SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED: DECEMBER 31, 1996

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

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

Title of each class	Name of each exchange on which registered
CLASS A COMMON STOCK ($0.001 PAR VALUE)	NEW YORK STOCK EXCHANGE AND PACIFIC STOCK EXCHANGE

Securities registered pursuant to Section 12(g) of the Act:
NONE
(Title of Class)

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

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

The aggregate market value of Class A Common Stock held on February 10, 1997 by non-affiliates of the registrant was $586,840,552.

The registrant had 24,885,564 shares of Class A Common Stock and 5,615,563 shares of Class B Common Stock outstanding as of February 10, 1997.

DOCUMENTS INCORPORATED BY REFERENCE	PART
Registrant's Annual Report to Shareholders for the year ended December 31, 1996.	II
Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on April 16, 1997.	III

PART I

ITEM 1. BUSINESS

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

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

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

In addition to paper machine clothing, the Registrant manufactures other engineered fabrics which include fabrics for the non-woven industry, corrugator belts, filtration media and Rapid Roll Doors-Registered Trademark-. Nomafa is the operation of the Company which developed high speed, high performance industrial doors, which grew from the application of the Company's coated fabric technology to its woven fabrics. Since Nomafa's inception in the early 1980's, manufacturing operations in North America and Europe have supplied over 60,000 installations worldwide. In November 1996, the Registrant acquired Schieffer Door Systems, a manufacturer of high-speed, high-performance industrial doors. Schieffer's technology and leadership position in Germany will significantly enhance the Registrant's industrial door operations.

INDUSTRY FACTORS

There are approximately 1,200 paper machines in the United States located in approximately 600 paper mills. It is estimated that, excluding China, there are about 7,300 paper machines in the world and approximately 1,500, mostly very small, paper machines in China. Demand for paper machine clothing is tied to the volume of paper production, which in turn reflects economic growth. According to published data, world production volumes have grown at an annual rate in excess of 3% over the last ten years. The Registrant anticipates continued growth for the long-term in world paper production. The profitability of the paper machine clothing business has generally been less cyclical than the profitability of the papermaking industry.

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

Over the last few years, paper manufacturers have generally reduced the number of suppliers of paper machine clothing per machine position. This trend has increased opportunities for market leaders, including the Registrant, to expand their market share.

INTERNATIONAL OPERATIONS

The Registrant maintains wholly-owned manufacturing facilities in Australia, Brazil, Canada, China, Finland, France, Germany, Great Britain, Holland, Mexico, Sweden and the United States. In 1996, the Company began construction of a new manufacturing facility in South Korea. The Registrant has a 50% interest in two related entities in South Africa which are engaged primarily in the paper machine clothing business (see Note 1 of Notes to Consolidated Financial Statements).

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

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

MARKETING, CUSTOMERS AND BACKLOG

Paper machine clothing is custom designed for each user depending upon the type, size and speed of the papermaking machine, the machine section, the grade of paper being produced, and the quality of the pulp stock used. Technical expertise, judgment and experience are critical in designing the appropriate clothing for each position on the machine. As a result, the Registrant employs highly skilled sales and technical service personnel in 25 countries who work directly with paper mill operating management. The Registrant's technical service program in the United States gives its service engineers field access to the measurement and analysis equipment needed for troubleshooting and application engineering. Sales, service and technical expenses are major cost components of the Registrant. The Registrant employs approximately 900 people in the sales and technical functions combined, many of whom have engineering degrees or paper mill experience. The Registrant's market leadership position reflects the Company's commitment to technological innovation.

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

Payment terms granted to customers reflect general competitive practices. Terms vary with product and competitive conditions, but generally require payment within 30 to 90 days, depending on the country of operation. Historically, bad debts have been insignificant. No single customer, or group of related customers, accounted for more than 5% of the Registrant's sales of paper machine clothing in any of the past three years. Management does not believe that the loss of any one customer would have a material adverse effect on the Registrant's business.

The Registrant's order backlogs at December 31, 1996 and 1995 were approximately $502 million and $492 million, respectively. Orders recorded at December 31, 1996 are expected to be invoiced during the next 12 months.

RESEARCH AND DEVELOPMENT

The Registrant invests heavily in research, new product development and technical analysis to maintain its leadership in the paper machine clothing industry. The Registrant's expenditures fall into two primary categories, research and development and technical expenditures. Research and development expenses totaled $21.9 million in 1996, $19.7 million in 1995 and $18.4 million in 1994. While most research activity supports existing products, the Registrant engages in research for new products. New product research has focused primarily on more sophisticated paper machine clothing and has resulted in a stream of products such as DUOTEX-Registered Trademark- and TRIOTEX-TM- forming fabrics, for which the technology has been licensed to several competitors, DURAFORM-Registered Trademark- SR, an enhanced single-layer forming fabric, SEAMTECH-TM-, the patented on-machine-seamed press fabric, DYNATEX-TM-, a unique multi-layer press fabric, long nip press belts which are essential to water removal in the press section and Thermonetics-TM-, BEL-PLANE-Registered Trademark-, AEROLINE-TM- and AEROGRIP-TM- which are dryer fabrics. Technical expenditures, primarily at the plant level, totaled $26.8 million in 1996, $25.3 million in 1995 and $22.5 million in 1994. Technical expenditures are focused on design, quality assurance and customer support.

Although the Registrant has focused most of its research and development efforts on paper machine clothing products and design, the Registrant also has made progress in developing non-paper machine clothing products. Through its major research facility in Mansfield, Massachusetts, the Registrant conducts research under contract for the U.S. government and major corporations. In addition to its Mansfield facility, the Registrant has four other research and development centers located at manufacturing locations in Halmstad, Sweden; Selestat, France; Albany, New York; and Menasha, Wisconsin.

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

COMPETITION

While there are more than 50 paper machine clothing suppliers worldwide, only six major paper machine clothing companies compete on a global basis. Market shares vary depending on the country and the type of paper machine clothing produced. In the paper machine clothing market, the Registrant believes that it has a market share of approximately 29% in the United States and Canadian markets, taken together, 18% in the rest of the world and approximately 22% in the world overall. Together, the United States and Canada constitute approximately 39% of the total world market for paper machine clothing.

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

EMPLOYEES

The Registrant employs 5,854 persons, of whom approximately 75% are engaged in manufacturing the Registrant's products. Wages and benefits are competitive with those of other manufacturers in the geographic areas in which the Registrant's facilities are located. The Registrant considers its relations with its employees in general to be excellent.

EXECUTIVE OFFICERS OF REGISTRANT

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

NAME	AGE	POSITION
J. Spencer Standish	71	Chairman of the Board and Director
Francis L. McKone	62	President, CEO and Director
Frank R. Schmeler	57	Executive Vice President and Chief Operating Officer -- PMC
Edward Walther	53	Executive Vice President -- Management and Technology
Michael C. Nahl	54	Senior Vice President and Chief Financial Officer
J. Weldon Cole	60	Senior Vice President -- Corporate Planning and Business Development
Michel J. Bacon	47	Senior Vice President -- Canada and Pacific
William M. McCarthy	46	Senior Vice President -- Europe
Thomas H. Hagoort	64	General Counsel and Secretary
Richard A. Carlstrom	53	Vice President -- Controller
William H. Dutt	61	Vice President -- Technical
Edward R. Hahn	52	Vice President -- Research and Development
Hugh A. McGlinchey	57	Vice President -- Information Systems
Kenneth C. Pulver	53	Vice President -- Corporate Communications
Ervin D. Johnson	53	Treasurer
Charles J. Silva, Jr.	37	Assistant General Counsel and Assistant Secretary

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

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

FRANK R. SCHMELER joined the Registrant in 1964. He has served the Registrant as Executive Vice President and Chief Operating Officer since 1997 and as Senior Vice President from 1988 to 1997, as Vice President and General Manager of the Felt Division from 1984 to 1988, as Division Vice President and General Manager, Albany International Canada from 1978 to 1984 and as Vice President of Marketing, Albany International Canada from 1976 to 1978.

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

MICHAEL C. NAHL joined the Registrant in 1981. He has served the Registrant as Senior Vice President and Chief Financial Officer since 1983 and prior to 1983 as Group Vice President.

J. WELDON COLE joined the Registrant as Senior Vice President on January 1, 1995. From 1988 until December 1994 he held various management positions, most recently as President and Director of Beloit Corporation, an international manufacturer of pulp and papermaking equipment.

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

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

THOMAS H. HAGOORT joined the Registrant in 1991. He has served the Registrant as General Counsel and Secretary since 1997 and as General Counsel from 1991 to 1997. From 1968 until December 31, 1990 he was a partner in Cleary, Gottlieb, Steen and Hamilton, an international law firm with headquarters in New York City, to which he became of counsel on January 1, 1991.

RICHARD A. CARLSTROM joined the Registrant in 1972. He has served the Registrant as Vice President-- Controller since 1993, as Controller since 1980, as Controller of a U.S. division from 1975 to 1980, and prior to 1975 as Financial Controller of Albany International Pty. in Australia.

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

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

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

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

ERVIN D. JOHNSON joined the Registrant in 1974. He has served the Registrant as Treasurer since 1996 and as Controller of Press Fabrics U.S. from 1991 to 1996. Prior to 1991 he served in various financial positions, including Controller of Appleton Wire Division and Operations Manager for Nomafa Door Division.

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

RAW MATERIALS AND INVENTORY

Primary raw materials for the Registrant's products are synthetic fibers, which are generally available from a number of suppliers. The Registrant, therefore, is not required to maintain inventories in excess of its current needs to assure availability. In addition, the Registrant manufactures monofilament, a basic raw material for all types of paper machine clothing, at its facility in Homer, New York, which supplies approximately 40% of its world-wide monofilament requirements. This manufacturing capability assists the Registrant in its negotiations with monofilament producers for the balance of its supply requirements, and enhances the ability of the Registrant to develop proprietary products.

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

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

ITEM 2. PROPERTIES

The Registrant's principal manufacturing facilities are located in the United States, Canada, Europe, Brazil, Mexico, Australia and China. The aggregate square footage of the Registrant's facilities in the United States and Canada is approximately 2,485,000, of which 2,408,000 square feet are owned and 77,000 square feet are leased. The Registrant's facilities located outside the United States and Canada comprise approximately 2,725,000 square feet, of which 2,615,000 square feet are owned and 110,000 square feet are leased. The Registrant considers these facilities to be in good condition and suitable for their purpose. The capacity associated with these facilities is adequate to meet production levels required and anticipated through 1997. The Registrant's expected 1997 capital expenditures, including the new facility in South Korea but excluding new operating leases, of about $60 million will provide sufficient capacity for anticipated growth.

The Registrant believes it has modern, efficient production equipment. In the last five years, it has spent $183 million on new plants and equipment or upgrading existing facilities.

ITEM 3. LEGAL PROCEEDINGS

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

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

There were no matters submitted during the fourth quarter of 1996 to a vote of security holders.

PART II

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

"Stock and Shareholders" and "Quarterly Financial Data" on page 26 of the Annual Report are incorporated herein by reference.

Restrictions on dividends and other distributions are described in Note 6, on pages 13 and 14 of the Annual Report. Such description is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

"Eleven Year Summary" on pages 24 and 25 of the Annual Report is incorporated herein by reference.

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

"Review of Operations" on pages 21 to 23 of the Annual Report is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements of the Registrant and its subsidiaries, included on pages 7 to 20 in the Annual Report, are incorporated herein by reference:

Consolidated Statements of Income and Retained Earnings--years ended December 31, 1996, 1995 and 1994

Consolidated Balance Sheets--December 31, 1996 and 1995

Consolidated Statements of Cash Flows--years ended December 31, 1996, 1995 and 1994

Notes to Consolidated Financial Statements

Report of Independent Accountants

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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

b) EXECUTIVE OFFICERS OF REGISTRANT. Information about the officers of the Registrant is set forth in Item 1 above.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth in the sections of the Proxy Statement captioned "Executive Compensation", "Summary Compensation Table", "Option/SAR Grants in Last Fiscal Year", "Option/SAR Exercises during 1996 and Year-End Values", "Pension Plan Table", "Compensation and Stock Option Committee Report on Executive Compensation", "Compensation and Stock Option Committee Interlocks and Insider Participation", "Stock Performance Graph", and "Directors' Fees" is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

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

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

a)(2) SCHEDULE. The following consolidated financial statements schedule for each of the three years in the period ended December 31, 1996 is included pursuant to Item 14(d):

Report of Independent Accountants on Financial Statements Schedule

Schedule II--Valuation and Qualifying Accounts

a)(3)(b) No reports on Form 8-K were filed during the quarter ended December 31, 1996.

(3) EXHIBITS

3(a)	--	Certificate of Incorporation of Registrant. (3)
3(b)	--	Bylaws of Registrant. (1)
4(a)	--	Article IV of Certificate of Incorporation of Registrant (included in Exhibit 3(a)).
4(b)	--	Specimen Stock Certificate for Class A Common Stock. (1)
		MORGAN CREDIT AGREEMENT
10(i)(i)	--	Amended and restated Credit Agreement, dated as of February 29, 1996, among the Registrant, certain banks listed therein, and Morgan Guaranty Trust Company of New York, as Agent. (8)
		STOCK OPTIONS
10(m)(i)	--	Form of Stock Option Agreement, dated as of August 1, 1983, between the Registrant and each of five employees, together with schedule showing the names of such employees and the material differences among the Stock Option Agreements with such employees. (1)
10(m)(ii)	--	Form of Amendment of Stock Option Agreement, dated as of July 1, 1987, between the Registrant and each of the five employees identified in the schedule referred to as Exhibit 10(m)(i). (1)
10(m)(iii)	--	1988 Stock Option Plan. (2)
10(m)(iv)	--	1992 Stock Option Plan (6)
		EXECUTIVE COMPENSATION
10(n)	--	Pension Equalization Plan adopted April 16, 1986, naming two current executive officers and one former executive officer of Registrant as "Participants" thereunder. (1)
10(n)(i)	--	Supplemental Executive Retirement Plan. (7)
10(o)(i)	--	Form of Executive Deferred Compensation Plan adopted September 1, 1985, and Forms of Election Agreement. (1)
10(o)(ii)	--	Form of Directors' Deferred Compensation Plan adopted September 1, 1985, and Form of Election Agreement. (1)
10(o)(iii)	--	Executive Deferred Compensation Plan. (2)
10(o)(iv)	--	Directors' Deferred Compensation Plan. (2)
10(o)(v)	--	Deferred Compensation Plan of Albany International Corp. (8)
10(o)(vi)	--	Centennial Deferred Compensation Plan. (8)

(3) EXHIBITS

OTHER AGREEMENTS

10(q)	--	Merchandise Orders Purchase and Sale Agreement, dated as of January 28, 1991, among the Registrant, CXC Incorporated and Citicorp North America, Inc., as Agent. (4)
10(q)(i)	--	Amendment No. 1 to Merchandise Orders Purchase and Sale Agreement, dated as of April 26, 1991, among the Registrant, CXC Incorporated and Citicorp North America, Inc., as Agent, amending the Merchandise Orders Purchase and Sale Agreement referred to as Exhibit 10(q). (5)
11	--	Schedule of Computation of Primary and Fully Diluted Net Income Per Share.
13	--	Annual Report to Security Holders for the year ended December 31, 1996.
21	--	Subsidiaries of Registrant.
23	--	Consent of Coopers & Lybrand L.L.P.
24	--	Powers of Attorney.
27	--	Financial Data Schedule.

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

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

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

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

(4) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K dated April 8, 1991, which previously-filed Exhibit is incorporated by reference herein.

(5) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K dated May 28, 1991, which previously-filed Exhibit is incorporated by reference herein.

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

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

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

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

SIGNATURE	TITLE	DATE
* (J. Spencer Standish)	Chairman of the Board and Director	March 14, 1997
* (Francis L. McKone)	President and Director (Chief Executive Officer)	March 14, 1997
/s/ MICHAEL C. NAHL (Michael C. Nahl)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 14, 1997
* (Richard A. Carlstrom)	Vice President-Controller (Principal Accounting Officer)	March 14, 1997
* (Charles B. Buchanan)	Director	March 14, 1997
* (Thomas R. Beecher, Jr.)	Director	March 14, 1997
* (Stanley I. Landgraf)	Director	March 14, 1997
* (Dr. Joseph G. Morone)	Director	March 14, 1997
* (Allan Stenshamn)	Director	March 14, 1997
* (Barbara P. Wright)	Director	March 14, 1997

/s/ MICHAEL C. NAHL

Michael C. Nahl
*By Attorney-in-fact

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 14th day of March, 1997.

ALBANY INTERNATIONAL CORP.

by /S/MICHAEL C. NAHL

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

REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENTS SCHEDULE

To The Shareholders and Board of Directors
Albany International Corp.

Our report on the consolidated financial statements of Albany International Corp. has been incorporated by reference in this form 10-K from page 7 of the 1996 Annual Report to Shareholders of Albany International Corp. In connection with our audits of such financial statements, we have also audited the related financial statements schedule listed in the index on page 9 of this Form 10-K.

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

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

Albany, New York

January 23, 1997

SCHEDULE II

ALBANY INTERNATIONAL CORP. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
(DOLLARS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO EXPENSE	DEDUCTIONS (A)	BALANCE AT END OF PERIOD
Allowance for doubtful accounts				
Year ended December 31:				
1996	$ 5,010	$ 1,036	$ 1,084	$ 4,962
1995	$ 4,618	$ 963	$ 571	$ 5,010
1994	$ 4,579	$ 597	$ 558	$ 4,618

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

EXHIBIT 11

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

ALBANY INTERNATIONAL CORP.
EXHIBIT 11
SCHEDULE OF COMPUTATION OF PRIMARY AND FULLY DILUTED NET INCOME PER SHARE

(in thousands, except per share data)

PRIMARY EARNINGS PER SHARE:

For the three months ended December 31, 1996 (1)	For the three months ended December 31, 1995 (1)		For the years ended December 31, 1996 (1)	For the years ended December 31, 1995 (1)
30,464,625	30,313,147	Common stock outstanding at end of period	30,464,625	30,313,147
		Adjustments to ending shares to arrive at weighted average for the period:		
(21,904)	(23,553)	Shares contributed to E.S.O.P. (2)	(95,099)	(75,763)
(8,539)	(72)	Shares issued under option or to Directors (2)	(19,112)	(133,024)
-	(26)	Shares issued due to conversion of debt (2)	-	(63)
-	55,435	Treasury shares purchased (2)	13,814	97,561
30,434,182	30,344,931	Weighted average number of shares	30,364,228	30,201,858
$15,038	$12,118	Income before extraordinary item	$48,681	$43,050
-	-	Extraordinary loss on early extinguishment of debt, net of tax of $828	$1,296	-
$15,038	$12,118	Net income	$47,385	$43,050
$0.49	$0.40	Income per share before extraordinary item (3)	$1.60	$1.43
-	-	Extraordinary loss on early extinguishment of debt (3)	(0.04)	-
$0.49	$0.40	Net income per share (3)	$1.56	$1.43

(1) Includes Class A and Class B Common Stock

(2) Calculated as follows: number of shares multiplied by the reciprocal of the number of days outstanding (or the reciprocal of the number of days held in treasury for treasury stock purchases) divided by the number of days in the period

SHARES CONTRIBUTED TO E.S.O.P.:

For the year:

January 31, 1995	12,346 * (30/365)	1,015
February 23, 1995	656 * (53/365)	95
February 28, 1995	13,324 * (58/365)	2,117
February 28, 1995	37,040 * (58/365)	5,886
March 31, 1995	12,697 * (89/365)	3,096
April 30, 1995	9,968 * (119/365)	3,250
May 31, 1995	10,301 * (150/365)	4,233
June 30, 1995	10,217 * (180/365)	5,039
July 18, 1995	32 * (198/365)	17
July 31, 1995	8,382 * (211/365)	4,845
August 31, 1995	10,146 * (242/365)	6,727
September 30, 1995	9,729 * (272/365)	7,250
October 31, 1995	10,943 * (303/365)	9,084
November 30, 1995	11,614 * (333/365)	10,596
December 31, 1995	12,547 * (364/365)	12,513
		75,763

ALBANY INTERNATIONAL CORP.
EXHIBIT 11
SCHEDULE OF COMPUTATION OF PRIMARY AND FULLY DILUTED NET INCOME PER SHARE

(in thousands, except per share data)

January 31, 1996	12,969 * (30/366)	1,063
February 29, 1996	136,670 * (59/366)	22,032
March 31, 1996	11,616 * (90/366)	2,856
April 30, 1996	10,790 * (120/366)	3,538
May 31, 1996	12,658 * (151/366)	5,222
June 30, 1996	10,383 * (181/366)	5,135
July 31, 1996	12,253 * (212/366)	7,097
August 31, 1996	13,016 * (243/366)	8,642
September 30, 1996	11,067 * (273/366)	8,255
October 31, 1996	12,492 * (304/366)	10,376
November 30, 1996	11,398 * (334/366)	10,401
December 31, 1996	10,511 * (365/366)	10,482
		95,099
For the three months:		
October 31, 1995	10,943 * (30/92)	3,568
November 30, 1995	11,614 * (60/92)	7,574
December 31, 1995	12,547 * (91/92)	12,411
		23,553
October 31, 1996	12,492 * (30/92)	4,074
November 30, 1996	11,398 * (60/92)	7,433
December 31, 1996	10,511 * (91/92)	10,397
		21,904
SHARES ISSUED UNDER OPTION OR TO DIRECTORS:		
For the year:		
April 12, 1995	25,000 * (101/365)	6,918
April 27, 1995	5,000 * (116/365)	1,589
May 1, 1995	20,000 * (120/365)	6,575
June 2, 1995	7,500 * (152/365)	3,123
June 6, 1995	14,000 * (156/365)	5,983
June 14, 1995	600 * (164/365)	270
July 10, 1995	1,200 * (190/365)	625
July 12, 1995	15,000 * (192/365)	7,890
July 13, 1995	10,000 * (193/365)	5,288
July 19, 1995	15,000 * (199/365)	8,178
July 20, 1995	10,000 * (200/365)	5,479
July 26, 1995	7,500 * (206/365)	4,233
July 27, 1995	5,000 * (207/365)	2,836
July 28, 1995	28,800 * (208/365)	16,412
July 31, 1995	55,000 * (211/365)	31,794
August 4, 1995	3,000 * (215/365)	1,767
August 7, 1995	10,000 * (218/365)	5,973
August 10, 1995	3,700 * (221/365)	2,240
August 23, 1995	6,200 * (234/365)	3,975
September 1, 1995	1,200 * (243/365)	799
September 12, 1995	1,200 * (254/365)	835
September 15, 1995	10,000 * (257/365)	7,041
September 26, 1995	2,500 * (268/365)	1,836
October 2, 1995	1,200 * (274/365)	901
October 10, 1995	600 * (282/365)	464
		133,024

ALBANY INTERNATIONAL CORP.
EXHIBIT 11
SCHEDULE OF COMPUTATION OF PRIMARY AND FULLY DILUTED NET INCOME PER SHARE

(in thousands, except per share data)

May 20, 1996	2,255 * (140/366)	863
May 22, 1996	6,000 * (142/366)	2,328
October 10, 1996	1,400 * (283/366)	1,083
October 22, 1996	9,000 * (295/366)	7,254
November 13, 1996	3,000 * (317/366)	2,598
December 31, 1996	5,000 * (365/366)	4,986
		19,112
For the three months:		
October 2, 1995	1,200 * (1/92)	13
October 10, 1995	600 * (9/92)	59
		72
October 10, 1996	1,400 * (9/92)	137
October 22, 1996	9,000 * (21/92)	2,054
November 13, 1996	3,000 * (43/92)	1,402
December 31, 1996	5,000 * (91/92)	4,946
		8,539
TREASURY SHARES PURCHASED:		
For the year:		
February 16, 1995	15,000 * (46/365)	1,890
March 14, 1995	35,000 * (72/365)	6,904
November 21, 1995	100,000 * (324/365)	88,767
		97,561
January 17, 1996	91,000 * (16/366)	3,978
March 13, 1996	50,000 * (72/366)	9,836
		13,814
For the three months:		
November 21, 1995	100,000 * (51/92)	55,435
SHARES ISSUED DUE TO CONVERSION OF DEBT:		
For the year:		
November 1, 1995	76 * (304/365)	63
For the three months:		
November 1, 1995	76 * (31/92)	26

(3) Dilutive common stock equivalents are not material and therefore are not included in the calculation of primary earnings per common share.

ALBANY INTERNATIONAL CORP.

EXHIBIT 11

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

(in thousands, except per share data)

FULLY DILUTED EARNINGS PER SHARE:

For the three months ended December 31, 1996	For the three months ended December 31, 1995		For the years ended December 31, 1996	For the years ended December 31, 1995
30,434,182	30,344,931	Weighted average number of shares	30,364,228	30,201,858
411,175	308,801	Incremental shares of unexercised options (4)	411,175	340,227
-	5,712,374	Convertible shares of subordinated debentures (5)	-	5,712,374
30,845,357	36,366,106	Adjusted weighted average number of shares	30,775,403	36,254,459
$15,038	$13,567	Income before extraordinary item	$48,681	$48,846
-	-	Extraordinary loss on early extinguishment of debt, net of tax of $828	$1,296	-
$15,038	$13,567	Net income (including after-tax income adjustment)	$47,385	$48,846
$0.49	$0.37	Income per share before extraordinary item	$1.58	$1.35
-	-	Extraordinary loss on early extinguishment of debt	(0.04)	-
$0.49	$0.37	Fully diluted net income per share	$1.54	$1.35

(4) Incremental shares of unexercised options are calculated based on the higher of the average price of the Company's stock or the ending price for the respective period. The calculation includes all options whose exercise price is below the higher of the average or ending stock price.

(5) The convertible subordinated debentures were redeemed in March 1996 and therefore removed from the fully diluted calculation. In 1995, the original subordinated debentures were convertible into 5,712,450 shares of the Company's Class A Common Stock. Two debentures were converted into 76 shares as of December 31, 1995. Upon any conversion, the Company would realize an after-tax income adjustment based on the effective interest expense on the bonds less the corresponding income tax deduction. The full amount of the shares and the income adjustment are included in the calculation only when they cause dilution to net income per share.

EXHIBIT 13

1996 ANNUAL REPORT

REPORT OF MANAGEMENT

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

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

The financial statements have been audited by Coopers & Lybrand L.L.P., independent accountants. Their role is to express an opinion as to whether management's financial statements present fairly, in accordance with generally accepted accounting principles, the Company's financial condition and operating results. Their opinion is based on procedures which include reviewing and evaluating certain aspects of selected systems, procedures and internal accounting controls, and conducting such tests as they deem necessary.

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

[SIG]
J. Spencer Standish
CHAIRMAN OF THE BOARD

[SIG]
Francis L. McKone
PRESIDENT AND CHIEF EXECUTIVE OFFICER

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

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
ALBANY INTERNATIONAL CORP.

We have audited the accompanying consolidated balance sheets of Albany International Corp. as of December 31, 1996 and 1995, and the related consolidated statements of income and retained earnings, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Albany International Corp. as of December 31, 1996 and 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

[COOPERS & LYBRAND SIG]

Albany, New York
January 23, 1997

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
ALBANY INTERNATIONAL CORP.

For the Years Ended December 31, (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	1996	1995	1994
STATEMENTS OF INCOME			
Net sales	$ 692,760	$ 652,645	$ 567,583
Cost of goods sold	400,821	379,632	338,868
Gross profit	291,939	273,013	228,715
Selling and general expenses	147,929	139,102	124,883
Technical and research expenses	48,735	45,020	40,888
Operating income	95,275	88,891	62,944
Interest income	(1,180)	(114)	(317)
Interest expense	17,013	20,123	17,137
Other expense/(income), net	12	(1,024)	4,324
Income before income taxes	79,430	69,906	41,800
Income taxes	30,981	27,233	17,974
Income before associated companies	48,449	42,673	23,826
Equity in earnings of associated companies	232	377	126
Income before extraordinary item	48,681	43,050	23,952
Extraordinary loss on early extinguishment of debt, net of tax of $828	1,296	--	--
Net income	47,385	43,050	23,952
RETAINED EARNINGS			
Retained earnings, beginning of period	171,082	139,740	126,276
Less dividends	12,159	11,708	10,488
Retained earnings, end of period	$ 206,308	$ 171,082	$ 139,740
NET INCOME/(LOSS) PER SHARE:			
Primary:			
Income before extraordinary item	$ 1.60	$ 1.43	$ 0.80
Extraordinary loss on early extinguishment of debt	(0.04)	--	--
Net income	$ 1.56	$ 1.43	$ 0.80
Fully diluted			
Income before extraordinary item	$ 1.60	$ 1.35	$ 0.80
Extraordinary loss on early extinguishment of debt	(0.04)	--	--
Net income	$ 1.56	$ 1.35	$ 0.80

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

CONSOLIDATED BALANCE SHEETS
ALBANY INTERNATIONAL CORP.

At December 31, (IN THOUSANDS)	1996	1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,034	$ 7,609
Accounts receivable, less allowance for doubtful accounts ($4,962, 1996; $5,010, 1995)	179,516	170,415
Inventories		
Finished goods	98,605	88,378
Work in process	40,568	42,480
Raw material and supplies	33,808	30,523
Deferred taxes and prepaid expenses	16,879	19,095
Total current assets	377,410	358,500
Property, plant and equipment, at cost, net	339,461	342,150
Investments in associated companies	2,060	2,366
Intangibles	44,954	31,682
Deferred taxes	27,756	28,537
Other assets	33,059	33,290
Total assets	$ 824,700	$ 796,525
LIABILITIES		
Current liabilities:		
Notes and loans payable	$ 65,165	$ 16,268
Accounts payable	32,813	35,262
Accrued liabilities	59,755	59,301
Current maturities of long-term debt	2,295	985
Income taxes payable and deferred	13,068	12,067
Total current liabilities	173,096	123,883
Long-term debt	187,100	245,265
Other noncurrent liabilities	97,579	100,268
Deferred taxes and other credits	38,162	24,812
Total liabilities	495,937	494,228
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; 24,865,573 issued in 1996 and 24,841,173 in 1995	25	25
Class B Common Stock, par value $.001 per share; authorized 25,000,000 shares; issued and outstanding 5,615,563 in 1996 and 1995	6	6
Additional paid in capital	177,412	176,345
Retained earnings	206,308	171,082
Translation adjustments	(42,340)	(30,580)
Pension liability adjustment	(12,483)	(12,382)
	328,928	304,496
Less treasury stock, at cost	165	2,199
Total shareholders' equity	328,763	302,297
Total liabilities and shareholders' equity	$ 824,700	$ 796,525

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
ALBANY INTERNATIONAL CORP.

For the Years Ended December 31, (IN THOUSANDS)	1996	1995	1994
OPERATING ACTIVITIES			
Net income	$ 47,385	$ 43,050	$ 23,952
Adjustments to reconcile net cash provided by operating activities:			
Equity in earnings of associated companies	(232)	(377)	(126)
Distributions received from associated companies	--	--	42
Depreciation and amortization	45,189	43,087	38,649
Accretion of convertible subordinated debentures	353	1,628	1,519
Provision for deferred income taxes, other credits and long-term liabilities	755	6,739	(2,395)
Increase in cash surrender value of life insurance, net of premiums paid	(751)	(654)	(468)
Unrealized currency transaction gains	(1,459)	(1,469)	(1,271)
Loss/(gain) on disposition of assets	683	(754)	1,280
Treasury shares contributed to ESOP	5,227	3,454	2,671
Loss on early extinguishment of debt	1,296	--	--
Changes in operating assets and liabilities:			
Accounts receivable	(7,444)	(13,926)	(30,021)
Inventories	(7,164)	(19,061)	(15,046)
Prepaid expenses	(1,408)	386	586
Accounts payable	(2,449)	4,658	6,527
Accrued liabilities	1,543	1,527	(5,054)
Income taxes payable	2,255	(88)	2,124
Other, net	(884)	(747)	140
Net cash provided by operating activities	82,895	67,453	23,109
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(53,473)	(41,921)	(36,322)
Purchased software	(1,909)	(2,215)	(2,053)
Proceeds from sale of assets	27,112	1,762	1,855
Acquisitions, net of cash acquired	(25,587)	(11,312)	526
Investment in associated company	--	(915)	--
Premiums paid for life insurance	(1,193)	(1,196)	(1,196)
Net cash used in investing activities	(55,050)	(55,797)	(37,190)
FINANCING ACTIVITIES			
Proceeds from borrowings	220,200	21,348	51,484
Principal payments on debt	(229,799)	(14,542)	(23,490)
Proceeds from options exercised	401	4,408	126
Tax benefit of options exercised	25	581	12
Purchases of treasury shares	(2,552)	(2,883)	--
Dividends paid	(12,144)	(11,305)	(10,474)
Net cash (used)/provided by financing activities	(23,869)	(2,393)	17,658
Effect of exchange rate changes on cash	(3,551)	(1,882)	(4,730)
Increase/(decrease) in cash and cash equivalents	425	7,381	(1,153)
Cash and cash equivalents at beginning of year	7,609	228	1,381
Cash and cash equivalents at end of year	$ 8,034	$ 7,609	$ 228

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Albany International Corp. and its subsidiaries after elimination of intercompany transactions. The Company has a 50% interest in two related entities in South Africa. The consolidated financial statements include the Company's original investment in the South African entities, plus its share of undistributed earnings, in the account "Investments in associated companies." The Company had 40% equity interests in companies in Mexico, Brazil and Argentina until the first quarter of 1994 when it exchanged its 40% equity interests in Brazil and Argentina for the remaining 60% equity interest in Mexico.

REVENUE RECOGNITION

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

ESTIMATES

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

TRANSLATION OF FINANCIAL STATEMENTS

Assets and liabilities of non-U.S. operations are translated at year-end rates of exchange, and the income statements are translated at the average rates of exchange for the year. Gains or losses resulting from translating non-U.S. currency financial statements are accumulated in a separate component of shareholders' equity.

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

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

RESEARCH EXPENSE

Research expense, which is charged to operations as incurred, was $21,945,000 in 1996, $19,700,000 in 1995, and $18,388,000 in 1994.

CASH AND CASH EQUIVALENTS

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

INVENTORIES

Inventories are stated at the lower of cost or market. The cost of United States inventories is based on the last-in, first-out (LIFO) method; all other inventories are valued at average cost.

PROPERTY, PLANT AND EQUIPMENT

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets for financial reporting purposes; accelerated methods are used for income tax purposes.

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

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

INTANGIBLES AND OTHER ASSETS

The excess purchase price over fair values assigned to assets acquired is amortized on a straight-line basis over either 25 or 40 years.

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

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

INCOME TAXES

The Company accounts for taxes in accordance with Financial Accounting Standard No. 109, "Accounting for Income Taxes," which requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable for future years to differences between financial statement and tax bases of existing assets and liabilities. Under FAS No. 109, the effect of tax rate changes on deferred taxes is recognized in the income tax provision in the period that includes the enactment date.

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

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

PENSION PLANS

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

EARNINGS PER SHARE

Primary earnings per share on common stock are computed using the weighted average number of shares of Class A and Class B Common Stock outstanding during each year. The 5.25% convertible subordinated debentures, issued in March 1992 and redeemed in March 1996, were not common stock equivalents and are therefore not considered in the calculation of primary earnings per share. The weighted average number of common shares outstanding during 1996, 1995, and 1994 was 30,364,228, 30,201,858, and 29,953,346, respectively. For purposes of calculating fully diluted earnings per share in 1995 and 1994, conversion of the subordinated debentures, interest savings, net of income taxes, and the exercise of options assuming the purchase of treasury shares with the proceeds, are considered. The weighted average number of shares outstanding, assuming full dilution, in 1995 was 36,254,459 and net income was $48,800,000. The options and the convertible subordinated debentures were not dilutive to primary or fully diluted earnings per share except in 1995 for fully diluted earnings per share.

2. INVENTORIES

The cost of inventories valued under the LIFO method is $69,784,000 at December 31, 1996 and $67,872,000 at December 31, 1995. Had the Company's inventory been valued at average cost (which approximates replacement cost), inventories would have been $7,217,000 higher in 1996 and $5,707,000 higher in 1995.

3. PROPERTY, PLANT AND EQUIPMENT

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

(IN THOUSANDS)	1996	1995
Land	$ 26,659	$ 23,107
Buildings	165,162	160,476
Machinery and equipment	449,874	441,536
	641,695	625,119
Accumulated depreciation	302,234	282,969
	$339,461	$342,150

Construction in progress was approximately $2,684,000 in 1996 and $363,000 in 1995.

Depreciation expense was $42,390,000 in 1996, $41,375,000 in 1995, and $37,554,000 in 1994.

Expenditures for maintenance and repairs are charged to income as incurred and amounted to $17,367,000 in 1996, $15,129,000 in 1995, and $14,400,000 in 1994.

Capital expenditures were $53,473,000 in 1996, $41,921,000 in 1995, and $36,322,000 in 1994. At the end of 1996, the Company was committed to $54,024,000 of future expenditures for new equipment and facilities.

4. INTANGIBLES

The components of intangibles are summarized below:

(IN THOUSANDS)	1996	1995
Excess purchase price over fair value	$49,417	$34,643
Patents	10,429	10,440
Accumulated amortization	(20,788)	(19,679)
Deferred unrecognized pension cost (see Note 12)	5,896	6,278
	$44,954	$31,682

Amortization expense was $1,109,000 in 1996, $796,000 in 1995 and $683,000 in 1994.

5. ACCRUED LIABILITIES

Accrued liabilities consist of:

(IN THOUSANDS)	1996	1995
Salaries and wages	$19,125	$18,622
Employee benefits	20,053	15,967
Returns and allowances	4,286	4,326
Interest	767	3,072
Restructuring costs	612	1,039
Acquisition obligation	4,081	5,000
Other	10,831	11,275
	$59,755	$59,301

6. FINANCIAL INSTRUMENTS

Notes and loans payable at December 31, 1996 and 1995 were short-term debt instruments with banks, denominated in local currencies with a weighted average interest rate of 5.93% in 1996 and 13.2% (7.63% excluding Brazil) in 1995.

Long-term debt at December 31, 1996 and 1995, principally to banks and bondholders, exclusive of amounts due within one year, consists of:

(IN THOUSANDS)	1996	1995
$150 million 5.25% convertible subordinated debentures yielding 7.0%.	$ --	$136,963
$300 million revolving credit agreement which terminates in 2002 with LIBOR borrowings outstanding at an average interest of 5.73% in 1996 and 6.15% in 1995.	139,000	64,000
Various notes, mortgages and debentures relative to operations principally outside the United States, at an average interest of 6.56% in 1996 and 6.92% in 1995, due in varying amounts through 2004.	33,575	29,774
Industrial revenue financings at an average interest of 5.67% in 1996 and 5.89% in 1995, due in varying amounts through 2009.	14,525	14,528
	$187,100	$245,265

Principal payments due on long-term debt are: 1997, $2,295,000; 1998, $1,428,000; 1999, $30,456,000; 2000, $1,281,000; 2001, $603,000.

Interest paid was $19,318,000 in 1996, $20,076,000 in 1995, and $16,708,000 in 1994.

The Company's revolving credit agreement provides that the Company may borrow up to $300,000,000 until 2001 and then $150,000,000 until 2002 at which time the banks' commitment to lend is terminated. The terms of the revolving credit agreement include a facility fee and allow the Company to select from various loan pricing options. The maximum interest rate margin over LIBOR is determined by the Company's cash flow to debt ratio. New borrowings under the revolving credit facility are conditional on the absence of material adverse changes in the business, financial position, results of operations and prospects of the Company and its consolidated subsidiaries taken as a whole. In the event of nonperformance by any bank on its commitment to extend credit, the Company could not borrow the full amount of the facility. However, the Company does not anticipate nonperformance by any bank.

The revolving credit agreement contains various covenants which include limits on: the disposition of assets, minimum consolidated tangible net worth, interest coverage and cash flow to debt ratios, cash dividends, or certain restricted investments unless the required consolidated tangible net worth, as defined, is maintained. At December 31, 1996, $52,699,000 was permitted for the payment of cash dividends.

Under the revolving credit agreement and formal and informal agreements with other financial institutions, the Company could have borrowed an additional $227,000,000 at December 31, 1996.

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

The Company has swap agreements wherein on a notional amount of $250,000,000 the Company will pay a periodic floating rate based upon an index of yields of high-grade, tax-exempt bond issues published by Kenny Information Systems. The counterparty is obligated to make payments to the Company calculated at an average of 70% of LIBOR. As of December 31, 1996 and 1995, the average blended rates payable on the long-term swap agreements were 3.62% and 4.24%, respectively, and the blended rates receivable were 3.97% and 4.33%, respectively. The swap agreements expire during 2000. The Company values these contracts at market (approximately $46,000) by estimating the cost of entering into one or more inverse swap transactions on such date that would neutralize the original transactions. The cost is estimated by obtaining the market swap rate for fixed-rate contracts of similar duration. Included in the "Interest rate protection agreements" component of "Other expense/(income), net" (see Note 9) is income of approximately $1,099,000, $1,026,000 and $557,000 related to the net cash received as part of these agreements in 1996, 1995 and 1994, respectively. Also included in "Interest rate protection agreements" is the change in the valuation which resulted in income of approximately $236,000, $304,000 and $297,000 in 1996, 1995 and 1994, respectively.

At December 31, 1996, the Company had various forward exchange contracts maturing during 1997. For each closed position, a sale contract of a particular currency was matched with a purchase contract for the same currency at the same amount, counterparty and settlement date. Open positions were valued at fair value using the estimated forward exchange rate of a matching contract as of December 31, 1996. The foreign currency positions, both open and closed, as of December 31, 1996, by major currency, are:

Currency	Buy Contracts or Fair Value	Sell Contracts or Fair Value
(IN THOUSANDS)		
German Mark	$23,738	$25,000

The Company enters into forward exchange contracts either to provide an economic hedge against currency fluctuation effects on future revenue streams or to hedge the net assets and intercompany loans related to foreign operations. Forward exchange contracts that are designated hedges are typically entered into at currency amounts up to an amount equal to the net assets of the related foreign operation and any intercompany loan balance in that foreign currency. Periodically, the Company also enters into futures contracts primarily to hedge in the short-term against interest rate fluctuations. At December 31, 1996, the Company held open positions on $20,000,000 of U.S. treasury note futures. The futures were valued at fair value (a receivable of approximately $257,000) using the quoted market rate as of the end of the year. At December 31, 1995, the Company was not a party to any such contracts. The "Interest rate protection agreements" component of "Other expense/(income), net" includes losses on futures contracts, based on fair value, of $917,000 in 1994.

All financial instruments are held for purposes other than trading. For all positions there is risk from the possible inability of the counterparties (major financial institutions) to meet the terms of the contracts and the risk of unfavorable changes in interest and currency rates which may reduce the benefit of the contracts. However, for most closed forward exchange contracts, both the purchase and sale sides of the Company's exposures are with the same financial institution. The Company seeks to control off balance sheet risk by evaluating the credit worthiness of counterparties and by monitoring the currency exchange and interest rate markets, hedging risks in compliance with internal guidelines and reviewing all principal economic hedging contracts with designated directors of the Company.

The Company has an agreement under which it may sell to a financial institution up to $40,000,000 of the Company's right to receive certain payments for goods ordered from the Company. At December 31, 1996 and 1995, there were no amounts sold under this agreement.

At December 31, 1996 the estimated fair value of the Company's long-term debt excluding current maturities approximates $188,777,000. The estimate is based on the present value of future cash flows of fixed rate debt based upon changes in the general level of interest rates, and on the assumption that carrying value approximates fair value for variable rate debt.

7. LEASES

Total rental expense amounted to $20,800,000, $16,673,000, and $15,527,000 for 1996, 1995, and 1994, respectively. Principal leases are for machinery and equipment, vehicles and real property. Certain leases contain renewal and purchase option provisions at fair market values. There were no significant capital leases.

Future rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 1996 are: 1997, $21,931,000; 1998, $17,895,000; 1999, $14,355,000; 2000, $10,515,000; 2001, $9,013,000 and thereafter, $14,214,000.

8. SHAREHOLDERS' EQUITY

The Company has two classes of Common Stock, Class A Common Stock, par value $.001 and Class B Common Stock, par value $.001 which have equal liquidation rights. Each share of the Company's Class A Common Stock is entitled to one vote on all matters submitted to shareholders and each share of Class B Common Stock is entitled to ten votes. Class A and Class B Common Stock will receive equal dividends as the Board of Directors may determine from time to time. The Class B Common Stock is convertible into an equal number of shares of Class A Common Stock at any time. At December 31, 1996, 9,324,463 shares of Class A Common Stock were reserved for the conversion of Class B Common Stock and the exercise of stock options.

The Board of Directors authorized the purchase of up to an aggregate of 2,000,000 shares of the Company's Class A Common Stock in the open market. The Company has purchased 994,200 shares of its Class A Common Stock since 1990 and may purchase up to 1,005,800 more shares without further advance public announcement.

For 1996, 1995 and 1994, the Board authorized the payment of dividends totalling $.40, $.3875 and $.35 per common share per year respectively.

Changes in shareholders' equity for 1996, 1995, and 1994 are as follows:

	Class A Common Stock		Class B Common Stock		Additional Paid in	Treasury Stock (Class A)	
(IN THOUSANDS)	Shares	Amount	Shares	Amount	Capital	Shares	Amount
Balance: January 1, 1994	24,531	$25	5,659	$6	$170,112	307	$4,337
Shares contributed to ESOP	--	--	--	--	289	(143)	(2,382)
Conversion of Class B shares to Class A shares	26	--	(26)	--	--	--	--
Options exercised	7	--	--	--	138	--	--
Balance: December 31, 1994	24,564	$25	5,633	$6	$170,539	164	$1,955
Shares contributed to ESOP	--	--	--	--	815	(170)	(2,639)
Conversion of Class B shares to Class A shares	18	--	(18)	--	--	--	--
Conversion of subordinated debentures	--	--	--	--	2	--	--
Purchases of treasury shares	--	--	--	--	--	150	2,883
Options exercised	259	--	--	--	4,989	--	--
Other	--	--	1	--	--	--	--
Balance: December 31, 1995	24,841	$25	5,616	$6	$176,345	144	$2,199
Shares contributed to ESOP	--	--	--	--	635	(266)	(4,542)
Purchases of treasury shares	--	--	--	--	--	141	2,552
Options exercised	25	--	--	--	426	--	--
Shares issued to Directors	--	--	--	--	6	(2)	(44)
Balance: December 31, 1996	24,866	$25	5,616	$6	$177,412	17	$165

9. OTHER EXPENSE/(INCOME) NET

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

(IN THOUSANDS)	1996	1995	1994
Currency transactions	$(2,323)	$(3,281)	$ 2,590
Interest rate protection agreements	(1,335)	(1,330)	63
Amortization of debt issuance costs and loan origination fees	998	837	804
Other	2,672	2,750	867
	$ 12	$(1,024)	$ 4,324

10. INCOME TAXES

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

(IN THOUSANDS)	1996	1995	1994
Current:			
U.S. Federal	$ 6,082	$ 6,280	$14,920
U.S. State	695	860	948
Non-U.S.	18,942	5,304	5,835
	25,719	12,444	21,703
Deferred:			
U.S. Federal	4,504	5,402	(5,772)
U.S. State	515	617	(660)
Non-U.S.	243	8,770	2,703
	5,262	14,789	(3,729)
	$30,981	$27,233	$17,974

U.S. income before income taxes was $36,381,000 in 1996, $32,472,000 in 1995, and $18,097,000 in 1994.

Taxes paid, net of refunds, were $18,066,000 in 1996, $9,269,000 in 1995, and $19,639,000 in 1994.

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

	1996	1995	1994
U.S. statutory rate	35.0%	35.0%	35.0%
State taxes	1.8	2.7	2.4
Non-U.S. tax rates, repatriation of earnings, and other net charges associated with prior years	2.6	(.3)	5.9
Other	(.4)	1.4	(.3)
Effective tax rate	39.0%	38.8%	43.0%

The significant components of deferred income tax expense/(benefit) attributed to income from operations for the years ended December 31, 1996, 1995, and 1994 are as follows:

(IN THOUSANDS)	1996	1995	1994
Deferred tax expense/(benefit)	$ 1,630	$ 9,113	$ (6,603)
Adjustments to deferred tax assets and liabilities for enacted changes in tax laws and rates	--	4,500	(1,584)
Utilization of operating loss carryforwards	3,632	1,176	4,458
	$ 5,262	$14,789	$ (3,729)

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

Undistributed earnings of subsidiaries outside the United States for which no provision for U.S. taxes has been made amounted to approximately $81,269,000 at December 31, 1996. In the event earnings of foreign subsidiaries are remitted, foreign tax credits may be available to offset U.S. taxes.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 1996 and 1995 are presented below:

	U.S.		Non-U.S.	
(IN THOUSANDS)	1996	1995	1996	1995
Accounts receivable, principally due to allowance for doubtful accounts	$ 284	$ 369	$ (107)	$ (134)
Inventories, principally due to additional costs inventoried for tax purposes, pursuant to the Tax Reform Act of 1986	1,509	6,591	272	(18)
Tax loss carryforwards	--	--	5,043	4,587
Other	3,174	2,307	935	1,032
Total current deferred tax assets	4,967	9,267	6,143	5,467
Sale lease back transaction	1,208	1,208	--	--
Deferred compensation	6,555	5,557	--	--
Tax loss carryforwards	--	--	18,353	16,486
Plant, equipment and depreciation	(6,358)	(8,309)	(1,724)	260
Postretirement benefits	11,498	14,200	(686)	(584)
Other	(1,247)	(281)	157	--
Total noncurrent deferred tax assets	11,656	12,375	16,100	16,162
Total deferred tax assets	$16,623	$21,642	$22,243	$21,629
Total current deferred tax liabilities	--	--	$ 2,409	$ 2,835
Plant, equipment and depreciation	--	--	23,409	20,996
Other	--	--	(198)	1,328
Total noncurrent deferred tax liabilities	--	--	23,211	22,324
Total deferred tax liabilities	--	--	$25,620	$25,159

In the U.S., the Company has had a substantial tax liability for each of the past three years and expects to pay taxes in the future at this or greater levels. Substantially all of the non-U.S. net deferred tax asset relates to tax loss carryforwards of which approximately 22% is expected to be used in 1997 and the remainder of the noncurrent loss carryforward has no expiration. The Company has restructured its operations to reduce or eliminate losses and has reorganized in certain countries to ensure that losses will be offset against the profits of companies with long-term earnings histories. Accordingly, the Company expects to realize the benefit of its U.S. and non-U.S. deferred tax assets in the future.

11. BUSINESS SEGMENT AND GEOGRAPHIC DATA

The Company operates primarily in one industry segment which includes developing, manufacturing, marketing and servicing custom designed engineered fabrics and related products used in the manufacture of paper and paperboard. The Company sells its products on a worldwide basis with its principal markets listed in the table below.

The following table shows data by geographic area:

(IN THOUSANDS)	1996	%	1995	%	1994	%
NET SALES						
United States	$276,973	40	$258,974	40	$239,755	42
Canada	68,971	10	65,203	10	57,459	10
Europe	256,205	37	240,663	37	191,883	34
Rest of World	90,611	13	87,805	13	78,486	14
Total	$692,760	100	$652,645	100	$567,583	100
OPERATING INCOME						
United States	$ 44,922	47	$ 41,549	47	$ 31,400	50
Canada	12,026	13	12,815	14	7,333	12
Europe	26,882	28	23,119	26	15,233	24
Rest of World	11,445	12	11,408	13	8,978	14
Total	$ 95,275	100	$ 88,891	100	$ 62,944	100
ASSETS						
United States	$282,258	34	$297,597	37	$270,143	37
Canada	73,353	9	67,638	8	59,280	8
Europe	331,717	40	307,728	39	283,499	39
Rest of World	137,372	17	123,562	16	108,464	16
Total	$824,700	100	$796,525	100	$721,386	100

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

12. PENSION PLANS

The Company has a noncontributory, qualified defined benefit pension plan covering U.S. employees, a noncontributory, nonqualified pension plan covering certain U.S. executives and both contributory and noncontributory pension plans covering non-U.S. employees. Employees are covered primarily by plans which provide pension benefits that are based on the employee's service and average compensation during the three to five years before retirement or termination of employment.

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

	Plans in Which Assets Exceed Accumulated Benefits		Plans in Which Accumulated Benefits Exceed Assets	
(IN THOUSANDS)	1996	1995	1996	1995
Actuarial present value of benefit obligations:				
Vested	$ (28,118)	$(26,979)	$(97,202)	$ (94,095)
Accumulated	(30,642)	(29,348)	(101,916)	(99,364)
Projected	(39,042)	(37,138)	(123,868)	(116,643)
Plan assets at fair value, primarily listed stocks and bonds	38,895	35,787	83,324	75,628
Projected benefit obligation in excess of plan assets	(147)	(1,351)	(40,544)	(41,015)

Unrecognized net loss	2,868	4,321	35,545	33,239
Prior service cost not yet recognized in net periodic pension cost	738	760	5,896	6,278
Remaining unrecognized net asset	(76)	(199)	(3,970)	(5,164)
Recognized unaccrued pension expense	--	--	(19,632)	(19,320)
Accrued pension asset (liability)	$ 3,383	$ 3,531	$(22,705)	$ (25,982)

The expected long-term rate of return for U.S. plans was 10% for 1996, 1995, and 1994. The weighted average discount rate was 8.0% for 1996, 7.8% for 1995, and 9.5% for 1994. The rate of increase in future compensation levels for salaried and hourly employees was 5.1% and 5.9%, respectively in 1996 and 1995, 5.9% and 6.0%, respectively in 1994.

The weighted average expected long-term rate of return for non-U.S. plans was 7.5% for 1996, 8.0% for 1995, and 7.4% for 1994. The weighted average discount rate was 7.3% for 1996, 7.9% for 1995, and 8.5% for 1994. The weighted average rate of increase in future compensation levels was 4.8% for 1996, 5.3% for 1995, and 5.7% for 1994.

The Company was required to accrue an additional minimum liability for those plans for which accumulated plan benefits exceeded plan assets. The liability at December 31, 1996 and 1995 respectively, of $18,379,000 and $18,660,000 was offset by an asset amounting to $5,896,000 and $6,278,000 (included in intangibles) and a direct charge to equity of $12,483,000 and $12,382,000.

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

Net pension cost included the following components:

(IN THOUSANDS)	1996	1995	1994
Service cost	$ 5,462	$ 4,093	$ 4,276
Interest cost on projected benefit obligation	11,761	11,425	9,709
Actual return on assets	(10,057)	(9,553)	(7,197)
Net amortization and deferral	838	(544)	(1,837)
Net periodic pension cost	$ 8,004	$ 5,421	$ 4,951

Annual pension cost charged to operating expense for all Company plans was $12,579,000 for 1996, $8,342,000 for 1995, and $8,529,000 for 1994.

13. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

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

In accordance with Financial Accounting Standard No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", the Company accrues the cost of providing postretirement benefits during the active service period of the employees. The Company currently funds the plan as claims are paid.

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

(IN THOUSANDS)	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	$21,330	$24,905
Fully eligible active plan participants	4,096	4,198
Other active participants	13,955	15,536
	39,381	44,639
Unrecognized gain	13,930	7,757
Accrued postretirement cost	$53,311	$52,396

Net periodic postretirement benefit cost included the following:

(IN THOUSANDS)	1996	1995	1994
Service cost of benefits earned	$ 954	$ 699	$ 935
Interest cost on accumulated postretirement benefit obligation	2,940	3,264	3,163
Amortization of unrecognized net gain	(537)	(613)	(141)
Net periodic postretirement benefit cost	$3,357	$3,350	$3,957

For measuring the expected postretirement benefit obligation, an annual rate of increase in the per capita claims cost of 7.0% is assumed for 1996. This rate is assumed to decrease gradually to 5.5% by 1999 and remain at that level thereafter.

The weighted average discount rate was 8.0% for 1996, 7.8% for 1995, and 9.5% for 1994.

A one percentage point increase in the health care cost trend rate would result in a $4,949,000 increase in the accumulated postretirement benefit obligation as of December 31, 1996 and an increase of $567,000 in the aggregate service and interest cost components of the net periodic postretirement benefit cost for 1996.

14. TRANSLATION ADJUSTMENTS

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

(IN THOUSANDS)	1996	1995	1994
Change in cumulative translation adjustments	$11,760	$(5,828)	$ (9,350)
Other noncurrent liabilities	568	(1,095)	(2,117)
Deferred taxes	271	(1,421)	(51)
Long-term debt	(1,289)	(565)	(459)
Investments in associated companies	(537)	81	(278)
Net fixed assets	(6,146)	10,863	17,046
Other assets	(1,076)	(153)	(61)
Effect of exchange rate changes	$ 3,551	$ 1,882	$ 4,730

Shareholders' equity was affected by translation as follows: decrease/(increase) from translation of non-U.S. financial statements of $6,354,000, $(462,000) and $(1,853,000); from remeasurement of loans of $4,932,000, $(7,379,000) and $(11,023,000) in 1996, 1995, and 1994, respectively; and by losses on designated hedges, net of tax, of $474,000, $2,013,000 and $3,526,000 in 1996, 1995 and 1994, respectively.

In 1996, 1995 and 1994, net translation losses/ (gains) included in operations in Brazil were $233,000, $354,000 and $(532,000), respectively, and were included in cost of goods sold.

15. STOCK OPTIONS AND INCENTIVE PLANS

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

The fair value of each option granted is estimated on the grant date using the Black-Scholes Single Option model. No adjustments were made for certain factors which are generally recognized to reduce the value of option contracts. These factors include limited transferability, a 20% per year vesting schedule and the risk of forfeiture of the non-vested portion if employment is terminated. The dividend yield was 1.8% for 1996 and 1995. The expected volatility was 24.6% in 1996 and 25.0% in 1995. The expected life of the options varies based on employee group and ranges from 9 to 20 years. The risk-free interest rate ranges from 6.6% to 7.0% in 1996 and 5.7% to 6.2% in 1995. The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for the stock option plans. Accordingly, no compensation cost has been recognized in 1996, 1995 or 1994. Had compensation cost and fair value been determined pursuant to Financial Accounting Standard No. 123 ("FAS 123"), "Accounting for Stock-Based Compensation", net income would decrease from $47,385,000 to $46,590,000 in 1996 and from $43,050,000 to $42,725,000 in 1995. Primary earnings per share would decrease from $1.56 to $1.53 in 1996 and from $1.43 to $1.41 in 1995. Fully diluted earnings per share would decrease from $1.56 to $1.53 in 1996 and from $1.35 to $1.34 in 1995. The weighted average fair value of options granted during 1996 and 1995, for the purposes of FAS 123, is $10.34 and $9.88 per share, respectively.

Activity with respect to these plans is as follows:

	1996	1995	1994
Shares under option at January 1	2,799,650	2,630,400	2,417,850
Options granted	415,250	436,250	244,500
Options cancelled	133,100	7,800	24,450
Options exercised	24,400	259,200	7,500
Shares under option at December 31	3,057,400	2,799,650	2,630,400
Options exercisable at December 31	2,068,750	1,896,050	1,837,700
Shares available for options	651,500	933,650	1,362,100

The weighted average exercise price is as follows:

	1996	1995	1994
Shares under option at January 1	$17.38	$16.49	$16.32
Options granted	22.25	22.25	18.75
Options cancelled	18.78	17.72	17.21
Options exercised	16.49	17.00	16.75
Shares under option at December 31	18.00	17.38	16.49
Options exercisable at December 31	16.59	16.29	16.27

The following is a summary of the status of options outstanding at December 31, 1996:

	Outstanding Options			Exercisable Options	
Exercise Price Range	Number	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
$15.00	138,800	16.11	$15.00	88,800	$15.00
15.50	822,200	11.34	15.50	822,200	15.50
16.25	209,950	16.41	16.25	133,850	16.25
16.75	673,000	13.13	16.75	673,000	16.75
17.63-18.75	402,100	15.46	18.50	266,700	18.38
22.25	811,350	18.89	22.25	84,200	22.25

The Company's voluntary deferred compensation plans provide that a portion of certain employees' salaries are deferred in exchange for amounts payable upon their retirement, disability or death. The repayment terms are selected by the participants in accordance with the provisions of each plan. The Company is the beneficiary of life insurance policies on the lives of certain plan participants. The Company's expense for all plans, net of the increase in cash surrender value, was $1,523,000 in 1996, $1,240,000 in 1995, and $1,211,000 in 1994. The increase in cash value, net of premiums, was $751,000 in 1996, $654,000 in 1995, and $468,000 in 1994.

The Company maintains a voluntary savings plan covering substantially all employees in the United States. The Plan, known as "Prosperity Plus," is a 401(k) plan under the U.S. Internal Revenue Code. Employees may contribute from 3% to 15% of their regular wages which under Section 401(k) are tax deferred. The Company matches 50% of each dollar contributed by employees up to 10% of their wages in the form of Class A Common Stock which is contributed to an Employee Stock Ownership Plan. The investment of employee contributions to the plan is self directed. The cost of the plan amounted to $3,129,000 in 1996, $2,906,000 in 1995, and $2,771,000 in 1994. In 1994, the Company adopted a profit-sharing plan covering substantially all employees in the United States. At the beginning of each year, the Board of Directors announces the formula that it expects to utilize in determining the amount of the profit-sharing contribution for that year. The profit-sharing contributions will only be made to current active participants in Prosperity Plus in the form of cash or the Company's Class A Common Stock. The expense recorded for this plan was $1,388,000 in 1996, $2,279,000 in 1995 and $1,161,000 in 1994.

16. ACQUISITIONS AND RESTRUCTURING

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

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

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

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

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

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

The components of accrued restructuring costs consist of:

(IN THOUSANDS)	1996	1995	1994
Lease obligations	$1,119	$1,693	$1,873
Termination costs	--	317	1,490
Asset write offs	--	275	1,087

	$1,119	$2,285	$4,450

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

FINANCIAL REVIEW

Review of Operations

- --1996 VS. 1995

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

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

European sales increased 6.5% in 1996 as compared to 1995. Excluding the effect of the stronger U.S. dollar, net sales in Europe increased 6.9%. In Europe, total production of paper and board in Western Europe fell in the first six months of 1996, but there is evidence of strengthening during the last six months of the year. Sales in the Rest of World segment increased 3.2% as compared to 1995.

As a result of cost containment programs, which were partially offset by a change in product mix, gross profit continued to improve and was 42.1% of net sales in 1996 as compared to 41.8% in 1995.

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

The increase in other expense/(income), net as compared to 1995, was due to currency transactions which resulted in $.9 million less income in 1996. Currency transaction income results from economic hedges which can have either a positive or negative effect on other expense/(income), net in any particular quarter. The specific hedges in place are changed from time to time depending on market conditions and cash flow forecasts of various non-U.S. operations and are intended to partially offset the effects of translation on operating income (see Notes 6 and 9 of Notes to Consolidated Financial Statements).

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

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

For purposes of applying Financial Accounting Standard No. 52, "Foreign Currency Translation", to highly inflationary economies, effective January 1, 1997, the functional currency for the Company's Mexican operations will change from the Mexican peso to the U.S. dollar. Assuming no material devaluation in the peso against the U.S. dollar, management does not expect a significant impact on reported results.

- --1995 VS. 1994

Net sales increased $85.1 million or 15.0% as compared with 1994. Net sales were increased by $8.1 million from the effect of a weaker U.S. dollar as compared to 1994. Excluding this effect, 1995 net sales increased 13.6% over 1994.

Net sales in the United States increased 8.0% in 1995 as compared to 1994. In the U.S., the robust performance of all paper grades in 1995 was slowed in the fourth quarter due to papermakers' temporary shutdowns, particularly for containerboard inventory correction. Canadian sales increased 13.5% due in part to higher export sales to Asian markets.

European sales increased 25.4% in 1995 as compared to 1994. Excluding the effect of the weaker U.S. dollar, net sales in Europe increased 11.9%. Sales in the Rest of World segment increased 11.9% as compared to 1994.

The Company continued to gain market share in all product lines due to good customer acceptance and excellent performance of new products on all three sections of the paper machine. Price increases announced in December 1995 for the United States, Canada and selective European markets became effective during 1996.

Gross profit continued to improve and was 41.8% of net sales in 1995 as compared to 40.3% in 1994. Variable costs as a percent of net sales increased to 32.9% in 1995 from 32.4% in 1994 due mainly to increased sales of product lines with higher cost to sales dollar ratios.

Selling, technical, general and research expenses increased 11.1% in 1995 as compared to 1994. Excluding the effect of translation of non-U.S. currencies into U.S. dollars, these expenses would have increased 9.9%. Temporary increases associated with the introduction of new products, increased wages and benefit costs and higher sales commissions were the principal reasons for this increase.

Operating income as a percent of net sales increased to 13.6% as compared to 11.1% in 1994.

The decrease in other expense/(income), net as compared to 1994, was due to currency transactions which resulted in $5.9 million more income in 1995.

The Company's effective tax rate for 1995 was 39% as compared to 43% for 1994. The 1994 rate included an accrual of net charges associated with prior years resulting from both U.S. and non-U.S. examinations.

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

In September 1995, the Company concluded the purchase of all of the outstanding capital stock and land and buildings used in the business of Technical Service Industries, a supplier of engineered fabrics to the nonwovens industry. The purchase price was approximately $10 million, with $.9 million paid at closing, $5.0 million paid January 1, 1996 and the balance deferred up to 10 years.

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

All 1995 acquisitions were accounted for as purchases and, accordingly, the Company included the results of operations of the acquired entities in its financial statements as of the respective acquisition dates. Reported results were not significant.

INTERNATIONAL ACTIVITIES

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

The profitability in the Company's geographic regions in 1996 as compared to 1995 increased in the United States and Europe and remained flat in the other geographic areas (see Note 11 of Notes to Consolidated Financial Statements). Total operating income increased 7.2% as compared to 1995. Operating income as a percent of net sales for the United States was 16.2% in 1996, 16.0% in 1995 and 13.1% in 1994; and for Canada was 17.4% in 1996, 19.7% in 1995 and 12.8% in 1994; for Europe was 10.5% in 1996, 9.6% in 1995 and 7.9% in 1994; and for Rest of World was 12.6% in 1996, 13.0% in 1995 and 12.0% in 1994.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1996 the Company's order backlog was $502.2 million, an increase of $10 million from the prior year-end.

Although inventories, excluding the acquisition of Schieffer, increased $8.2 million during 1996, there was a decrease of $2.9 million in the fourth quarter, a significant improvement over the first nine month's performance. Excluding the acquisition of Schieffer, accounts receivable increased $3.3 million or 1.9% in 1996 while net sales increased 5.1%. Management expects improvements in working capital as a percentage of net sales in 1997.

Cash flow provided from operating activities was $82.9 million in 1996 compared with $67.5 million in 1995 and $23.1 million in 1994. Capital expenditures were $53.5 million for 1996, $41.9 million for 1995 and $36.3 million for 1994. Capital expenditures in 1997 are expected to be about $60 million, which includes $14 million for plant construction in South Korea. The Company will continue to finance these expenditures with cash from operations and existing credit facilities.

In February 1996, the Company amended its existing $150 million revolving credit agreement, with its principal banks in the United States, to increase the banks' commitment to $300 million with more favorable terms. The banks' commitment will decline to $150 million in 2001 with the final maturity in 2002. The terms of the revolving credit agreement include a facility fee and allow the Company to select from various loan pricing options. Management believes that the unused line, in combination with expected free cash flows, should be sufficient to meet operating requirements and for business opportunities and most acquisitions which support corporate strategies.

Total debt decreased $8.0 million during 1996. The Company's current debt structure has resulted in lower interest expense and currently provides approximately $227 million in committed and available unused debt capacity with financial institutions.

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

Cash dividends of $.10 per share were paid in each of the four quarters of 1996.

ELEVEN YEAR SUMMARY
ALBANY INTERNATIONAL CORP.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	1996	1995	1994	1993
SUMMARY OF OPERATIONS				
Net sales	$692,760	$652,645	$567,583	$546,120
Cost of goods sold	400,821	379,632	338,868	344,609
Operating income (1),(2),(7)	95,275	88,891	62,944	40,910
Interest expense, net	15,833	20,009	16,820	16,115
Income before income taxes	79,430	69,906	41,800	25,425
Income taxes	30,981	27,233	17,974	10,017
Income before associated companies	48,449	42,673	23,826	15,408
Net income/(loss) (3),(4),(6)	47,385	43,050	23,952	15,524
Per share:				
Primary	1.56	1.43	0.80	0.58
Fully diluted	1.56	1.35	0.80	0.58
Average number of shares outstanding	30,364	30,202	29,953	26,679
Capital expenditures	53,473	41,921	36,322	30,940
Dividends declared	12,159	11,708	10,488	9,361
Per Class A common share	0.40	0.3875	0.3500	0.3500
Per Class B common share	0.40	0.3875	0.3500	0.3500
FINANCIAL POSITION				
Current assets	$377,410	$358,500	$314,176	$264,140
Current liabilities	173,096	123,883	112,777	97,930
Current ratio	2.2	2.9	2.8	2.7
Property, plant and equipment, net	339,461	342,150	320,719	302,829
Total assets	824,700	796,525	721,386	655,420
Long-term debt	187,100	245,265	232,767	208,620
Shareholders' equity	328,763	302,297	271,947	244,468
Per share	10.83	9.97	9.05	8.18
Total capital (5)	583,323	564,815	522,434	464,565
Total debt to total capital	43.6%	46.5%	47.9%	47.4%
Return on shareholders' equity	14.4%	14.2%	8.8%	6.4%
NUMBER OF EMPLOYEES	5,854	5,658	5,404	5,286

(1) The Company adopted Financial Accounting Standard (FAS) No. 87 "Employers' Accounting for Pensions", with respect to its U.S. retirement plans in December 1986 retroactive to January 1, 1986. The adoption of FAS 87 reduced pension cost for 1986 by $2,541,000. In 1989, the Company adopted the Standard for non-U.S. plans which reduced pension cost by $1,077,000.

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

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

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

1992	1991	1990	1989	1988	1987	1986
$ 561,084	$ 557,218	$ 556,104	$ 505,474	$ 461,246	$ 402,203	$ 336,393
367,516	360,251	359,997	300,007	267,782	237,708	198,569
18,133	43,421	30,361	66,907	73,347	62,920	53,060
18,829	20,090	18,450	19,857	16,637	14,908	16,625
2,522	18,685	13,121	75,552	52,925	46,495	32,575
958	10,219	6,858	33,171	18,809	21,875	19,427
1,564	8,466	6,263	42,381	34,116	24,620	13,148
(3,585)	10,311	7,649	44,492	36,258	25,245	14,717
(0.14)	0.41	0.30	1.75	1.46	1.15	0.59
(0.14)	0.41	0.30	1.75	1.46	1.11	0.59
25,559	25,415	25,312	25,408	24,779	21,992	24,947
20,219	40,067	110,729	82,252	58,601	40,216	23,712
8,950	8,903	7,518	5,775	4,674	1,082	--
0.3500	0.3500	0.3500	0.3125	0.2625	0.0625	--
0.3500	0.3500	0.1313	--	--	--	--
$ 249,669	$ 253,924	$ 272,696	$ 242,518	$ 206,729	$ 177,421	$ 150,264
109,477	103,031	104,299	98,885	84,880	86,691	69,529
2.3	2.5	2.6	2.4	2.4	2.0	2.2
308,618	362,456	365,558	260,907	214,807	182,232	152,669
645,992	674,713	703,286	566,342	477,237	417,722	359,727
239,732	250,423	262,042	145,493	157,833	130,745	173,041
190,700	244,427	242,683	238,584	178,248	146,036	67,135
7.44	9.59	9.57	9.26	7.10	6.01	3.06
453,498	548,436	572,656	450,866	391,410	319,027	271,426
57.9%	48.4%	49.5%	38.9%	48.3%	47.7%	70.4%
(1.9)%	4.2%	3.2%	21.3%	22.4%	23.7%	22.2%
5,678	5,726	6,144	6,090	5,659	5,244	5,122

(5) 1991 and prior includes all debt, deferred taxes and other credits and shareholders' equity. Following the adoption of FAS No. 109 "Accounting for Income Taxes" in 1992, total capital includes all debt and shareholders' equity.

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

The Company's election to adopt FAS No. 109, as of January 1, 1992, resulted in an increase to 1992 income of $20,142,000.

During the fourth quarter of 1992, the Company elected an early payment of a $3,000,000 tax exempt financing for $1,357,000 which resulted in an extraordinary gain of $1,019,000, net of tax.

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

QUARTERLY FINANCIAL DATA
(unaudited)

(IN MILLIONS EXCEPT PER SHARE AMOUNTS)	1ST	2ND	3RD	4TH
1996				
Net sales	$168.1	$172.1	$169.8	$ 182.8
Gross profit	69.8	72.4	71.8	77.9
Net income	7.9	12.1	12.3	15.1
Net income per share:				
Primary	.26	.40	.41	.49
Fully diluted	.26	.40	.41	.49
Dividends per share	.10	.10	.10	.10
Class A Common Stock prices:				
High	20.375	22.625	22.5	23.125
Low	17.25	19.50	18.0	21.625
1995				
Net sales	$154.1	$166.8	$162.0	$ 169.7
Gross profit	62.9	70.9	67.8	71.4
Net income	7.7	11.7	11.6	12.1
Net income per share:				
Primary	.26	.38	.39	.40
Fully diluted	.26	.36	.36	.37
Dividends per share	.0875	.10	.10	.10
Class A Common Stock prices:				
High	19.625	23.875	26.50	23.625
Low	17.125	18.75	22.875	17.875
1994				
Net sales	$131.4	$139.6	$145.2	$ 151.4
Gross profit	50.2	54.5	57.8	66.2
Net income	3.7	5.9	6.0	8.4
Net income per share:				
Primary	.12	.20	.20	.28
Fully diluted	.12	.20	.20	.26
Dividends per share	.0875	.0875	.0875	.0875
Class A Common Stock prices:				
High	21.25	20.375	19.50	20.00
Low	18.00	17.75	16.125	16.25

STOCK AND SHAREHOLDERS

The Company's Class A Common Stock is traded principally on the New York Stock Exchange. At December 31, 1996 there were approximately 5,800 shareholders.

EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

SUBSIDIARIES OF REGISTRANT

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

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements of Albany International Corp. on Form S-8 (File Nos. 33-23163, 33-28028 and 33-33048) of our report dated January 23, 1997, on our audits of the consolidated financial statements and financial statements schedules of Albany International Corp. as of December 31, 1996 and 1995, and for the years ended December 31, 1996, 1995, and 1994, which report is incorporated by reference in this Annual Report on Form 10-K.

/s/ Coopers & Lybrand L.L.P.
Albany, New York
March 14, 1997

EXHIBIT 24

POWERS OF ATTORNEY

POWER OF ATTORNEY

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

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

IN WITNESS WHEREOF, the undersigned have duly executed this Power of Attorney this 30 day of December , 1996.

/s/ J. Spencer Standish
- ------------------------
J. Spencer Standish
Chairman of the Board and Director
(co-Principal Executive Officer)

/s/ Francis L. McKone

Francis L. McKone
President and Director
(co-Principal Executive Officer)

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

/s/ Richard A. Carlstrom

Richard A. Carlstrom
Controller
(Principal Accounting Officer)

/s/ Charles B. Buchanan
- ------------------------
Charles B. Buchanan
Director

/s/ Thomas R. Beecher, Jr.

Thomas R. Beecher, Jr.
Director

/s/ Stanley I. Landgraf
- -----------------------
Stanley I. Landgraf
Director

/s/ Joseph G. Morone, Ph.D.

Joseph G. Morone, Ph.D.
Director

/s/ Allan Stenshamn
- -----------------------
Allan Stenshamn
Director

/s/ Barbara P. Wright

Barbara P. Wright
Director

This Schedule Contains Summary Financial Information Extracted From Albany International Corp.'s Consolidated Financial Statements As Of And for The Year Ended December 31, 1996 And Is Qualified In Its Entirety By Reference To Such Financial Statements.

1,000

YEAR
DEC-31-1996
JAN-01-1996
DEC-31-1996
8,034
0
184,478
4,962
172,981
377,410
641,695
302,234
824,700
173,096
187,100
0
0
31
328,732
824,700
692,760
692,760
400,821
596,449
12
1,036
15,833
79,430
30,981
48,681
0
(1,296)
0
47,385
1,56
1.56