

ALBANY INTERNATIONAL CORP.

COMPENSATION COMMITTEE

Charter

Purpose of the Committee

The Compensation Committee is appointed by the Board of Directors to:

- (1) assist the Board of Directors and management in developing and administering Employee compensation, incentive and benefits programs and policies that will enable the Company to attract, retain and motivate the best talent and best fit for the role;
- (2) review and approve compensation and benefits programs and policies established for employees of the Company and its subsidiaries and recommend such changes as the Committee may feel appropriate to bring about consistency and equity among the programs and policies of the Company and those of its subsidiaries; and
- (3) oversee the compliance of such programs and policies with applicable legal requirements

This Charter shall not be deemed to increase or add to the fiduciary and other legal duties and obligations of the Board of Directors or the Compensation Committee and is intended only to clarify which existing duties and obligations will be addressed by the Committee.

Composition; Delegation

The Board of Directors shall from time to time appoint the membership of the Committee and its Chairman, all of whom shall serve at the pleasure of the Board. In appointing the members of the Committee, the Board of Directors shall comply with all laws, regulations and rules applicable with respect to the number and qualifications of such members, as such laws, regulations and rules may from time to time be modified or supplemented. The Committee shall consist of no fewer than three members.

The members of the Committee shall choose a Secretary, who shall serve at the pleasure of the Committee.

To the extent permitted by applicable law, regulations and rules, the Committee may form and delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee, or to any Plan Administrative Committee which may be established pursuant to the terms of any employee or retiree benefit plan.

## Meetings

The Committee shall meet at least three times each year. Meetings of the Committee may be called by the Chairman of the Board, the Chairman of the Committee or a majority of the members of the Committee. A majority of the total number of members of the Committee shall constitute a quorum for the transaction of business. The vote of a majority of the members present shall be necessary for any action or determination. The Committee will meet in executive session without management present at each meeting unless the Chairman deems otherwise.

## Responsibilities

- (1) Review and approve the Company's compensation philosophy, objectives and programs;
- (2) Review and approve all elements of compensation of the Chief Executive Officer, taking into account the Board's evaluation of his or her performance in light of his or her goals and objectives.
- (3) Review and approve goals and objectives relevant to the determination of the compensation of the executive officers, including the Chief Executive Officer.
- (4) Review the Chief Executive Officer's evaluation of the performance of the executive officers and approve the compensation of such executive officers, taking such evaluation into account. (Positive or negative discretion may be applied should the Committee believe an award should be paid at an amount other than the target for the recipient).
- (5) Make recommendations to the Board of Directors with respect to the establishment, amendment or termination of bonus, incentive-compensation, equity-based, profit-sharing, deferred compensation and other plans and programs intended to reward and retain employees and exercise such responsibilities with respect to the administration, amendment or termination of such plans and programs as the Board of Directors may from time to time delegate to the Committee.
- (6) Review and approve all grants of equity-based incentives to employees.
- (7) Review and approve any employment and severance arrangements for executive officers, including employment agreements and change-in-control provisions within compensation plans or agreements.
- (8) Monitor the overall programs and policies of the Company with respect to compensation and benefits for employees to assure the Company's ability to attract and retain competent and highly-motivated employees whose interests are appropriately aligned with those of the Company's stockholders.
- (9) Conduct annual risk assessments of employee compensation plans and programs to confirm that such plans and programs do not encourage unnecessary risk

- taking, review the relationship between risk management policies and practices, corporate strategies and compensation, and report on the existence of any risks that may reasonably likely have a material adverse effect on the Company as required by law.
- (10) Monitor employee benefit plans and retiree benefit plans sponsored by the Company and its subsidiaries, including salaried and hourly pension plans, investment and savings plans, terminated benefit plans, group life insurance, health care and long-term disability plans.
  - (11) Recommend to the Board, based on management input, any modification of existing employee benefit plans or the establishment or elimination of plans from time to time.
  - (12) To the extent such duties have not otherwise been delegated to a Plan Administrative Committee, discharge the fiduciary, administrative and interpretative duties as may be imposed by law with regard to any of the employee benefit plans sponsored by the Company or its subsidiaries, and generally to perform any other duties and obligations which may be prescribed by these plans.
  - (13) Review and discuss with management the Company's Compensation Discussion and Analysis (CD&A) and related disclosures that Securities and Exchange Commission (SEC) rules require be included in the Company's annual report and proxy statement, and recommend to the Board whether the CD&A should be included in the annual report and proxy statement.
  - (14) Prepare the report of the Compensation Committee required to be included in the Company's proxy statement in connection with Annual Meeting of Stockholders
  - (15) Annually review and assess the adequacy of the Charter of the Committee and submit any proposed changes to the Board of Directors for consideration.
  - (16) In conjunction with the Governance Committee, conduct an annual evaluation of the performance of the Committee.
  - (17) Regularly report to the Board of Directors on the activities of the Committee.
  - (18) Conduct the general administration of the Albany International Corp. Employee Stock Purchase Plan in accordance with the provisions of the Plan.
  - (19) Obtain such advice and assistance from outside legal or other advisors or consultants as the Committee may from time to time deem appropriate and determine the compensation and other terms of service of such advisors and consultants. The Committee shall have exclusive power to select, retain, oversee and terminate the services of advisors or consultants to assist in evaluating the compensation of the Chief Executive Officer or senior executives and sole power to determine their compensation and other terms of service. Prior to retaining such advisors or consultants the Committee shall consider factors that could affect their

independence or which may represent a conflict of interest, and report thereon as required by law.

- (20) Recommend to the Board of Directors the compensation and benefits to be afforded to non-employee directors.
- (21) Carry out such other duties as may be delegated to the Committee by the Board of Directors.

#### Funding

The Company shall provide such funding as is necessary for the payment of fees and compensation to any advisors or consultants employed by the Committee in carrying out its responsibilities.