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, 2001

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

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 25,305,732 shares of Class A Common Stock and 5,867,476 shares of Class B Common Stock outstanding as of June 30, 2001.

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, 2001	Three Months Ended June 30, 2000	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
Net sales	$207,078	$212,987	$415,616	$428,741
Cost of goods sold	121,184	127,722	242,597	256,156
Gross profit	85,894	85,265	173,019	172,585
Selling, technical, general and research expenses	60,844	57,466	117,248	116,743
Operating income	25,050	27,799	55,771	55,842
Interest expense, net	7,746	10,333	16,732	20,729
Other expense, net	1,227	1,377	2,423	1,832
Income before income taxes	16,077	16,089	36,616	33,281
Income taxes	5,333	6,918	13,548	14,311
Income before associated companies	10,744	9,171	23,068	18,970
Equity in earnings of associated companies	124	234	133	442
Net income before cumulative effect of a change in accounting principle	10,868	9,405	23,201	19,412
Cumulative effect of change in accounting principle, net of taxes	--	--	(1,129)	--
Net income	10,868	9,405	22,072	19,412
Retained	325,843	286,561		

earnings,
beginning of
period 314,639
276,554 - --------
----------- ------
----------- ------
--------- --------
------ $336,711
$295,966 Retained
earnings, end of
period $336,711
$295,966
===================
=================
===============
==============
Earnings per share
- basic: $0.35
$0.31 Net income
before cumulative
effect of a change
in accounting
principle $0.75
$0.64 0.00 0.00
Cumulative effect
of change in
accounting
principle (0.04)
0.00 ----- ----- -
---- ----- $0.35
$0.31 Net income
$0.71 $0.64 -----
----- ----- -----
Earnings per share
- diluted: $0.35
$0.31 Net income
before cumulative
effect of change
in accounting
principle $0.74
$0.64 0.00 0.00
Cumulative effect
of change in
accounting
principle (0.03)
0.00 ----- ----- -
---- ----- $0.35
$0.31 Net income
$0.71 $0.64 -----
----- ----- -----
31,027 30,600
Average number of
shares used in
basic earnings per
share computations
30,937 30,552
31,370 30,600
Average number of
shares used in
diluted earnings
per share
computations
31,173 30,552

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

ALBANY INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands)

(unaudited)
June 30,
December 31,
2001 2000 --
--------- --

ASSETS Cash
and cash
equivalents
$ 4,509 $
5,359
Accounts
receivable,
net 217,885
236,810
Inventories:
Finished
goods
117,954
119,619 Work
in process
53,150

54,408 Raw
material and
supplies
39,051
42,846 -----
------ -----

210,155
216,873
Deferred
taxes 30,827
27,711
Prepaid
expenses
6,913 7,534

Total
current
assets
470,289
494,287
Property,
plant and
equipment,
net 359,627
387,658
Investments
in
associated
companies
4,036 4,300
Intangibles
144,745
161,709
Deferred
taxes 18,265
19,095 Other
assets
44,936
45,203 -----
------ -----
------ Total
assets $
1,041,898 $
1,112,252
===========
===========
LIABILITIES
AND
SHAREHOLDERS'
EQUITY Notes
and loans
payable $
14,137 $
37,760
Accounts
payable
35,982
47,005
Accrued
liabilities
73,879
80,678
Current
maturities
of long-term
debt 36,944
44,092
Income taxes
payable and
deferred
13,113
12,499 -----
------ -----
------ Total
current
liabilities
174,055
222,034
Long-term
debt 378,699
398,087
Other
noncurrent
liabilities
141,316
129,741
Deferred
taxes and
other
credits
31,364
37,473 -----
------ -----
------ Total
liabilities

725,434
787,335 ----
------- ----

SHAREHOLDERS'
EQUITY
Preferred
stock, par
value $5.00
per share;
authorized
2,000,000
shares; none
issued -- --
Class A
Common
Stock, par
value $.001
per share;
authorized
100,000,000
shares;
issued
27,502,918
in 2001 and
27,138,064
in 2000 27
27 Class B
Common
Stock, par
value $.001
per share;
authorized
25,000,000
shares;
issued and
outstanding
5,867,476 in
2001 and
5,869,457 in
2000 6 6
Additional
paid in
capital
230,431
223,897
Retained
earnings
336,711
314,639
Accumulated
items of
other
comprehensive
income:
Translation
adjustments
(197,306)
(165,691)
Derivative
valuation
adjustment
(5,531) --
Pension
liability
adjustment
(2,223)
(2,223) ----
------- ----

362,115
370,655 Less
treasury
stock (Class
A), at cost
(2,197,186
shares in
2001 and
2,201,232 in
2000) 45,651
45,738 -----
------ -----
------ Total
shareholders'
equity
316,464
324,917 ----
------- ----

Total
liabilities
and
shareholders'
equity $
1,041,898 $
1,112,252

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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, 2001 2000
-------- ----

OPERATING
ACTIVITIES
Net income $
22,072 $
19,412
Adjustments
to reconcile
net cash
provided by
operating
activities:
Equity in
earnings of
associated
companies
(133) (442)
Depreciation
and
amortization
28,940 31,792
Provision for
deferred
income taxes,
other credits
and long-term
liabilities
2,262 3,492
Increase in
cash
surrender
value of life
insurance,
net of
premiums paid
(1,334)
(1,257)
Unrealized
currency
transaction
(gains)/losses
(553) 47 Loss
on
disposition
of assets 27
1,952 Shares
contributed
to ESOP 2,953
2,642 Tax
benefit of
options
exercised 407
Changes in
operating
assets and
liabilities:
Accounts
receivable
19,478 11,664
Inventories
6,718 (886)
Prepaid
expenses 621
14 Accounts
payable
(11,022)
(14,104)
Accrued
liabilities
(3,222) (464)
Income taxes
payable 3,007
2,174 Other,
net 274 1,019
-------- ----
---- Net cash
provided by
operating

activities	70,495	57,055
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(11,560)	(18,466)
Purchased software	(473)	(519)
Proceeds from sale of assets	33	8,364
Net cash used in investing activities	(12,000)	(10,621)
FINANCING ACTIVITIES		
Proceeds from borrowings	26,682	15,808
Principal payments on debt	(76,335)	(56,084)
Proceeds from options exercised	3,174	
Net cash used in financing activities	(46,479)	(40,276)
Effect of exchange rate changes on cash flows	(12,866)	(10,830)
Decrease in cash and cash equivalents	(850)	(4,672)
Cash and cash equivalents at beginning of year	5,359	7,025
Cash and cash equivalents at end of period	$ 4,509	$ 2,353

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

ALBANY INTERNATIONAL CORP.
NOTES TO CONSOLIDATED 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, 2000.

2. ACCOUNTING FOR DERIVATIVES

The Financial Accounting Standards Board (FASB) issued, then subsequently amended, Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", which the Company adopted effective January 1, 2001. SFAS 133 requires that all derivative instruments (including instruments embedded in other contracts) are recognized on the balance sheet at their fair value and changes in fair value are recognized immediately in earnings, unless the derivatives qualify as hedges in accordance with the Standard. The change in fair value for those derivatives that qualify as hedges are recorded in other comprehensive income.

The Company has a lease for manufacturing facilities that must be recorded under the provisions of SFAS 133 due to the lease payments being denominated in a nonfunctional currency. The Company has also entered into interest rate swap agreements that qualify as cash flow hedges in accordance with the Standard.

At January 1, 2001, the Company's financial statements were adjusted to record a cumulative effect of accounting for the lease described above in accordance with SFAS 133:

	(in thousands)
Adjustments to fair value of derivatives	$(1,882)
Income tax benefit	753
Cumulative effect of change in accounting principle	$(1,129)

A reconciliation of marking to market of interest rate swap agreements resulted in recording a noncurrent liability with an offset to the separate component of shareholders' equity labeled, "Derivative valuation adjustment", as follows:

(in thousands)	Six Months Ended June 30, 2001	Three Months Ended June 30, 2001
Transition adjustments as of January 1, 2001	$(4,888)	$ --
Current period (decrease) increase in fair value	(643)	3,494
Total (decrease) increase in fair value during the period	$(5,531)	$ 3,494

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.

3. OTHER EXPENSE, NET

Included in other expense, net for the six months ended June 30 are: currency transactions, $0.8 million income in 2001 and $0.5 million income in 2000; amortization of debt issuance costs and loan origination fees, $1.1 million in 2001 and $1.2 million in 2000, $1.0 million expense in 2001 related to the SFAS 133 lease adjustment, and $1.1 million in 2001 and 2000 for other miscellaneous expenses, none of which are significant in 2001 and 2000.

Included in other expense, net for the three months ended June 30 are: currency transactions, $0.1 million in expense for 2001 and $0.2 million expense in 2000; amortization of debt issuance costs and loan origination fees, $0.5 million in 2001 and $0.6 million in 2000, $0.2 million expense in 2001 related to the SFAS 133 lease adjustment, and $0.4 million in 2001 and $0.6 million in 2000 for other miscellaneous expenses, none of which are significant, in 2001 and 2000.

4. 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, 2001	Six Months Ended June 30, 2000	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000
INCOME AVAILABLE TO COMMON STOCKHOLDERS:				
Income available to common stockholders	$22,072	$19,412	$10,868	$ 9,405
WEIGHTED AVERAGE NUMBER OF SHARES:				
Weighted average number of shares used in net income per share	30,937	30,552	31,027	30,600
Effect of dilutive securities:				
Stock options	236			

-- 343 -- --
----- ------
- ------- --

Weighted
average
number of
shares used
in diluted
net income
per share
31,173
30,552
31,370
30,600 -----
-- ------- -
------ -----
--

For the three months and six months ended June 30, 2000, all options were excluded from the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares for the period.

5. COMPREHENSIVE INCOME/(LOSS)

Total comprehensive income/(loss) consists of:

- ----------

------ Six
Months Ended
Three Months
Ended June
30, June 30,
(in
thousands)
2001 2000
2001 2000 -

---- Net
income $
22,072 $
19,412 $
10,868 $
9,405 Other
comprehensive
loss, before
tax: Foreign
currency
translation
adjustments
(31,615)
(29,829)
(3,894)
(11,277)
Income tax
related to
items of
other
comprehensive
income --
248 -- 248
Swap
transition
adjustment
as of
January 1,
2001 (4,888)
-- -- --
Current
period
(decrease)
increase in
fair values
of swaps
(643) --
3,494 -- ---
----- Total
comprehensive
(loss)

income
$(15,074)
$(10,169) $
10,468 $
(1,624) - --

--

6. OPERATING SEGMENT DATA

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

- ---------

Six Months
Ended Three
Months
Ended June
30, June
30, (in
thousands)
2001 2000
2001 2000 -

------- NET
SALES
Engineered
Fabrics $
348,767 $
358,799 $
173,125 $
177,624
High
Performance
Doors
49,226
46,790
23,600
22,750 All
other
17,623
23,152
10,353
12,613 - --

Consolidated
Total $
415,616 $
428,741 $
207,078 $
212,987 - -

OPERATING
INCOME
Engineered
Fabrics $
82,926 $
75,088 $
38,873 $
35,662 High
Performance
Doors 3,806
3,095 1,717
1,461 All
other 1,160
2,661 411
925
Research
expense
(11,702)
(10,853)
(6,082)
(5,764)
Unallocated
expenses
(20,419)
(14,149)
(9,869)
(4,485) - -

Operating
income
before
reconciling
items
55,771
55,842
25,050
27,799
Reconciling
items:
Interest
expense,
net
(16,732)
(20,729)
(7,746)
(10,333)
Other
expense,
net (2,423)
(1,832)
(1,227)
(1,377) - -

Consolidated
income
before
income
taxes $
36,616 $
33,281 $
16,077 $
16,089 - --

There has been no material change in the total assets of the reportable segments between December 31, 2000 and June 30, 2001.

7. INCOME TAXES

The Company's effective tax rate for the first six months of 2001 and 2000 was 37% and 43%, respectively. During the second quarter of 2001, the Company's estimated tax rate was reduced from 40% to 37%. The effect of the rate change for the first six months was fully recognized in the second quarter.

8. SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid for the six months ended June 30, 2001 and 2000 was $17.3 million and $17.2 million, respectively.

Taxes paid for the six months ended June 30, 2001 and 2000 was $8.9 million and $7.9 million respectively.

9. CONTINGENCIES

The Company is a defendant in a number of proceedings for injuries allegedly suffered as a result of exposure to asbestos-containing products formerly manufactured by the Company. It is the position of the Company that any exposure to asbestos from products manufactured by the Company would be insufficient to cause asbestos-related injury to any plaintiff. In 2001, the Company was named as defendant in additional proceedings. The Company believes all asbestos-related claims to be without merit. While there can be no assurance as to their outcome, based upon its current understanding of the policies of insurance available, its recent settlement experience, how settlement amounts have been allocated to such policies, the absence of any judgements against the Company, and the defenses available, the Company believes that the ultimate resolution of the aforementioned proceedings is unlikely to have a material effect on its financial position, results of operations or cash flows.

10. RECENT ACCOUNTING PRONOUNCEMENTS:

On June 29, 2001, Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations", was approved by the Financial Accounting Standards Board (FASB). SFAS No. 141 requires the purchase method of accounting to be used for all business combinations initiated after June 30, 2001. The Company does not expect the adoption of this Standard to have a material effect on its financial statements.

On June 29, 2001, SFAS No. 142, "Goodwill and Other Intangible Assets" was approved by the FASB. SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Amortization of goodwill, including goodwill recorded in past business combinations, will cease upon adoption of this statement. The Company plans to adopt SFAS No. 142 on its effective date of January 1, 2002. Goodwill amortization expense is estimated to be approximately $7.5 million for 2001. Except for the elimination of goodwill amortization expense, the Company is currently assessing, but has not yet determined the impact of SFAS 142 on its consolidated financial position or results of operation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2001

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

RESULTS OF OPERATIONS:

Net sales decreased to $207.1 million for the three months ended June 30, 2001 as compared to $213.0 million for the same period in 2000. The effect of the stronger U.S. dollar as compared to the second quarter of 2000 was to decrease net sales by $10.5 million. Excluding the effects of the stronger U.S. dollar, 2001 net sales were up 2.2% as compared to the second quarter of 2000.

Net sales decreased to $415.6 million for the six months ended June 30, 2001 as compared to $428.7 million for the same period in 2000. The effect of the stronger U.S. dollar as compared to the first half of 2000 was to decrease net sales by $21.6 million. Excluding the effect of currency translation rates, net sales were up 2.0% as compared to 2000.

Geographically, net sales in the second quarter were up 3.2% in the United States, making year to date sales flat as compared to 2000. Invoiced trade sales in Canada increased 4.1% for the second quarter of 2001 and 2.5% for the first half of 2001, as compared to 2000. For the three and six month periods ended June 30, 2001, European sales increased in local currencies and were down in U.S. dollars, in comparison to the same periods in 2000. Net sales in the High Performance Door segment were up 3.5% for the second quarter, and 5.1% for the first half, in comparison to 2000.

Gross profit was 41.5% of net sales for the three months ended June 30, 2001 as compared to 40.0% for the same period in 2000 bringing the six month result to 41.6% for 2001 as compared to 40.3% for 2000. Second quarter variable costs, as a percent of net sales, were 35.9% in 2001 and 34.6% in 2000. For the first half of 2001, variable costs as a percentage of net sales were 35.3% in 2001 and 34.7% in 2000. The higher variable cost percentage in 2001 is due to a higher percentage of net sales being generated by the High Performance Door business.

Selling, technical, general and research expenses, were 5.9% higher in the second quarter of 2001, in comparison to 2000. Excluding the effect of currency rates, these costs were 10.2% higher. For the first half of 2001, selling, technical, general and research expenses, excluding the effect of currency rates, were 4.7% higher than 2000. The higher costs in 2001 were due principally to an insurance benefit received in 2000, increases in salaries and benefits, and the unfavorable change in the remeasurement of foreign currency transactions incurred principally in Europe.

Second quarter operating income decreased 9.9% to $25.1 million, compared to the second quarter of 2000. Excluding the effects of changes in currency translation rates, the decrease was 3.3%. For the first six months of 2001, operating income was flat in comparison to 2000. Excluding currency effects, operating income for the first half of 2001 was 7.1% higher than the comparable period of 2000.

Interest expense, net, decreased $2.6 million in the second quarter of 2001, as compared to the same period in 2000. For the first half of 2001, interest expense, net was 19.3% lower than the first six months of 2000. The decrease in interest expense was due to lower total debt and lower average interest rates.

During the second quarter, the Company reduced its annual estimated tax rate from 40% to 37%, which had the effect of increasing net income during the first six months of 2001 by $1.1million, all of which was reflected in the second quarter.

The Company is taking steps to remove at least $25 million from its existing cost structure by the end of 2002. The cost reduction will be accomplished by a combination of consolidating product lines and production facilities, reducing sales and administration costs, and reorganizing our high performance door business in Europe. A restructuring charge in the second half of this year will result from these actions.

Effective January 1, 2001, the Company adopted the provisions of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". The Company has a lease of manufacturing facilities in Italy that is impacted by this Standard. The cumulative after-tax effect of adopting this standard was a charge to earnings of $1.1 million.

Reasons for the changes in operating results for the three month period ended June 30, 2001 as compared to the corresponding period in 2000 are similar to those which affected the six month comparisons, except where specifically noted.

LIQUIDITY AND CAPITAL RESOURCES:

Accounts receivable decreased $18.9 million since December 31, 2000. Excluding the effect of the stronger U.S. dollar, accounts receivable decreased $8.4 million. Inventories decreased $6.7 million during the six months ended June 30, 2001. Excluding the effect of the stronger U.S. dollar, inventories increased $0.5 million.

During the first six months of 2001, total debt decreased $50.2 million. The Company's debt structure provides approximately $165 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 anticipated operating requirements and normal business opportunities which support corporate strategies.

Capital expenditures for the six months ended June 30, 2001 were $11.6 million as compared to $18.5 million for the same period last year. The Company anticipates that capital expenditures, including leases, will be no more than $40 million for the full year and will continue to finance these expenditures with cash from operations and existing credit facilities.

Free cash flow, defined as cash provided by operating activities, less capital expenditures and cash dividends, improved to $58.9 million for the six months ended June 30, 2001, compared to $38.6 million for the comparable period of 2000.

The Company improved its leverage ratio, as defined in its principal credit agreements, to 2.52 at June 30, 2001, compared to 2.68 at the end of 2000.

RECENT ACCOUNTING PRONOUNCEMENTS:

On June 29, 2001, Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations", was approved by the Financial Accounting Standards Board (FASB). SFAS No. 141 requires the purchase method of accounting be used for all business combinations initiated after June 30, 2001. The Company does not expect the adoption of this Standard to have a material effect on its financial statements.

On June 29, 2001, SFAS No. 142, "Goodwill and Other Intangible Assets" was approved by the FASB. SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Amortization of goodwill, including goodwill recorded in past business combinations, will cease upon adoption of this statement. The Company plans to adopt SFAS No. 142 on its effective date of January 1, 2002. Goodwill amortization expense is estimated to be approximately $7.5 million for 2001. Except for the elimination of goodwill amortization expense, the Company is currently assessing, but has not yet determined the impact of SFAS 142 on its consolidated financial position or results of operations.

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. These statements include statements about such matters as future earnings, pricing, markets, cost reductions, new products, paper industry consolidation and outlook, tax rate, inventory and accounts receivable reduction, capital expenditures, and amortization. Actual future events and circumstances (including future performance, results and trends) could differ materially from those set forth in such statements due to various factors. These factors include even more competitive marketing conditions resulting from customer consolidations, possible softening of customer demand, unanticipated events or circumstances related to recently acquired businesses, the occurrence of unanticipated events or difficulties relating to divestiture, joint venture, operating, capital, global integration and other projects, changes in currency exchange rates, changes in general economic and competitive conditions, technological developments, and other risks and uncertainties, including those detailed in the Company's filings with the Securities and Exchange Commission.

Part II - Other Information

Item 1. Legal Proceedings

The Company is named as a defendant in a number of suits by plaintiffs claiming injury as a result of exposure to asbestos-containing products formerly manufactured by the Company. The Company's subsidiary, Brandon Drying Fabrics, Inc., is named as a defendant in most of these same proceedings.

ALBANY INTERNATIONAL CORP.

The Company was named as a defendant in two actions in state court in Louisiana, seeking damages from the Company and approximately fifty other defendants (including primary suppliers of asbestos, asbestos abatement and removal companies, paper machine builders, pump manufacturers, insulation and building materials suppliers, boiler manufacturers and other suppliers of products alleged to have contained asbestos) for injuries allegedly suffered by approximately 2,000 employees at two paper mills in Bogalusa and St. Francisville, Louisiana, due to exposure to asbestos. Liberty Mutual, the underwriter of insurance coverage applicable to these claims, defended these matters on the Company's behalf, subject to a standard reservation of any rights under the applicable policies.

The information identified during the discovery process suggests that the Company's production of asbestos-containing paper machine clothing products was limited to certain dryer fabrics marketed to paper mills during the period from 1967 to 1976. Other companies that manufactured asbestos-containing dryer fabrics prior to or during this period are also named as defendants in most of these proceedings. It is the position of the Company and the other paper machine clothing defendants that there was insufficient exposure to asbestos from any paper machine clothing products to cause asbestos-related injury to any plaintiff. Furthermore, asbestos contained in the Company's products was encapsulated in a resin-coated yarn woven into the interior of the fabric, further reducing the likelihood of fiber release.

Discovery by both plaintiffs and defendants in the Bogalusa proceeding was essentially completed in late 1998. The first trial commenced in January 1999. (All claims relating to this first trial against the Company were settled prior to that time.) A unanimous jury verdict in favor of the remaining defendants (including two dryer fabric producers) was returned in early March 1999.

All remaining claims against Albany International Corp. pending in each of the Bogalusa and St. Francisville proceedings (approximately 2,000 plaintiffs in the aggregate) were settled during 2000. All settlement amounts were funded by Liberty Mutual.

The Company currently remains a defendant in a number of asbestos proceedings involving an aggregate of approximately 4,700 claimants.

One proceeding, in Jefferson County, Mississippi, accounts for 1,400 claimants. Based upon preliminary work histories provided by counsel, it appears that as many as half of these plaintiffs were never employed in paper mills. Of the remaining cases, a large number do not provide sufficient employment histories to determine whether the claimants would have ever had any contact with any asbestos-containing dryer fabrics sold by the Company.

A second proceeding, in Jones County, Mississippi, accounts for another approximately 2,100 claimants. Based on preliminary histories, it appears that as many as three-quarters of these plaintiffs were never employed in paper mills. Such histories also do not indicate how many of the remaining claimants would have had contact with the Company's products.

Mount Vernon

In some of these proceedings, the Company is named both as a direct defendant and as the "successor in interest" to Mount Vernon Mills. The Company acquired certain assets from Mount Vernon Mills in 1993. These proceedings allege injury caused by asbestos-containing products alleged to have been sold by Mount Vernon Mills many years prior to this acquisition. Mount Vernon Mills, Inc. is contractually obligated to indemnify the Company against any liability arising out of such products. The Company denies any liability for products sold by Mount Vernon Mills prior to the acquisition of the Mount Vernon assets, and has successfully moved for dismissal in several proceedings before the first trial. Similar motions will be filed in other proceedings.

Brandon Drying Fabrics, Inc.

Brandon Drying Fabrics, Inc., a subsidiary of Geschmay Corp., is also a party to most of the above asbestos proceedings (including the Bogalusa and St. Francisville proceedings). The Company acquired Geschmay Corp., formerly known as Wangner Systems Corporation, in 1999.

Brandon Drying Fabrics, Inc. was created in 1978 in connection with the purchase of certain assets from Abney Mills, a South Carolina textile manufacturing entity. Brandon Sales, Inc. was a wholly-owned subsidiary of Abney and its assets were among those purchased from Abney Mills. After the purchase, Brandon Drying Fabrics, Inc. manufactured drying fabrics under its own name, none of which contained asbestos. It is believed that Abney Mills ceased production of asbestos-containing products prior to the 1978 purchase. Affidavits obtained from former Abney Mills employees confirm that belief.

Under the terms of the Assets Purchase Agreement between Brandon Drying Fabrics, Inc. and Abney Mills, Abney Mills agreed to indemnify, defend and hold harmless from any actions or claims on account of products manufactured by Abney Mills and its related corporations prior to the date of the sale whether or not the product was sold subsequent to the date of the sale. It appears that Abney Mills has since been dissolved. Nevertheless, a representative of this dissolved entity has been notified of the pendency of these actions and demand has been made that it assume the defense of these actions.

The Company believes all asbestos-related claims against it are without merit. While there can be no assurance as to their outcome, based upon its current understanding of the policies of insurance available, its recent settlement experience, how settlement amounts have been allocated to such policies, the absence of any judgments against Albany or Brandon, and the defenses available, the Company currently does not anticipate any material liability relating to resolution of the aforementioned pending proceedings in excess of existing insurance coverage limits. Consequently, the Company does not believe, based upon currently available information, that the ultimate resolution of the aforementioned proceedings will have a material adverse effect on the financial position, results of operations, or cash flows of the Company. While the Company anticipates that additional claims may be filed, it cannot control or predict the number or timing of future claims. The Company and Brandon intend vigorously to defend themselves against any such claims.

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

Part II - Other Information

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

At the annual meeting of shareholders held on May 10, 2001 items subject to a vote of security holders were the election of eleven directors and the election of auditors.

In the vote for the election of eleven 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 --
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--- ------
- -------
------- --

Francis L.
McKone
21,208,703
58,649,250
403,200 -
- -- Frank
R.
Schmeler
21,206,367
58,649,250
404,536 -
- --
Thomas R.
Beecher,
Jr
21,208,371
58,649,250
402,532 -
- --
Charles B.
Buchanan
21,208,371
58,649,250
402,532 -
- -- G.
Allan
Stenshamn
19,879,903
58,649,250
1,731,000
- - -- Dr.
Joseph G.
Morone
21,344,237
58,649,250
266,666 -
- --
Christine
L.
Standish
19,879,698
58,649,250
1,731,205
- - --
Erland E.
Kailbourne
21,344,237
58,649,250
266,666 -
- --
Barbara P.
Wright
21,344,237
58,649,250
266,666 -
- -- James
L. Ferris
21,344,341
58,649,250
266,562 -
- -- John
C.
Standish
21,208,272
58,649,250
402,631 -
- --

In the vote on the motion to appoint the firm of PricewaterhouseCoopers L.L.P. as the Company's auditor for 2001, 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 --
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--- ------
- -------
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----- ----
--- ------
-
21,372,002
58,649,250
151,120 --
87,781 --
-- --

Item 6. Exhibits and Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended June 30, 2001.

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 6, 2001

By /s/ Michael C. Nahl

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