- ---
- ---

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended: December 31, 1997

OR

( ) 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	14-0462060
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1373 BROADWAY, ALBANY, NEW YORK	12204
(Address of principal executive offices)	(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 /X/ No / /

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 9, 1998 by non-affiliates of the registrant was $557,192,783.

The registrant had 24,280,216 shares of Class A Common Stock and 5,615,563 shares of Class B Common Stock outstanding as of February 9, 1998.

DOCUMENTS INCORPORATED BY REFERENCE	PART
Registrant's Annual Report to Shareholders for the year ended December 31, 1997.	II
Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on May 12, 1998.	III

- ---
- ---

PART I

ITEM 1. BUSINESS

Albany International Corp. ("the Company") designs, manufactures and markets paper machine clothing for each section of the paper machine. It is the largest producer of paper machine clothing in the world. 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. 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 fabrics are usually washed, and water is removed. The fabric then is heat set, treatments may be applied, and it is measured and trimmed.

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. Monofilament screens are woven on a loom. 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 fabrics which include fabrics for the non-woven industry, corrugator belts, filtration media and high performance industrial doors. The Nomafa Door Division, a manufacturer of Rapid Roll Doors-Registered Trademark-, is the operation of the Company which developed high speed, high performance industrial doors, which grew from the application of the Company's coated fabric technology to its woven fabrics. Since the inception of Rapid Roll Doors in the early 1980's, manufacturing operations in North America and Europe have supplied approximately 100,000 installations worldwide. In November 1996, the Registrant acquired Schieffer Door Systems, a manufacturer of high-speed, high-performance industrial doors. Schieffer's technology and leadership position in Germany has significantly enhanced the Registrant's industrial door operations.

INDUSTRY FACTORS

There are approximately 1,200 paper machines in the United States located in approximately 600 paper mills. It is estimated that, excluding China, there are about 7,200 paper machines in the world and approximately 1,500, mostly very small, paper machines in China. Demand for paper machine clothing is tied to the volume of paper production, which in turn reflects economic growth. According to published data, world production volumes have grown at an annual rate in excess of 3% 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 growth of industry 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. This trend has increased opportunities for market leaders, including the Registrant, to expand their market share.

INTERNATIONAL OPERATIONS

The Registrant maintains wholly-owned manufacturing facilities in Australia, Brazil, Canada, China, Finland, France, Germany, Great Britain, Holland, Mexico, South Korea, Sweden and the United States. The Registrant has a 50% interest in two related entities in South Africa which are engaged primarily in the paper machine clothing 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 1,000 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 and its lowest levels in the first quarter. 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, depending on the country of operation. Historically, bad debts have been insignificant. No single customer, or group of related customers, accounted for more than 5% of the Registrant's sales of paper machine clothing in any of the past three years. 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, 1997 and 1996 were approximately $528 million and $502 million, respectively. Orders recorded at December 31, 1997 are 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 $23.1 million in 1997, $21.9 million in 1996 and $19.7 million in 1995. 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 DUOTEX-Registered Trademark- and TRIOTEX-TM- forming fabrics, for which the technology has been licensed to several competitors, DURAFORM-Registered Trademark- SR, an enhanced single-layer forming fabric, SEAMTECH-TM-, the patented on-machine-seamed press fabric, DYNATEX-TM-, a unique multi-layer press fabric, long nip press belts which are essential to water removal in the press section and Thermonetics-TM-, BEL-PLANE-Registered Trademark-, AEROLINE-TM- and AEROGRIP-TM- which are dryer fabrics. Technical expenditures, primarily at the plant level, totaled $26.9 million in 1997, $26.8 million in 1996 and $25.3 million in 1995. 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. Through its major research facility in Mansfield, Massachusetts, the Registrant conducts research under contract for the U.S. government and major corporations. In addition to its Mansfield facility, the Registrant has four other research and development centers located at manufacturing locations in Halmstad, Sweden; Selestat, France; 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. 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 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 40% 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 more than 50 paper machine clothing suppliers worldwide, only six major paper machine clothing companies 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 29% in the United States and Canadian markets, taken together, 20% in the rest of the world and approximately 23% in the world overall. Together, the United States and Canada constitute approximately 36% 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 5,881 persons, of whom approximately 75% 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
J. Spencer Standish........	72	Chairman of the Board and Director
Francis L. McKone..........	63	President, CEO and Director
Frank R. Schmeler..........	58	Executive Vice President and Chief Operating Officer--PMC and Director
Edward Walther.............	54	Executive Vice President--Management and Technology
Michael C. Nahl............	55	Senior Vice President and Chief Financial Officer
J. Weldon Cole.............	61	Senior Vice President--Corporate Planning and Business Development
Michel J. Bacon............	48	Senior Vice President--Canada and Pacific
William M. McCarthy........	47	Senior Vice President--Europe
Thomas H. Hagoort..........	65	General Counsel and Secretary
Richard A. Carlstrom.......	54	Vice President--Controller
William H. Dutt............	62	Vice President--Technical
Edward R. Hahn.............	53	Vice President--Research and Development
Hugh A. McGlinchey.........	58	Vice President--Information Systems
Kenneth C. Pulver..........	54	Vice President--Corporate Communications
John C. Treanor............	59	Treasurer
Charles J. Silva, Jr.......	38	Assistant General Counsel and Assistant Secretary

J. SPENCER STANDISH joined the Registrant in 1952. He has served the Registrant as Chairman of the Board since 1984, Vice Chairman from 1976 to 1984, Executive Vice President from 1974 to 1976, and Vice President from 1972 to 1974. He has been a Director of the Registrant since 1958. He is a director of Berkshire Life Insurance Company.

FRANCIS L. MCKONE joined the Registrant in 1964. He has served the Registrant as Chief Executive Officer since 1993, President since 1984, Executive Vice President from 1983 to 1984, Group Vice President-Papermaking Products Group from 1979 to 1983, and prior to 1979 as a Vice President of the Registrant and Division President-Papermaking Products U.S. He has been a Director of the Registrant since 1983. He is a director of Albank, FSB and Thermo Fibergen, Inc.

FRANK R. SCHMELER joined the Registrant in 1964. He has served the Registrant as Executive Vice President and Chief Operating Officer since 1997 and as Senior Vice President from 1988 to 1997, as Vice

President and General Manager of the Felt Division from 1984 to 1988, as 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.

EDWARD WALTHER joined the Registrant in 1994. He has served the Registrant as Executive Vice President since 1997 and as Senior Vice President from 1995 to 1997 and as Vice President and General Manager--Continental Europe since 1994. 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.

J. WELDON COLE joined the Registrant as Senior Vice President in 1995. From 1988 until December 1994 he held various management positions, most recently as President and Director of an international manufacturer of pulp and papermaking equipment.

MICHEL J. BACON joined the Registrant in 1978. He has served the Registrant as Senior Vice President since 1996 and as Vice President and General Manager of Albany International Canada from 1991 to 1996, as 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 Senior Vice President since 1997 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.

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, to which he became of counsel on January 1, 1991.

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, and prior to 1975 as Financial Controller of Albany International Pty. in Australia.

WILLIAM H. DUTT joined the Registrant in 1958. He has served the Registrant since 1983 as Vice President-Technical, and prior to 1983 he served in various technical, engineering, and research capacities including Director of Research and Development and Vice President-Operations for Albany Felt.

EDWARD R. HAHN joined the Registrant in 1971. He has served the Registrant since 1995 as Vice President-Research and Development and Executive Director of Albany International Research Company, 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.

HUGH A. MCGLINCHEY joined the Registrant in 1991. He has served the Registrant as Vice President-Information Systems since 1993 and from 1991 to 1993 as Director-Information Systems. Prior to 1991 he served as Director-Corporate Information and Communications Systems for Avery Dennison Corporation.

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 in 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 facilities in the United States and Canada is approximately 2,456,000, of which 2,338,000 square feet are owned and 118,000 square feet are leased. The Registrant's facilities located outside the United States and Canada comprise approximately 2,721,000 square feet, of which 2,542,000 square feet are owned and 179,000 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 1998. The Registrant's expected 1998 capital expenditures of about $45 million will provide sufficient capacity for anticipated growth.

The Registrant believes it has modern, efficient production equipment. In the last five years, it has spent $213 million on new plants and equipment or upgrading existing facilities.

ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings, other than ordinary routine litigation incidental to the business.

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

There were no matters submitted during the fourth quarter of 1997 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 38 of the Annual Report are incorporated herein by reference.

Restrictions on dividends and other distributions are described in Note 6, on pages 25 and 26 of the Annual Report. Such description is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

"Eleven Year Summary" on pages 36 and 37 of the Annual Report is incorporated herein by reference.

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

"Review of Operations" on pages 33 to 35 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 18 to 32 in the Annual Report, are incorporated herein by reference:

Consolidated Statements of Income and Retained Earnings--years ended December 31, 1997, 1996 and 1995

Consolidated Balance Sheets--December 31, 1997 and 1996

Consolidated Statements of Cash Flows--years ended December 31, 1997, 1996 and 1995

Notes to Consolidated Financial Statements

Report of Independent Accountants

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 1997 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 consolidated financial statements schedule for each of the three years in the period ended December 31, 1997 is included pursuant to Item 14(d):

Report of Independent Accountants on Financial Statements Schedule

Schedule II--Valuation and Qualifying Accounts

a)(3)(b) No reports on Form 8-K were filed during the quarter ended December 31, 1997.

(3)
EXHIBITS

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

3(b)- Bylaws of Registrant. (1)

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)

MORGAN CREDIT AGREEMENT

10(i)(i)- Amended and restated Credit Agreement, dated as of February 29, 1996, among the Registrant, certain banks listed therein, and Morgan Guaranty Trust Company of New York, as Agent. (6)

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.

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, and Forms of Election Agreement. (1)

10(o)(ii)- Form of Directors' Deferred Compensation Plan adopted September 1, 1985, and Form of Election Agreement. (1)

10(o)(iii)- Executive Deferred Compensation Plan. (2)

10(o)(iv)- Directors' Deferred Compensation Plan. (2)

10(o)(v)- Deferred Compensation Plan of Albany International Corp. (6)

10(o)(vi)- Centennial Deferred Compensation Plan. (6)

(3)
EXHIBITS

OTHER AGREEMENTS

11- Schedule of Computation of Net Income Per Share and Diluted Net Income Per Share.

13- Annual Report to Security Holders for the year ended December 31, 1997.

21- Subsidiaries of Registrant.

23- Consent of Coopers & Lybrand L.L.P.

24 - Powers of Attorney.

27- Financial Data Schedule.

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.

(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.

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
* (J. Spencer Standish)	Chairman of the Board and Director	March 16, 1998
* (Francis L. McKone)	President and Director (Chief Executive Officer)	March 16, 1998
/s/ MICHAEL C. NAHL (Michael C. Nahl)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 16, 1998
* (Richard A. Carlstrom)	Vice President-Controller (Principal Accounting Officer)	March 16, 1998
* (Thomas R. Beecher, Jr.)	Director	March 16, 1998
* (Charles B. Buchanan)	Director	March 16, 1998
* (Dr. Joseph G. Morone)	Director	March 16, 1998
* (Frank R. Schmeler)	Executive Vice President and Chief Operating Officer-PMC and Director	March 16, 1998
* (Christine L. Standish)	Director	March 16, 1998
* (Allan Stenshamn)	Director	March 16, 1998
* (Barbara P. Wright)	Director	March 16, 1998

*By /s/ MICHAEL C. NAHL

Michael C. Nahl
Attorney-in-fact

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 16th day of March, 1998.

ALBANY INTERNATIONAL CORP.

By: /s/ MICHAEL C. NAHL

Michael C. Nahl
PRINCIPAL FINANCIAL OFFICER
SENIOR VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENTS SCHEDULE

To The Shareholders and Board of Directors
Albany International Corp.

Our report on the consolidated financial statements of Albany International Corp. has been incorporated by reference in this form 10-K from page 18 of the 1997 Annual Report to Shareholders of Albany International Corp. In connection with our audits of such financial statements, we have also audited the related financial statements schedule listed in the index on page 9 of this Form 10-K.

In our opinion, the financial statements schedule referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

/s/ Coopers & Lybrand L.L.P.

Albany, New York
January 22, 1998

SCHEDULE II

ALBANY INTERNATIONAL CORP. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

(DOLLARS IN THOUSANDS)

COLUMN A DESCRIPTION	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C ADDITIONS CHARGED TO EXPENSE	COLUMN D DEDUCTIONS (A)	COLUMN E BALANCE AT END OF PERIOD
Allowance for doubtful accounts				
Year ended December 31:				
1997	$ 4,962	$ 1,298	$ 1,036	$ 5,224
1996	$ 5,010	$ 1,036	$ 1,084	$ 4,962
1995	$ 4,618	$ 963	$ 571	$ 5,010

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

INDEX TO EXHIBITS

3(a)	-	Certificate of Incorporation of Registrant. (3)
3(b)	-	Bylaws of Registrant. (1)
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)
		MORGAN CREDIT AGREEMENT
10(i)(i)	-	Amended and restated Credit Agreement, dated as of February 29, 1996, among the Registrant, certain banks listed therein, and Morgan Guaranty Trust Company of New York, as Agent. (6)
		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.
		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, and Forms of Election Agreement. (1)
10(o)(ii)	-	Form of Directors' Deferred Compensation Plan adopted September 1, 1985, and Form of Election Agreement. (1)
10(o)(iii)	-	Executive Deferred Compensation Plan. (2)
10(o)(iv)	-	Directors' Deferred Compensation Plan. (2)
10(o)(v)	-	Deferred Compensation Plan of Albany International Corp. (6)
10(o)(vi)	-	Centennial Deferred Compensation Plan. (6)
		OTHER AGREEMENTS
11	-	Schedule of Computation of Net Income Per Share and Diluted Net Income Per Share.
13	-	Annual Report to Security Holders for the year ended December 31, 1997.
21	-	Subsidiaries of Registrant.
23	-	Consent of Coopers & Lybrand L.L.P.
24	-	Powers of Attorney.
27	-	Financial Data Schedule.

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

(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.

(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.

EXHIBIT 10(m)(v)

OPTION AGREEMENT

AGREEMENT, dated November 5, 1997, by and between ALBANY INTERNATIONAL CORP., a Delaware corporation ("AI") and MICHAEL C. NAHL ("the Optionee"), an officer of AI.

WHEREAS, as an incentive to encourage the Optionee to remain in the employ of AI and its subsidiaries by affording the Optionee a greater interest in the success of AI and its subsidiaries, AI desires to grant to the Optionee an option to purchase shares of its Class A Common Stock;

WHEREAS, the Optionee desires to obtain such option on the terms and conditions provided for herein;

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein set forth and other good and valuable considerations receipt of which is hereby acknowledged, AI and the Optionee hereby agree as follows:

1. GRANT OF OPTION. Subject to the terms and conditions set, AI hereby grants to the Optionee the right and option ("the Option") to purchase 250,000 treasury shares (subject to adjustments as provided in paragraph 6 hereof) of Class A Common Stock of AI ("the Optioned Shares").

2. PURCHASE PRICE. The purchase price of the Optioned Shares shall be $25-9/16 per share (subject to adjustment as provided in paragraph 6 hereof).

3. TERM. The term of the Option shall be for a period of twenty years from the date hereof; provided, however, that the term of the Option may be terminated at any time by the Committee if the Committee determines that the Optionee has engaged in a Competing Activity (as hereinafter defined) without the specific written consent of AI; PROVIDED, FURTHER, THAT THE COMMITTEE MAY AT ANY TIME ACCELERATE THE EXPIRATION OF THE TERM OF THE OPTION TO A DATE NOT LESS THAN TEN YEARS FROM THE DATE HEREOF PROVIDED THAT SUCH DATE SHALL NOT BE EARLIER THAN SIX MONTHS AFTER THE DATE WHEN WRITTEN NOTICE OF SUCH ACCELERATION SHALL HAVE BEEN RECEIVED BY THE OPTIONEE.

4. EXERCISABILITY. The Option shall become exercisable only if, prior to the termination of employment of the Optionee by AI and its subsidiaries, the average per share composite closing price for Class A Common Stock of AI, as shown by the Wall Street Journal, for any five successive trading days after the date of this Agreement shall have equaled or exceeded $48 (subject to adjustment as provided in paragraph 6 hereof). Upon the satisfaction of this condition ("the Market Condition"), the Option shall become exercisable as to a number of shares of Class A Common Stock of AI calculated by multiplying 25,000 times the number of full years that shall have elapsed from the date of this Agreement to the date when the Market Condition shall have been satisfied. After the date when the Market Condition is satisfied, the Option shall become exercisable, on each anniversary date of the date of this Agreement until, but including the tenth anniversary date, as to an additional 25,000 shares, but only if, on such anniversary date, the Optionee continues to be an employee of AI or a subsidiary.

Notwithstanding the foregoing, this Option shall not be exercised or exercisable at any given time if and to the extent that exercise at such time would result in compensation to the Optionee that is not deductible by AI as a result of the provisions of Section 162(m) of the Internal Revenue Code, or the regulations thereunder, in each case as amended from time to time, or any comparable tax law provisions hereinafter adopted.

5. EFFECT OF TERMINATION OF EMPLOYMENT.

(a) In the event that, during the term of the Option, the employment of the Optionee by AI and its subsidiaries shall be terminated by Voluntary Termination (as hereinafter defined) after the Optionee has attained age 62 or by death, Disability (as hereinafter defined) or Involuntary Termination (as hereinafter defined),

(i) if the Market Condition shall not have occurred prior to such termination, the Option shall terminate as to all of the Optioned Shares at the time of termination; and

(ii) if the Market Condition shall have occurred prior to such termination,

(A) the Option shall become exercisable, at the time of such termination, as to 50% of any Optioned Shares as to which the Option has not yet become exercisable at such time and shall remain exercisable, as to such 50% and as to all Optioned Shares to which the Option had become exercisable prior to such termination, until the earlier of

(I) the expiration of the period of five years following the date of such termination, and

(II) the expiration of the term of the Option, at which time the Option shall terminate; and

(B) the Option shall terminate as to 50% of any Optioned Shares as to which the Option has not yet become exercisable at the time of such termination.

(b) In the event that, during the term of the Option, the employment of the Optionee by AI and its subsidiaries shall be terminated by Voluntary Termination before the Optionee has attained age 62,

(i) if the Market Condition shall not have occurred prior to such termination, the Option shall terminate as to all of the Optioned Shares at the time of such termination; and

(ii) if the Market Condition shall have occurred prior to such termination,

(A) the Option shall remain exercisable as to all Optioned Shares as to which the Option had become exercisable prior to such termination, until the earlier of

(I) the expiration of the period of five years following the date of such termination, and

(II) the expiration of the term of the Option at which time the Option shall terminate; and

(B) the Option shall terminate as to all Optioned Shares as to which the Option has not yet become exercisable at the time of such termination.

(c) In the event that, during the term of the Option, the employment of the Optionee by AI and its subsidiaries shall be terminated for Cause (as hereinafter defined),

(i) if the Market Condition shall not have occurred prior to such termination, the Option shall terminate as to all of the Optioned Shares at the time of termination; and

(ii) if the Market Condition shall have occurred prior to such termination,

(A) the Option shall terminate at the time of such termination as to all Optioned Shares at the time of such termination, and

(B) the Option shall remain exercisable as to those of the Optioned Shares as to which the Option had become exercisable prior to such termination until the earlier of

(I) the expiration of the period of sixty days following the date of such termination, and

(II) the expiration of the term of the Option, at which time the Option shall terminate.

6. RECAPITALIZATION, ETC. Notwithstanding any other provision of this Agreement, in the event of any change in the outstanding common stock of AI by reason of a stock dividend, recapitalization, merger, consolidation, split-up, combination or exchange of shares or the like, the number and class of shares subject to the Option, the purchase price of the Optioned Shares and the per share price included in the Market Condition may be appropriately adjusted by the Committee, whose determination shall be conclusive. No fractional shares shall be issued hereunder and any fractional shares resulting from computations pursuant to this paragraph 6 shall be eliminated from the Option.

7. METHOD OF EXERCISING OPTION. Subject to the terms and conditions hereof, the Option may be exercised (to the extent then exercisable) by written notice delivered to AI and signed by the Optionee or other person or persons entitled to exercise the Option. Such notice shall state the number of Optioned Shares in respect of which the Option is being exercised and shall include such written representations as the Committee may from time to time determine to be desirable in connection with compliance with securities and other laws and regulations. Such notice shall be accompanied by delivery of the full purchase price of such Optioned Shares in cash or by check payable to the order of AI, unless the Committee shall have determined to accept or withhold, in full or partial payment of such purchase price, shares of Class A Common Stock of AI.

Such notice shall also be accompanied by payment, in cash or by check payable to the order of AI, of the minimum amount of any taxes required by law to be withheld by AI in respect of such exercise, unless the Committee shall have determined to accept or withhold, in full or partial payment of such taxes, shares of Class A Common Stock of AI. In the event the Option shall be exercised by any person or persons other than the Optionee, such notice shall, in addition, be accompanied by proof satisfactory to AI of the right of such person or persons to exercise the Option. If and when all of the foregoing conditions have been fully satisfied, AI shall, as soon as practicable thereafter (including such time as may be required pursuant to the last sentence of this paragraph), deliver a stock certificate representing the Optioned Shares in respect of which the Option is being exercised (less any shares withheld in payment of the purchase price or taxes), registered in the name of the person or persons exercising the Option.

Such stock certificate may bear any legend which the Committee determines to be desirable in connection with compliance with securities and other laws and regulations. Shares acquired upon the exercise of the Option as provided herein shall be fully paid and non-assessable. Such shares shall be issued shares of Class A Common Stock reacquired in any manner by AI. AI agrees that in the event that, at the time of receipt of a notice of exercise hereunder, it does not have sufficient treasury shares to satisfy the option exercise, it will, no later than 20 trading days after receipt of such notice, acquire the required number of treasury shares.

8. NON-TRANSFERABILITY. During the lifetime of the Optionee the Option shall be exercisable only by the Optionee (or the Optionee's guardian or legal representative) or by a Permitted Transferee to whom the Option has been transferred by gift, in which case it shall be exercisable only by such Permitted Transferee. No option shall be assignable or transferable by the Optionee, and no other person shall acquire any rights therein other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Internal Revenue Code of 1986, as amended, 26 U.S.C. Section 1 et. seq. (the "Internal Revenue Code") or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder, except that an option may be transferred by gift to any Permitted Transferee of such Optionee. The Optionee shall give the Company prompt written notice of any such transfer and shall provide the Company with such evidence as the Company may reasonably request to establish that the transfer is permitted hereunder. "Permitted Transferee" of any Optionee shall mean any child or grandchild of such Optionee, or any trust for the benefit of such child or grandchild. Except as specifically permitted above in this paragraph 8, the Option and this Agreement shall not be pledged, hypothecated, sold, assigned or otherwise disposed of, encumbered or transferred, in whole or in part. Any purported pledge, hypothecation, sale, assignment or other disposition, encumbrance or transfer of the Option or this Agreement (other than a transfer specifically permitted by this paragraph 8) and any levy of any execution, attachment or similar process upon the Option or this Agreement, in whole or in part, shall be null and void and without effect.

9. NO RIGHTS AS STOCKHOLDER. The Optionee shall not be deemed for any purpose to be, or have any right as, a stockholder of AI except to the extent the Optionee shall exercise the Option and a share certificate shall be issued therefor, and then only from the date such certificate is issued. No adjustment shall be made for dividends or distributions or other rights the record date for which is prior to the date on which such share certificate is issued.

10. DEFINITIONS. As used herein, the following terms shall have the meanings specified below:

(a) "Cause" shall be deemed to exist if a majority of the members of the Board of Directors of AI determine that the Optionee has:

(i) caused substantial harm to AI with intent to do so or as a result of gross negligence in the performance of his duties;

(ii) not made a good faith effort to carry out his or her duties;

(iii) wrongfully and substantially enriched himself or herself at the expense of AI; or

(iv) been convicted of a felony.

(b) "Committee" shall mean the Board of Directors, the Compensation and Stock Option Committee of the Board of Directors or such other committee of the Board of Directors as the Board may from time to time designate to exercise the powers conferred upon "the Committee" by this Agreement.

(c) The Optionee shall be deemed to be engaging in a "Competing Activity" if he or she is:

(i) a director of a corporation or a member of a partnership, or a trustee of a business trust, or an officer, employee representative or agent of, or a consultant to, a corporation, partnership, business trust or other entity or organization engaged in a Competing Business (as defined below); or

(ii) a direct or indirect investor in a Competing Business and the investment (whether made by loan, advance, contribution to capital, purchase of stock or otherwise) constitutes more than 10% of (A) the total capital of such business, (B) the equity capital of such business or (C) the voting power for the election of the Board of Directors or other governing body of such business.

(d) A business shall be a "Competing Business" at any time if at such time it is engaging in a business activity which is, at such time, being conducted by AI, or by a subsidiary of AI, or a company controlled by AI or a subsidiary or subsidiaries of AI and in or for the conduct of which the Optionee is or was involved or bore responsibility as an employee of AI or a subsidiary of AI.

(e) "Disability" shall be deemed to exist if:

(i) by reason of mental or physical illness the Optionee has not performed his or her duties for a period of six consecutive months; and

(ii) the Optionee does not return to the performance of his or her duties within thirty days after written notice is given by AI that the Optionee has been determined by the Committee to be "Disabled" under the Company's long term disability policy.

(f) "Involuntary Termination" shall mean a termination of the employment of the Optionee by AI for any reason other than Cause.

(g) "Voluntary Termination" shall mean a termination of the employment of the Optionee for any reason other than death, Disability, Cause or Involuntary Termination.

11. NOTICES. Any notice required or permitted under this Agreement shall be in writing and shall be deemed properly given

(a) in the case of notice to AI, if delivered in person to the Secretary of AI, or mailed to AI to the attention of the Secretary by registered mail (return receipt requested) at P.O. Box 1907, Albany, New York 12201, or at such other address as AI may from time to time hereafter designate by written notice to the Optionee; and

(b) in the case of notice to the Optionee, if delivered to him or her in person, or mailed to him or her by registered mail (return receipt requested) at

111 Menands Road
Menands, New York 12204

or at such other address as the Optionee may from time to time hereafter designate by written notice to AI.

12. AMENDMENT AND WAIVER. Neither this Agreement nor any provision hereof may be amended, modified, changed, discharged, terminated or waived orally, by any course of dealing or purported course of dealing or by any other means except an agreement in writing signed by AI and by the Optionee (or, following the death of the Optionee, by such person or persons as are then entitled hereunder to exercise the Option). No such agreement shall extend to or affect any provision of this Agreement not expressly amended, modified, changed, discharged, terminated or waived or impair any right consequent on such a provision. The waiver of or failure to enforce any breach of this Agreement shall not be deemed to be a waiver of or acquiescence in any other breach hereof.

13. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, AI and the Optionee have duly executed this Agreement as of the date hereof.

ALBANY INTERNATIONAL CORP.

By /s/ J. Spencer Standish

/s/ Michael C. Nahl

Michael C. Nahl

ALBANY INTERNATIONAL CORP.
EXHIBIT 11

SCHEDULE OF COMPUTATION OF NET INCOME PER SHARE AND DILUTED NET INCOME PER SHARE

(IN THOUSANDS, EXCEPT PER SHARE DATA)

NET INCOME PER SHARE:

FOR THE THREE MONTHS ENDED DECEMBER 31, 1997 (1)	RESTATED 1996 (1)		FOR THE YEARS ENDED DECEMBER 31, 1997 (1)	RESTATED 1996 (1)
30,710,296	30,464,625	Common stock outstanding at end of period	30,710,296	30,464,625
		Adjustments to ending shares to arrive at weighted average for the period:		
(22,638)	(21,904)	Shares contributed to E.S.O.P. (2)	(79,227)	(95,099)
(4,725)	(8,539)	Shares issued under option or to Directors(2)	(166,202)	(19,112)
218,496	--	Treasury shares purchased (2)	283,952	13,814
30,901,429	30,434,182	Weighted average number of shares	30,748,819	30,364,228
$ 13,281	$ 15,410	Income before extraordinary item	$ 49,059	$ 49,602
--	--	Extraordinary loss on early extinguishment of debt, net of tax of $828	--	$ 1,296
$ 13,281	$ 15,410	Net income	$ 49,059	$ 48,306
$ 0.43	$ 0.51	Income per share before extraordinary item	$ 1.60	$ 1.63
--	--	Extraordinary loss on early extinguishment of debt	--	($ 0.04)
$ 0.43	$ 0.51	Net income per share	$ 1.60	$ 1.59

- ------------------------
(1) Includes Class A and Class B Common Stock
(2) Calculated as follows: number of shares multiplied by the reciprocal of the number of days outstanding (or the reciprocal of the number of days held in treasury for treasury stock purchases) divided by the number of days in the period

ADJUSTMENTS TO ENDING SHARES:

	NUMBER OF DAYS IN PERIOD THREE MONTHS	YEAR
1996	92	366
1997	92	365

RECIPROCAL DAYS THREE MONTHS	YEAR		SHARES	SHARES ADJUSTMENT THREE MONTHS	YEAR
		1996			
		Shares Contributed to ESOP:			
--	30	31-Jan-96	12,969	--	1,063
--	59	29-Feb-96	136,670	--	22,032
--	90	31-Mar-96	11,616	--	2,856
--	120	30-Apr-96	10,790	--	3,538
--	151	31-May-96	12,658	--	5,222
--	181	30-Jun-96	10,383	--	5,135
--	212	31-Jul-96	12,253	--	7,097
--	243	31-Aug-96	13,016	--	8,642
--	273	30-Sep-96	11,067	--	8,255

30	304	31-Oct-96	12,492	4,074	10,376
60	334	30-Nov-96	11,398	7,433	10,401
91	365	31-Dec-96	10,511	10,397	10,482
		Totals		21,904	95,099

ALBANY INTERNATIONAL CORP.
EXHIBIT 11

SCHEDULE OF COMPUTATION OF NET INCOME PER SHARE AND DILUTED NET INCOME PER SHARE

(IN THOUSANDS, EXCEPT PER SHARE DATA)

RECIPROCAL DAYS THREE MONTHS	RECIPROCAL DAYS YEAR		SHARES	SHARES ADJUSTMENT THREE MONTHS	SHARES ADJUSTMENT YEAR
		Shares Issued Under Option or to Directors:			
--	140	20-May-96	2,255	--	863
--	142	22-May-96	6,000	--	2,328
9	283	10-Oct-96	1,400	137	1,083
21	295	22-Oct-96	9,000	2,054	7,254
43	317	13-Nov-96	3,000	1,402	2,598
91	365	31-Dec-96	5,000	4,946	4,986
		Totals		8,539	19,112
		Treasury Shares Purchased:			
--	16	17-Jan-96	91,000	--	3,978
--	72	13-Mar-96	50,000	--	9,836
		Totals		--	13,814
		1997			
		Shares Contributed to ESOP:			
--	30	31-Jan-97	12,002	--	986
--	58	28-Feb-97	58,773	--	9,339
--	89	31-Mar-97	12,126	--	2,957
--	119	30-Apr-97	12,380	--	4,036
--	150	31-May-97	12,193	--	5,011
--	180	30-Jun-97	11,243	--	5,544
--	211	31-Jul-97	10,555	--	6,102
--	242	31-Aug-97	9,406	--	6,236
--	272	30-Sep-97	10,061	--	7,498
30	303	31-Oct-97	11,876	3,873	9,859
60	333	30-Nov-97	10,752	7,012	9,809
91	364	31-Dec-97	11,882	11,753	11,849
		Totals		22,638	79,227
		Shares Issued Under Option or to Directors:			
--	1	02-Jan-97	200	--	1
--	2	03-Jan-97	3,600	--	20
--	5	06-Jan-97	10,000	--	137
--	6	07-Jan-97	900	--	15
--	7	08-Jan-97	5,000	--	96
--	29	30-Jan-97	37,300	--	2,964
--	33	03-Feb-97	20,000	--	1,808
--	37	07-Feb-97	5,000	--	507
--	42	12-Feb-97	27,000	--	3,107
--	43	13-Feb-97	1,400	--	165
--	44	14-Feb-97	28,600	--	3,448
--	48	18-Feb-97	10,000	--	1,315
--	91	02-Apr-97	1,800	--	449
--	110	21-Apr-97	2,922	--	881
--	159	09-Jun-97	2,500	--	1,089
--	162	12-Jun-97	17,900	--	7,945
--	163	13-Jun-97	10,200	--	4,555
--	168	18-Jun-97	8,700	--	4,004
--	169	19-Jun-97	19,200	--	8,890
--	175	25-Jun-97	5,000	--	2,397

ALBANY INTERNATIONAL CORP.
EXHIBIT 11

SCHEDULE OF COMPUTATION OF NET INCOME PER SHARE AND DILUTED NET INCOME PER SHARE

(IN THOUSANDS, EXCEPT PER SHARE DATA)

RECIPROCAL DAYS				SHARES ADJUSTMENT	
THREE MONTHS	YEAR		SHARES	THREE MONTHS	YEAR
--	176	26-Jun-97	14,000	--	6,751
--	202	22-Jul-97	5,100	--	2,822
--	204	24-Jul-97	22,000	--	12,296
--	205	25-Jul-97	60,000	--	33,699
--	211	31-Jul-97	26,800	--	15,493
--	212	01-Aug-97	600	--	348
--	216	05-Aug-97	16,800	--	9,942
--	217	06-Aug-97	1,000	--	595
--	218	07-Aug-97	1,000	--	597
--	219	08-Aug-97	12,500	--	7,500
--	223	12-Aug-97	2,500	--	1,527
--	225	14-Aug-97	500	--	308
--	229	18-Aug-97	1,800	--	1,129
--	230	19-Aug-97	800	--	504
--	231	20-Aug-97	3,400	--	2,152
--	233	22-Aug-97	1,800	--	1,149
--	236	25-Aug-97	4,300	--	2,780
--	237	26-Aug-97	1,800	--	1,169
--	244	02-Sep-97	1,000	--	668
--	245	03-Sep-97	600	--	403
--	246	04-Sep-97	1,000	--	674
--	247	05-Sep-97	4,400	--	2,978
--	253	11-Sep-97	1,000	--	693
--	254	12-Sep-97	8,300	--	5,776
--	257	15-Sep-97	5,300	--	3,732
16	289	17-Oct-97	2,400	417	1,900
77	350	17-Dec-97	2,500	2,092	2,397
79	352	19-Dec-97	400	343	386
82	355	22-Dec-97	2,100	1,872	2,042
		Totals		4,725	166,202
		Treasury Shares Purchased:			
--	26	27-Jan-97	57,500	--	4,096
--	120	01-May-97	4,400	--	1,447
43	316	13-Nov-97	20,000	9,348	17,315
49	322	19-Nov-97	27,200	14,487	23,996
54	327	24-Nov-97	35,600	20,896	31,894
55	328	25-Nov-97	40,000	23,913	35,945
70	343	10-Dec-97	50,000	38,043	46,986
79	352	19-Dec-97	27,000	23,185	26,038
82	355	22-Dec-97	48,600	43,317	47,268
83	356	23-Dec-97	49,000	44,207	47,792
84	357	24-Dec-97	1,000	913	978
86	359	26-Dec-97	200	187	197
				218,496	283,952

ALBANY INTERNATIONAL CORP.
EXHIBIT 11

SCHEDULE OF COMPUTATION OF NET INCOME PER SHARE AND DILUTED NET INCOME PER SHARE

(IN THOUSANDS, EXCEPT PER SHARE DATA)

DILUTED NET INCOME PER SHARE:

FOR THE THREE MONTHS ENDED DECEMBER 31, 1997 (1)	FOR THE THREE MONTHS ENDED DECEMBER 31, RESTATED 1996 (1)		FOR THE YEARS ENDED DECEMBER 31, 1997 (1)	FOR THE YEARS ENDED DECEMBER 31, RESTATED 1996 (1)
30,901,429	30,434,182	Weighted average number of shares	30,748,819	30,364,228
461,893	372,653	Incremental shares of unexercised options (3)	426,445	281,226
31,363,322	30,806,835	Adjusted weighted average number of shares	31,175,264	30,645,454
$ 13,281	$ 15,410	Income before extraordinary item	$ 49,059	$ 49,602
--	--	Extraordinary loss on early extinguishment of debt, net of tax of $828	--	$ 1,296
$ 13,281	$ 15,410	Net income	$ 49,059	$ 48,306
$ 0.43	$ 0.50	Income per share before extraordinary item	$ 1.57	$ 1.62
--	--	Extraordinary loss on early extinguishment of debt	--	($ 0.04)
$ 0.43	$ 0.50	Diluted net income per share	$ 1.57	$ 1.58

(3) Incremental shares of unexercised options are calculated based on the average price of the Company's stock for the respective period. The calculation includes all options that are dilutive to earnings per share.

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 generally accepted accounting principles, 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 Coopers & Lybrand L.L.P., independent accountants. Their role is to express an opinion as to whether management's financial statements present fairly, in accordance with generally accepted accounting principles, 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.

/s/J. Spencer Standish
J. Spencer Standish
Chairman of the Board

/s/Francis L. McKone
Francis L. McKone
President and Chief Executive Officer

/s/Michael C. Nahl
Michael C. Nahl
Senior Vice President and Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
ALBANY INTERNATIONAL CORP.

We have audited the accompanying consolidated balance sheets of Albany International Corp. as of December 31, 1997 and 1996, and the related consolidated statements of income and retained earnings, and cash flows for each of the three years in the period ended December 31, 1997. 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Albany International Corp. as of December 31, 1997 and 1996, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1997 the Company changed its method of valuing United States inventories from last in--first out to the average cost method.

[COOPERS & LYBRAND SIG]

Albany, New York
January 22, 1998

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
ALBANY INTERNATIONAL CORP.

For the Years Ended December 31, (in thousands, except per share amounts)	1997	1996 Restated	1995
Statements of Income			
Net sales	$ 710,079	$ 692,760	$ 652,645
Cost of goods sold	404,982	399,311	379,696
Gross profit	305,097	293,449	272,949
Selling and general expenses	155,515	147,929	139,102
Technical and research expenses	49,963	48,735	45,020
Operating income	99,619	96,785	88,827
Interest income	(646)	(1,180)	(114)
Interest expense	16,113	17,013	20,123
Other expense/(income), net	4,521	12	(1,024)
Income before income taxes	79,631	80,940	69,842
Income taxes	31,055	31,570	27,208
Income before associated companies	48,576	49,370	42,634
Equity in earnings of associated companies	483	232	377
Income before extraordinary item	49,059	49,602	43,011
Extraordinary loss on early extinguishment of debt, net of tax of $828	--	1,296	--
Net income	49,059	48,306	43,011
Retained Earnings			
Retained earnings, beginning of period, as previously reported	206,308	171,082	139,740
Cumulative effect on prior years of retroactive restatement for accounting change for inventory	3,567	2,646	2,685
Retained earnings, beginning of period, restated	209,875	173,728	142,425
Less dividends	12,921	12,159	11,708
Retained earnings, end of period	$ 246,013	$ 209,875	$ 173,728
Net Income/(Loss) Per Share:			
Income before extraordinary item	$ 1.60	$ 1.63	$ 1.42
Extraordinary loss on early extinguishment of debt	--	(0.04)	--
Net income	$ 1.60	$ 1.59	$ 1.42
Diluted Net Income/(Loss) Per Share:			
Income before extraordinary item	$ 1.57	$ 1.62	$ 1.35
Extraordinary loss on early extinguishment of debt	--	(0.04)	--
Net income	$ 1.57	$ 1.58	$ 1.35

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
ALBANY INTERNATIONAL CORP.

At December 31, (in thousands)	1997	1996 Restated
Assets		
Current assets:		
Cash and cash equivalents	$ 2,546	$ 8,034
Accounts receivable, less allowance for doubtful accounts ($5,224, 1997; $4,962, 1996)	171,886	179,516
Inventories		
Finished goods	106,259	105,822
Work in process	38,904	40,568
Raw material and supplies	35,288	33,808
Deferred taxes and prepaid expenses	18,440	16,879
Total current assets	373,323	384,627
Property, plant and equipment, at cost, net	321,611	339,461
Investments in associated companies	2,444	2,060
Intangibles	36,080	44,954
Deferred taxes	22,826	27,756
Other assets	40,613	33,059
Total assets	$ 796,897	$ 831,917
Liabilities		
Current liabilities:		
Notes and loans payable	$ 76,095	$ 65,165
Accounts payable	25,786	32,813
Accrued liabilities	56,743	59,755
Current maturities of long-term debt	1,703	2,295
Income taxes payable and deferred	10,113	16,718
Total current liabilities	170,440	176,746
Long-term debt	173,654	187,100
Other noncurrent liabilities	74,075	97,579
Deferred taxes and other credits	35,620	38,162
Total liabilities	453,789	499,587
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; 25,375,413 issued in 1997 and 24,865,573 in 1996	25	25
Class B Common Stock, par value $.001 per share; authorized 25,000,000 shares; issued and outstanding 5,615,563 in 1997 and 1996	6	6
Additional paid in capital	187,831	177,412
Retained earnings	246,013	209,875
Translation adjustments	(84,351)	(42,340)
Pension liability adjustment	--	(12,483)
	349,524	332,495
Less treasury stock, at cost	6,416	165
Total shareholders' equity	343,108	332,330
Total liabilities and shareholders' equity	$ 796,897	$ 831,917

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, (in thousands)	1997	1996 Restated	1995
Operating Activities			
Net income	$ 49,059	$ 48,306	$ 43,011
Adjustments to reconcile net cash provided by operating activities:			
Equity in earnings of associated companies	(483)	(232)	(377)
Depreciation and amortization	44,991	45,189	43,087
Accretion of convertible subordinated debentures	--	353	1,628
Provision for deferred income taxes, other credits and long-term liabilities	(3,828)	755	6,739
Increase in cash surrender value of life insurance, net of premiums paid	(851)	(751)	(654)
Unrealized currency transaction losses/(gains)	3,571	(1,459)	(1,469)
Loss/(gain) on disposition of assets	382	683	(754)
Shares contributed to ESOP	4,336	5,227	3,454
Loss on early extinguishment of debt	--	1,296	--
Changes in operating assets and liabilities:			
Accounts receivable	4,009	(7,444)	(13,926)
Inventories	(557)	(8,674)	(18,997)
Prepaid expenses	(55)	(1,408)	386
Accounts payable	(7,026)	(2,449)	4,658
Accrued liabilities	(922)	1,543	1,527
Income taxes payable	(4,365)	2,844	(113)
Other, net	(1,699)	(884)	(747)
Net cash provided by operating activities	86,562	82,895	67,453
Investing Activities			
Purchases of property, plant and equipment	(50,804)	(53,473)	(41,921)
Purchased software	(2,318)	(1,909)	(2,215)
Proceeds from sale of assets	496	27,112	1,762
Acquisitions, net of cash acquired	--	(25,587)	(11,312)
Investment in associated and other companies	(4,000)	--	(915)
Premiums paid for life insurance	(1,190)	(1,193)	(1,196)
Net cash used in investing activities	(57,816)	(55,050)	(55,797)
Financing Activities			
Proceeds from borrowings	55,030	220,200	21,348
Principal payments on debt	(54,847)	(229,799)	(14,542)
Proceeds from options exercised	7,000	401	4,408
Tax benefit of options exercised	1,089	25	581
Purchases of treasury shares	(8,257)	(2,552)	(2,883)
Dividends paid	(12,724)	(12,144)	(11,305)
Net cash used in financing activities	(12,709)	(23,869)	(2,393)
Effect of exchange rate changes on cash flows	(21,525)	(3,551)	(1,882)
(Decrease)/increase in cash and cash equivalents	(5,488)	425	7,381
Cash and cash equivalents at beginning of year	8,034	7,609	228
Cash and cash equivalents at end of year	$ 2,546	$ 8,034	$ 7,609

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 after elimination of intercompany transactions. The Company has a 50% interest in two related entities in South Africa. The consolidated financial statements include the Company's original investment in the South African entities, plus its share of undistributed earnings, in the account "Investments in associated companies." In 1997, the Company purchased less than a 20% interest in Spectra Science Corporation. The original cost of the investment is included in "Other assets".

Revenue Recognition

The Company records sales when products are shipped to customers pursuant to orders or contracts. Sales terms are in accordance with industry practice in markets served. The Company limits the concentration of credit risk in receivables from the paper manufacturing industry by closely monitoring credit and collection policies. The allowance for doubtful accounts is adequate to absorb estimated losses.

Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles 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 accumulated in a separate component of shareholders' equity.

For operations in countries that are considered to have highly inflationary economies, gains and losses from translation and transactions are determined using a combination of current and historical rates and are included in net income.

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 reported, net of tax, in shareholders' equity in the caption "Translation adjustments."

Research Expense

Research expense, which is charged to operations as incurred, was $23,070,000 in 1997, $21,945,000 in 1996 and $19,700,000 in 1995.

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. During 1997, the Company changed its method of determining the cost of United States inventories from the last-in, first-out (LIFO) method to the average cost method. The Company believes that the average cost method results in a closer matching of revenues and expenses during periods of increased productivity and changes in product mix. This change in accounting method has been applied retroactively and financial information for all periods presented has been restated to apply the average cost method. Income before extraordinary item and net income was increased/(decreased) by $921,000, 3 cents per share, and ($39,000), less than 1 cent per share, for the years ended December 31, 1996 and 1995, respectively, as a result of this change. There was no effect on 1997 income. Retained earnings has been adjusted, net of tax of $3,650,000, $3,061,000 and $3,086,000 in 1997, 1996 and 1995, respectively, for the effect of retroactive application of the new method.

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.

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 is amortized on a straight-line basis over either 25 or 40 years.

Patents, at cost, are amortized on a straight-line basis over either 8 or 10 years.

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 expense/(income), net".

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

The Company values swap agreements at market by estimating the cost of entering into one or more inverse swap transactions on such date that would neutralize the original transactions. The cost is estimated by obtaining the market swap rate for fixed-rate contracts of similar duration. Gains or losses on swaps are recorded in "Other expense/(income), net".

Income Taxes

The Company accounts for taxes in accordance with Financial Accounting Standard No. 109, "Accounting for Income Taxes," which requires the use of the asset and liability method of accounting for income taxes. Under 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. Under FAS No. 109, 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

Effective December 31, 1997, the Company adopted Financial Accounting Standard No. 128, "Earnings Per Share". In accordance with this Standard, net income/(loss) per share is computed using the weighted average number of shares of Class A and Class B Common Stock outstanding during each year. Diluted net income/(loss) per share includes the effect of all potentially dilutive securities. Earnings per share amounts for all periods presented have been computed in accordance with this Standard.

2. EARNINGS PER SHARE

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

(in thousands)	1997	1996	1995
Income before extraordinary item:			
Income before extraordinary item and available to common stockholders	$49,059	$49,602	$43,011
5.25% convertible subordinated debentures	--	--	5,794
Income available to common stockholders after assumed conversion of debentures	$49,059	$49,602	$48,805
Weighted average number of shares:			
Weighted average number of shares used in net income/(loss) per share	30,749	30,364	30,202
Effect of dilutive securities:			
Stock options	426	281	358
5.25% convertible subordinated debentures	--	--	5,712
Weighted average number of shares used in diluted net income/(loss) per share	31,175	30,645	36,272

Options to purchase 250,000 shares of common stock at $25.5625 per share were outstanding at December 31, 1997 but were not included in the computation of diluted net income/(loss) 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)	1997	1996
Land	$ 22,487	$ 26,659
Buildings	154,803	165,162
Machinery and equipment	447,749	449,874
	625,039	641,695
Accumulated depreciation	303,428	302,234
	$321,611	$339,461

Construction in progress was approximately $127,000 in 1997 and $2,684,000 in 1996.

Depreciation expense was $41,750,000 in 1997, $42,390,000 in 1996 and $41,375,000 in 1995.

Expenditures for maintenance and repairs are charged to income as incurred and amounted to $18,167,000 in 1997, $17,367,000 in 1996 and $15,129,000 in 1995.

Capital expenditures were $50,804,000 in 1997, $53,473,000 in 1996 and $41,921,000 in 1995. At the end of 1997, the Company was committed to $30,136,000 of future expenditures for new equipment and facilities.

4. INTANGIBLES

The components of intangibles are summarized below:

(in thousands)	1997	1996
Excess purchase price over fair value	$48,019	$49,417
Patents	10,403	10,429
Accumulated amortization	(22,342)	(20,788)
Deferred unrecognized pension cost (see Note 12)	--	5,896
	$36,080	$44,954

Amortization expense was $1,554,000 in 1997, $1,109,000 in 1996 and $796,000 in 1995.

5. ACCRUED LIABILITIES

Accrued liabilities consist of:

(in thousands)	1997	1996
Salaries and wages	$18,467	$19,125
Employee benefits	16,082	20,053
Returns and allowances	4,330	4,286
Interest	773	767
Restructuring costs	326	612
Acquisition obligation	--	4,081
Other	16,765	10,831
	$56,743	$59,755

6. FINANCIAL INSTRUMENTS

Notes and loans payable at December 31, 1997 and 1996 were short-term debt instruments with banks, denominated in local currencies with a weighted average interest rate of 6.31% in 1997 and 5.93% in 1996.

Long-term debt at December 31, 1997 and 1996, principally to banks and bondholders, exclusive of amounts due within one year, consists of:

(in thousands)	1997	1996
$300 million revolving credit agreement which terminates in 2002 with LIBOR borrowings outstanding at an average interest of 5.89% in 1997 and 5.73% in 1996.	$138,000	$139,000
Various notes and mortgages relative to operations principally outside the United States, at an average interest of 6.67% in 1997 and 6.56% in 1996, due in varying amounts through 2004.	20,538	33,575
Industrial revenue financings at an average interest of 5.65% in 1997 and 5.67% in 1996, due in varying amounts through 2009.	15,116	14,525
	$173,654	$187,100

The weighted average interest rates for all debt was 6.08% in 1997 and 5.97% in 1996.

Principal payments due on long-term debt are: 1998, $1,703,000; 1999, $19,377,000; 2000, $851,000; 2001, $878,000; 2002, $139,064,000.

Interest paid was $16,107,000 in 1997, $19,318,000 in 1996, and $20,076,000 in 1995.

The Company's revolving credit agreement provides that the Company may borrow up to $300,000,000 until 2001 and then $150,000,000 until 2002 at which time the banks' commitment to lend is terminated. The terms of the revolving credit agreement include a facility fee and allow the Company to select from various loan pricing options. The interest rate margin over LIBOR is determined by the Company's cash flow to debt ratio. New borrowings under the revolving credit facility are conditional on the absence of material adverse changes in the business, financial position, results of operations and prospects of the Company and its consolidated subsidiaries taken as a whole. 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.

The revolving credit agreement contains various covenants which include limits on: the disposition of assets, minimum consolidated tangible net worth, interest coverage and cash flow to debt ratios, cash dividends, or certain restricted investments unless the required consolidated tangible net worth, as defined, is maintained. At December 31, 1997, $51,773,000 was permitted for the payment of cash dividends.

Under the revolving credit agreement and formal and informal agreements with other financial institutions, the Company could have borrowed an additional $200,000,000 at December 31, 1997.

During March 1992, the Company sold original issue discount 5.25% convertible subordinated debentures due 2002 which, if held to maturity, would yield 7.0% to the original purchaser. The proceeds to the Company, net of original issue discount and expenses, were $128,430,000. The original issue discount was amortized over the term of the debentures. When issued, the debentures were convertible into 5,712,450 shares of Class A Common Stock. In 1995, two debentures were converted into 76 shares of Class A Common Stock. On March 15, 1996, the Company redeemed the debentures at a redemption price of 91.545%. The redemption resulted in a one-time extraordinary non-cash charge to income of $1,296,000, net of tax, of $828,000.

The Company has been a party to swap agreements wherein on a notional amount of $250,000,000 the Company paid a periodic floating rate based upon an index of yields of high-grade, tax-exempt bond issues published by Kenny

Information Systems. The counterparty was obligated to make payments to the Company calculated at an average of 70% of LIBOR. In April 1997, the Company closed-out its position in these agreements. Included in the "Interest rate protection agreements" component of "Other expense/(income), net" (see Note 9) is income of approximately $682,000, $1,099,000 and $1,026,000 related to the net cash received as part of these agreements in 1997, 1996 and 1995, respectively. Also included in "Interest rate protection agreements" is the change in the valuation which resulted in income of approximately $46,000, $236,000 and $304,000 in 1997, 1996 and 1995, respectively.

At December 31, 1997, the Company had various forward exchange contracts maturing during 1998. For each closed position, a sale contract of a particular currency was matched with a purchase contract for the same currency at the same amount, counterparty and settlement date. The foreign currency positions, both open and closed, as of December 31, 1997, by major currency, are:

Currency	Buy Contracts or Fair Value	Sell Contracts or Fair Value
(in thousands)		
Brazilian Real	$10,193	$10,000
Canadian Dollar	9,962	10,000
Dutch Guilder	9,598	10,000
German Mark	104,543	105,405
Swedish Krona	10,058	10,133
Total	$144,354	$145,538

Periodically, the Company also enters into futures contracts primarily to hedge in the short-term against interest rate fluctuations. At December 31, 1997, the Company was not a party to any such contracts. The "Interest rate protection agreements" component of "Other expense/(income), net" includes gains on futures contracts, based on fair value, of $32,000 in 1997.

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 off balance sheet 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.

At December 31, 1997 the estimated fair value of the Company's long-term debt excluding current maturities approximates $175,528,000. The estimate is based on the present value of future cash flows of fixed rate debt based upon changes in the general level of interest rates, and on the assumption that carrying value approximates fair value for variable rate debt.

7. LEASES

Total rental expense amounted to $22,990,000, $20,800,000, and $16,673,000 for 1997, 1996, and 1995, respectively. 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.

Future rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 1997 are: 1998, $18,427,000; 1999, $16,620,000; 2000, $12,185,000; 2001, $10,128,000; 2002, $8,254,000 and thereafter, $9,821,000.

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, 1997, 9,154,463 shares of Class A Common Stock were reserved for the conversion of Class B Common Stock and the exercise of stock options.

In 1989, the Board of Directors authorized the purchase of up to an aggregate of 2,000,000 shares of the Company's Class A Common Stock. In January 1998, the Board authorized the purchase of an additional 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. The Company purchased 360,500 shares of Class A Common Stock during 1997, and an additional 829,800 shares in January 1998. The Company may purchase up to 2,815,500 more shares without further public announcement.

For 1997, 1996 and 1995, the Board authorized the payment of dividends totalling $.42, $.40 and $.3875 per common share per year respectively.

Changes in shareholders' equity for 1997, 1996, and 1995 are as follows:

(in thousands)	Class A Common Stock Shares	Class A Common Stock Amount	Class B Common Stock Shares	Class B Common Stock Amount	Additional Paid in Capital	Treasury Stock (Class A) Shares	Treasury Stock (Class A) Amount
Balance: January 1, 1995	24,564	$25	5,633	$6	$170,539	164	$1,955
Shares contributed to ESOP	--	--	--	--	815	(170)	(2,639)
Conversion of Class B shares to Class A shares	18	--	(18)	--	--	--	--
Conversion of subordinated debentures	--	--	--	--	2	--	--
Purchases of treasury shares	--	--	--	--	--	150	2,883
Options exercised	259	--	--	--	4,989	--	--
Other	--	--	1	--	--	--	--
Balance: December 31, 1995	24,841	$25	5,616	$6	$176,345	144	$2,199
Shares contributed to ESOP	--	--	--	--	635	(266)	(4,542)
Purchases of treasury shares	--	--	--	--	--	141	2,552
Options exercised	25	--	--	--	426	--	--
Shares issued to Directors	--	--	--	--	6	(2)	(44)
Balance: December 31, 1996	24,866	$25	5,616	$6	$177,412	17	$ 165
Shares contributed to ESOP	89	--	--	--	2,299	(93)	(1,977)
Purchases of treasury shares	--	--	--	--	--	361	8,257
Options exercised	420	--	--	--	8,089	--	--
Shares issued to Directors	--	--	--	--	31	(4)	(29)
Balance: December 31, 1997	25,375	$25	5,616	$6	$187,831	281	$6,416

9. OTHER EXPENSE/(INCOME) NET

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

(in thousands)	1997	1996	1995
Currency transactions	$(2,010)	$(2,323)	$(3,281)
Interest rate protection agreements	(760)	(1,335)	(1,330)
Amortization of debt issuance costs and loan origination fees	937	998	837
Strategic planning costs	1,333	--	--
Other	5,021	2,672	2,750
	$ 4,521	$ 12	$(1,024)

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)	1997	1996	1995
Current:			
U.S. Federal	$12,799	$ 6,671	$ 6,255
U.S. State	1,463	695	860
Non-U.S.	12,336	18,942	5,304
	26,598	26,308	12,419
Deferred:			
U.S. Federal	(3,511)	4,504	5,402
U.S. State	(401)	515	617
Non-U.S.	8,369	243	8,770
	4,457	5,262	14,789
	$31,055	$31,570	$27,208

U.S. income before income taxes was $29,973,000 in 1997, $30,522,000 in 1996, and $32,472,000 in 1995.

Taxes paid, net of refunds, were $22,210,000 in 1997, $18,066,000 in 1996 and $9,269,000 in 1995.

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

	1997	1996	1995
U.S. statutory rate	35.0%	35.0%	35.0%
State taxes	1.9	1.8	2.7
Non-U.S. tax rates, repatriation of earnings, and other net charges associated with prior years	5.6	2.6	(.3)
Other	(3.5)	(.4)	1.6
Effective tax rate	39.0%	39.0%	39.0%

The significant components of deferred income tax (benefit)/expense attributed to income from operations for the years ended December 31, 1997, 1996, and 1995 are as follows:

(in thousands)	1997	1996	1995
Deferred tax (benefit)/expense	$(1,448)	$ 1,630	$ 9,113
Adjustments to deferred tax assets and liabilities for enacted changes in tax laws and rates	136	--	4,500
Utilization of operating loss carryforwards	5,769	3,632	1,176
	$ 4,457	$ 5,262	$ 14,789

Investment tax credits and other credits utilized for financial reporting purposes were not material.

Undistributed earnings of subsidiaries outside the United States for which no provision for U.S. taxes has been made amounted to approximately $90,487,000 at December 31, 1997. In the event earnings of foreign subsidiaries are remitted, foreign tax credits may be available to offset U.S. taxes.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 1997 and 1996 are presented below:

	U.S.		Non-U.S.	
(in thousands)	1997	1996	1997	1996
Accounts receivable, principally due to allowance for doubtful accounts	$ 180	$ 284	$ 15	$ (107)
Inventories, principally due to additional costs inventoried for tax purposes, pursuant to the Tax Reform Act of 1986	4,863	1,509	14	272
Tax loss carryforwards	--	--	4,570	5,043
Other	2,262	3,174	712	935
Total current deferred tax assets	7,305	4,967	5,311	6,143
Sale lease back transaction	2,128	1,208	--	--
Deferred compensation	7,724	6,555	--	--
Tax loss carryforwards	--	--	10,552	18,353
Plant, equipment and depreciation	(6,709)	(6,358)	(165)	(1,724)
Postretirement benefits	12,403	11,498	(660)	(686)
Other	(2,316)	(1,247)	(131)	157
Total noncurrent deferred tax assets	13,230	11,656	9,596	16,100
Total deferred tax assets	$20,535	$16,623	$14,907	$22,243
Total current deferred tax liabilities	--	--	$ 3,819	$ 2,409
Plant, equipment and depreciation	--	--	22,815	23,409
Other	--	--	(1,153)	(198)
Total noncurrent deferred tax liabilities	--	--	21,662	23,211
Total deferred tax liabilities	--	--	$25,481	$25,620

In the U.S., the Company has had a substantial tax liability for each of the past three years and expects to pay taxes in the future at this or greater levels. Substantially all of the non-U.S. net deferred tax asset relates to tax loss carryforwards of which approximately 27% is expected to be used in 1997 and the remainder of the noncurrent loss carryforward has no expiration. The Company has restructured its operations to reduce or eliminate losses and has reorganized in certain countries to ensure that losses will be offset against the profits of companies with long-term earnings histories. Accordingly, the Company expects to realize the benefit of its U.S. and non-U.S. deferred tax assets in the future.

11. BUSINESS SEGMENT AND GEOGRAPHIC DATA

The Company operates primarily in two industry segments. The Engineered Fabrics segment includes developing, manufacturing, marketing and servicing custom designed engineered fabrics and related products used in the manufacture of paper, paperboard and products in other process industries. The Company's other segment includes manufacturing, marketing and servicing high performance industrial doors. The Company sells its products on a worldwide basis with its principal markets listed in the table below.

The following table shows data by industry segment:

(in thousands)	1997	%	1996	%	1995	%
Net Sales						

Engineered Fabrics	$626,796	88	$634,067	92	$602,981	92
High Performance Industrial Doors	83,283	12	58,693	8	49,664	8
Total	$710,079	100	$692,760	100	$652,645	100
Operating Income						
Engineered Fabrics	$ 91,035	91	$ 91,802	95	$ 84,951	96
High Performance Industrial Doors	8,584	9	4,983	5	3,876	4
Total	$ 99,619	100	$ 96,785	100	$ 88,827	100
Assets						
Engineered Fabrics	$743,697	93	$776,212	93	$782,120	97
High Performance Industrial Doors	53,200	7	55,705	7	20,112	3
Total	$796,897	100	$831,917	100	$802,232	100
Depreciation and Amortization						
Engineered Fabrics	$ 43,662	97	$ 44,529	99	$ 42,830	99
High Performance Industrial Doors	1,329	3	660	1	257	1
Total	$ 44,991	100	$ 45,189	100	$ 43,087	100
Capital Expenditures						
Engineered Fabrics	$ 49,820	98	$ 53,197	99	$ 41,771	99
High Performance Industrial Doors	984	2	276	1	150	1
Total	$ 50,804	100	$ 53,473	100	$ 41,921	100

Amounts reported for associated companies are related to the Engineered Fabrics segment.

The following table shows data by geographic area:

(in thousands)	1997	%	1996	%	1995	%
Net Sales						
United States	$286,528	40	$276,973	40	$258,974	40
Canada	67,794	10	68,971	10	65,203	10
Europe	267,521	38	256,205	37	240,663	37
Rest of World	88,236	12	90,611	13	87,805	13
Total	$710,079	100	$692,760	100	$652,645	100
Operating Income						
United States	$ 54,932	55	$ 46,432	48	$ 41,485	47
Canada	8,819	9	12,026	12	12,815	14
Europe	28,603	29	26,882	28	23,119	26
Rest of World	7,265	7	11,445	12	11,408	13
Total	$ 99,619	100	$ 96,785	100	$ 88,827	100
Assets						
United States	$279,023	35	$289,475	35	$303,304	38
Canada	70,210	9	73,353	9	67,638	8
Europe	297,187	37	331,717	40	307,728	39
Rest of World	150,477	19	137,372	16	123,562	15
Total	$796,897	100	$831,917	100	$802,232	100

Sales among geographic areas and export sales are not material. Operating income includes an allocation of corporate expenses because such costs are incurred principally for the benefit of operating companies. Assets exclude intercompany accounts.

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 following table sets forth the Plans' funded status and amounts recognized in the Company's balance sheet. Amounts are shown at September 30, for U.S. pension plans. Amounts for non-U.S. plans are projected to December 31 from the most recent valuation.

	Plans in Which Assets Exceed Accumulated Benefits		Plans in Which Accumulated Benefits Exceed Assets	
(in thousands)	1997	1996	1997	1996
Actuarial present value of benefit obligations:				
Vested	$(118,521)	$(28,118)	$(11,934)	$ (97,202)
Accumulated	(125,245)	(30,642)	(13,396)	(101,916)
Projected	(150,766)	(39,042)	(19,357)	(123,868)
Plan assets at fair value, primarily listed stocks and bonds	143,980	38,895	--	83,324
Projected benefit obligation in excess of plan assets	(6,786)	(147)	(19,357)	(40,544)
Unrecognized net loss	27,392	2,868	2,130	35,545
Prior service cost not yet recognized in net periodic pension cost	6,013	738	--	5,896
Remaining unrecognized net (asset) obligation	(3,184)	(76)	510	(3,970)
Recognized unaccrued pension expense	--	--	(698)	(19,632)
Accrued pension asset (liability)	$ 23,435	$ 3,383	$(17,415)	$ (22,705)

The expected long-term rate of return for U.S. plans was 10% for 1997, 1996 and 1995. The weighted average discount rate was 7.6% for 1997, 8.0% for 1996 and 7.8% for 1995. In 1997, 1996 and 1995, the rate of increase in future compensation levels for salaried and hourly employees was 5.1% and 5.9%, respectively.

The weighted average expected long-term rate of return for non-U.S. plans was 7.2% for 1997, 7.5% for 1996 and 8.0% for 1995. The weighted average discount rate was 6.9% for 1997, 7.3% for 1996 and 7.9% for 1995. The weighted average rate of increase in future compensation levels was 4.4% for 1997, 4.8% for 1996 and 5.3% for 1995.

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, 1996 of $18,379,000 was offset by an asset amounting to $5,896,000 (included in intangibles) and a direct charge to equity of $12,483,000. There was no additional liability required at December 31, 1997.

The vested benefit obligation has been determined based upon the actuarial present value of the vested benefits to which an employee is currently entitled, based on the employee's expected date of separation or retirement.

Net pension cost included the following components:

(in thousands)	1997	1996	1995
Service cost	$ 5,751	$ 5,462	$ 4,093
Interest cost on projected benefit obligation	11,948	11,761	11,425
Actual return on assets	(10,807)	(10,057)	(9,553)
Net amortization and deferral	487	838	(544)
Net periodic pension cost	$ 7,379	$ 8,004	$ 5,421

Annual pension cost charged to operating expense for all Company plans was $11,221,000 for 1997, $12,579,000 for 1996 and $8,342,000 for 1995.

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.

In accordance with Financial Accounting Standard No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", 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)	1997	1996
Accumulated postretirement benefit obligation:		
Retirees	$28,195	$21,330
Fully eligible active plan participants	4,758	4,096
Other active participants	13,433	13,955
	46,386	39,381
Unrecognized gain	8,088	13,930
Accrued postretirement cost	$54,474	$53,311

Net periodic postretirement benefit cost included the following:

(in thousands)	1997	1996	1995
Service cost of benefits earned	$ 856	$ 954	$ 699
Interest cost on accumulated postretirement benefit obligation	3,300	2,940	3,264
Amortization of unrecognized net gain	(418)	(537)	(613)
Net periodic postretirement benefit cost	$3,738	$3,357	$3,350

For measuring the expected postretirement benefit obligation, an annual rate of increase in the per capita claims cost of 6.5% is assumed for 1997. This rate is assumed to decrease gradually to 5.5% by 1999 and remain at that level thereafter.

The weighted average discount rate was 7.6% for 1997, 8.0% for 1996 and

7.8% for 1995.

A one percentage point increase in the health care cost trend rate would result in a $5,830,000 increase in the accumulated postretirement benefit obligation as of December 31, 1997 and an increase of $605,000 in the aggregate service and interest cost components of the net periodic postretirement benefit cost for 1997.

14. TRANSLATION ADJUSTMENTS

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

(in thousands)	1997	1996	1995
Change in cumulative translation adjustments	$42,011	$11,760	$ (5,828)
Other noncurrent liabilities	2,742	568	(1,095)
Deferred taxes	3,419	271	(1,421)
Long-term debt	1,014	(1,289)	(565)
Investments in associated companies	(100)	(537)	81
Net fixed assets	(22,959)	(6,146)	10,863
Other assets	(4,602)	(1,076)	(153)
Effect of exchange rate changes	$21,525	$ 3,551	$ 1,882

Shareholders' equity was affected by translation as follows: decrease/(increase) from translation of non-U.S. financial statements of $30,979,000, $6,354,000 and $(462,000); from remeasurement of loans of $11,032,000, $4,932,000 and $(7,379,000) in 1997, 1996, and 1995, respectively; and by losses on designated hedges, net of tax, of $474,000 and $2,013,000 in 1996 and 1995, respectively.

In 1997, 1996 and 1995, net translation losses included in operations in Brazil and Mexico were $499,000, $233,000 and $354,000 respectively, and were included in cost of goods sold.

15. STOCK OPTIONS AND INCENTIVE PLANS

During 1988 and 1992, the shareholders approved stock option plans for key employees. The 1988 and 1992 plans each provide for granting of up to 2,000,000 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 exercisable in five cumulative annual amounts beginning 12 months after date of grant. The option issued 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. Option exercise prices are not less than the market value of the shares on the date of grant. Unexercised options generally terminate twenty years after date of grant for all plans.

For the purpose of applying Financial Accounting Standard No. 123 ("FAS 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 dividend yield was 1.8% for 1997, 1996 and 1995. The expected volatility was 24.1% in 1997, 24.6% in 1996 and 25.0% in 1995. The expected life of the options varies based on employee group and ranges from 8 to 19 years. The risk-free interest rate ranges from 5.8% to 6.1% in 1997, 6.6% to 7.0% in 1996 and 5.7% to 6.2% in 1995. 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 1997, 1996 or 1995. Had compensation cost and fair value been determined pursuant to FAS 123, net income would decrease from $49,059,000 to $47,727,000 in 1997, from $48,306,000 to $47,511,000 in 1996 and from $43,011,000 to $42,686,000 in 1995. Earnings per share would decrease from $1.60 to $1.55 in 1997, from $1.59 to $1.56 in 1996 and from $1.42 to $1.41 in 1995. Diluted earnings per share would decrease from $1.57 to $1.53 in 1997, from $1.58 to $1.55 in 1996 and from $1.35 to $1.34 in 1995. The weighted average fair value of options granted during 1997, 1996 and 1995, for the purposes of FAS 123, is $10.37, $10.34 and $9.88 per share, respectively.

Activity with respect to these plans is as follows:

	1997	1996	1995
Shares under option at January 1	3,057,400	2,799,650	2,630,400
Options granted	695,500	415,250	436,250
Options cancelled	23,900	133,100	7,800
Options exercised	420,000	24,400	259,200
Shares under option at December 31	3,309,000	3,057,400	2,799,650
Options exercisable at December 31	1,930,900	2,068,750	1,896,050
Shares available for options	229,900	651,500	933,650

The weighted average exercise price is as follows:

	1997	1996	1995
Shares under option at January 1	$18.00	$17.38	$16.49
Options granted	21.84	22.25	22.25
Options cancelled	20.49	18.78	17.72
Options exercised	16.72	16.49	17.00
Shares under option at December 31	18.95	18.00	17.38
Options exercisable at December 31	17.08	16.59	16.29

The following is a summary of the status of options outstanding at December 31, 1997:

	Outstanding Options			Exercisable Options	
Exercise Price Range	Number	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
$15.00	125,000	15.11	$15.00	100,000	$15.00
15.50	700,000	10.34	15.50	700,000	15.50
16.25	174,950	15.41	16.25	139,500	16.25
16.75	517,000	12.07	16.75	517,000	16.75
17.63-18.75	301,800	15.49	18.56	227,200	18.50
19.75	443,000	19.29	19.75	--	--
22.25	797,250	17.89	22.25	247,200	22.25
25.56	250,000	19.85	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 repayment terms are selected by the participants in accordance with the provisions of each plan. 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 $1,795,000 in 1997, $1,523,000 in 1996 and $1,240,000 in 1995. The increase in cash value, net of premiums, was $851,000 in 1997, $751,000 in 1996 and $654,000 in 1995.

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 3% to 15% of their regular wages which under Section 401(k) are tax deferred. The Company matches 50% 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 $3,288,000 in 1997, $3,129,000 in 1996 and $2,906,000 in 1995.

The Company's profit-sharing plan covers substantially all employees in the United States. At the beginning of each year, the Board of Directors announces the formula that it expects to utilize in determining the amount of the profit-sharing contribution for that year. The profit-sharing contributions will only be made to current active participants in Prosperity Plus in the form of cash or the Company's Class A Common Stock. The expense recorded for this plan was $206,000 in 1997, $1,388,000 in 1996 and $2,279,000 in 1995.

16. ACQUISITIONS AND RESTRUCTURING

In November 1996, the Company acquired substantially all of the assets of Schieffer Door Systems, a manufacturer of high-speed, high-performance industrial doors located in Germany, for approximately $25,000,000.

In May 1995, the Company acquired substantially all of the assets of Panyu South Fabrics Industrial Company, a manufacturer of paper machine clothing located in China, for approximately $7,000,000.

In September 1995, the Company concluded the purchase of all of the outstanding capital stock and land and buildings used in the business of Technical Service Industries, a supplier of engineered fabrics to the nonwovens industry. The purchase price was approximately $10,000,000, with $900,000 paid at closing, $5,000,000 paid in 1996 and the balance deferred up to 10 years.

In December 1995, the Company completed the acquisition of Kelley Door Systems for approximately $4,000,000. Kelley operations have been consolidated with the Company's Nomafa Door Division.

All acquisitions were accounted for as purchases and, accordingly, the Company included in its financial statements the results of operations of the acquired entities as of the respective acquisition dates.

In 1993, the Company recorded restructuring charges which included $2,200,000 for asset write offs, $2,500,000 for lease obligations related to an unoccupied facility and $2,300,000 for termination costs related to downsizing certain operations. Lease obligation payments will continue until 1999.

The components of accrued restructuring costs consist of:

(in thousands)	1997	1996	1995
Lease obligations	$ 628	$1,119	$1,693
Termination costs	--	--	317
Asset write offs	--	--	275
	$ 628	$1,119	$2,285

The decrease in accrued balances are the result of actual payments for terminations or incurred expenses and the disposal of written down equipment.

FINANCIAL REVIEW

Review of Operations

- --1997 VS. 1996

Net sales increased $17.3 million or 2.5% as compared with 1996. Net sales were decreased by $32.1 million from the effect of a stronger U.S. dollar as compared to 1996. As discussed below, the Company acquired Schieffer Door Systems ("Schieffer") in 1996. Schieffer added $24.6 million to 1997 net sales. Excluding the effect of the stronger U.S. dollar and Schieffer, 1997 net sales increased 3.6% over 1996.

Net sales in the United States increased 3.5% in 1997 as compared to 1996, while sales in Canada decreased 1.7% over the same period. The decrease in Canadian sales was due in part to lower sales to Asia. The effect of price increases to customers in 1997 was small.

European sales increased 4.4% in 1997 as compared to 1996. Excluding the acquisition of Schieffer and the effect of the stronger U.S. dollar, net sales in Europe increased 5.8%. Sales in the Rest of World segment decreased 2.6%.

Gross profit continued to improve and was 43.0% of net sales in 1997 as compared to 42.4% in 1996. Excluding the effect of Schieffer, gross profit margin would have been 43.2%.

Selling, technical, general and research expenses, excluding Schieffer, increased 1.4% in 1997 as compared to 1996. Excluding the additional effect of the stronger U.S. dollar, these costs increased 5.6%. A large part of the increase is due to higher wages and benefit costs.

The increase in other expense/(income), net as compared to 1996, was partially due to lower income from currency transactions and interest rate protection agreements. Income from those transactions was $2.8 million in 1997 as compared to $3.7 million in 1996. The increase in 1997 was also due to one time strategic planning costs of $1.3 million. Currency transactions and interest rate protection agreements income generally results from economic hedges which can have either a positive or negative effect on other expense/ (income), 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).

Interest expense decreased $.9 million or 5.3% as compared with 1996. This decrease is primarily due to lower average debt balances.

For purposes of applying Financial Accounting Standard No. 52, "Foreign Currency Translation", to economies that cease to be highly inflationary, effective January 1, 1998, the functional currency for the Company's Brazilian operations will change from the U.S. dollar to the Brazilian Real. Management does not expect a significant impact on reported results.

- --1996 VS. 1995

Net sales increased $40.1 million or 6.1% as compared with 1995. Net sales were decreased by $3.1 million from the effect of a stronger U.S. dollar as compared to 1995. Excluding this effect, 1996 net sales increased 6.6% over 1995.

Net sales in the United States increased 7.0% in 1996 as compared to 1995. This increase is due primarily to new products introduced during 1995 and 1996 and was made despite almost no increase in paper and board production during the year in the United States. Canadian sales increased 5.8% in 1996 as compared to 1995. The effect of price increases to customers in 1996 was small.

European sales increased 6.5% in 1996 as compared to 1995. Excluding the effect of the stronger U.S. dollar, net sales in Europe increased 6.9%. Sales in the Rest of World segment increased 3.2% as compared to 1995.

As a result of cost containment programs, which were partially offset by a change in product mix, gross profit continued to improve and was 42.4% of net sales in 1996 as compared to 41.8% in 1995.

Selling, technical, general and research expenses increased 6.8% in 1996 as compared to 1995. Excluding the effect of translation of non-U.S. currencies into U.S. dollars, these expenses would have increased 7.2%. Increased wages and benefit costs and additional costs generated by acquisitions made in the second half of 1995 and 1996 accounted for a significant portion of the increase.

The increase in other expense/(income), net as compared to 1995, was due to lower income from currency transactions and interest rate protection agreements. Income from those transactions was $3.7 million in 1996 as compared to $4.6 million in 1995.

Interest expense decreased $3.1 million or 15.5% as compared with 1995. The decrease is primarily due to a lower average interest rate in 1996 of 6.0% as compared to 7.1% in 1995.

In November 1996, the Company acquired substantially all of the assets of Schieffer, a manufacturer of high-speed, high-performance industrial doors located in Germany, for approximately $25 million. The acquisition was accounted for as a purchase and, accordingly, the Company has included Schieffer's results of operations in its financial statements as of November 1, 1996. Reported results were not significant.

For purposes of applying Financial Accounting Standard No. 52, "Foreign Currency Translation", to highly inflationary economies, effective January 1, 1997, the functional currency for the Company's Mexican operations was changed from the Mexican peso to the U.S. dollar.

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.

The profitability in the Company's geographic regions in 1997 as compared to 1996 increased in the United States and Europe and decreased in the other geographic areas (see Note 11 of Notes to Consolidated Financial Statements). Total operating income increased 2.9% as compared to 1996. Excluding the effect of the stronger U.S. dollar, operating income would have been 8.7% higher as compared to 1996. Operating income as a percent of net sales for the United States was 19.2% in 1997, 16.8% in 1996 and 16.0% in 1995; and for Canada was 13.0% in 1997, 17.4% in 1996 and 19.7% in 1995; for Europe was 10.7% in 1997, 10.5% in 1996 and 9.6% in 1995; and for Rest of World was 8.2% in 1997, 12.6% in 1996 and 13.0% in 1995.

Liquidity and Capital Resources

At December 31, 1997 the Company's order backlog was $528.0 million, an increase of $25.8 million from the prior year-end.

Accounts receivable decreased $7.6 million from December 31, 1996. Excluding the effect of the stronger U.S. dollar, accounts receivable increased $4.6 million. Inventories were flat as compared to December 31, 1996, after restatement for the change in accounting for inventory as discussed below. Excluding the effect of the stronger U.S. dollar, inventories increased $9.1 million.

During 1997, the Company changed its method of determining the cost of United States inventories from the last-in, first-out (LIFO) method to the average cost method. The Company believes that the average cost method results in a closer matching of revenues and expenses during periods of increased productivity and changes in product mix. This change in accounting method has been applied retroactively and financial information for all periods presented has been restated to apply the average cost method. Income before extraordinary item and net income was increased/ (decreased) by $.9 million, 3 cents per share, and $(.1) million, less than 1 cent per share, for the years ended December 31, 1996 and 1995, respectively, as a result of this change. There was no effect on 1997 income. Retained earnings has been adjusted for the effect of retroactive application of the new method.

Cash flow provided from operating activities was $86.6 million in 1997 compared with $82.9 million in 1996 and $67.5 million in 1995. Capital expenditures were $50.8 million for 1997, $53.5 million for 1996 and $41.9 million for 1995. Capital expenditures in 1998 are expected to be about $45 million. The Company will continue to finance these expenditures with cash from operations and existing credit facilities.

The Company is currently assessing the potential impact of the year 2000 on its existing computer programs. The assessment is expected to be complete, with a formal action plan put in place, by mid-1998 with all necessary modifications done by mid-1999. The Company presently believes that the year 2000 issue will be mitigated by the completion of the company-wide implementation of new software.

The Company currently has a $300 million revolving credit agreement with its principal banks in the United States. The banks' commitment will decline to $150 million in 2001 with the final maturity in 2002. The terms of the revolving credit agreement include a facility fee and allow the Company to select from various loan pricing options. The Company's current debt structure, which is mostly floating-rate, has resulted in lower interest expense and currently provides approximately $200 million in committed and available unused debt capacity with financial institutions. Management believes that the unused line, in combination with informal commitments and expected free cash flows, should be sufficient to meet operating requirements and for business opportunities and most acquisitions which support corporate strategies.

In 1998, it is possible that the Company will fix interest rates on a portion of the Company's total debt. It is anticipated that this will increase the Company's interest rate during 1998 and reduce the Company's exposure to higher interest rates.

On March 15, 1996, the Company redeemed the $150 million, 5.25% convertible subordinated debentures at a redemption price of 91.545%. The redemption resulted in a one-time extraordinary non-cash charge to income of $1.3 million, net of tax of $.8 million.

Cash dividends of $.105 per share were declared in each of the four quarters of 1997.

		The amounts		
(in thousands, except per share amounts)	1997	1996	1995	1994
Summary of Operations				
Net sales	$710,079	$692,760	$652,645	$567,583
Cost of goods sold	404,982	399,311	379,696	338,991
Operating income (1),(2),(7)	99,619	96,785	88,827	62,821
Interest expense, net	15,467	15,833	20,009	16,820
Income before income taxes	79,631	80,940	69,842	41,677
Income taxes	31,055	31,570	27,208	17,921
Income before associated companies	48,576	49,370	42,634	23,756
Net income/(loss) (3),(4),(6)	49,059	48,306	43,011	23,882
Net income/(loss) per share	1.60	1.59	1.42	0.80
Diluted net income/(loss) per share	1.57	1.58	1.35	0.79
Average number of shares outstanding	30,749	30,364	30,202	29,953
Capital expenditures	50,804	53,473	41,921	36,322
Dividends declared	12,921	12,159	11,708	10,488
Per Class A common share	0.42	0.40	0.3875	0.3500
Per Class B common share	0.42	0.40	0.3875	0.3500
Financial Position				
Current assets	$373,323	$384,627	$364,207	$319,947
Current liabilities	170,440	176,746	126,945	115,863
Current ratio	2.2	2.2	2.9	2.8
Property, plant and equipment, net	321,611	339,461	342,150	320,719
Total assets	796,897	831,917	802,232	727,157
Long-term debt	173,654	187,100	245,265	232,767
Shareholders' equity	343,108	332,330	304,942	274,632
Per share	11.17	10.91	10.06	9.14
Total capital (5)	594,560	586,890	567,460	525,119
Total debt to total capital	42.3%	43.4%	46.3%	47.7%
Return on shareholders' equity	14.3%	14.5%	14.1%	8.7%
Number of Employees	5,881	5,854	5,658	5,404

---

(1) The Company adopted Financial Accounting Standard (FAS) No. 87 "Employers' Accounting for Pensions", with respect to its non-U.S. retirement plans in 1989, which reduced pension cost by $1,077,000.

(2) Included in 1990 is a charge to income of $8,500,000 for an early retirement window and terminations which were part of a world wide cost containment program.

(3) Included in 1987 is a charge to income for the difference between the amount accrued under Incentive Stock Unit (ISU) agreements and the appraised value of the 1,534,256 Class B common shares which were issued to the holders of the ISU's. The amount of this charge was $2,195,000.

(4) In January 1989, the Company sold its property and facilities in Halmstad, Sweden for approximately $51,000,000 in cash and notes with a resulting net gain of approximately $23,000,000.

---

reported for 1987 - 1996 have been restated to reflect accounting change

1993	1992	1991	1990	1989	1988	1987
$ 546,120	$ 561,084	$ 557,218	$ 556,104	$ 505,474	$ 461,246	$ 402,203
345,468	366,756	359,184	358,697	299,287	267,374	236,883
40,051	18,893	44,488	31,661	67,627	73,755	63,745
16,115	18,829	20,090	18,450	19,857	16,637	14,908
24,566	3,282	19,752	14,421	76,272	53,333	47,320
9,679	1,247	10,803	7,538	33,487	18,954	22,263
14,887	2,035	8,949	6,883	42,785	34,379	25,057
15,003	(3,114)	10,794	8,269	44,896	36,521	25,682
0.56	(0.12)	0.42	0.33	1.77	1.47	1.17
0.56	(0.12)	0.42	0.33	1.76	1.47	1.15
26,679	25,559	25,415	25,312	25,408	24,779	21,992
30,940	20,219	40,067	110,729	82,252	58,601	40,216
9,361	8,950	8,903	7,518	5,775	4,674	1,082
0.3500	0.3500	0.3500	0.3500	0.3125	0.2625	0.0625
0.3500	0.3500	0.3500	0.1313	--	--	--
$ 270,034	$ 256,422	$ 259,917	$ 277,622	$ 246,144	$ 209,635	$ 179,919
101,069	112,955	106,220	106,904	100,810	86,489	88,156
2.7	2.3	2.4	2.6	2.4	2.4	2.0
302,829	308,618	362,456	365,558	260,907	214,807	182,232
661,314	652,745	680,706	708,212	569,968	480,143	420,220
208,620	239,732	250,423	262,042	145,493	157,833	130,745
247,223	193,975	247,231	245,004	240,285	179,545	147,069
8.27	7.57	9.70	9.66	9.32	7.15	6.05
467,320	456,773	551,240	574,977	452,567	392,707	320,060
47.1%	57.5%	48.2%	49.3%	38.8%	48.1%	47.5%
6.1%	(1.6%)	4.4%	3.4%	18.7%	20.3%	17.5%
5,286	5,678	5,726	6,144	6,090	5,659	5,244

(5) 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.

(6) 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.

(7) 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.

QUARTERLY FINANCIAL DATA
(unaudited)

(in millions except per share amounts)	1st	2nd	3rd	4th
1997				
Net sales	$171.8	$181.9	$171.8	$ 184.6
Gross profit	71.8	78.7	73.9	80.7
Net income	10.9	13.5	11.4	13.3
Net income per share	.36	.44	.37	.43
Diluted net income per share	.35	.43	.36	.43
Dividends per share	.105	.105	.105	.105
Class A Common Stock prices:				
High	24.5	24.0	27.4375	26.5625
Low	20.625	19.75	22.5	22.25
1996 (Restated)				
Net sales	$168.1	$172.1	$169.8	$ 182.8
Gross profit	70.1	72.7	72.0	78.6
Net income	8.1	12.3	12.5	15.4
Net income per share	.27	.40	.41	.51
Diluted net income per share	.27	.40	.41	.50
Dividends per share	.10	.10	.10	.10
Class A Common Stock prices:				
High	20.375	22.625	22.5	23.125
Low	17.25	19.50	18.0	21.625
1995 (Restated)				
Net sales	$154.1	$166.8	$162.0	$ 169.7
Gross profit	63.2	71.2	68.1	70.4
Net income	7.9	11.8	11.8	11.5
Net income per share	.26	.39	.39	.38
Diluted net income per share	.26	.37	.36	.36
Dividends per share	.0875	.10	.10	.10
Class A Common Stock prices:				
High	19.625	23.875	26.50	23.625
Low	17.125	18.75	22.875	17.875

Stock and Shareholders

The Company's Class A Common Stock is traded principally on the New York Stock Exchange. At December 31, 1997 there were approximately 7,000 shareholders.

EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

	Percent Direct Ownership	Percent Indirect Ownership	Jurisdiction
Albany International Pty.,Ltd..............	100		Australia
Nomafa Austria.............................		100	Austria
Albany International Feltros e Telas Industriais Ltda.........................	100		Brazil
Albany International Canada Inc............	100		Canada
Albany International (China) Co., Ltd.......	100		China
Albany Fennofelt Oy AB.....................		100	Finland
Albany International Holding S.A...........	100		France
Albany International S.A...................		100	France
Martel Catala S.A..........................		100	France
Toiles Franck S.A..........................		100	France
Nomafa S.A.R.L.............................		100	France
T.I.S. S.A.................................		100	France
Schieffer Tor-und Schutzsysteme GmbH........		100	Germany
Nordiskafilt Maschinenbespannung GmbH.......		100	Germany
Albany International GmbH Goppingen.........		100	Germany
Nomafa GmbH................................		100	Germany
Nomafa B.V.................................		100	Netherlands
Albany International B.V...................	100		Netherlands
Nordiskafilt Kabushiki Kaisha..............		100	Japan
Albany International S.A. de C.V...........	100		Mexico
Martel Wire, S.A. de C.V...................		100	Mexico
Telas Industriales de Mexico, S.A. de C.V....................................	100		Mexico
Albany International Industrial Fabrics & Filters, S.A.de C.V......................	100		Mexico
Albany Nordiskafilt AS.....................		100	Norway
Albany International Korea, Inc............	100		South Korea
Albany International Korea, Inc............		100	South Korea
Albany Nordiska S.A........................		100	Spain
Albany Nordiskafilt AB.....................	100		Sweden
Nordiska Maskinfilt Aktiebolag.............		100	Sweden
Nordiskafilt Aktiebolag....................		100	Sweden
Dewa Consulting AB.........................		100	Sweden
Nomafa Aktiebolag..........................	100		Sweden
Albany Wallbergs AB........................	100		Sweden
Nordiska Industrie Produkte AG.............	100		Switzerland
Albany International AG....................		100	Switzerland
Albany International Ltd...................	100		United Kingdom
Albany International Research Co...........	100		United States

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements of Albany International Corp. on Form S-8 (File Nos. 33-23163, 33-28028 and 33-33048) of our report dated January 22, 1998, on our audits of the consolidated financial statements and financial statements schedules of Albany International Corp. as of December 31, 1997 and 1996, and for the years ended December 31, 1997, 1996, and 1995, which report is incorporated by reference in this Annual Report on Form 10-K.

/s/ Coopers & Lybrand L.L.P.
Albany, New York
March 16, 1998

EXHIBIT 24

Power 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 J. Spencer Standish, Francis L. McKone, Michael C. Nahl, Richard A. Carlstrom, Thomas H. Hagoort, 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 6th day of November, 1997.

/s/ J. Spencer Standish
- ---------------------------------
J. Spencer Standish
Chairman of the Board and Director

/s/ Francis L. McKone

Francis L. McKone
President and Director
(Chief Executive Officer)

/s/ Michael C. Nahl
- ---------------------------------
Michael C. Nahl
Senior Vice President and
Chief Financial Officer

/s/ Richard A. Carlstrom

Richard A. Carlstrom
Controller
(Principal Accounting Officer)

/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/ Frank R. Schmeler
- ---------------------------------
Frank R. Schmeler
Executive Vice President, Chief
Operating Officer and Director

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM ALBANY INTERNATIONAL CORP.'S CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR
DEC-31-1997
JAN-01-1997
DEC-31-1997
2,546
0
177,110
5,224
180,451
373,323
625,039
303,428
796,897
170,440
173,654
31
0
0
343,077
796,897
710,079
710,079
404,982
609,162
4,521
1,298
15,467
79,631
31,055
49,059
0
0
0
49,059
1.60
1.57