

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarter ended: June 30, 1998

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

(State or other jurisdiction of
incorporation or organization)

14-0462060

(IRS Employer Identification No.)

1373 Broadway, Albany, New York

(Address of principal executive offices)

12204

(Zip Code)

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

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

The registrant had 24,449,084 shares of Class A Common Stock and 5,643,638 shares of Class B Common Stock outstanding as of June 30, 1998.

ALBANY INTERNATIONAL CORP.

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Item 1. Financial Statements

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(unaudited)

(in thousands except per share data)

Three Months Ended June 30,			Six Months Ended June 30,	
1998	1997		1998	1997
----	----		----	----
\$179,628	\$181,904	Net sales	\$355,784	\$353,724
101,664	103,218	Cost of goods sold	203,008	203,223
-----	-----		-----	-----
77,964	78,686	Gross profit	152,776	150,501
54,792	52,493	Selling, technical and general expenses	106,023	101,986
-----	-----		-----	-----
23,172	26,193	Operating income	46,753	48,515
4,876	3,837	Interest expense, net	9,294	7,725
1,114	441	Other expense, net	2,238	1,024
-----	---		-----	-----
17,182	21,915	Income before income taxes	35,221	39,766
6,701	8,547	Income taxes	13,736	15,508
-----	-----		-----	-----
10,481	13,368	Income before associated companies	21,485	24,258
115	103	Equity in earnings of associated companies	165	96
---	---		---	--
10,596	13,471	Net income	21,650	24,354
253,927	217,549	Retained earnings, beginning of period	246,013	209,875
4,489	3,220	Less dividends	7,629	6,429
-----	-----		-----	-----
\$260,034	\$227,800	Retained earnings, end of period	\$260,034	\$227,800
=====	=====		=====	=====
\$0.35	\$0.44	Net income per share	\$0.72	\$0.79
=====	=====		=====	=====
\$0.35	\$0.43	Diluted net income per share	\$0.71	\$0.78
=====	=====		=====	=====
-	\$0.105	Cash dividends per common share	\$0.105	\$0.21
	=====		=====	=====
30,160,155	30,817,402	Weighted average number of shares	30,190,477	30,758,739
=====	=====		=====	=====

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

ALBANY INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	(unaudited) June 30, 1998	December 31, 1997
ASSETS		
Cash and cash equivalents	\$5,263	\$2,546
Accounts receivable, net	177,394	171,886
Inventories:		
Finished goods	114,757	106,259
Work in process	43,062	38,904
Raw material and supplies	37,765	35,288
	-----	-----
Deferred taxes and prepaid expenses	195,584	180,451
	19,015	18,440
	-----	-----
Total current assets	397,256	373,323
Property, plant and equipment, net	325,657	321,611
Investments in associated companies	4,235	2,444
Intangibles	56,321	36,080
Deferred taxes	23,099	22,826
Other assets	40,353	40,613
	-----	-----
Total assets	\$846,921	\$796,897
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes and loans payable	\$109,414	\$76,095
Accounts payable	25,886	25,786
Accrued liabilities	55,903	56,743
Current maturities of long-term debt	2,613	1,703
Income taxes payable and deferred	10,891	10,113
	-----	-----
Total current liabilities	204,707	170,440
Long-term debt	189,581	173,654
Other noncurrent liabilities	78,536	74,075
Deferred taxes and other credits	34,233	35,620
	-----	-----
Total liabilities	507,057	453,789
	-----	-----
SHAREHOLDERS' EQUITY		
Preferred stock, par value \$5.00 per share; authorized 2,000,000 shares; none issued	-	-
Class A Common Stock, par value \$.001 per share; authorized 100,000,000 shares; issued 25,615,378 in 1998 and 25,375,413 in 1997	26	25
Class B Common Stock, par value \$.001 per share; authorized 25,000,000 shares; issued and outstanding 5,643,638 in 1998 and 5,615,563 in 1997	6	6
Additional paid in capital	194,822	187,831
Retained earnings	260,034	246,013
Translation adjustments (accumulated other comprehensive income)	(89,497)	(84,351)
	-----	-----
Less treasury stock (Class A), at cost (1,166,294 shares in 1998; 280,680 shares in 1997)	365,391	349,524
	25,527	6,416
	-----	-----
Total shareholders' equity	339,864	343,108
	-----	-----
Total liabilities and shareholders' equity	\$846,921	\$796,897
	=====	=====

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

ALBANY INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Six Months Ended June 30,	
	1998	1997
OPERATING ACTIVITIES		
Net income	\$21,650	\$24,354
Adjustments to reconcile net cash provided by operating activities:		
Equity in earnings of associated companies	(165)	(96)
Depreciation and amortization	23,412	22,260
Provision for deferred income taxes, other credits and long-term liabilities	2,824	7,833
Increase in cash surrender value of life insurance, net of premiums paid	(1,102)	(1,032)
Unrealized currency transaction (gains)/losses	(311)	1,732
Loss/(gain) on disposition of assets	8	(20)
Shares contributed to ESOP	2,393	2,736
Changes in operating assets and liabilities:		
Accounts receivable	(1,078)	1,933
Inventories	(11,311)	(2,053)
Prepaid expenses	(416)	1,071
Accounts payable	(1,498)	(2,962)
Accrued liabilities	1,023	(715)
Income taxes payable	453	(3,561)
Other, net	902	(4,105)
Net cash provided by operating activities	36,784	47,375
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(21,149)	(23,106)
Purchased software	(615)	(508)
Proceeds from sale of assets	58	66
Acquisitions, net of cash acquired	(24,622)	-
Investment in associated companies	(2,025)	-
Net cash used in investing activities	(48,353)	(23,548)
FINANCING ACTIVITIES		
Proceeds from borrowings	104,863	29,083
Principal payments on debt	(62,801)	(38,133)
Proceeds from options exercised	2,105	3,708
Tax benefit of options exercised	281	626
Purchases of treasury shares	(21,383)	(1,421)
Dividends paid	(6,382)	(6,255)
Net cash provided/(used) in financing activities	16,683	(12,392)
Effect of exchange rate changes on cash flows	(2,397)	(8,594)
Increase in cash and cash equivalents	2,717	2,841
Cash and cash equivalents at beginning of year	2,546	8,034
Cash and cash equivalents at end of period	\$5,263	\$10,875

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

1. Management Opinion

In the opinion of management the accompanying unaudited consolidated financial statements contain all adjustments, consisting of only normal, recurring adjustments, necessary for a fair presentation of results for such periods. The results for any interim period are not necessarily indicative of results for the full year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. These consolidated financial statements should be read in conjunction with financial statements and notes thereto for the year ended December 31, 1997.

2. Accounting for 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, 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, 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 have been recorded in "Other expense, net". Open positions have been valued at fair value using quoted market rates.

In late June 1998, the Company entered into interest rate swap transactions to hedge part of its interest rate exposure. Gains or losses on these transactions are recorded in "Interest expense, net" and unrealized gains or losses related to changes in the fair value of the contracts are not recognized.

In June 1998, Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities", was issued. This Standard establishes a new model for accounting for derivatives and hedging activities. All derivatives will be required to be recognized as either assets or liabilities and measured at fair value. Each hedging relationship must be designated and accounted for pursuant to this Standard. Since the Company already records forward exchange and futures contracts at fair value, this Standard is not expected to have a material effect on the accounting for these transactions. In accordance with this Standard, interest rate swaps, that hedge interest rate exposure, will be measured at fair value with the initial asset or liability recognized in "Other comprehensive income". Actual amounts paid or received on these contracts will be reclassified from "Other comprehensive income" to "Interest expense, net". The Company plans to adopt this Standard on its effective date of January 1, 2000.

3. Other Expense, Net

Included in other expense, net for the six months ended June 30 are: currency transactions, \$0.7 million income in 1998 and 1997; amortization of debt issuance costs and loan origination fees, \$0.3 million in 1998 and \$0.4 million in 1997; interest rate protection agreements, \$0.7 million income in 1997 and other miscellaneous expenses, none of which are significant, in 1998 and 1997.

Included in other expense, net for the three months ended June 30 are: currency transactions, \$0.3 million income in 1998 and 1997; amortization of debt issuance costs and loan organization fees, \$0.1 million in 1998 and \$0.2 million in 1997; interest rate protection agreements, \$0.5 million income in 1997 and other miscellaneous expenses, none of which are significant, in 1998 and 1997.

4. Earnings Per Share

In accordance with Financial Accounting Standard No. 128, "Earnings Per Share", net income per share is computed using the weighted average number of shares of Class A and Class B Common Stock outstanding during the period. Diluted net income per share includes the effect of all potentially dilutive securities.

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

(in thousands)	Six Months Ended June 30,		Three Months Ended June 30,	
	1998	1997	1998	1997
Income available to common stockholders:				
Income available to common stockholders (No adjustments needed for dilutive securities)	\$21,650	\$24,354	\$10,596	\$13,471
Weighted average number of shares:				
Weighted average number of shares used in net income per share	30,190	30,759	30,160	30,817
Effect of dilutive securities:				
Stock options	511	344	612	327
Weighted average number of shares used in diluted net income per share	30,701	31,103	30,772	31,144

Options to purchase 250,000 shares of common stock at \$25.5625 per share were outstanding at June 30, 1998 but were not included in the computation of diluted net income per share for the six months ended June 30, 1998 because the options' exercise price was greater than the average market price of the common shares for that period.

5. Comprehensive Income

Total comprehensive income consists of:

(in thousands)	Six Months Ended June 30,		Three Months Ended June 30,	
	1998	1997	1998	1997
Net income	\$21,650	\$24,354	\$10,596	\$13,471
Other comprehensive loss, before tax:				
Foreign currency translation adjustments	(5,146)	(23,050)	(6,226)	(6,591)
Income tax related to items of other comprehensive loss	-	-	-	-
Total comprehensive income	\$16,504	\$1,304	\$4,370	\$6,880

6. Income Taxes

The Company's effective tax rate for the six months ended June 30, 1998 and 1997 was 39% and approximates the anticipated effective tax rate for the full year 1998.

7. Supplementary Cash Flow Information

Interest paid for the six months ended June 30, 1998 and 1997 was \$8.6 million and \$7.3 million, respectively.

Taxes paid for the six months ended June 30, 1998 and 1997 was \$12.5 million and \$7.7 million, respectively.

8. Acquisitions

In January 1998, the Company acquired substantially all of the assets of Burwell Door Systems located in Sydney, Australia for approximately \$3.4 million.

In March 1998, the Company purchased all of the outstanding capital stock of Techniweave, Inc., a specialty fabricator of high performance textiles and composites. The purchase price was approximately \$8.9 million with \$3.3 million paid at closing and \$5.6 million deferred for up to ten years.

In March 1998, the Company purchased all of the outstanding capital stock of Metco Form Oy, a Finnish supplier of forming fabrics and other engineered fabrics for pulp mills and other chemical process industries. The purchase price was approximately \$10.9 million.

In April 1998, the Company purchased all of the outstanding capital stock of M&I Door Systems located in Barrie, Ontario, Canada for approximately \$8.4 million.

All of the above 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 March 1998, the Company purchased a 50% interest in SARA (Loading Bay Specialists, Ltd.), a distributor of high performance industrial doors located in England for approximately \$2.0 million. This investment is being accounted for on an equity basis and is included in "Investments in Associated Companies".

9. Stock Dividend

On July 3, 1998, the Company distributed 122,015 shares of Class A Common Stock and 28,075 shares of Class B Common Stock in connection with a 0.5% stock dividend. As a result of the stock dividend, additional paid-in capital was increased \$4.5 million while retained earnings was decreased \$4.5 million as of June 30, 1998. All references in the accompanying financial statements to the number of common shares and per-share amounts have been restated to reflect the stock dividend.

Item 2. Management's Discussion and Analysis

of Financial Condition and Results of Operations

For the Three and Six Months Ended June 30, 1998

The following discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes thereto.

RESULTS OF OPERATIONS:

Net sales decreased to \$179.6 million for the three months ended June 30, 1998 as compared to \$181.9 million for the three months ended June 30, 1997. The effect of the stronger U.S. dollar as compared to the second quarter of 1997 was to decrease net sales by \$6.0 million. Acquisitions, as discussed below, added \$5.5 million to second quarter 1998 net sales. Excluding these two factors, 1998 net sales decreased 1.0% as compared to 1997.

Net sales for the six months ended June 30, 1998 increased slightly to \$355.8 million as compared to \$353.7 million for the same period in 1997. The effect of the stronger U.S. dollar as compared to the first six months of 1997 was to decrease net sales by \$13.5 million. 1998 acquisitions added \$6.8 million to net sales. Excluding these two factors, 1998 net sales increased 2.5% as compared to 1997.

Geographically, net sales for the six months ended June 30, 1998, as compared to the same period in 1997, increased in the United States and decreased in Canada. Net sales in Canada were impacted by the effect of the stronger U.S. dollar and a weather related shutdown that closed manufacturing operations for about two weeks in January 1998. Asian sales were lower in 1998, as compared to 1997. European sales increased in local currencies and were flat in U.S. dollars.

Gross profit was 43.4% of net sales for the three months ended June 30, 1998 as compared to 43.3% for the same period in 1997 bringing the six month result to 42.9% for 1998 as compared to 42.5% for 1997. Year to date variable costs as a percent of net sales decreased to 33.2% in 1998 from 33.5% for the same period in 1997. Excluding the effect of the stronger U.S. dollar, 1998 acquisitions and the start-up of the Company's new Korean plant, as discussed below, variable costs as a percent of net sales were 32.4% in 1998.

Selling, technical, general and research expenses increased 1.8%, excluding 1998 acquisitions and the new Korean plant, for the six months ended June 30, 1998 as compared to the six months ended June 30, 1997. Excluding the additional effect of translation of non-U.S. currencies into fewer U.S. dollars, these expenses increased 4.8% as compared to 1997. This increase was principally due to higher wages and benefit costs and the unfavorable change in the remeasurement of foreign currency transactions incurred principally in Sweden and France.

Operating income as a percentage of net sales decreased to 13.1% for the six months ended June 30, 1998 from 13.7% for the comparable period in 1997 due to items discussed above. Excluding the effect of the stronger U.S. dollar, 1998 acquisitions and the new Korean plant, operating income as a percentage of net sales was 13.9% in 1998.

Interest expense increased \$1.6 million for the six months ended June 30, 1998 as compared to the same period in 1997. This increase was due to higher total debt during 1998 as a result of acquisitions and the Company's purchase of 1,281,300 shares of its own stock since November 1997.

The tax rate for the six months ended June 30, 1998 and 1997 was 39.0% and approximates the anticipated effective rate for the full year 1998.

In late 1997, the Company finished the construction of a new paper machine clothing plant located in Chungju, South Korea for a total cost of approximately \$22 million. The first shipments to customers were made in February 1998.

In January 1998, the Company acquired substantially all of the assets of Burwell Door Systems located in Sydney, Australia for approximately \$3.4 million.

In March 1998, the Company purchased all of the outstanding capital stock of Techniweave, Inc., a specialty fabricator of high performance textiles and composites. The purchase price was approximately \$8.9 million with \$3.3 million paid at closing and \$5.6 million deferred for up to ten years.

In March 1998, the Company purchased all of the outstanding capital stock of Metco Form Oy, a Finnish supplier of forming fabrics and other engineered fabrics for pulp mills and other chemical process industries. The purchase price was approximately \$10.9 million.

In April 1998, the Company purchased all of the outstanding capital stock of M&I Door Systems located in Barrie, Ontario, Canada for approximately \$8.4 million.

All of the above 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. Management does not expect these acquisitions to have a significant impact on 1998 operating results.

In March 1998, the Company purchased a 50% interest in SARA (Loading Bay Specialists, Ltd.), a distributor of high performance industrial doors located in England for approximately \$2.0 million. This investment is being accounted for on an equity basis and is included in "Investments in Associated Companies".

Reasons for the changes in operating results for the three month period ended June 30, 1998 as compared to the corresponding period in 1997 are similar to those which affected the six month comparisons, except where specifically noted.

LIQUIDITY AND CAPITAL RESOURCES:

Accounts receivable increased \$5.5 million since December 31, 1997. Excluding the effect of the stronger U.S. dollar, acquisitions and the new Korean plant, accounts receivable increased \$5.1 million. Inventories increased \$15.1 million during the six months ended June 30, 1998. Excluding the factors noted above, inventories increased \$10.2 million and are expected to decrease during the second half of 1998.

The Company's current debt structure provides approximately \$160 million in committed and available unused debt capacity with financial institutions. Management believes that this debt capacity, 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.

Capital expenditures for the six months ended June 30, 1998, including leases to the extent they are required to be capitalized, were \$21.1 million as compared to \$23.1 million for the same period last year. The Company anticipates that capital expenditures, including leases, will be approximately \$45 million for the full year and will continue to finance these expenditures with cash from operations and existing credit facilities.

A cash dividend of \$.105 per share, which was declared for the fourth quarter of 1997, was paid in the first quarter of 1998. The Company also declared a cash dividend of \$.105 per share for the first quarter of 1998, which was paid in the second quarter of this year. On July 3, 1998, the Company distributed 122,015 shares of Class A Common Stock and 28,075 shares of Class B Common Stock in connection with a 0.5% stock dividend. As a result of the stock dividend, additional paid-in capital was increased \$4.5 million while retained earnings was decreased \$4.5 million as of June 30, 1998. All references in the accompanying financial statements to the number of common shares and per-share amounts have been restated to reflect the stock dividend.

In June 1998, Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities", was issued. This Standard establishes a new model for accounting for derivatives and hedging activities. All derivatives will be required to be recognized as either assets or liabilities and measured at fair value. Each hedging relationship must be designated and accounted for pursuant to this Standard. Since the Company already records forward exchange and futures contracts at fair value, this Standard is not expected to have a material effect on the accounting for these transactions. In accordance with this Standard, interest rate swaps, that hedge interest rate exposure, will be measured at fair value with the initial asset or liability recognized in "Other comprehensive income". Actual amounts paid or received on these contracts will be reclassified from "Other comprehensive income" to "Interest expense, net". The Company plans to adopt this Standard on its effective date of January 1, 2000.

Part II - Other Information

Item 4. Submission of Matters to a Vote of Security Holders

At the annual meeting of shareholders held on May 12, 1998 items subject to a vote of security holders were the election of eight directors, the approval of the 1998 Stock Option Plan and the election of auditors.

In the vote for the election of eight members of the Board of Directors of the Company, the number of votes cast for, and the number of votes withheld from, each of the nominees were as follows:

Nominee	Number of Votes For		Number of Votes Withheld		Broker Nonvotes	
	Class A	Class B	Class A	Class B	Class A	Class B
Francis L. McKone	19,773,787	56,155,630	609,664	-	-	-
Frank R. Schmeler	19,773,587	56,155,630	609,864	-	-	-
Thomas R. Beecher, Jr.	19,772,688	56,155,630	610,763	-	-	-
Charles B. Buchanan	19,772,987	56,155,630	610,464	-	-	-
Dr. Joseph G. Morone	19,772,533	56,155,630	610,917	-	-	-
Christine L. Standish	19,682,108	56,155,630	701,342	-	-	-
Allan Stensham	19,773,008	56,155,630	610,442	-	-	-
Barbara P. Wright	19,773,362	56,155,630	610,088	-	-	-

In the vote for the approval of the 1998 Stock Option Plan, the number of votes cast for, the number cast against, and the number of votes abstaining with respect to such resolution were as follows:

Number of Votes For		Number of Votes Against		Number of Votes Abstaining		Broker Nonvotes	
Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
14,646,485	56,155,630	5,609,207	-	82,197	-	-	-

In the vote on the motion to appoint the firm of PricewaterhouseCoopers L.L.P. as the Company's auditor for 1998, the number of votes cast for, the number cast against, and the number of votes abstaining with respect to such resolution were as follows:

Number of Votes For		Number of Votes Against		Number of Votes Abstaining		Broker Nonvotes	
Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
20,001,092	56,155,630	9,651	-	372,707	-	-	-

Item 5. Other Information

The following statement is provided pursuant to Rule 14a-5 promulgated by the Securities and Exchange Commission under Securities Exchange Act of 1934, as amended: Proxies solicited by the Company for the Company's 1999 Annual Meeting of Shareholders will be voted in the discretion of the persons voting such proxies with respect to all proposals presented by shareholders for consideration at such meeting after February 10, 1999.

Item 6. Exhibits and Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended June 30, 1998.

Exhibit No. -----	Description -----
10(m)(vi).	1998 Stock Option Plan
11.	Schedule of computation of net income per share and diluted net income per share
27.	Financial data schedule

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: August 10, 1998

by /s/Michael C. Nahl

Michael C. Nahl
Sr. Vice President and
Chief Financial Officer

EXHIBIT 10(m)(vi)
1998 Stock Option Plan

ALBANY INTERNATIONAL CORP.
1998 Stock Option Plan

1. Purpose.

This plan ("the 1998 Plan") is intended as an incentive to officers and other key employees of Albany International Corp. ("the Company") and its subsidiaries to encourage them to remain in the employ of the Company and its subsidiaries by affording them a greater interest in the success of the Company and its subsidiaries.

2. Administration.

The 1998 Plan shall be administered by the Committee (as herein defined). Subject to the provisions of the 1998 Plan, the Committee shall have authority, within its absolute discretion:

(a) to grant options for shares of Class A Common Stock of the Company under the 1998 Plan; provided, that the maximum number of shares of Class A Common Stock with respect to which any optionee may be granted options during any calendar year shall not exceed 100,000;

(b) to determine which of the officers and other key employees of the Company and its subsidiaries shall be granted options;

(c) to determine the time or times when options shall be granted and the number of shares to be subject to each option;

(d) to determine the option price of the Class A Common Stock subject to each option, which shall not be less than 100% of the fair market value of the Class A Common Stock on the date of granting of an option;

(e) to determine the fair market value of the Class A Common Stock on the date of the granting of an option;

(f) to determine the term of each option, which shall not continue for more than twenty years from the date of granting of the option, and to accelerate the expiration of the term of an option;

(g) to determine the time or times when each option shall be exercisable and to accelerate at any time the time or times when an outstanding option shall be exercisable;

(h) to accept, as full or partial payment of the option price and/or any taxes to be withheld by the Company upon exercise of any option, shares of Class A Common Stock tendered by the optionee or requested by the optionee to be withheld from the shares to

to be delivered upon such exercise, and to determine the value of the shares so tendered or withheld;

(i) to determine, to the extent permitted by law, the status under the Internal Revenue Code of any option granted under the 1998 Plan, including, without limitation, whether the option shall be treated as an Incentive Stock Option;

(j) to determine the effect on any option of the termination of the employment of the optionee and of any conduct or activity of the optionee;

(k) to determine the extent to which options granted under the 1998 Plan shall be assignable or transferable;

(l) to prescribe from time to time the form or forms of the instruments evidencing options granted under the 1998 Plan;

(m) to adopt, amend and rescind from time to time such rules and regulations as it, in its absolute discretion, may deem to be advisable in connection with administration of the 1998 Plan;

(n) to construe and interpret the 1998 Plan, instruments evidencing options granted under the 1998 Plan and rules and regulations adopted by the Committee with respect to the 1998 Plan; and

(o) to make all other determinations which the Committee, in its absolute discretion, deems necessary or desirable at any time with respect to the administration of the 1998 Plan.

All decisions, determinations and interpretations of the Committee shall be final and binding on all optionees and on any other persons claiming rights under this Plan or with respect to any option granted hereunder.

As used herein, the term "the Committee" shall mean the Board of Directors or such Committee of the Board of Directors as the Board of Directors may from time to time designate for this purpose.

3. Shares Subject to the 1998 Plan.

Subject to Article 4 hereof, the aggregate number of shares for which options may be granted under the 1998 Plan shall be (a) 500,000 shares of Class A Common Stock of the Company as presently constituted plus (b) such additional number of shares as the Board of Directors of the Company shall, from time to time subsequent to January 1, 1999 and during the term of the 1998 Plan, determine; provided that the number of shares so added by the Board of Directors shall not exceed, in any one calendar year, 500,000 shares of Class A Common Stock as presently constituted; and provided, further, that the total number of shares then available for the grant of options pursuant to the 1998 Plan shall not exceed 1,000,000 at any time.

If any options granted under the 1998 Plan shall expire, terminate or be surrendered, in whole or in part, the number of shares as to which such options shall not have been exercised shall thereupon again become available for option hereunder.

Shares of Class A Common Stock to be issued upon exercise of options granted under the 1998 Plan may be either authorized but unissued shares or issued shares reacquired in any manner by the Company, as the Board of Directors may from time to time determine.

Cash proceeds received upon the exercise of options granted under the 1998 Plan shall be added to the general funds of the Company and may be used for any corporate purpose.

4. Recapitalizations, etc.

Notwithstanding any other provision of the 1998 Plan, in the event of any change in the outstanding common stock of the Company by reason of a stock dividend, recapitalization, merger, consolidation, split-up, combination or exchange of shares or the like, the aggregate number and class of shares for which options may be granted under the 1998 Plan, the number and class of shares subject to each outstanding option and the option prices may be (but are not required to be) appropriately adjusted by the Committee, whose determination shall be conclusive. No fractional shares shall be issued under the 1998 Plan and any fractional shares resulting from computations pursuant to this Article 4 shall be eliminated from the option.

5. Indemnification of Committee.

In addition to such other rights of indemnification as they may have as directors, as members of the Committee or otherwise, the members of the Committee shall be indemnified by the Company against the reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with an appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the 1998 Plan or any option granted hereunder and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee member is liable for negligence or misconduct in the performance of his or her duties, provided that within sixty days after institution of any such action, suit or proceeding, a Committee member shall in writing offer the Company the opportunity, at its own expense, to handle and defend the same.

6. Amendment and Termination of the 1998 Plan.

No option shall be granted under the 1998 Plan subsequent to December 31, 2008. The Board of Directors of the Company may, at any time, suspend or terminate the 1998 Plan or make changes in or additions to it as the Board of Directors deems advisable; provided, however, that, except as provided in Article 4 hereof, the Board of Directors may not, without approval by a majority of the votes entitled to be cast by shares of common stock of the Company present and entitled to be cast at a meeting of stockholders of the Company, materially increase the aggregate number of shares for which options may be granted under the 1998 Plan or increase the maximum number of shares of Class A Common Stock with respect to which any optionee may be granted options during any calendar year.

7. Shareholder Approval.

The 1998 Plan shall not become effective unless and until it has been approved by a majority of the votes entitled to be cast by shares of common stock of the Company present or represented and entitled to be cast at the first meeting of stockholders of the Company held after approval of the 1998 Plan by the Board of Directors of the Company.

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)

	For the three months ended June 30,		For the six months ended June 30,	
	1998 (1)	1997 (1)	1998 (1)	1997 (1)
Net Income	\$10,596	\$13,471	\$21,650	\$24,354
Weighted average number of shares	30,160,155	30,817,402	30,190,477	30,758,739
Effect of potentially dilutive securities: Stock options (2)	611,725	326,889	511,334	343,768
Weighted average number shares, including the effect of potentially dilutive securities	30,771,880	31,144,291	30,701,811	31,102,507
Net income per share	\$0.35	\$0.44	\$0.72	\$0.79
Diluted net income per share	\$0.35	\$0.43	\$0.71	\$0.78

Calculation of Weighted Average Number of Shares (3):

Activity	Shares Outstanding (1)	Days Year to Date Quarter	Weighted Average Shares			
			For the three months ended June 30,		For the six months ended June 30,	
			1998	1997	1998	1997
1997						
Beginning balance	30,616,948	1				169,154
Options - 200 shares	30,617,149	1				169,156
Options - 3,600 shares	30,620,767	3				507,527
Options - 10,000 shares	30,630,817	1				169,231
Options - 900 shares	30,631,722	1				169,236
Options - 5,000 shares	30,636,747	19				3,216,012
Treasury shares - 57,500	30,578,959	3				506,834
Options - 37,300 shares	30,616,446	1				169,152
ESOP shares - 12,002	30,628,508	3				507,655
Options - 20,000 shares	30,648,608	4				677,317
Options - 5,000 shares	30,653,633	5				846,785
Options - 27,000 shares	30,680,768	1				169,507
Options - 1,400 shares	30,682,175	1				169,515
Options - 28,600 shares	30,710,918	4				678,694
Options - 10,000 shares	30,720,968	10				1,697,291
ESOP shares - 58,773	30,780,035	31				5,271,719
ESOP shares - 12,126	30,792,221	2		338,376		340,246
Options - 1,800 shares	30,794,030	19		6,429,523		3,232,522
Directors shares - 2,922	30,796,967	9		3,045,854		1,531,341
ESOP shares - 12,380	30,809,409	1		338,565		170,218
Treasury shares - 4,400	30,804,987	30		10,155,490		5,105,799
ESOP shares - 12,193	30,817,241	9		3,047,859		1,532,349
Options - 2,500 shares	30,819,753	3		1,016,036		510,825
Options - 17,900 shares	30,837,743	1		338,876		170,374
Options - 10,200 shares	30,847,994	5		1,694,945		852,155
Options - 8,700 shares	30,856,737	1		339,085		170,479
Options - 19,200 shares	30,876,033	6		2,035,782		1,023,515
Options - 5,000 shares	30,881,058	1		339,352		170,614
Options - 14,000 shares	30,895,128	4		1,358,028		682,765
ESOP shares - 11,243	30,906,427	1		339,631		170,754
Totals				30,817,402		30,758,739

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)

1998					
Beginning balance	30,863,847	8			1,364,148
Treasury shares - 5,000	30,858,822	6			1,022,944
Options - 2,500 shares	30,861,335	1			170,505
Treasury shares - 411,100	30,448,179	7			1,177,554
Treasury shares - 400,000	30,046,179	7			1,162,007
Treasury shares - 13.700	30,032,411	1			165,925
ESOP shares - 12,783	30,045,258	25			4,149,897
Treasury shares - 26,000	30,019,128	3			497,555
ESOP shares - 41,378	30,060,713	13			2,159,057
Options - 600 shares	30,061,316	5			830,423
Options - 20,000 shares	30,081,416	9			1,495,761
Options - 8,000 shares	30,089,456	4			664,960
Options - 9,500 shares and ESOP shares - 10,011	30,109,064	2	1	330,869	332,697
Options - 4,400 shares	30,113,486	1	1	330,917	166,373
Options - 8,000 shares	30,121,526	3	3	993,017	499,252
Options - 16,600 shares	30,138,209	15	15	4,967,837	2,497,642
Options - 1,600 shares	30,139,817	3	3	993,620	499,555
Options - 5,400 shares	30,145,244	4	4	1,325,066	666,193
Options - 1,500 shares	30,146,752	2	2	662,566	333,113
ESOP shares - 10,443	30,157,247	1	1	331,398	166,615
Options - 500 shares	30,157,750	10	10	3,314,038	1,666,174
Options - 7,400 shares	30,165,187	4	4	1,325,942	666,634
Directors shares - 2,004	30,167,201	4	4	1,326,031	666,678
Options - 600 shares	30,167,804	1	1	331,514	166,673
Options - 3,000 shares	30,170,819	2	2	663,095	333,379
Options - 1,200 shares	30,172,025	5	5	1,657,804	833,481
Options - 600 shares	30,172,628	4	4	1,326,269	666,798
ESOP shares - 9,096	30,181,769	3	3	995,003	500,250
Options - 10,000 shares	30,191,819	2	2	663,556	333,611
Options - 10,000 shares	30,201,869	3	3	995,666	500,583
Options - 2,500 shares	30,204,382	1	1	331,916	166,875
Options - 500 shares	30,204,884	9	9	2,987,296	1,501,900
Options - 3,000 shares	30,207,899	1	1	331,955	166,894
Treasury shares - 6,900	30,200,965	3	3	995,636	500,568
Options - 550 shares	30,201,517	3	3	995,654	500,578
Treasury shares - 120,000	30,080,917	5	5	1,652,798	830,965
ESOP shares - 11,371	30,092,722	1	1	330,689	166,258
				-----	-----
Totals				30,160,155	30,190,477
				=====	=====

(1) Includes Class A and Class B Common Stock

(2) 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.

(3) Weighted average number of shares have been retroactively restated to reflect the .5% stock dividend issued on July 3, 1998. Each change in the total share balance is comprised of the transaction noted plus the retroactive effect of the stock dividend.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM ALBANY INTERNATIONAL CORP'S CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

Note - Earnings per share reflect the impact of a 0.5% stock dividend that was distributed on July 3, 1998. Prior Financial Data Schedules have not been restated to reflect this dividend.

	1,000	
6-MOS		
DEC-31-1998		
JUN-30-1998		5,263
	0	
	182,829	
	5,435	
	195,584	
	397,256	
		644,557
	318,900	
	846,921	
204,707		
		189,581
0		
		0
		32
		339,832
846,921		
		355,784
	355,784	
		203,008
	308,820	
	2,238	
	211	
	9,294	
	35,221	
	13,736	
21,650		
	0	
	0	
		0
	21,650	
	0.72	
	0.71	