SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K/A

Current Report

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report: November 8, 1999   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 Number)
1373 Broadway, Albany, New York	12204
(Address of principal executive offices)	(Zip Code)

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

Item 7. Financial Statements and Exhibits

(a) Financial statements of business acquired.

The combined balance sheets of the Geschmay Group as of December 31, 1998 (audited) and June 30, 1999 (unaudited) and statements of operations, shareholders' equity and comprehensive income (loss) and cash flows for the year ended December 31, 1998 (audited) and the six months ended June 30, 1998 and 1999 (unaudited) contained in Exhibit 99.1 attached hereto are incorporated herein by reference.

(b) Pro forma financial information.

The unaudited Pro Forma Combined Financial Statements for Albany International Corp. contained in Exhibit 99.2 attached hereto are incorporated herein by reference.

(c) Exhibits.

Exhibit No.	Description
23.1	Consent of KPMG LLP
99.1	The combined balance sheets of the Geschmay Group as of December 31, 1998 (audited) and June 30, 1999 (unaudited) and combined statements of operations, shareholders' equity and comprehensive income (loss) and cash flows for the year ended December 31, 1998 (audited) and the six months ended June 30, 1998 and 1999 (unaudited).
99.2	The unaudited Pro Forma Combined Financial Statements for Albany International Corp.

SIGNATURES

Pursuant to the requirements 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.

ALBANY INTERNATIONAL CORP.
(Registrant)

Date: November 8, 1999

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

Exhibit 99.1

Financial Statements of Business Acquired

GESCHMAY GROUP

Combined Financial Statements

December 31, 1998

(With Independent Auditors' Report Thereon)

Independent Auditors' Report

The Shareholders
Feltrificio Veneto S.p.A., Geschmay Asia Private Limited,
Wurttembergische Filztuchfabrik
D. Geschmay GmbH, Geschmay
Research GmbH, Wangner Systems
Corporation and Cofpa S.A.:

We have audited the accompanying combined balance sheets of Feltrificio Veneto S.p.A., Geschmay Asia Private Limited, Wurttembergische Filztuchfabrik D. Geschmay GmbH, Geschmay Research GmbH, Wangner Systems Corporation and Cofpa S.A. (collectively, the "Geschmay Group") as of December 31, 1998 and the related combined statements of operations, shareholders' equity and comprehensive income (loss), and cash flows for the year ended December 31, 1998. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Geschmay Group as of December 31, 1998, and the results of their operations and their cash flows for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

/s/ KPMG LLP

Albany, New York
October 22, 1999

GESCHMAY GROUP

Combined Balance Sheets
(In thousands, except share amounts)

Assets	December 31, 1998	June 30, 1999 (Unaudited)
Current assets:		
Cash and cash equivalents	$ 1,683	3,128
Short-term investments (note 1 (f))	1,627	1,465
Trade accounts receivable, net of allowance for doubtful accounts of $2,413 and $2,370 at December 31, 1998 and June 30, 1999, respectively.	44,146	42,268
Accounts receivable from related parties (note 9)	7,682	7,078
Other receivables	585	489
Inventories:		
Finished goods	33,642	29,594
Work in process	12,137	14,054
Raw materials and supplies	8,153	8,241
	53,932	51,889
Prepaid and other current assets	2,256	1,312
Deferred income taxes (note 6)	3,366	3,355
Total current assets	115,277	110,984
Property, plant and equipment, net (note 2)	78,847	69,460
Notes receivable - related parties (note 9)	2,466	2,160
Investments in associated companies	627	405
Other non-current assets	1,524	1,481
Total assets	$ 198,741	184,490

(Continued)

GESCHMAY GROUP

Combined Balance Sheets
(In thousands, except share amounts)

Liabilities and Shareholders' Equity	December 31, 1998	June 30, 1999 (Unaudited)
Current liabilities:		
Notes payable	794	2,616
Current portion of long-term debt (note 3)	2,804	3,973
Current portion of long-term debt - related parties (note 3)	8,126	6,790
Current installments of capital leases (note 4)	728	680
Bank overdraft	5,983	7,213
Trade accounts payable	14,805	12,847
Accounts payable - related parties (note 9)	786	--
Income taxes payable (note 6)	817	421
Accrued expenses (note 5)	24,317	18,449
Other current liabilities	624	318
Total current liabilities	59,784	53,307
Long-term liabilities:		
Long-term debt, excluding current portion (note 3)	21,809	22,080
Long-term debt, excluding current portion - related parties (note 3)	6,072	6,049
Capital lease obligations, excluding current installments (note 4)	6,331	5,242
Employee benefits payable (note 8)	15,325	13,552
Deferred income taxes (note 6)	1,750	1,765
Total liabilities	111,071	101,995
Shareholders' equity (note 7):		
Capital stock	16,099	16,099
Other additional capital	19,639	19,639
Retained earnings - appropriated	522	522
Retained earnings - unappropriated	51,873	51,790
Accumulated other comprehensive loss, net	(265)	(5,357)
	87,868	82,693
Less: treasury stock, 100,800 shares at cost	(198)	(198)
Total shareholders' equity	87,670	82,495
Total liabilities and shareholders' equity	$198,741	$184,490

See accompanying notes to combined financial statements.

GESCHMAY GROUP
Combined Statements of Operations
(In thousands)

	Year ended December 31, 1998	Six-months ended June 30, 1998	Six-months ended June 30, 1999
		(Unaudited)	
Net sales (note 9)	$ 158,833	81,681	76,055
Cost of goods sold (note 9)	104,495	48,437	51,547
Gross profit	54,338	33,244	24,508
Selling, general, and administrative expenses	47,710	25,432	22,571
Technical and research expenses	301	277	327
Operating income	6,327	7,535	1,610
Other income (expense):			
Interest income	377	265	467
Interest expense	(2,966)	(1,603)	(1,463)
Other, net	(259)	13	1,083
	(2,848)	(1,325)	87
Income before income taxes	3,479	6,210	1,697
Income taxes (note 6)	3,516	4,026	1,780
Net income (loss)	$ (37)	2,184	(83)

See accompanying notes to combined financial statements.

GESCHMAY GROUP

Combined Statements of Shareholders' Equity and Comprehensive Income (Loss)

(In thousands, except share amounts)

		Capital Stock	Additional Capital
Balances at December 31,1997	$	16,038	19,639
Issuance of 100,000 shares at inception - Geschmay Asia Private Limited		61	0
Transfer to legal reserve - Feltrificio Veneto S.p.A.		0	0
Comprehensive income:			
Net loss		0	0
Foreign currency translation adjustment		0	0
Total comprehensive income			
Balances at December 31, 1998		16,099	19,639
Comprehensive loss:			
Net loss (unaudited)		0	0
Foreign currency translation adjustment (unaudited)		0	0
Total comprehensive loss (unaudited)			
Balances at June 30, 1999 (unaudited)	$	16,099	19,639

See accompanying notes to combined financial statements.

Retained Earnings (Appropriated)	Retained Earnings (Unappropriated)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity	Comprehensive Income (Loss)
486	51,946	(2,786)	(198)	85,125	
0	0	0	0	61	
36	(36)	0	0	0	
0	(37)	0	0	(37)	$ (37)
0	0	2,521	0	2,521	2,521
					$2,484
522	51,873	(265)	(198)	87,670	
0	(83)	0	0	(83)	$ (83)
0	0	(5,092)	0	(5,092)	(5,092)
					$(5,175)
522	51,790	(5,357)	(198)	82,495	

GESCHMAY GROUP
Combined Statements of Cash Flows
(In thousands)

	Year ended December 31, 1998	Six-month period ended June 30, 1998	1999
		(Unaudited)	
Cash flows from operating activities:			
Net income (loss)	$ (37)	2,184	(83)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	15,042	7,442	7,270
Net loss on disposal of equipment	81	0	17
Deferred income taxes	(973)	389	52
Changes in operating assets:			
Accounts receivable	(2,719)	(3,825)	91
Inventories	(4,567)	(5,211)	1,469
Prepaid expenses	795	1,392	677
Accounts payable	3,600	487	(495)
Accrued expenses and other liabilities	3,453	3,540	(5,279)
Income taxes payable	(700)	(287)	(396)
Other, net	(361)	(399)	(807)
Net cash provided by operating activities	13,614	5,712	2,516
Cash flows from investing activities:			
Proceeds from sale of equipment	410	0	0
Return of investment (investments in) associated companies	(268)	0	154
Purchases of other long-term assets	(379)	(22)	(17)
Purchases of property, plant and equipment	(14,694)	(5,474)	(4,546)
Net cash used in investing activities	(14,931)	(5,496)	(4,409)
Cash flows from financing activities:			
Net borrowings (repayments) under lines of credit	(552)	1,256	435
Borrowings of long-term debt	9,001	2,182	3,947
Principal payments on long-term debt and capital lease obligations	(3,297)	(3,466)	(3,609)
Borrowings from related parties	264	0	116
Principal payments on debt - related parties	(5,171)	(186)	0
Borrowings under revolving credit agreement	19,000	10,802	12,115
Repayments under revolving credit agreement	(19,434)	(10,598)	(10,195)
Proceeds from issuance of shares of capital stock	61	61	0
Net cash provided by financing activities	(128)	51	2,809
Effect of exchange rate changes on cash and cash equivalents	(117)	(400)	529
Net increase (decrease) in cash and cash equivalents	(1,562)	(133)	1,445
Cash and cash equivalents at beginning of period	3,245	3,245	1,683
Cash and cash equivalents at end of period	$ 1,683	3,112	3,128
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	$ 2,457	646	1,195
Income taxes	$ 5,638	2,385	4,852
Supplemental disclosure of non-cash investing and financing activity:			
Additions to equipment financed with a capital lease	$ 86	86	0

See accompanying notes to combined financial statements.

(1) Summary of Significant Accounting Policies

(a) Description of Business

The Geschmay Group is comprised of Feltrificio Veneto S.p.A. (hereinafter referred to as "FV") with manufacturing facilities in Venice (Marghera) and Milan (Lodi), Italy; Geschmay Asia Private Limited (hereinafter referred to as "GAS") with an office in Republic Plaza, Singapore; Wurttembergische Filztuchfabrik D. Geschmay GmbH (hereinafter referred to as "WFG") with manufacturing facilities in Goppingen, Germany, Geschmay Research GmbH (hereinafter referred to as "Geschmay Research") with an office in Goppingen, Germany; Wangner Systems Corporation and subsidiaries (hereinafter referred to as "WSC") with manufacturing facilities in Greenville, South Carolina; and Cofpa S.A. (hereinafter referred to as "COFPA") with manufacturing facilites in Gond Pontouvre and Saint Junien, France (FV, GAS, WFG, Geschmay Research, WSC, and COFPA hereinafter collectively referred to as "Geschmay Group").

The Geschmay Group manufactures and sells paper machine clothing and engineered fabrics to paper producers located primarily in North America and Europe. These fabrics are used on paper machines to produce grades of paper from lightweight tissue paper to heavyweight containerboard. These custom designed engineered fabrics are essential to the paper production process and are manufactured from monofilament and synthetic fiber materials. Product lines sold to paper producers include wet felts, drying fabrics, and forming fabrics that are sold under the Humitex, Setex, Spiralflex, and other brand names. The core technologies and competencies of the above product lines have also been leveraged to expand to other industrial process applications. These include textiles and leather tannery machinery clothing.

(b) Basis of Presentation

The accompanying combined financial statements are presented for the Geschmay Group companies who are under the common ownership of Mistral International Finance A.G., a Luxembourg company, and Golden Bridge S.A., a Belgian company. The Geschmay Group is being acquired as part of the Share Purchase Agreement, dated as of May 26, 1999, by and among Albany International Corp., a U.S. corporation, and Mistral International Finance A.G. and Golden Bridge S.A. See note 12 for further description of the transaction.

The interim combined financial information included in these combined financial statements is unaudited but reflects all adjustments (consisting of only normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented.

(c) Principles of Combination

The combined financial statements include the respective individual financial statements of FV, GAS, and COFPA; the combined financial statements of WFG and Geschmay Research; and the consolidated financial statements of WSC. All significant intercompany balances and transactions have been eliminated in combination.

(d) Translation of Financial Statements

The individual financial statements of the Geschmay Group companies are translated to U.S. dollars in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 52, Foreign Currency Translation. Assets and liabilities are translated at the current exchange rate at the balance sheet date. Results of operations have been translated using the average rates prevailing throughout the periods presented. Translation adjustments are recorded as a separate component of shareholders' equity.

Foreign currency gains and losses arise from the purchase of raw materials and equipment from foreign sources and from the sale of products in foreign currencies. All foreign exchange transaction gains and losses are included in the combined statement of operations and are included in other income (expense), net. Net foreign currency gains (losses) were $395,000 for the year ended December 31, 1998.

(e) Revenue Recognition

Revenue is recognized upon the transfer of ownership and risk of loss of inventory to the customer. Customers generally assume the risks of ownership either upon shipment to the customer or when the product is placed in service.

(f) Cash Equivalents

For purposes of the combined statement of cash flows, all highly liquid debt instruments owned with original maturities of three months or less are considered to be cash equivalents.

(g) Short-Term Investments

Short-term investments are those with maturities of less than one year but greater than three months when purchased. These investments are readily convertible to cash and are stated at cost plus accrued interest, which approximates fair value.

(h) Inventories

Inventories are stated at the lower of cost or market, on the basis of specific identification.

(i) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Equipment under capital leases is stated at the present value of minimum payments at the inception of the lease.

Depreciation of plant and equipment is generally calculated using the straight-line method over the estimated useful lives of the assets. Equipment held under capital lease is amortized using the straight-line method over the shorter of the lease term or estimated useful life of the asset. For combined financial statement purposes, the following estimated useful lives are used:

Buildings	10-50 years
Machinery and equipment	4-12 years
Furniture and office equipment	2-10 years

(j) Allowance for Product Returns

Credits are issued to customers, from time to time, for products not achieving expected performance specifications or acceptable product lives. As a result, an allowance for these product returns, based on historical experience, is maintained.

(k) Derivative Financial Instruments

Derivative financial instrument contracts are utilized by the Geschmay Group to manage interest rate and foreign exchange risk. The Geschmay Group uses forward foreign exchange contracts to manage the risk of adverse movements in exchange rates related to accounts receivable from - and future sales to - customers. Gains and losses on forward foreign exchange contracts are recognized currently through the statement of operations and generally offset the transaction gains or losses on the foreign currency cash flows which they are intended to hedge. At December 31, 1998, the aggregate notional amount of forward foreign exchange contracts was $3,500,000 and the unrealized gains and losses on forward foreign exchange contracts were not material to the financial position of the Geschmay Group.

In addition, the Geschmay Group has an interest rate swap agreement which hedges the potential impact of increases in variable interest rates. Income and expense related to the interest rate swap is accrued as interest rates change and is recognized over the life of the agreement as an adjustment to interest expense.

(l) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(m) Comprehensive Income

At the initial date of the application of U.S. generally accepted accounting principles, January 1, 1998, SFAS No. 130, Reporting Comprehensive Income became applicable. SFAS No. 130 established standards for reporting and presentation of comprehensive income and its components in a full set of financial statements. Comprehensive income consists of net income and the foreign currency translation adjustment and is presented in the combined statements of shareholders' equity and comprehensive income (loss). SFAS No. 130 requires only additional disclosures in the combined financial statements; it does not affect the combined financial position or combined results of operations.

(n) Use of Estimates

The preparation of the combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Property, Plant, and Equipment

Property, plant, and equipment are summarized as follows (in thousands):

	December 31, 1998
Land	$ 4,337
Buildings	50,112
Machinery and Equipment	209,709
Furniture and Office Equipment	14,853
Construction in Progress	5,860
	284,871
Less accumulated depreciation and amortization	(206,024)
	$ 78,847

Depreciation expense recorded for the year ended December 31, 1998 was $14,587,000.

Included in buildings and machinery and equipment at December 31, 1998 are costs of $8,731,000 and accumulated amortization of $1,271,000 recorded as capital leases. Amortization expense of $387,000 relating to the buildings, machinery and equipment under these capital leases was included in depreciation expense at December 31, 1998.

(3) Debt Obligations

Debt obligations at December 31, 1998, principally to financial institutions and related parties, are summarized as follows (in thousands):

Financial institutions:		
Borrowings under financing agreement denominated in Italian lire, interest at 6.0%, payable in quarterly installments, due on January 25, 2000 (repaid in August, 1999)	$	1,512
Investment loan denominated in German marks, interest at 5.42%, due in quarterly installments beginning March, 2000 through December, 2004		554
Borrowings under financing agreement denominated in Italian lire, interest at 4.5%, payable in semi-annual installments through July 1, 2000		254
Euro-Credit loan (Ireland) denominated in German marks, interest at 4.0% to 4.5%, repayable in semi-annual installments of $898 through September 11, 2002		7,184
Borrowings under revolving credit facility denominated in U.S. dollars, with interest of 6.57% payable monthly under an interest rate swap agreement, due December 23, 2002 (i)		6,000
Borrowings under revolving credit facility dominated in U.S. dollars, interest at the London Interbank Offered Rate (LIBOR) plus 60 basis points (5.66% at December 31, 1998), due December 23, 2002 (i)		3,253
Environmental Credit loans denominated in German marks, interest at 4.75% to 5.75%, repayable in annual installments through December 31, 2008		3,309
Borrowings under financing agreement denominated in Italian lire, interest at 4.5%, payable in semi-annual installments through January 1, 2005		691

First mortgage loan denominated in Italian lire, secured by real property, interest at 6.26%, payable in semi-annual installments through February 1, 2007		1,856
Related parties:		
Unsecured loan from holding company denominated in French francs, interest at 1.5%, repayable during 1999		1,909
Loans from holding company denominated in German marks, interest payable in semi-annual installments at 5.5% - 6% (ii)		1,725
Loan from holding company denominated in German marks, interest payable in semi-annual installments at three month German Libor plus 1% per annum, principal due on December 31, 1999 (ii)		4,492
Unsecured loans from holding company denominated in German marks, interest payable from the second year of the loans, due on August 11, 2000, and September 14, 2000		486
Loan from holding company denominated in German marks, interest payable in quarterly installments at three month German Libor plus 1% per annum, principal due on September 21, 2001 (ii)		5,586
Total debt obligations		38,811
Less amounts due within one year:		
Financial institutions		(2,804)
Related parties		(8,126)
		(10,930)
Total long-term debt	$	27,881

(i) On December 23, 1997, WSC entered into a new credit agreement with a lending institution. The agreement includes an unsecured revolving credit facility which allows WSC to borrow up to $30,000,000 in one million dollar increments or multiples thereof, at LIBOR plus 60 points. Interest rates are variable and can be determined on a one, two, three or six month period. Termination of the agreement is December 23, 2002, at which time all amounts outstanding under the agreement are due. Availablility under the agreement is decreased annually by $3,000,000 at year end as follows:

Through December 31,

1999	$	27,000,000
2000		24,000,000
2001		21,000,000
Termination		18,000,000

Concurrent with the borrowing at December 23, 1997, WSC secured an interest rate swap agreement with the same lending institution to exchange the floating rate on $6,000,000 of the outstanding balance under the revolving credit facility to a fixed rate of 6.57%. The swap agreement expires December 23, 2002; however, the lending institution has the option to terminate the agreement after 3 years. WSC is exposed to losses in the form of increased interest costs in the event of nonperformance by the lending institution; however, management does not anticipate nonperformance.

(ii) Loans were repaid on August 24, 1999 and replaced by a loan from Albany International Corp. in connection with the acquisition of the Geschmay Group (see notes 1(a) and 12).

The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 1998 and thereafter, are as follows (in thousands):

1999	$ 10,930
2000	4,979
2001	8,195
2002	11,867
2003	824
Thereafter	2,016
	$ 38,811

Certain debt agreements with financial institutions contain requirements to maintain certain financial ratios including current assets to current liabilities and debt service coverage. The individual companies are either in compliance with these requirements or have obtained waivers as of December 31, 1998.

(4) Leases

The Geschmay Group leases various properties, machinery and equipment used in their operations and classifies those leases as either operating or capital leases following the provisions of SFAS No. 13, Accounting for Leases. The terms of the operating leases range from one to five years and certain lease agreements provide for price escalations. Rent expense incurred under the operating leases was $757,000 for the year ended December 31, 1998.

Future minimum lease payments under noncancelable operating leases with initial or remaining lease terms in excess of one year and future minimum capital lease payments as of December 31, 1998 are as follows (in thousands):

	Capital lease obligations	Operating leases
Year ending December 31:		
1999	$ 1,131	773
2000	1,131	374
2001	1,099	101
2002	1,005	42
2003	956	19
Thereafter	3,737	-
Future minimum lease payments	9,059	$ 1,309
Less amounts representing interest	(2,000)	
Present value of capital lease payments	$ 7,059	

(5) Accrued Expenses

Accrued expenses at December 31, 1998, consist of (in thousands):

Accrued payroll and related costs	$ 8,611
External sales agent commissions	1,897
Early retirement accrual (i)	1,792
Allowance for product returns	2,892
Property and other taxes	3,831
Other	5,294
	$ 24,317

(i) During 1998, WSC offered an early retirement plan to employees. Eligibility was based on the number of years of service and/or employee age, and 34 employees accepted early retirement resulting in a pre-tax charge of $1,805,000. Of the total charge, $1,049,000 was recorded as cost of goods sold and $756,000 was recorded as selling, general, and administrative expenses in the accompanying statement of operations for the year ended December 31, 1998.

(6) Income Taxes

Income tax expense (benefit) attributable to income from operations consists of the following (in thousands):

	Current	Deferred	Total
Year ended December 31, 1998:			
Federal	$ 195	(950)	(755)
State	84	(178)	(94)
Foreign	4,209	157	4,471
	$ 4,489	(973)	3,516

The components the income tax expense were based on the following sources of income (loss) before income taxes (in thousands):

	Year ended December 31, 1998
Total United States	$ (1,805)
Total Foreign	5,284
	$ 3,479

Income tax expense differs from expected tax expense (computed by applying the U.S. federal corporate rate of 35% to income before income taxes) for the year ended December 31, 1998 as follows (in thousands):

	Year ended December 31, 1998	%
Computed "expected" income taxes	$ 1,218	35.0
Increase (reduction) in income taxes resulting from: Foreign tax in excess of U.S. federal corporate rate	1,282	36.8
State and local income taxes, net of federal effect	(84)	(2.4)
Increase in valuation allowance	358	10.3
Non-deductible expenses	279	8.0
Non-deductible expenses for Italian regional production tax (IRAP)	623	17.9
Other	(160)	(4.5)
Income tax expense	$ 3,516	101.1

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below (in thousands):

		December 31, 1998
Deferred tax assets:		
Accounts receivable, due to allowance for doubtful accounts	$	389
Inventories, principally due to additional costs inventoried for tax purposes		1,557
Property, plant, and equipment, principally due to write-down		173
Employee benefits payable and other retirement accruals		1,687
Other accrued expenses		1,204
Net operating loss carryforwards		1,240
Other		371
Total gross deferred tax assets		6,621
Less valuation allowance		(896)
Net deferred tax assets		5,725
Deferred tax liabilities:		
Property, plant, and equipment, principally due to differences in depreciation and capitalized interest		(2,831)
Accounts payable		(152)
Other		(1,126)
Total gross deferred tax liabilities		(4,109)
Net deferred tax asset	$	1,616

During the year ended December 31, 1998, the valuation allowance increased as a result of additional net operating losses generated at foreign operations which are not expected to be realized.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependant upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies, as well as carryback opportunities, in making this assessment. Based upon the level of historical taxable income, projections for future taxable income and carryback opportunities over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the benefits of these deductible differences will be realized. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced.

At December 31, 1998, the Geschmay Group had approximately $3,545,000 of foreign net operating loss carry forwards available to offset future taxable income. Certain of these net operating loss carryforwards will expire, as follows: $332,000 in 1999; $886,000 in 2000; $228,000 in 2001; $399,000 in 2002; $473,000 in 2003; $495,000 in 2004; and $509,000 in 2005. Certain net operating losses may be carried forward indefinitely in accordance with local tax legislation.

(7) Shareholders' Equity

The shareholders' equity balances included in the December 31, 1998, combined balance sheet are comprised of the following (in thousands, except share amounts):

	Shares Outstanding	Capital Stock	Other Additional Capital
Feltrificio Veneto S.p.A. Common stock; par value 2,000 (Italian Lire); 3,000,000 shares authorized; 100,800 shares held in treasury	2,899,200	$ 3,920	-
Geschmay Asia Private Limited Capital stock; par value $1 (Singapore Dollars); 100,000 shares authorized	100,000	61	-
Wurttembergische Filztuchfabrik D. Geschmay GmbH Share participations	-	9,748	-
Geschmay Research GmbH Share participations	-	33	-
Wangner Systems Corporation and subsidiaries Common stock; no par value; 25,000 shares authorized	24,722	668	19,382

	Shares Outstanding	Capital Stock	Other Additional Capital
Cofpa S.A.			
Common stock; par value 100 (French Francs); 100,000 shares authorized	99,994	1,670	257
		$ 16,099	19,639

In accordance with Italian law, FV is required to allocate 5% of its net income to a legal reserve until the total amount allocated represents 20% of the common stock amount. This amount has been presented as appropriated retained earnings within the accompanying combined balance sheets and statements of shareholders' equity and comprehensive income (loss).

(8) Employee Benefit Plans

(a) Defined Benefit Plan

WFG has a defined benefit pension plan covering substantially all its employees. Benefits under the plan are based on years of service and employees' average compensation for the years immediately preceding retirement. The plan is unfunded.

The following table sets forth information concerning the plan's benefit obligations and pension obligation recognized in the combined balance sheet at December 31, 1998 (in thousands):

Change in benefit obligation during year:	
Benefit obligation at beginning of year	$ 8,038
Service cost	229
Interest cost	479
Benefit payments	(396)
Actuarial loss	671
Currency exchange rate effects	629
Benefit obligation at end of year	$ 9,650
Reconciliation of funded status at end of year:	
Funded status	$ (9,650)
Unrecognized actuarial losses	712
Unrecognized transition asset	(520)
Net amount recognized within employee benefits payable in the accompanying combined balance sheet	$ (9,458)

The benefit obligation information has been calculated using a discount rate assumption of 6% and a salary increase assumption of 1.5%. The 1998 actuarial losses are substantially the result of the use of updated German mortality tables for purposes of calculation of the benefit obligation at December 31, 1998.

At the initial date of the application of U.S. generally accepted accounting principles, January 1, 1998, the projected benefit obligation exceeded the pension obligation recorded under local accounting principles. This difference, calculated on the basis that WFG had adopted SFAS No. 87, Employer's Accounting for Pensions on January 1, 1989, is being amortized over 15 years, with 5 years remaining as of December 31, 1998.

The components of the net periodic pension cost for the year ended December 31, 1998 are as follows (in thousands):

Service cost	$	229
Interest cost		479
Amortization of unrecognized net transition asset		(97)
Net periodic benefit cost	$	611

(b) Defined Contribution Plan

WSC maintains an employee savings plan, covering substantially all employees, under Section 401(k) of the U.S. Internal Revenue Code. Under this plan, WSC contributes to a trust based upon specified percentages of employee compensation and matches specified percentages of the employees' voluntary contributions up to a maximum of 5.5% of each employee's income. Contributions are at management's discretion and can be discontinued. Management can terminate the plan at any time. Contributions to the plan for the year ended December 31, 1998 amounted to $1,025,000.

In addition, WSC also maintains a supplemental retirement plan for certain highly compensated employees whose contributions to the 401(k) plan are limited by Internal Revenue Service regulations. Contributions to this plan for the year ended December 31, 1998 were $41,000.

(c) Other Plans

COFPA has a retirement plan that provides a benefit payable to employees upon retirement. These amounts are only payable if the employee is employed at the date of retirement and are, therefore, not vested until such date. The obligation is determined using the present value of the vested benefits to which the employee is currently entitled but based on the employee's expected date of separation or retirement. At December 31, 1998, the estimated amount of this obligation included on the combined balance sheet is $707,000. During the year ended December 31, 1998, the expense associated with this obligation was $86,000.

In accordance with Italian legislation and the national labor contract, FV employees are entitled to a lump-sum payment based on the gross salary or average commissions over the last five years, as appropriate, and length of service of the respective employee upon termination of employment for any reason. The obligation is determined using the present value of the vested benefits to which the employee is entitled if the employee were to separate immediately. At December 31, 1998, the estimated amount of this obligation included on the combined balance sheet is $5,160,000.

(9) Related Party Transactions

The Geschmay Group companies import and export various finished and partially finished products to and from other Geschmay Group companies. These transactions along with the related balance sheet amounts, have been eliminated in combination. The Geschmay Group also imports and exports various finished products to and from other related parties. In addition, the Geschmay Group has purchased certain machinery and repair parts from related parties.

As discussed in note 3, the Geschmay Group also is indebted to its holding company. The related party indebtedness and related interest expense are included in these combined financial statements. The Geschmay Group is also indebted to certain related parties in the form of capital leases for several buildings located in Italy and France. These capital lease obligations comprise a significant portion of the obligations disclosed in note 4.

Amounts related to transactions with all related parties are set forth below:

		Year ended December 31, 1998
Sales of finished products and other sales	$	284,000
Purchases of machinery, repair parts, and other expenses		477,000
Royalties		154,000
Interest expense		570,000

(10) Commitments and Contingencies

(a) Lease

On December 30, 1997, FV signed a capital lease agreement with Leasing Italease SpA, under which the leasing company is constructing a manufacturing facility (building and related accessories). At the signing of the contract, FV sold to Leasing Italease SpA the land on which the manufacturing facility would have been constructed for an amount of $799,000 (at December 31, 1998 exchange rate). On the completion of the construction work, FV will lease the land and manufacturing facility at a capital cost originally stated at $2,420,000 (including $799,000 for the land portion), repayable as follows:

- $484,000 on consignment;
- ninety-five (95) monthly installments of $26,000 commencing the month following consignment;

for a total of $2,999,000, including interest.

The original amount of $2,420,000 was amended to $2,601,000 on July 27, 1999. Details of the repayment plan have yet to be communicated by Leasing Italease SpA.

(b) Contingencies

The Geshmay Group is subject to certain claims and lawsuits, either asserted or unasserted, arising in the normal course of business. Based on information currently available, it is the opinion of management, upon advice of counsel, that the ultimate resolution of these matters would not have a material adverse effect on the Geschmay Group's combined financial position or results of operations. However, based on future developments and as additional information becomes known, it is possible that the ultimate resolution of such matters could have a material adverse effect on the Geschmay Group's results of operations in future periods.

(11) Financial Instruments

SFAS No. 107, Disclosures about Fair Value of Financial Instruments, requires disclosure of information about the fair value of certain financial instruments for which it is practicable to estimate that value. For purposes of the following disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents, Short-term investments, Accounts receivable, Notes receivable, Notes payable, Bank overdraft and Accounts payable - The carrying amount approximates fair value because of the short maturity of these instruments.

Long-term debt - The carrying value of long-term debt with financial institutions and related parties is considered to approximate fair value on the bases that the significant components of the long-term debt held at December 31, 1998 have been negotiated on the current rates offered for similar debt of the same remaining maturities or is variable rate debt.

Interest rate swap - The fair value of the interest rate swap agreement is determined on the net present value of the differential to be paid and received over the remaining fixed term of the interest rate swap at December 31, 1998 and approximates $50,000.

Foreign exchange contracts - The carrying amount and fair value of these contracts are not significant.

(12) Subsequent Event

On August 24, 1999, all of the outstanding capital stock of the individual paper machine clothing businesses of the Geschmay Group were purchased by Albany International Corp., for approximately $232 million in cash, as outlined in the Share Purchase Agreement, dated as of May 26, 1999.

Exhibit 99.2

Pro Forma Combined Financial Information

Exhibit 99.2

Albany International Corp.
Unaudited Pro Forma Combined Financial Statements
Basis of Presentation

The following unaudited pro forma combined income statements and balance sheet give effect to the acquisition of the Geschmay Group and the financing of the acquisition with the new $750 million credit agreement. For purposes of the pro forma combined income statements, the transactions are assumed to have occurred on January 1, 1998, whereas for purposes of the pro forma combined balance sheet, the transactions are assumed to have occurred on June 30, 1999.

The acquisition has been accounted for using the purchase method of accounting. Accordingly, the fair value of assets and liabilities will be determined based upon valuations and appraisals that are not yet complete. As this work is not yet complete, the allocation of the total purchase cost and the related pro forma adjustments, included in the pro forma combined financial statements, have been based on the book value of the acquired assets and liabilities.

The pro forma adjustments are based on estimates, available information and certain assumptions, and will be revised as additional information becomes available. The pro forma financial information does not purport to represent what Albany International Corp.'s financial position or results of operations would actually have been had such transactions occurred on these dates and are not necessarily indicative of Albany International Corp.'s financial position or results of operations for any future period. Since Albany International Corp. and the Geschmay Group were not under common control or management during the periods presented, historical combined results may not be comparable to, or indicative of, future performance. The unaudited pro forma combined financial statements should be read in conjunction with the historical combined financial statements of the Geschmay Group and notes thereto included elsewhere herein.

ALBANY INTERNATIONAL CORP.
PRO FORMA COMBINED STATEMENTS OF INCOME

(in thousands, except share and per share data)

For the Year Ended December 31, 1998					For the Six Months Ended June 30, 1999			
Albany International Corp.	Geschmay Group	Purchase Accounting & Financing Adjustments	Pro Forma Combined		Albany International Corp.	Geschmay Group	Purchase Accounting & Financing Adjustments	Pro Forma Combined
$722,653	$158,833	-	$881,486	Net sales	$357,394	$76,055	-	$433,449
417,375	104,495	8,498	530,368	Cost of goods sold	208,652	51,547	4,249	264,448
305,278	54,338	(8,498)	351,118	Gross profit	148,742	24,508	(4,249)	169,001
214,479	48,011	-	262,490	Selling, technical and general expenses	106,556	22,898	-	129,454
20,191	-	-	20,191	Restructuring of operations and termination benefits	-	-	-	-
70,608	6,327	(8,498)	68,437	Operating income	42,186	1,610	(4,249)	39,547
19,310	2,589	20,182	42,081	Interest expense, net	8,738	996	11,307	21,041
(406)	259	237	90	Other (income)/expense, net	324	(1,083)	119	(640)
51,704	3,479	(28,917)	26,266	Income before income taxes	33,124	1,697	(15,675)	19,146
20,163	3,516	(7,871)	15,808	Income taxes	12,919	1,780	(4,409)	10,290
31,541	(37)	(21,046)	10,458	Income/(loss) before associated companies	20,205	(83)	(11,266)	8,856
231	-	-	231	Equity in earnings of associated companies	300	-	-	300
$31,772	$(37)	$(21,046)	$10,689	Net income/(loss)	$20,505	$(83)	$(11,266)	$9,156
$1.04	-	-	$0.35	Net income per share	$0.69	-	-	$0.31
$1.03	-	-	$0.35	Diluted net income per share	$0.68	-	-	$0.31
30,464,208			30,464,208	Weighted average number of shares	29,685,091			29,685,091
30,798,336			30,798,336	Weighted average number of fully diluted shares	29,971,404			29,971,404

See accompanying notes to the pro forma combined financial statements.

ALBANY INTERNATIONAL CORP.
PRO FORMA COMBINED BALANCE SHEETS

(in thousands)

	At June 30, 1999			
	Albany International Corp.	Geschmay Group	Purchase Accounting & Financing Adjustments	Pro Forma Combined
ASSETS				
Cash, cash equivalents and short-term investments	$9,646	$4,593	($2,000)	$12,239
Accounts receivable, net	179,385	49,835	-	229,220
Inventories:				
Finished goods	109,404	29,594	-	138,998
Work in process	47,631	14,054	-	61,685
Raw material and supplies	36,349	8,241	-	44,590
	193,384	51,889	-	245,273
Deferred taxes and prepaid expenses	22,666	4,667	-	27,333
Total current assets	405,081	110,984	(2,000)	514,065
Property, plant and equipment, net	306,234	69,460	-	375,694
Investments in associated companies	4,112	405	-	4,517
Intangibles	61,017	-	169,960	230,977
Deferred taxes	27,050	-	-	27,050
Other assets	43,675	3,641	6,092	53,408
Total assets	$847,169	$184,490	$174,052	$1,205,711
LIABILITIES AND SHAREHOLDERS' EQUITY				
Notes and loans payable	$86,246	$9,829	($70,000)	$26,075
Accounts payable	20,343	12,847	-	33,190
Accrued liabilities	58,633	18,767	237	77,637
Current maturities of long-term debt	2,513	11,443	-	13,956
Income taxes payable and deferred	2,838	421	-	3,259
Total current liabilities	170,573	53,307	(69,763)	154,117
Long-term debt	208,004	33,371	323,902	565,277
Other noncurrent liabilities	115,733	13,552	2,408	131,693
Deferred taxes and other credits	38,738	1,765	-	40,503
Total liabilities	533,048	101,995	256,547	891,590
Shareholders' equity	314,121	82,495	(82,495)	314,121
Total liabilities and shareholders' equity	$847,169	$184,490	$174,052	$1,205,711

See accompanying notes to the pro forma combined financial statements.

Notes to Pro Forma Combined Financial Statements

1) Purchase Accounting and Financing Adjustments: Balance sheet

A) Purchase Cost - The total purchase cost for the shares of Geschmay was approximately $249 million, which includes approximately $17 million paid for assets that were outside of the original share purchase agreement. The purchase was substantially financed with a new $750 million credit agreement. The transaction is being accounted for as a purchase and therefore the total purchase cost is being allocated to assets and liabilities based on book value with the excess of cost over book value recorded to goodwill. This allocation is expected to change and reflect fair values when the appraisals and valuations are complete. In addition to the cost of the shares, the total purchase cost includes other direct costs of the acquisition, such as legal, tax and accounting fees. Cash, Other Assets, Intangibles, Other Non-current Liabilities, Long-Term Debt and Shareholders' Equity have been adjusted to reflect the purchase accounting of the acquisition cost.

B) Bank Fees - Included as an adjustment to Other Assets is approximately $5 million of costs associated with the issuance of the new debt agreement.

C) Notes and Loans Payable - Included as an adjustment to Notes and Loans Payable is a reduction of $70 million to reflect the pay-down of notes that occurred at the time of the closing. A corresponding increase to Long-Term Debt was also included as part of this adjustment.

2) Purchase Accounting and Financing Adjustments: Income Statement

A) Amortization of Intangibles - Included as an adjustment to Cost of Goods Sold is the amortization of the newly recorded goodwill. The amortization period is twenty years and currently is not considered deductible for income tax purposes.

B) Interest Expense - A pro forma adjustment to interest expense has been recorded to reflect the effect of the additional debt incurred to finance the acquisition. This adjustment also reflects the effect of the higher interest rates that are part of the new credit agreement. Also, an adjustment has been recorded to amortize the bank fees over a five year period. The tax effect of these adjustments has been recorded at 39%.

Exhibit 23.1

Consent of KPMG LLP

The Shareholders
Feltrificio Veneto S.p.A., Geschmay Asia Private Limited,
Wurttembergische Filztuchfabrik
D. Geschmay GmbH, Geschmay
Research GmbH, Wangner Systems
Corporation and Cofpa S.A.:

We consent to the incorporation by reference in the registration statements (Nos. 33-23163, 33-28028, 33-33048 and 333-90069) on Form S-8 of Albany International Corp. of our report dated October 22, 1999, with respect to the combined balance sheets of Feltrificio Veneto S.p.A., Geschmay Asia Private Limited, Wurttembergische Filztuchfabrik D. Geschmay GmbH, Geschmay Research GmbH, Wangner Systems Corporation and Cofpa S.A. as of December 31, 1998, and the related combined statements of operations, shareholders' equity and comprhensive income (loss), and cash flows for the year ended December 31, 1998, which report appears in the Form 8-K/A of Albany International Corp. dated November 8, 1999.

/s/ KPMG LLP

Albany, New York
November 5, 1999