 and $26,580,000 at December 31, 2001 and 2000, respectively. During a period selected by the participants in accordance with the provisions of each plan, voluntary withdrawals are also permitted under some circumstances. The Company is the beneficiary of life insurance policies on the lives of certain plan participants. The Company's expense for all plans, net of the increase in cash surrender value, was $3,058,000 in 2001, $1,780,000 in 2000, and $2,037,000 in 1999. The increase in cash value, net of premiums, was $1,434,000 in 2001, $728,000 in 2000, and $1,110,000 in 1999.

The Company maintains a voluntary savings plan covering substantially all employees in the United States. The Plan, known as "Prosperity Plus," is a 401(k) plan under the U.S. Internal Revenue Code. Employees may contribute from 1% to 15% of their regular wages which under Section 401(k) are tax deferred. The Company matches between 50% and 100% of each dollar

contributed by employees up to 10% of their wages in the form of Class A Common Stock which is contributed to an Employee Stock Ownership Plan. The investment of employee contributions to the plan is self directed. The cost of the plan amounted to $4,086,000 in 2001, $4,150,000 in 2000, and $3,774,000 in 1999.

The Company's profit-sharing plan covers substantially all employees in the United States. After the close of each year, the Board of Directors determines the amount of the profit sharing contribution and whether the contribution will be made in cash or in shares of the Company's Class A Common Stock. Contributions are only made to current active participants in Prosperity Plus. The expense recorded for this plan was $1,448,000 in 2001, $974,000 in 2000, and $581,000 in 1999.

16. ACQUISITIONS AND RESTRUCTURING

2000 ACQUISITIONS

In September, the Company acquired all the shares of Portsam AB, a Swedish company that provides services for high performance doors. The purchase price was approximately $1.1 million.

1999 ACQUISITIONS

In April, the Company purchased all of the shares of Jansen Tortechnik, a manufacturer of high quality sectional overhead doors located in Surwold, Germany for approximately $7,700,000.

In August, the Company completed the purchase of all of the outstanding capital stock of the paper machine clothing business of the Geschmay group for approximately $250,000,000. Geschmay's principal operations are located

in Europe and the United States. The fair market value of assets and liabilities was determined by valuations and appraisals. The excess purchase price over fair value is amortized on a straight-line basis over 20 years (see Note 4).

RESTRUCTURING

In 2001, the Company recorded a charge for restructuring of operations of $21,892,000 that included $13,714,000 for termination benefits, $4,106,000 for plant rationalization costs, $6,465,000 for losses on disposal of assets, and a reversal of accruals from previous restructuring programs of $2,393,000. There are approximately 600 employee terminations related to this restructuring.

In 1999, the Company recorded a charge for restructuring of operations of $16,872,000 that included $12,956,000 for termination benefits, $1,540,000 for plant rationalization costs and $2,376,000 for losses on disposal of fixed assets. Approximately 500 employees were terminated as part of this restructuring.

The components of restructuring related accruals, consist of:

(IN THOUSANDS)	2001	2000
TERMINATION COSTS	$17,532	$11,248
Plant rationalization costs	2,327	--
Lease Obligations	4,658	3,071
	$24,517	$14,319

The change in accrued restructuring costs is the net result of actual payments for restructuring costs of $5,229,000, new accruals of $17,820,000 and reversal of accruals related to previous restructuring programs of $2,393,000.

FINANCIAL REVIEW

Critical Accounting Policies and Assumptions

The Company's discussion and analysis of its financial condition and results of operation are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these financial statements requires the Company to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The Company has interest rate swap agreements that fix the rate of interest on $200 million of the Company's debt. The Company has determined that the swaps qualify for hedge accounting in accordance with GAAP, and therefore, changes in

the fair value of these swaps are recorded in shareholders' equity in the caption, "Derivative valuation adjustment". Future events, such as a change in the Company's underlying debt arrangements, could require that the Company record changes in fair value in earnings.

Albany International Corp. and its affiliate, Brandon Drying Fabrics Inc., are defendants in a number of proceedings for injuries allegedly suffered as a result of exposure to asbestos-containing products. The Company marketed asbestos-containing dryer fabrics during the period from 1967 to 1976. Such fabrics generally had a life of from three to twelve months. At February 28, 2002, there were 9,970 plaintiffs pursuing claims against Albany International Corp., Brandon Drying Fabrics, or both. This compares with 9,467 claimants as of December 31, 2001, 4,099 claimants as of December 31, 2000 and 2,429 claimants as of December 31, 1999. The Company anticipates that additional claims will be filed against it in the future but is unable to predict the timing and number of such future claims.

The Company believes that all asbestos-related claims against it are without merit. Based upon its understanding of the insurance policies available, how settlement amounts have been allocated to various policies, its recent settlement experience, the absence of any judgments against the Company, and the defenses available, the Company currently does not anticipate any material liability relating to the resolution of the above proceedings in excess of existing insurance limits. Consequently, the Company does not believe, based upon currently available information, that the ultimate resolution of these claims will have a material adverse effect on its financial position, results of operations or cash flows.

Although the Company cannot predict the number and timing of future claims, based upon the foregoing factors and the trends in claims against it to date, the Company does not anticipate that additional claims likely to be filed in the future will have a material adverse effect on its financial position, results of operations or cash flows. However, the Company is aware that litigation is inherently uncertain, especially when the outcome is dependent primarily on determinations of factual matters to be made by juries. The Company is also aware that numerous other defendants in asbestos cases, as well as others who claim to have knowledge and expertise on the subject, have found it difficult to anticipate the volume of future asbestos claims. For these reasons, there can be no assurance that the foregoing conclusions will not change.

Stockholders and other interested persons are encouraged to read the discussion of this matter set forth in the Company's periodic reports filed with the Securities and Exchange Commission on Forms 10-K and 10-Q.

Review of Operations

- --2001 VS. 2000

Net sales decreased $16.2 million or 1.9% as compared with 2000. Net sales were reduced by $28.9 million from the effect of a stronger U.S. dollar as compared to 2000. Excluding currency effects, net sales increased 1.5% as compared to 2000.

In the Engineered Fabrics segment, net sales in the United States decreased 2.8% in 2001 as compared to 2000. Trade sales in Canada were flat in U.S. dollars, but increased 4.1% in local currency. European sales decreased 2.2% in U.S. dollars, but increased 2.9% in local currencies. In the Albany Door Systems segment, 2001 sales were down 1.4% when measured in U.S. dollars, but were up 4.4% excluding currency effects. In the Applied Technologies segment, net sales were down 12.7% in comparison to 2000.

Gross profit was 40.6% of net sales in 2001 as compared to 39.5% in 2000. Excluding the effects of currency fluctuation and costs in both years related to the relocation of assets, gross profit was 40.8% in 2001 and 40.7% in 2000.

In 2001, the Company recorded a $21.9 million charge for restructuring of operations related to a $25 million cost reduction initiative that was announced in July 2001. The charge included $13.7 million for termination benefits, $4.1 million for plant rationalization costs, $6.5 million for losses on disposal of assets, and a reversal of accruals from previous restructuring initiatives of $2.4 million. Cost of goods sold includes costs of $1.6 million in 2001 and $9.7 million in 2000 for the relocation of equipment.

Selling, general, technical and research expenses decreased 0.1% in 2001 as compared to 2000. Excluding the effect of the stronger U.S. dollar, these costs increased 2.7%, principally due to lower currency remeasurement gains on receivables and a one-time insurance benefit received in 2000.

Operating income before restructuring rose 2.3% in comparison to 2000. In the

Engineered Fabrics segment, operating income before restructuring was 22.5% of net sales in 2001, compared to 21.3% in 2000. The higher percentage in 2001 is primarily due to higher asset relocation costs in 2000. In the Albany Door Systems segment, operating income as a percentage of net sales was 9.3% in 2001 in comparison to 7.9% in 2000. The increase is primarily attributable to operating efficiency improvements. In the Applied Technologies segment, operating income was lower as the global economic slowdown negatively impacted results.

Other (income)/expense, net was $2.8 million of expense in 2001 compared to $0.8 million of income in 2000. Currency transactions generated income of $1.9 million in 2001 and $4.0 million in 2000. Income or losses from currency transactions generally result from economic hedges which can have either a positive or negative effect on other (income)/expense, net in any particular period. The specific hedges in place are changed from time to time depending on market conditions and cash flow forecasts of various non-U.S. operations and are intended to partially offset the effects of translation on operating income (see Notes 6 and 9 of Notes to Consolidated Financial Statements). During 2001, the Company entered into a program to sell a portion of its North American trade accounts receivable (see Notes 1, 6 and 9 of Notes to Consolidated Financial Statements). Other (income)/expense includes costs of $1.8 million associated with this program. Also included in other (income)/expense for 2001 is a gain of $1.3 million related to the sale of buildings.

Interest expense decreased $12.3 million as compared with 2000. This decrease was due to lower average debt and interest rates during 2001, as compared to 2000. During 2001, the Company repaid $198.2 million of debt. This repayment of debt included the utilization of $40.9 million of proceeds from the sale of accounts receivable.

The tax rate for 2001 was 37%, compared to 40% in 2000. The lower tax rate resulted from improvements in the tax efficiency of the Company's global operations.

The Company recorded a charge in 2001 of $1.1 million for the cumulative effect of a change in accounting principle, net of tax. The charge relates to the adoption of Financial Accounting Standard (FAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities". The Company has a lease for manufacturing facilities in Italy that must be accounted for as an adjustment to income in accordance with this Standard.

Diluted net income per share was $1.03 in 2001 compared to $1.24 in 2000. Excluding the cumulative effect of the change in accounting principle, restructuring charges, and asset relocation costs in both years, diluted earnings per share were $1.54 in 2001 compared to $1.43 per share in 2000.

- --2000 VS. 1999

Net sales increased $74.6 million or 9.6% as compared with 1999. Net sales were reduced by $32.4 million from the effect of a stronger U.S. dollar as compared to 1999. Acquisitions completed in 1999 added $87.4 million to net sales. Excluding these two factors, net sales increased 2.5% as compared to 1999.

In the Engineered Fabrics segment, net sales in the United States increased 9.2% in 2000 as compared to 1999. Excluding the 1999 acquisitions, net sales in the United States decreased 0.7% over the same period. Trade sales in Canada increased 8.0% while European sales increased 17.7% in 2000 as compared to 1999. Excluding the effect of the stronger U.S. dollar and acquisitions net sales in Europe increased 2.0%. In the Albany Door Systems segment, net sales in 2000 were 0.7% lower than 1999. In the Applied Technologies segment, net sales were 2.1% higher in comparison to 1999.

Gross profit was 39.5% of net sales in 2000 as compared to 41.0% in 1999. Excluding the effect of 1999 acquisitions and currency fluctuation, gross profit in 2000 was 41.2%.

In 1999, the Company recorded a charge for restructuring of operations of $16.9 million. The charge included $13.0 million for termination benefits, $1.5 million for plant rationalization costs and $2.4 million for losses on disposal of fixed assets. In connection with the integration of Geschmay into Albany International, 2000 cost of goods sold includes a charge of $9.7 million for the relocation of equipment.

Selling, general, technical and research expenses, excluding acquisitions, decreased 6.1% in 2000 as compared to 1999. Excluding the additional effect of the stronger U.S. dollar, these costs decreased 2.6%.

Operating income before restructuring rose 10.5% in comparison to 1999 due mainly to the effect of 1999 acquisitions. In the Engineered Fabrics segment,

operating income before restructuring was 21.3% of net sales in 2000, compared to 21.9% in 2000. The decrease in percentage is primarily due to asset relocation costs in 2000. In the Albany Door Systems segment, operating income as a percentage of net sales was 7.9% in 2000 in comparison to 6.2% in 1999. The increase is primarily attributable to operating efficiency improvements. In the Applied Technologies segment, operating income was lower primarily due to asset relocation charges in 2000.

Other (income)/expense, net includes the net effect of currency transactions and interest rate protection agreements. Other income was slightly higher in 2000 compared to 1999.

Interest expense increased $16.4 million as compared with 1999. This increase was due to higher average debt and interest rates resulting from the August 1999 credit agreement.

The tax rate for 2000 was 40%, compared to 43% in 1999. The lower tax rate resulted from determining, during 2000, the amount of nondeductible expenses likely to arise from the Geschmay acquisition.

Diluted net income per share was $1.24 in 2000 compared to $0.99 in 1999. Excluding equipment relocation charges from 2000 results, and excluding restructuring charges from 1999 results, diluted earnings per share were $1.43 in 2000 compared to $1.31 per share in 1999. Approximately $0.07 of this improvement was due to a reduction in the tax rate. During the fourth quarter of 2000, the Company intentionally slowed down production in order to reduce inventory levels. The slowdown resulted in a reduction in earnings per share of approximately $0.09.

INTERNATIONAL ACTIVITIES

The Company conducts more than half of its business in countries outside of the United States. As a result, the Company experiences transaction and translation gains and losses because of currency fluctuations. The Company periodically enters into foreign currency contracts to hedge this exposure (see Notes 6, 9 and 14 of Notes to Consolidated Financial Statements). The Company believes that the risks associated with its operations and locations outside the United States are not other than those normally associated with operations in such locations.

Operating margins related to the Company's geographic regions in 2001 as compared to 2000 increased in Canada and decreased in the United States and Europe. Total operating income, excluding the 2001 restructuring charges and currency fluctuation, increased 7.3% as compared to 2000. Operating income, before the restructuring charges, as a percent of net sales for the United States was 13.8% in 2001, 14.1% in 2000, and 16.9% in 1999; for Canada was 23.3% in 2001, 21.8% in 2000, and 17.6% in 1999; for Europe was 8.3% in 2001, 8.8% in 2000, and 7.1% in 1999; and combined for the rest of the countries where the Company has operations, the percentages were 17.6% in 2001, 10.7% in 2000, and 8.8% in 1999.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2001 the Company's order backlog was $594.9 million, a decrease of approximately 1.5% from the prior year-end.

Accounts receivable decreased $93.7 million from December 31, 2000. Included in the decrease is the sale of a portion of the Company's North American trade accounts receivable. In exchange for the accounts receivable sold, the Company received cash of $40.9 million and a note for $21.1 million. The note is subject to monthly fluctuation based on the amount of receivables sold and bears interest at variables rates. As of December 31, 2001, the interest rate was 2.87%. The effect of the stronger U.S. dollar reduced accounts receivable by $10.2. Excluding currency effects and the sale of accounts receivable, the combination of accounts and note receivable decreased $21.5 million from December 31, 2000.

Inventories decreased $42.8 million from December 31, 2000. Excluding the effect of currency fluctuation, inventories decreased $36.3 million. The decrease in inventories was due to a global initiative to reduce inventories at all operations.

Cash flow provided by operating activities was $214.3 million in 2001 compared with

$130.6 million in 2000 and $98.1 million in 1999. Adjusted free cash flow per share, defined as cash flow provided by operating activities, minus capital expenditures, cash dividends and increases in cash from accounts receivable sold has grown from $2.08 in 1999, to $3.06 in 2000, to $4.75 in 2001. The strong cash flow in 2001 enabled the Company to reduce debt by $198.2 million during

the year. The Company also reduced its leverage ratio to below 2.0. Reductions in the leverage ratio during 2001 had the effect of both reducing restrictions under the loan agreement and reducing the interest rate on a portion of the Company's debt.

Capital expenditures were $25.8 million in 2001, $36.9 million in 2000, and $35.0 million in 1999. Capital expenditures in 2002 are expected to be about $35 million. The Company will continue to finance these expenditures with cash from operations and existing credit facilities.

In August 1999, the Company entered into a $750 million credit agreement with its banks. This facility included a $250 million term loan that was fully prepaid during 2001. The remaining $500 million is a revolving loan with the banks' commitment to lend terminating in 2004. This agreement includes commitment fees and variable interest rates based on various loan pricing methods. The interest rate margin is determined by the Company's leverage ratio. The credit agreement contains various covenants that include limits on the disposition of assets, cash dividends, and the Company's ability to purchase its Common Stock. Additionally, the credit agreement specifies minimum interest coverage of 3.0, a maximum leverage ratio of 3.0 and a limitation on guarantees to non-U.S. subsidiaries. Borrowings are collateralized by a pledge of shares of, and intercompany loans to, certain subsidiaries of the Company.

A cash dividend of $.05 per share was declared in November 2001 for payment in January 2002.

As of December 31, 2001, the Company has the following cash flow obligations:

Payments Due by Period
In USD (Millions)

	Total	Less Than One Year	One to Three Years	Three to Five Years	After Five Years
Total debt	$281.8	$33.6	$233.3	$ 2.4	$12.5
Operating leases	65.4	18.8	24.9	14.7	7.0

- $347.2
$52.4
$258.2
$17.1
$19.5 -

As described in Note 6 of Notes to Consolidated Financial Statements, the banks' commitment to lend under the Company's primary debt agreement terminates in 2004. Under this debt agreement, the Company could have borrowed an additional $210 million at December 31, 2001. The Company's ability to borrow additional amounts under the credit agreement is conditional upon the absence of any material adverse change.

The Company has issued a letter of credit to a bank that loaned money to a joint venture partner. The bank can draw upon the letter of credit if the joint venture partner defaults on the loan. The letter of credit is denominated in South African Rand and is approximately $2.8 million.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, FAS No. 142 "Goodwill and Other Intangible Assets" was issued. FAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Amortization of goodwill, including goodwill recorded in past business combinations, will cease January 1, 2002, when the Company adopts this Standard. Goodwill amortization was approximately $6.8 million in 2001. The Company is currently assessing, but has not yet determined, the outcome of the impairment test required by FAS No. 142.

In August 2001, FAS No. 143, "Accounting for Asset Retirement Obligations" was issued. FAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred beginning for fiscal years commencing after June 15, 2002. The Company does not expect the adoption of FAS No. 143 to have a material effect on its financial statements.

In October 2001, FAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", was issued. FAS No. 144 requires that long-lived assets be measured at the lower of carrying amount or fair value less cost to sell. The Company is required to adopt this Standard on January 1, 2002. The Company does not expect the adoption of FAS No. 144 to have a material effect on its financial statements.

MARKET RISK SENSITIVITY

The Company has market risk with respect to foreign currency exchange rates and interest rates. The market risk is the potential loss arising from adverse changes in these rates as discussed below.

The Company has manufacturing plants in 15 countries and sales worldwide and therefore is subject to foreign currency risk. This risk is composed of both potential losses from the translation of foreign currency financial statements and the remeasurement of foreign currency

transactions. To manage this risk, the Company periodically enters into forward exchange contracts to either hedge the net assets of a foreign investment or to provide an economic hedge against future cash flows. The total net assets of foreign operations and foreign currency, long-term intercompany loans subject to potential loss amount to approximately $694 million. The potential loss in fair value resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates amounts to $69.4 million. Furthermore, related to foreign currency transactions, the same 10% change would cause an additional loss of $5.9 million. Actual results may differ.

Including the effect of the interest rate swap agreements, the Company has fixed the interest rate on approximately 77% of its total debt. Except for the portion of debt that is either fixed rate or hedged, the fair value of the Company's long-term debt at December 31, 2001 is estimated to be the carrying value as the significant components are variable rate debt.

OUTLOOK

Global economic conditions and the strong dollar will continue to affect the Company's primary markets during the first half of the year. Without evidence of improvement, the Company will assume continued economic weakness and run its business accordingly.

With uncertainty for the industries served continuing into 2002, the Company will focus on areas within its direct control. The primary focus in 2002 will continue to be debt reduction, cost control, and the introduction of new products and process improvements for customers. In all of these activities, the Company's highest priority remains improving returns to shareholders. The Company believes it has sufficient capacity to take advantage of any economic upturn as it occurs.

During 2002, the Company anticipates expenses of approximately $6 million related to relocating equipment in connection with the 2001 restructuring. The Company estimates that the restructuring will generate savings of approximately $13 million for 2002, in comparison to 2001. The Company anticipates that, based on currently projected income by region, the Company will benefit from further improvements in the tax rate, which is expected to decline to 35% in 2002.

FORWARD-LOOKING STATEMENTS

This annual report contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. These statements include statements about such matters as future earnings, pricing, markets, cost reductions, debt reductions, exchange rates, new products, paper industry consolidation and outlook, tax rate, capital expenditures, depreciation and amortization, equipment relocation expenses, contingencies, adoption of new accounting standards and operating efficiency. Actual future events and circumstances (including future performance, results and trends) could differ materially from those set forth in such statements due to various factors. These factors include even more competitive marketing conditions resulting from customer consolidations, possible softening of customer demand, unanticipated events or circumstances related to recently acquired businesses, the occurrence of unanticipated events or difficulties relating to divestiture, joint venture, operating, capital, global integration and other projects, changes in currency exchange rates, changes in general economic and competitive conditions, technological developments, and other risks and uncertainties, including those detailed in the Company's filings with the Securities and Exchange Commission.

ELEVEN YEAR SUMMARY
ALBANY INTERNATIONAL CORP.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	2001	2000	1999	1998
SUMMARY OF OPERATIONS				
Net sales	$836,696	$ 852,934	$ 778,366	$722,653
Cost of goods sold	497,301	515,649	458,930	417,375
Operating income (3), (5)	84,112	103,634	76,987	

70,608
Interest
expense, net
28,916
41,822
25,552
19,310
Income
before
income taxes
52,363
62,567
51,916
51,704
Income taxes
19,374
25,027
22,325
20,163
Income
before
associated
companies
32,989
37,540
29,591
31,541
Income/(loss)
before
cumulative
effect of a
change in
accounting
principle
33,331
38,085
30,222
31,772
Cumulative
Effect of
Accounting
Change, net
of tax
(1,129) -- -
- -- Net
income/(loss)
(2),(4)
32,202
38,085
30,222
31,772 Net
income/(loss)
per share $
1.04 1.24
1.00 1.02
Diluted net
income/(loss)
per share $
1.03 1.24
0.99 1.01
Average
number of
shares
outstanding
31,089
30,632
30,340
31,073
Capital
expenditures
25,831
36,866
34,953
38,825 Cash
dividends
declared
1,568 -- --
3,140 Per
Class A
common share
0.05 -- --

0.105 Per
Class B
common share
0.05 -- --
0.105
FINANCIAL
POSITION
Current
assets
$365,946 $
494,287 $
508,073
$409,713
Current
liabilities
186,072
222,034
176,964
220,038
Current
ratio 2.0
2.2 2.9 1.9
Property,
plant and
equipment,
net 339,102
387,658
435,172
325,109
Total assets
931,929
1,112,252
1,206,842
866,366
Long-term
debt 248,146
398,087
521,257
181,137
Shareholders'
equity
316,644
324,917
325,407
314,850 Per
share 10.09
10.55 10.68
10.42 Total
capital (1)
598,413
804,856
889,677
613,993
Total debt
to total
capital
47.1% 59.6%
63.4% 48.7%
Return on
shareholders'
equity 10.2%
11.7% 9.3%
10.1% NUMBER
OF EMPLOYEES
6,769 6,929
7,164 6,011

----

(1) 1991 and prior includes all debt, deferred taxes and other credits and shareholders' equity. Following the adoption of FAS No. 109 "Accounting for Income Taxes" in 1992, total capital includes all debt and shareholders' equity.

(2) In 1992, the Company elected to adopt FAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", effective January 1, 1992, and recognize the accumulated liability. This adoption resulted in a charge of $27,431,000, net of tax of $16,813,000, and a reduction of 1992 operating income of $2,798,000. The Company's election

to adopt FAS No. 109, as of January 1, 1992, resulted in an increase to 1992 income of $20,142,000. During the fourth quarter of 1992, the Company elected an early payment of a $3,000,000 tax exempt financing for $1,357,000 which resulted in an extraordinary gain of $1,019,000, net of tax.

1997
1996
1995
1994
1993
1992
1991 -

-
$710,079
$692,760
$652,645
$567,583
$546,120
$561,084
$557,218
404,982
399,311
379,696
338,991
345,468
366,756
359,184
99,619
96,785
88,827
62,821
40,051
18,893
44,488
15,467
15,833
20,009
16,820
16,115
18,829
20,090
79,631
80,940
69,842
41,677
24,566
3,282
19,752
31,055
31,570
27,208
17,921
9,679
1,247
10,803
48,576
49,370
42,634
23,756
14,887
2,035
8,949
49,059
48,306
43,011
23,882

15,003
(3,114)
10,794
-- -- -
- -- --
-- --
49,059
48,306
43,011
23,882
15,003
(3,114)
10,794
1.52
1.51
1.36
0.76
0.54
(0.12)
0.40
1.50
1.50
1.29
0.76
0.53
(0.12)
0.40
32,312
31,907
31,737
31,476
28,035
26,858
26,707
50,804
53,473
41,921
36,322
30,940
20,219
40,067
12,921
12,159
11,708
10,488
9,361
8,950
8,903
0.42
0.40
0.3875
0.35
0.35
0.35
0.35
0.42
0.40
0.3875
0.35
0.35
0.35
0.35
$373,323
$384,627
$364,207
$319,947
$270,034
$256,422
$259,917
170,440
176,746
126,945
115,863
101,069
112,955
106,220
2.2 2.2
2.9 2.8
2.7 2.3
2.4
321,611

339,461
342,150
320,719
302,829
308,618
362,456
796,897
831,917
802,232
727,157
661,314
652,745
680,706
173,654
187,100
245,265
232,767
208,620
239,732
250,423
343,108
332,330
304,942
274,632
247,223
193,975
247,231
10.63
10.38
9.57
8.70
7.87
7.20
9.23
594,560
586,890
567,460
525,119
467,320
456,773
551,240
42.3%
43.4%
46.3%
47.7%
47.1%
57.5%
48.2%
14.3%
14.5%
14.1%
8.7%
6.1%
-1.6%
4.4%
5,881
5,854
5,658
5,404
5,286
5,678
5,726

(3) In 1992, the Company reported a charge of $12,045,000 for restructuring of certain operations, including plant closings in Norway and Germany and other workforce reductions.

(4) In 1996, the Company recorded a one-time, extraordinary, non-cash charge to income of $1,296,000, net of tax of $828,000, related to the redemption of 5.25% convertible subordinated debentures.

(5) In 1998, the Company reported a charge of $20,191,000 for restructuring of certain operations in the United States and Europe.

QUARTERLY FINANCIAL DATA
(unaudited)

- ----------

- (IN
MILLIONS
EXCEPT PER
SHARE
AMOUNTS) 1ST
2ND 3RD 4TH
- ----------

- 2001 - ---

-------- Net
sales $
208.5 $
207.1 $
202.7 $
218.4 Gross
profit 87.1
85.9 76.9
89.5 Net
income
before
cumulative
effect of a
change in
accounting
principle
12.3 10.9
9.4 0.7 Net
income 11.2
10.9 9.4 0.7
Net income
per share
before
cumulative
effect of a
change in
accounting
principle
.40 .35 .30
.02 Net
income per
share .37
.35 .30 .02
Diluted
income per
share before
cumulative
effect of a
change in
accounting
principle
.39 .35 .30
.02 Diluted
income per
share .36
.35 .30 .02
Cash
dividends

per share --
-- -- .05
Class A
Common Stock
prices: High
19.44 22.88
21.10 21.85
Low 12.94
17.58 14.55
14.79 - ----

------- 2000
- ----------

- Net sales
$ 215.7 $
213.0 $
201.1 $
223.1 Gross
profit 87.3
85.3 79.4
85.3 Net
income per
share 10.0
9.4 9.4 9.3
Net income
per share
.33 .31 .30
.30 Diluted
net income
per share
.33 .31 .30
.30 Cash
dividends
per share --
-- -- --
Class A
Common Stock
prices: High
15.50 15.375
15.125
14.3125 Low
12.75
12.9375
11.9375
9.625 - ----

------- 1999
- ----------

- Net sales
$ 181.6 $
175.8 $

196.6 $
224.4 Gross
profit 75.0
73.7 78.4
92.3 Net
income/(loss)
11.2 9.3
10.7 (1.0)
Net income
/(loss) per
share .37
.31 .35
(.03)
Diluted net
income/(loss)
per share
.37 .30 .35
(.03) Cash
dividends
per share --
-- -- --
Class A
Common Stock
prices: High
22.25 25.00
23.063
17.313 Low
17.625
18.688
14.813
13.813 - ---

STOCK AND SHAREHOLDERS

The Company's Class A Common Stock is traded principally on the New York Stock Exchange. At December 31, 2001 there were approximately 4,600 shareholders.

CORPORATE INFORMATION

TRANSFER AGENT, DIVIDEND DISTRIBUTION AGENT AND REGISTRAR

For assistance with shareholder account questions such as change of address, lost certificates, change of ownership, dividend reinvestment plan, and other similar matters, contact:

FOR MAIL:

Shareholder Communications Team
Computershare Investor Services LLC
Post Office Box A-3504
Chicago, Illinois 60690-3504
Telephone: (312) 360-5395
Fax: (312) 601-4332
Email: webqueries@computershare.com

FOR OTHER DELIVERIES:

Shareholder Communications Team
Computershare Investor Services LLC
Two North LaSalle St., 2nd Floor
Chicago, Illinois 60602

NOTICE OF ANNUAL MEETING

The Annual Meeting of the Company's shareholders will be held on Thursday, May 9, 2002, at 10:00 a.m. at Albany International U.S. Press Fabrics, Route 4, East Greenbush, New York.

STOCK LISTING

Albany International is listed on the New York Stock Exchange and the Pacific Stock Exchange (Symbol AIN). Stock tables in newspapers and financial publications list Albany International as "AlbanyInt."

FORM 10-K AND OTHER INFORMATION

The Company's Annual Report to the Securities and Exchange Commission on Form 10-K will be available in April. To obtain a copy of the 10-K and other financial information, including Form 10-Q (issued in May, August, and November), without charge, contact our Investor Relations Department at:

Investor Relations Department
Albany International Corp.
Post Office Box 1907
Albany, New York 12201-1907
Telephone: (518) 445-2284
Fax: (518) 447-6343
E-mail: investor_relations@albint.com

FINANCIAL INFORMATION ONLINE

You can access our financial information, including the annual report, Form 10-K, Form 10-Q, and press releases, via the Internet by visiting our Website at http://www.albint.com.

EQUAL EMPLOYMENT OPPORTUNITY

Albany International, as a matter of policy, does not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, physical or mental disability, or status as a disabled or Vietnam-Era veteran. This policy of nondiscrimination shall be applicable to matters of hiring, upgrading, promotions, transfers, layoffs, terminations, rates of pay, selection for training, recruitment, and recruitment advertising. The company maintains affirmative action programs to implement its EEO policy.

DIRECTORS AND OFFICERS

DIRECTORS

Thomas R. Beecher, Jr.(2,3)
PRESIDENT, BALLYNOE INC.

Charles B. Buchanan(3)
RETIRED VICE PRESIDENT AND SECRETARY-ALBANY INTERNATIONAL CORP.

Erland E. Kailbourne(1,2)
RETIRED CHAIRMAN AND CHIEF EXECUTIVE OFFICER, FLEET NATIONAL BANK (NEW YORK REGION)

Francis L. McKone(2,3)

Dr. Joseph G. Morone(1)
PRESIDENT, BENTLEY COLLEGE

Frank R. Schmeler(3)
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Christine L. Standish(2)

Allan Stenshamn(1,2)
PARTNER, LANDAHL ADVOKATBYRA

Barbara P. Wright (1,2)
PARTNER, FINCH, MONTGOMERY, WRIGHT & EMMER

John C. Standish(3)

James L. Ferris, Ph.D.(1)
PRESIDENT, AND CHIEF EXECUTIVE OFFICER
THE INSTITUTE OF PAPER SCIENCE AND TECHNOLOGY

(1)Member, Audit Committee
(2)Member, Compensation and Stock Option Committee
(3)Member, Employee Benefits Committee

OFFICERS

Frank R. Schmeler
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Edward Walther
GROUP VICE PRESIDENT-UNITED STATES

Michel J. Bacon
GROUP VICE PRESIDENT-EUROPE

William M. McCarthy
GROUP VICE PRESIDENT-CANADA, PACIFIC AND LATIN AMERICA

Michael C. Nahl
SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Edward R. Hahn
SENIOR VICE PRESIDENT-CHIEF TECHNICAL OFFICER

Frank Kolf
SENIOR VICE PRESIDENT-ADMINISTRATION AND DEVELOPMENT

Dieter Polt
SENIOR VICE PRESIDENT-INDUSTRIAL PRODUCTS

Thomas H. Hagoort
GENERAL COUNSEL AND SECRETARY

Richard A. Carlstrom
VICE PRESIDENT-CONTROLLER

Thomas H. Curry
VICE PRESIDENT-SALES AND MARKETING UNITED STATES

David C. Michaels
VICE PRESIDENT-TREASURY AND TAX

Kenneth C. Pulver
VICE PRESIDENT-CORPORATE COMMUNICATIONS

John C. Treanor
TREASURER

Charles J. Silva, Jr.
ASSISTANT GENERAL COUNSEL AND ASSISTANT SECRETARY

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EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

Affiliate	Percent Ownership	Percent Ownership	Country
	Direct	Indirect	
Albany International Corp.			United States
Albany International Holdings One, Inc.	100%		United States
Albany International Holdings Two, Inc.	100%		United States
Albany International Research Co.	100%		United States
Albany International Techniweave Inc.	100%		United States
Geschmay Corp.	100%		United States
Geschmay Export Corp.		100%	Virgin Islands
Albany International Pty., Ltd.		100%	Australia
Nomafa Gesellschaft GmbH		100%	Austria
Albany Nordiskafilt GmbH		100%	Austria
Albany International Feltros E Telas Industrials Ltds.		100%	Brazil
Albany Engenharia de Sisternas Industria e Com. Ltda.		100%	Brazil
AI Finance Canada, Inc.		100%	Canada
Albany International Canada Inc.		100%	Canada
Geschmay Canada, Ltd.		100%	Canada
M&I Door Systems, Ltd.		100%	Canada
Albany International Receivables Corporation		100%	Cayman Islands
Albany International (China) Co., Ltd.	100%		China
Schieffer Skandinavien A/S		67%	Denmark
Albany Fennofelt OY		100%	Finland
Metco Form OY		100%	Finland
Albany International France, S.A.S.		100%	France
Albany International S.A.S.		100%	France
Cofpa S.A.		100%	France
Nomafa S.A.R.L.		100%	France
Nomafa GmbH		100%	Germany
Albany Door Systems GmbH		100%	Germany
Albany Germany GmbH & Co. KG		100%	Germany
Albany International Germany Holding GmbH		100%	Germany
Albany International Germany Three GmbH		100%	Germany
Albany International GmbH & Co. KG		100%	Germany
Albany International GmbH, Eschenbach		100%	Germany
Albany International Verwaltungs GmbH		100%	Germany
Albany Nordiskafilt GmbH-Germany		100%	Germany
Schieffer Tor-und Schutzsysteme GmbH		100%	Germany
Wurttembergische Filztuchfabrik D. Geschmay GmbH & Co. KG		100%	Germany
AI Financial Services Company		100%	Ireland
Albany International Italia S.p.A.		100%	Italy
Albany International S.p.A.		100%	Italy
Albany Nordiskafilt Kabushiki Kaisha		100%	Japan
Albany International Korea, Inc.		100%	Korea
Telas Industriales de Mexico, S.A. de C.V.	100%		Mexico
Albany International de Mexico S.A. de C.V.		100%	Mexico
Albany International Service Company S.A. de C.V.		100%	Mexico
Martel Wire S.A. de C.V.		100%	Mexico
Albany International B.V.		100%	Netherlands
Nomafa B.V.		100%	Netherlands
Albany Nordiskafilt AS		100%	Norway
Schieffer Polska Sp. zo.o.		65%	Poland
Nevo-Cloth Ltd.		50%	Russia
Geschmay Asia Private Limited		100%	Singapore
Nordiskafilt S.A. (Proprietary) Ltd.		100%	South Africa
Beier Albany and Company (Proprietary Limited)		50%	South Africa
Albany Nordiska S.A.		100%	Spain
Albany International AB		100%	Sweden
Albany Door Systems AB		100%	Sweden
Portsam AB		100%	Sweden
Nomafa AG		100%	Switzerland
Loading Bay Specialists Limited		50%	United Kingdom
Albany International Ltd.	28%	72%	United Kingdom

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EXHIBIT 21 SUBSIDIARIES OF REGISTRANT

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EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 33-23163, 33-28028, 33-33048, 333-90069 and 333-76078) of Albany International Corp. of our report dated January 25, 2002 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated January 25, 2002 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Albany, New York
March 21, 2002

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EXHIBIT 23 CONSENT OF INDEPENDENT ACCOUNTANTS

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EXHIBIT 24

POWERS OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of Albany International Corp., a Delaware corporation ("the Company") which contemplates that from time to time it will file with the Securities and Exchange Commission ("the SEC") under, or in connection with, the provisions of the Securities Exchange Act of 1934, as amended, or rules and regulations promulgated thereunder, reports (including, without limitation, reports on Forms 8-K, 10-Q and 10-K), statements and other documents (such reports, statements and other documents, together with amendments, supplements and exhibits thereto, are collectively hereinafter referred to as "1934 Act Reports"), hereby constitutes and appoints Frank R. Schmeler, Michael C. Nahl, Richard A. Carlstrom, Thomas H. Hagoort, David C. Michaels, John C. Treanor and Charles J. Silva, and each of them with full power to act without the others, his or her true and lawful attorneys-in-fact and agents, with full and several power of substitution, for him and her and in his or her name, place and stead, in any and all capacities, to sign any or all 1934 Act Reports and any or all other documents relating thereto, with power where appropriate to affix the corporate seal of the Company thereto and to attest said seal, and to file any or all 1934 Act Reports, together with any and all other information and documents in connection therewith, with the SEC, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

The appointment of any attorney-in-fact and agent hereunder shall automatically terminate at such time as such attorney-in-fact and agent ceases to be an officer of the Company. Any of the undersigned may terminate the appointment of any of his or her attorneys-in-fact and agents hereunder by delivering written notice thereof to the Company.

IN WITNESS WHEREOF, the undersigned have duly executed this Power of Attorney this 12th day of February, 2002.

/s/ FRANK R. SCHMELER

Frank R. Schmeler
Chairman of the Board and Director
(Chief Executive Officer)

/s/ MICHAEL C. NAHL

Michael C. Nahl
Senior Vice President
(Chief Financial Officer)

/s/ RICHARD A. CARLSTROM

Richard A. Carlstrom
Controller
(Principal Accounting Officer)

/s/ FRANCIS L. MCKONE

Francis L. McKone
Director

/s/ CHARLES B. BUCHANAN

Charles B. Buchanan
Director

/s/ THOMAS R. BEECHER, JR.

Thomas R. Beecher, Jr.
Director

/s/ ALLAN STENSHAMN

Allan Stenshamn
Director

/s/ BARBARA P. WRIGHT

Barbara P. Wright
Director

/s/ JOSEPH G. MORONE, PH.D.

Joseph G. Morone, Ph.D.
Director

/s/ CHRISTINE L. STANDISH

Christine L. Standish
Director

/s/ ERLAND E. KAILBOURNE

Erland E. Kailbourne
Director

/s/ JAMES L. FERRIS

James L. Ferris
Director

/s/ JOHN C. STANDISH

John C. Standish
Director

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EXHIBIT 24 POWERS OF ATTORNEY