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, 1993

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. /X/

The aggregate market value of Class A Common Stock held on March 8, 1994 by non-affiliates of the registrant was $509,232,549.

The registrant had 24,249,169 shares of Class A Common Stock and 5,655,251 shares of Class B Common Stock outstanding as of March 8, 1994.

DOCUMENTS INCORPORATED BY REFERENCE	PART
Registrant's Annual Report to Shareholders for the year ended December 31, 1993.	II
Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on May 12, 1994.	III

PART I

ITEM 1. BUSINESS

The Registrant 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. 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.

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. 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.

INDUSTRY FACTORS

There are approximately 1,250 paper machines in the United States located in approximately 490 paper mills. It is estimated that, excluding China, there are 8,100 paper machines in the world and approximately 1,000, 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 in excess of 4% annually 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. Papermaking capacity utilization does not vary significantly because in periods of declining demand for paper, paper mills still operate near capacity but at lower profitability.

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 stability 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 to expand their market share.

INTERNATIONAL OPERATIONS

The Registrant maintains wholly-owned manufacturing facilities in Australia, Brazil, Canada, Finland, France, Germany, Great Britain, Holland, Mexico, Sweden and the United States. The Registrant has a 50% interest in a partnership in South Africa which is 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 Registrant 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. In countries in which the Registrant operates that have experienced high inflation rates, the Registrant frequently reprices its products. This practice has enabled the Registrant to quickly pass on to its customers most of the increased costs due to local inflation. Although government imposed price freezes have occasionally occurred in some of the Registrant's markets, including the United States, neither controls nor high inflation rates have had a long-term material adverse impact on the Registrant's operating results.

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. 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 21 countries who work directly with paper mill operating management. The Registrant's technical service van 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 forming and pressing sections of the papermaking process have been characterized by a greater frequency of technological and design innovations that improve performance than has the drying section. The Registrant's market leadership position in forming and pressing fabrics and the 1993 acquisition of Mount Vernon which produces dryer fabrics, reflects the Registrant'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, 1993 and 1992 were approximately $407 million and $351 million, respectively. Orders recorded at December 31, 1993 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 $17.6 million in 1993 and $18.5 million in 1992 and 1991. 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 new products such as DUOTEX-R- and TRIOTEX-TM- forming fabrics, for which the technology has been licensed to several competitors, the patented, on-machine-seamed press fabric, long nip press belts which are essential to water removal in the press section and Thermonetics-TM- a dryer fabric. Technical expenditures, primarily at the plant level, totaled $21.4 million in 1993, $22.9 million in 1992, and $23.5 million in 1991. 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 considerable 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 has developed and is developing proprietary processes for manufacturing structural and insulation products using polyimide and other fibers, which have potential applications in aircraft, automotive and other industries. A number of products that include properties such as thermal stability, non-flammability, non-melting and low generation of smoke and toxic gasses at high temperatures are currently being tested.

Another innovative engineered fabric development unrelated to paper machine clothing is Primaloft, a synthetic down which is believed to have properties superior to goose down. This product continues to gain acceptance in the marketplace for cold weather clothing and bedding.

The Registrant holds a number of patents, trademarks and licenses, none of which are material to the continuation of the Registrant's business. Consistent with industry practice, the Registrant frequently licenses its patents to competitors primarily to enhance customer acceptance of the new products. The revenue from such licenses is less than 1 percent 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 26% in the United States and Canadian markets, taken together, 16% in the rest of the world and approximately 20% in the world overall. Together, the United States and Canada constitute approximately 38% 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 5,286 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	68	Chairman of the Board and Director
Francis L. McKone	59	President, CEO and Director
Michael C. Nahl	51	Senior Vice President and Chief Financial Officer
Manfred F. Kincaid	56	Senior Vice President
Thomas H. Richardson	58	Senior Vice President
Frank R. Schmeler	54	Senior Vice President
Charles B. Buchanan	62	Vice President, Secretary and Director
Richard A. Carlstrom	50	Vice President -- Controller
Raymond D. Dufresne	46	Vice President, Treasurer and Assistant Secretary
William H. Dutt	58	Vice President -- Technical
Hugh A. McGlinchey	54	Vice President -- Information Systems
James W. Sherrer	58	Vice President -- Administration
Thomas H. Hagoort	61	General Counsel

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.

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.

MANFRED F. KINCAID joined the Registrant in 1960. He has served the Registrant as Senior Vice President since 1983, Vice President -- Papermaking Products Europe from 1981 to 1983, and prior to 1981 as Vice President and General Manager of the Appleton Wire Division.

THOMAS H. RICHARDSON joined the Registrant in 1965. He has served the Registrant since 1993 as Senior Vice President -- International. Prior to 1993, he served as Vice President and General Manager of Euroscan from 1986 to 1993, as Senior Vice President -- Canada and Europe from 1983 to 1986, as Senior Vice President -- International from 1981 to 1983, and prior to 1981 as General Manager of Albany International Industria e Comercio Ltda. in Brazil.

FRANK R. SCHMELER joined the Registrant in 1964. He has served the Registrant as Senior Vice President since 1988, 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.

CHARLES B. BUCHANAN joined the Registrant in 1957. He has served the Registrant as Vice President and Secretary since 1980 and as Vice President and Assistant to the President from 1976 to 1980. He has been a Director of the Registrant since 1969. He is a Director of Fox Valley Corporation and of CMP Industries, Inc.

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.

RAYMOND D. DUFRESNE joined the Registrant in 1973. He has served the Registrant as Vice President -- Treasurer since 1993, as Treasurer since 1985, as Business Analyst and Assistant Treasurer from 1978 to 1985 and Financial Manager of Albany International Industria e Comercio Ltda. in Brazil from 1975 to 1977.

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.

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.

JAMES W. SHERRER, SR. joined the Registrant in 1992. He has served the Registrant since 1993 as Vice President -- Administration and from 1992 to 1993 as Vice President. Prior to joining the Registrant, he held various technical and managerial positions with a company in the paper machine clothing business.

THOMAS H. HAGOORT joined the Registrant as General Counsel on January 1, 1991. 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.

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 25% 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 and Australia. The aggregate square footage of the Registrant's facilities in the United States and Canada is approximately 2,407,000, of which 2,298,200 square feet are owned and 108,800 square feet are leased. Most of the leased facilities in the United States are used for the warehousing of finished goods. The Registrant's facilities located outside the United States and Canada comprise approximately 2,506,000 square feet, of which 2,255,000 square feet are owned and 251,000 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 1994. The Registrant's capital expenditures are expected to approximate $39 million during 1994 in order to meet anticipated sales growth.

The Registrant believes it has modern, efficient production equipment. In the last five years, it has spent $280 million on new plants and equipment or upgrading existing facilities, including the completion of, a dryer fabric plant in Cowansville, Quebec, Canada, new forming fabric plants in Sweden and Holland and new press fabric plants in Sweden and Finland.

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 1993 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 31 of the Annual Report are incorporated herein by reference.

Restrictions on dividends and other distributions are described in Note 6, on pages 20 and 21 of the Annual Report. Such description is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

"Ten Year Summary" on page 32 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 27 to 30 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 15 to 18 in the Annual Report, are incorporated herein by reference:

Consolidated Statements of Income and Retained Earnings -- years ended December 31, 1993, 1992 and 1991

Consolidated Balance Sheets -- December 31, 1993 and 1992

Consolidated Statements of Cash Flows -- years ended December 31, 1993, 1992 and 1991

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 1993 and Year-End Value", "Pension Plan Table", "Compensation and Stock Option Committee Report on Executive Compensation" and "Stock Performance Graph" 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 STATEMENT SCHEDULES 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) SCHEDULES. The following consolidated financial statement schedules for each of the three years in the period ended December 31, 1993 are included pursuant to Item 14(d):

Report of Independent Accountants on Financial Statement Schedules

Schedule V -- Property, plant and equipment

Schedule VI -- Accumulated depreciation and amortization of property, plant and equipment

Schedule VIII -- Valuation and qualifying accounts

Schedule IX -- Short-term borrowings

a)(3)(b) No reports on Form 8-K were filed during the quarter ended December 31, 1993.

(3) EXHIBITS

3(a)	--	Certificate of Incorporation of Registrant. (4)
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)
		MENASHA I
10(a)(i)	--	Bank Loan Agreement, dated as of September 11, 1981, among the Registrant, the City of Menasha, Wisconsin, and The Chase Manhattan Bank (National Association). (1)
10(a)(ii)	--	Loan Agreement, dated as of September 11, 1981, between the City of Menasha, Wisconsin, and the Registrant. (1)
10(a)(iii)	--	Guarantee, dated as of September 11, 1981, executed and delivered by the Registrant to The Chase Manhattan Bank (National Association). (1)
10(a)(iv)	--	Amendment Agreement, dated as of August 1, 1983, between the City of Menasha, Wisconsin, and the Registrant, relating to the Loan Agreement referred to as Exhibit 10(a)(ii). (1)
10(a)(v)	--	Amendment, dated as of August 1, 1983, relating to the Guarantee referred to as Exhibit 10(a)(iii), between the Registrant and The Chase Manhattan Bank (National Association). (1)
10(a)(vi)	--	Letter Agreement, dated January 27, 1986, among the Registrant, the City of Menasha, Wisconsin, and The Chase Manhattan Bank (National Association), further amending the Loan Agreement and the Guarantee referred to, respectively, as Exhibits 10(a)(ii) and 10(a)(iii). (1)
10(a)(vii)	--	Letter Agreement, dated June 19, 1987, among the Registrant, the City of Menasha, Wisconsin, and The Chase Manhattan Bank (National Association), further amending the Loan Agreement and the Guarantee referred to, respectively, as Exhibits 10(a)(ii) and 10(a)(iii). (1)
10(a)(viii)	--	Letter Agreement, dated July 10, 1987, among the Registrant, the City of Menasha, Wisconsin, and The Chase Manhattan Bank (National Association), further amending the Loan Agreement and the Guarantee referred to, respectively, as Exhibits 10(a)(ii) and 10(a)(iii). (1)
10(a)(ix)	--	Letter Agreement, dated December 7, 1987, among the Registrant, the City of Menasha, Wisconsin, and The Chase Manhattan Bank (National Association), further amending the Loan Agreement and the Guarantee referred to, respectively, as Exhibits 10(a)(ii) and 10(a)(iii). (2)
10(a)(x)	--	Letter Agreement, dated May 9, 1990, between the Registrant, the City of Menasha, Wisconsin, and The Chase Manhattan Bank (National Association), further amending the Loan Agreement and Guarantee referred to, respectively, as Exhibits 10(a)(ii) and 10(a)(iii). (8)
		PORTLAND I
10(b)(i)	--	Bank Loan Agreement, dated as of December 16, 1981, among the Registrant, The Industrial Development Board of the City of Portland, Tennessee, and The Chase Manhattan Bank (National Association). (1)
10(b)(ii)	--	Loan Agreement, dated as of December 16, 1981, between the Registrant and The Industrial Development Board of the City of Portland, Tennessee. (1)
10(b)(iii)	--	Guarantee, dated as of December 16, 1981, delivered by the Registrant to The Chase Manhattan Bank (National Association). (1)

10(b)(iv) --	Amendment Agreement, dated as of August 1, 1983, between the Registrant and The Industrial Development Board of the City of Portland, Tennessee, relating to the Loan Agreement referred to as Exhibit 10(b)(ii). (1)
10(b)(v) --	Amendment, dated as of August 1, 1983, between the Registrant and The Chase Manhattan Bank (National Association), relating to the Guarantee referred to as Exhibit 10(b)(iii). (1)
10(b)(vi) --	Letter Agreement, dated January 27, 1986, among the Registrant, The Industrial Development Board of the City of Portland, Tennessee, and The Chase Manhattan Bank (National Association), further amending the Loan Agreement and the Guarantee referred to, respectively, as Exhibits 10(b)(ii) and 10(b)(iii). (1)
10(b)(vii) --	Letter Agreement, dated June 19, 1987, among the Registrant, The Industrial Development Board of the City of Portland, Tennessee, and The Chase Manhattan Bank (National Association), further amending the Loan Agreement and the Guarantee referred to, respectively, as Exhibits 10(b)(ii) and 10(b)(iii). (1)
10(b)(viii) --	Letter Agreement, dated July 10, 1987, among the Registrant, The Industrial Development Board of Portland, Tennessee, and The Chase Manhattan Bank (National Association), further amending the Loan Agreement and the Guarantee referred to, respectively, as Exhibits 10(b)(ii) and 10(b)(iii). (1)
10(b)(ix) --	Letter Agreement, dated December 7, 1987, among the Registrant, The Industrial Development Board of Portland, Tennessee, and The Chase Manhattan Bank (National Association), further amending the Loan Agreement and the Guarantee referred to, respectively, as Exhibits 10(b)(ii) and 10(b)(iii). (2)
10(b)(x) --	Letter Agreement, dated May 9, 1990, between the Registrant, The Industrial Development Board of the City of Portland, Tennessee, and The Chase Manhattan Bank (National Association), further amending the Loan Agreement and Guarantee referred to, respectively, as Exhibits 10(b)(ii) and 10(b)(iii). (8)
	PORTLAND II
10(c)(i) --	Bank Loan Agreement, dated as of November 21, 1983, among the Registrant, The Industrial Development Board of the City of Portland, Tennessee, and Morgan Guaranty Trust Company of New York. (1)
10(c)(ii) --	Loan Agreement, dated as of November 21, 1983, between the Registrant and the Industrial Development Board of the City of Portland, Tennessee. (1)
10(c)(iii) --	Contingent Purchase Agreement, dated as of November 21, 1983, between the Registrant and Morgan Guaranty Trust Company of New York. (1)
10(c)(iv) --	Letter Agreement, dated as of January 27, 1986, among the Registrant, The Industrial Development Board of the City of Portland, Tennessee, and Morgan Guaranty Trust Company of New York, amending the Contingent Purchase Agreement referred to as Exhibit 10(c)(iii). (1)
10(c)(v) --	Letter Agreement, dated as of December 12, 1986, among the Registrant, The Industrial Development Board of the City of Portland, Tennessee, and Morgan Guaranty Trust Company of New York, further amending the Contingent Purchase Agreement referred to as Exhibit 10(c)(iii). (1)
10(c)(vi) --	Letter Agreement, dated April 27, 1990, between the Registrant and Morgan Guaranty Trust Company of New York, further amending the Contingent Purchase Agreements referred to, respectively, as Exhibits 10(c)(iii) and 10(d)(iii). (8)

MENASHA II

10(d)(i)	--	Bank Loan Agreement, dated as of November 5, 1984, among the Registrant, the City of Menasha, Wisconsin, and Morgan Guaranty Trust Company of New York. (1)
10(d)(ii)	--	Loan Agreement, dated as of November 5, 1984, between the Registrant and the City of Menasha, Wisconsin. (1)
10(d)(iii)	--	Contingent Purchase Agreement, dated as of November 5, 1984, between the Registrant and Morgan Guaranty Trust Company of New York. (1)
10(d)(iv)	--	Letter Agreement, dated as of January 27, 1986, among the Registrant, the City of Menasha, Wisconsin, and Morgan Guaranty Trust Company of New York, amending the Contingent Purchase Agreement referred to as Exhibit 10(d)(iii). (1)
10(d)(v)	--	Letter Agreement, dated as of December 12, 1986, among the Registrant, the City of Menasha, Wisconsin, and Morgan Guaranty Trust Company of New York, further amending the Contingent Purchase Agreement referred to as Exhibit 10(d)(iii). (1)

PORTLAND III

10(e)(i)	--	Bank Loan Agreement, dated as of November 14, 1985, among the Registrant, The Industrial Development Board of the City of Portland, Tennessee, and Norstar Bank of Upstate NY. (1)
10(e)(ii)	--	Loan Agreement, dated as of November 14, 1985, between the Registrant and The Industrial Development Board of the City of Portland, Tennessee. (1)
10(e)(iii)	--	Contingent Purchase Agreement, dated as of November 14, 1985, between the Registrant and Norstar Bank of Upstate NY. (1)
10(e)(iv)	--	Letter Agreement, dated January 27, 1986, among the Registrant, The Industrial Development Board of the City of Portland, Tennessee, and Norstar Bank of Upstate NY, amending the Contingent Purchase Agreement referred to as Exhibit 10(e)(iii). (1)
10(e)(v)	--	Letter Agreement, dated December 12, 1986, among the Registrant, The Industrial Development Board of the City of Portland, Tennessee, and Norstar Bank of Upstate NY, further amending the Contingent Purchase Agreement referred to as Exhibit 10(e)(iii). (1)
10(e)(vi)	--	Letter Agreement, dated May 10, 1990, between the Registrant and Norstar Bank of Upstate NY, further amending the Contingent Purchase Agreement referred to as Exhibit 10(e)(iii). (8)

EAST GREENBUSH

10(f)(i)	--	Installment Sale Agreement, dated as of July 1, 1987, between the Registrant and Rensselaer County Industrial Development Authority. (1)
10(f)(ii)	--	Letter of Credit Agreement, dated as of July 1, 1987, between the Registrant and Norstar Bank of Upstate NY. (1)
10(f)(iii)	--	Letter Agreement, undated, between the Registrant and Norstar Bank of Upstate NY, amending the Letter of Credit Agreement referred to as Exhibit 10(f)(ii). (2)
10(f)(iv)	--	Letter Agreement, dated May 10, 1990, between the Registrant and Norstar Bank of Upstate NY, further amending the Letter of Credit Agreement referred to as Exhibit 10(f)(ii). (8)
10(g)(i)	--	Loan Agreement, dated April 27, 1989, between the Registrant and New York State Urban Development Corporation. (6)

D.I.A.L. LOAN

10(h)(i) --	Loan Agreement, dated August 31, 1988, between the Registrant and The Chase Manhattan Bank (National Association). (5)
10(h)(ii) --	Letter Agreement, dated as of February 1, 1991, between the Registrant and Harris Trust and Savings Bank, amending the Loan Agreement referred to as Exhibit 10(h)(i). (9)

MORGAN CREDIT AGREEMENT

10(i)(i) --	Credit Agreement, dated as of July 16, 1992, among the Registrant, certain banks listed therein, and Morgan Guaranty Trust Company of New York, as Agent. (13)

INTEREST RATE CAP/SWAP AGREEMENTS

10(j)(i) --	Interest Rate Swap agreements, dated August 29, 1990, between the Registrant and Security Pacific National Bank. (9)

EQUIPMENT LEASES

10(k)(i) --	Equipment Lease Agreement, dated December 29, 1988, between Registrant and Fleet Credit Corporation. (6)
10(k)(ii) --	Master Lease Agreement, dated August 17, 1987, between Registrant and BancBoston Leasing. (6)
10(k)(iii) --	Master Lease of Personal Property, dated November 19, 1987, between Registrant and Security Pacific Equipment Leasing, Inc. (6)
10(k)(iv) --	Master Lease of Personal Property No. 20910, dated August 31, 1989, between the Registrant and Security Pacific Equipment Leasing, Inc. (7)

PARENT GUARANTEES

10(l)(i) --	Guarantee, dated June 15, 1989, delivered by Registrant to Bank of Montreal related to Albany International Canada, Inc. (6)
10(l)(ii) --	Guarantee, dated August 10, 1989, delivered by Registrant to National Australia Bank Limited related to Albany International Pty Ltd. (6)
10(l)(iii) --	Limited Guaranty, dated as of December 5, 1989, delivered by the Registrant to The First National Bank of Boston, guarantying certain repayment obligations of six subsidiaries of the Company. (9)
10(l)(iv) --	Corporate Continuing Guaranty, dated August 8, 1990, delivered by the Registrant to Citicorp and/or Citibank, N.A., guarantying certain repayment obligations of seven subsidiaries of the Company. (9)
10(l)(v) --	Corporate Continuing Guaranty, dated September 20, 1990, delivered by the Registrant to Citicorp and/or Citibank, N.A., guarantying certain repayment obligations of Albany International S.A. De C.V. (9)

		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. (3)
10(m)(iv)	--	1992 Stock Option Plan. (13)
		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(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. (3)
10(o)(iv)	--	Directors' Deferred Compensation Plan. (3)
		OTHER AGREEMENTS
10(p)	--	Joint venture agreement, dated as of June 29, 1990, between the Registrant and Lenzing A.G. (8)
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. (10)
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). (11)
10(r)	--	Assets Purchase Agreement, dated as of December 15, 1992, between the Registrant and Mount Vernon Mills, Inc. (13)
10(s)	--	Asset Purchase Agreement, dated as of June 30, 1993, by and among the Registrant, Albany International Canada Inc. and Albany International Ltd. and Thermo Fibertek Inc., Thermo Electron (Canada) Inc. and Winterburn Limited. (14)
10(t)	--	Stock Purchase Agreement, dated as of June 30, 1993 between the Registrant and Thermo Fibertek Inc. (14)
11	--	Statement re Computation of Per-Share Earnings.
13	--	Annual Report to Security Holders for the year ended December 31, 1993.
22	--	Subsidiaries of Registrant.
24	--	Consent of Coopers & Lybrand.
25	--	Powers of Attorney. (12)

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

(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 Company's Registration Statement on Form S-1, No. 33-20650, declared effective by the Securities and Exchange Commission on March 29, 1988, which previously-filed Exhibit is incorporated by reference herein.

(3) 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.

(4) 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.

(5) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K dated January 6, 1989, which previously-filed Exhibit is incorporated by reference herein.

(6) Previously filed as an Exhibit to the Registrant's Registration Statement on Form S-1, No. 33-30581, declared effective by the Securities and Exchange Commission on September 26, 1989, which previously-filed Exhibit is incorporated by reference herein.

(7) Previously filed as an Exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, 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 June 29, 1990, which previously-filed Exhibit is incorporated by reference herein.

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

(10) 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.

(11) 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.

(12) Previously filed as an Exhibit to the Registrant's Quarterly Report on Form 10Q dated November 8, 1991, which previously-filed Exhibit is incorporated by reference herein.

(13) 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.

(14) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K dated July 21, 1993, 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 22, 1994
* (Francis L. McKone)	President and Director (Chief Executive Officer)	March 22, 1994
/s/ MICHAEL C. NAHL (Michael C. Nahl)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 22, 1994
* (Richard A. Carlstrom)	Vice President -- Controller (Principal Accounting Officer)	March 22, 1994
* (Charles B. Buchanan)	Vice President, Secretary and Director	March 22, 1994
* (Paul Bancroft III)	Director	March 22, 1994
* (Thomas R. Beecher, Jr.,)	Director	March 22, 1994
* (Stanley I. Landgraf)	Director	March 22, 1994
* (Allan Stenshamn)	Director	March 22, 1994
* (Barbara P. Wright)	Director	March 22, 1994

*By /s/ MICHAEL C. NAHL

Michael C. Nahl
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 22nd day of March, 1994.

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 STATEMENT SCHEDULES

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 14 of the 1993 Annual Report to Shareholders of Albany International Corp. In connection with our audits of such financial statements, we have also audited the related financial statement schedules listed in the index on page 8 of this Form 10-K.

In our opinion, the financial statement schedules 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.

Albany, New York
January 27, 1994

SCHEDULE V

ALBANY INTERNATIONAL CORP. AND SUBSIDIARIES
PROPERTY, PLANT AND EQUIPMENT
(DOLLARS IN THOUSANDS)

COLUMN A DESCRIPTION	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C ADDITIONS AT COST	COLUMN D RETIREMENTS OR SALES	COLUMN E OTHER CHANGES(A)	COLUMN F BALANCE AT END OF PERIOD
Year ended December 31, 1993:					
Land & Improvements	$ 19,304	$ 820	$ 1,168	$ (807)	$ 18,149
Buildings	133,168	12,702	6,431	(7,059)	132,380
Machinery & equipment	334,537	52,832	22,317	(24,396)	340,656
	$ 487,009	$ 66,354(B)	$ 29,916	$ (32,262)	$ 491,185
Year ended December 31, 1992:					
Land & Improvements	$ 19,958	$ 478	$ 118	$ (1,014)	$ 19,304
Buildings	140,331	1,487	532	(8,118)	133,168
Machinery & equipment	361,054	19,467	5,499	(40,485)	334,537
	$ 521,343	$ 21,432(C)	$ 6,149	$ (49,617)(D)	$ 487,009
Year ended December 31, 1991:					
Land & Improvements	$ 16,385	$ 3,527	$ 18	$ 64	$ 19,958
Buildings	149,247	10,725	168	(19,473)(F)	140,331
Machinery & equipment	329,137	27,415	10,725	15,227(F)	361,054
	$ 494,769	$ 41,667(E)	$ 10,911	$ (4,182)	$ 521,343

(A) Other changes represent translation adjustments unless otherwise noted.
(B) Includes assets acquired of $35,413.
(C) Includes assets acquired of $1,212.
(D) Includes assets revalued in accordance with FAS No. 109 of $8,498.
(E) Includes capitalized interest of $1,600.
(F) Includes a reclassification of $19,150 from buildings to machinery & equipment.

	DEPRECIATION METHOD	ESTIMATED USEFUL LIVES
Land and Improvements	S/L	10
Buildings	S/L	25
Machinery and equipment	S/L	3-10

SCHEDULE VI

ALBANY INTERNATIONAL CORP. AND SUBSIDIARIES
ACCUMULATED DEPRECIATION AND AMORTIZATION
(DOLLARS IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND AT COST	RETIREMENTS OR SALES	OTHER CHANGES(A)	BALANCE AT END OF PERIOD
Year ended December 31, 1993:					
Land & Improvements	$ 1,215	$ 666	$ 329	$ (62)	$ 1,490
Buildings	20,131	5,276	2,261	(1,313)	21,833
Machinery & equipment	157,045	35,344	15,877	(11,479)	165,033
	$ 178,391	$ 41,286	$ 18,467	$ (12,854)	$ 188,356
Year ended December 31, 1992:					
Land & Improvements	$ 890	$ 442	$ 8	$ (109)	$ 1,215
Buildings	17,249	5,352	376	(2,094)	20,131
Machinery & equipment	140,748	39,043	4,185	(18,561)	157,045
	$ 158,887	$ 44,837	$ 4,569	$ (20,764)	$ 178,391
Year ended December 31, 1991:					
Land & Improvements	$ 510	$ 367	$ 7	$ 20	$ 890
Buildings	12,392	4,261	131	727	17,249
Machinery & equipment	116,309	35,956	9,552	(1,965)	140,748
	$ 129,211	$ 40,584	$ 9,690	$ (1,218)	$ 158,887

(A) Other changes represent translation adjustments unless otherwise noted.

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

COLUMN A DESCRIPTION	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C ADDITIONS CHARGED TO EXPENSE	COLUMN D DEDUCTIONS(A)	COLUMN E BALANCE AT END OF PERIOD
Allowance for doubtful accounts				
Year ended December 31:				
1993	$ 4,800	$ 1,667	$ 1,888	$ 4,579
1992	$ 5,289	$ 1,320	$ 1,809	$ 4,800
1991	$ 5,342	$ 792	$ 845	$ 5,289

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

SCHEDULE IX

ALBANY INTERNATIONAL CORP. AND SUBSIDIARIES
SHORT TERM BORROWINGS
YEAR ENDED DECEMBER 31, 1993
(DOLLARS IN THOUSANDS)

COLUMN A CATEGORY OF AGGREGATE BORROWINGS	COLUMN B BALANCE AT END OF YEAR	COLUMN C WEIGHTED AVERAGE INTEREST RATE	COLUMN D MAXIMUM AMOUNT OUTSTANDING DURING THE YEAR	COLUMN E AVERAGE AMOUNT OUTSTANDING DURING THE YEAR(2)	COLUMN F WEIGHTED AVERAGE INTEREST RATE DURING THE YEAR(2)
Notes and loans principally to banks: (1)					
1993	$ 8,560	5.85%	$ 23,222	$ 14,025	5.71 %
1992	$ 19,003	5.67%	$ 19,003	$ 10,728	7.99 %
1991	$ 12,471	9.74%	$ 25,107	$ 18,644	9.27 %

(1) Short-term borrowings are generally available in accordance with informal banking arrangements.
(2) Calculated on the month end balances for each year.

EXHIBIT 11

ALBANY INTERNATIONAL CORP.

EXHIBIT 11

SCHEDULE OF COMPUTATION OF PRIMARY NET INCOME/(LOSS) PER SHARE

(IN THOUSANDS, EXCEPT PER SHARE DATA)

FOR THE THREE MONTHS ENDED DECEMBER 31, 1993 (1)	FOR THE THREE MONTHS ENDED DECEMBER 31, 1992 (1)		FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1993 (1)	FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1992 (1)
29,882,469	25,642,124	Common stock outstanding at end of period............	29,882,469	25,642,124
		Adjustments to ending shares to arrive at weighted average for the period:		
(20,622)	(26,060)	Shares contributed to E.S.O.P. (2)...................	(70,461)	(83,583)
(256,195)	--	Shares issued in public offering (3).................	(3,132,647)	--
29,605,652	25,616,064	Weighted average number of shares....................	26,679,361	25,558,541
$ 6,396	$ 919	Income before extraordinary item and accounting changes...	$ 15,524	$ 2,685
--	1,019	Extraordinary gain on early extinguishment of debt, net of tax of $624.................................	--	1,019
		Cumulative effect of accounting changes:		
--	--	Income taxes...	--	20,142
--	--	Post retirement benefits, net of tax of $16,813..	--	(27,431)
$ 6,396	$ 1,938	Net income/(loss)....................................	$ 15,524	$ (3,585)
$ 0.22	$ 0.04	Income per share before extraordinary item and accounting changes..................................	$ 0.58	$ 0.11
--	0.04	Extraordinary gain on early extinguishment of debt...	--	0.04
		Cumulative effect of accounting changes:		
--	--	Income taxes...	--	0.79
--	--	Post retirement benefits, net of tax of $16,813..	--	(1.08)
$ 0.22	$ 0.08	Net income/(loss) per share..........................	$ 0.58	$ (0.14)

(1) Includes Class A and Class B Common Stock
(2) Calculated as follows:
number of shares outstanding multiplied by reciprocal of the number of days outstanding divided by the number of days in the period

Shares contributed:

For the twelve months:

January 3, 1992	11,502 * (2/366)	63
February 3, 1992	10,660 * (33/366)	961
March 4, 1992	9,454 * (63/366)	1,627
April 2, 1992	9,784 * (92/366)	2,459
May 5, 1992	10,441 * (125/366)	3,566
June 1, 1992	10,112 * (152/366)	4,200
July 2, 1992	12,954 * (183/366)	6,477
August 4, 1992	13,439 * (216/366)	7,931
August 31, 1992	12,836 * (243/366)	8,522
September 30, 1992	14,090 * (273/366)	10,510
October 31, 1992	15,297 * (304/366)	12,706
November 30, 1992	13,002 * (334/366)	11,865
December 31, 1992	12,731 * (365/366)	12,696
		83,583
January 31, 1993	13,626 * (30/365)	1,120
February 28, 1993	13,572 * (58/365)	2,157
March 31, 1993	12,074 * (89/365)	2,944
April 30, 1993	12,736 * (119/365)	4,152
May 31, 1993	11,770 * (150/365)	4,837
June 30, 1993	12,285 * (180/365)	6,058
July 31, 1993	10,209 * (211/365)	5,902
August 31, 1993	9,706 * (242/365)	6,435
September 30, 1993	10,993 * (272/365)	8,192
October 31, 1993	10,444 * (303/365)	8,670
November 30, 1993	10,347 * (333/365)	9,440
December 31, 1993	10,583 * (364/365)	10,554
		70,461

For the three months:

October 31, 1992	15,297 * (30/92)	4,988
November 30, 1992	13,002 * (60/92)	8,479
December 31, 1992	12,731 * (91/92)	12,593
		26,060
October 31, 1993	10,444 * (30/92)	3,406
November 30, 1993	10,347 * (60/92)	6,748
December 31, 1993	10,583 * (91/92)	10,468
		20,622

- ------------------------

(3) Calculated as follows:
number of shares outstanding multiplied by reciprocal of the number of days outstanding divided by the number of days in the period

Shares offered:

For the twelve months:		
October 6, 1993	4,000,000 * (278/365)	3,046,576
November 5, 1993	102,000 * (308/365)	86,071

		3,132,647

For the three months:		
October 6, 1993	4,000,000 * (5/92)	217,391
November 5, 1993	102,000 * (35/92)	38,804

		256,195

EXHIBIT 13

1993 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, 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.

J. Spencer Standish
CHAIRMAN OF THE BOARD

Francis L. McKone
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Michael C. Nahl
SENIOR VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS ALBANY INTERNATIONAL CORP.

WE HAVE AUDITED THE ACCOMPANYING CONSOLIDATED BALANCE SHEETS OF ALBANY INTERNATIONAL CORP. AS OF DECEMBER 31, 1993 AND 1992, 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, 1993. 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, 1993 AND 1992, AND THE CONSOLIDATED RESULTS OF ITS OPERATIONS AND ITS CASH FLOWS FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 1993 IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

AS DESCRIBED IN NOTES 1 AND 13 TO THE FINANCIAL STATEMENTS, IN 1992, THE COMPANY CHANGED ITS METHOD OF ACCOUNTING FOR INCOME TAXES IN ACCORDANCE WITH STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 109 AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS IN ACCORDANCE WITH STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 106.

Albany, New York
January 27, 1994

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the years ended December 31

(in thousands except per share data)	1993	1992	1991
STATEMENTS OF INCOME			
Net sales	$546,120	$561,084	$557,218
Cost of goods sold	344,609	367,516	360,251
Gross profit	201,511	193,568	196,967
Selling and general expenses	121,214	122,004	109,891
Technical and research expenses	38,968	41,386	41,961
Restructuring charges and termination benefits	419	12,045	1,694
Operating income	40,910	18,133	43,421
Interest income	(365)	(1,073)	(474)
Interest expense	16,480	19,902	20,564
Other (income)/expense, net	(630)	(3,218)	4,646
Income before income taxes	25,425	2,522	18,685
Income taxes	10,017	958	10,219
Income before minority interest	15,408	1,564	8,466
Loss applicable to minority interest	--	961	1,137
Equity in earnings of associated companies	116	160	708
Income before extraordinary item and cumulative effect of accounting changes	15,524	2,685	10,311
Extraordinary gain on early extinguishment of debt, net of tax of $624	--	1,019	--
Cumulative effect of accounting changes:			
Income taxes	--	20,142	--
Postretirement benefits, net of tax of $16,813	--	(27,431)	--
Net income/(loss)	15,524	(3,585)	10,311
RETAINED EARNINGS			
Retained earnings, beginning of period	120,113	132,648	131,240
Less dividends	9,361	8,950	8,903
Retained earnings, end of period	$126,276	$120,113	$132,648
PER COMMON SHARE:			
Income before extraordinary item and cumulative effect of accounting changes	$0.58	$0.11	$0.41
Extraordinary gain on early extinguishment of debt	--	0.04	--
Cumulative effect of accounting changes:			
Income taxes	--	0.79	--
Postretirement benefits	--	(1.08)	--
Net income/(loss)	$0.58	$(0.14)	$0.41

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

CONSOLIDATED BALANCE SHEETS

At December 31

(in thousands)	1993	1992
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,381	$ 4,005
Accounts receivable, less allowance for doubtful accounts ($4,579, 1993; $4,800, 1992)	120,416	122,689
Inventories		
Finished goods	72,763	53,777
Work in process	32,991	33,728
Raw material and supplies	18,539	22,366
Deferred taxes and prepaid expenses	18,050	13,104
Total current assets	264,140	249,669
Property, plant and equipment, at cost, net	302,829	308,618
Investments in associated companies	10,951	11,483
Intangibles	25,558	27,798
Deferred taxes	33,640	30,661
Other assets	18,302	17,763
Total assets	$655,420	$645,992

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

(in thousands)	1993	1992
LIABILITIES		
Current liabilities:		
Notes and loans payable	$ 8,560	$ 19,003
Accounts payable	23,284	23,073
Accrued liabilities	55,288	59,005
Current maturities of long-term debt	2,917	4,063
Income taxes payable and deferred	7,881	4,333
Total current liabilities	97,930	109,477
Long-term debt	208,620	239,732
Other noncurrent liabilities	82,423	80,253
Deferred taxes and other credits	21,979	25,564
Minority interest	--	266
Total liabilities	410,952	455,292
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; 24,531,445 issued in 1993 and 20,429,445 in 1992	25	20
Class B common stock, par value $.001 per share; authorized 25,000,000 shares; issued and outstanding 5,658,515 in 1993 and 1992	6	6
Additional paid in capital	170,112	101,395
Retained earnings	126,276	120,113
Translation adjustments	(45,758)	(23,898)
Pension adjustment	(1,856)	(287)
	248,805	197,349
Less treasury stock, at cost	4,337	6,649
Total shareholders' equity	244,468	190,700
Total liabilities and shareholders' equity	$655,420	$645,992

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,

(in thousands)	1993	1992	1991
OPERATING ACTIVITIES			
Net Income/(loss)	$15,524	$(3,585)	$10,311
Adjustments to reconcile net cash provided by operating activities:			
Equity in earnings of associated companies	(116)	(160)	(708)
Distributions received from associated companies	407	517	565
Loss applicable to minority interest	--	(961)	(1,137)
Depreciation and amortization	41,969	45,523	42,032
Provision for deferred income taxes, other credits and long term liabilities	(8,455)	(5,733)	(19,627)
Valuation of interest rate protection agreements	--	--	4,179
Increase in cash surrender value of life insurance, net of premium paid	(452)	(1,027)	(252)
Unrealized currency transaction gains	(998)	(6,534)	(566)
(Gain)/Loss on sale of assets	(6,967)	124	241
Treasury shares contributed to ESOP	2,344	2,563	2,185
FAS No. 109 asset revaluation	--	(8,498)	--
Gain on early extinguishment of debt	--	(1,019)	--
Cumulative effect of accounting changes	--	7,289	--
Changes in operating assets and liabilities:			
Accounts receivable	3,272	3,785	4,192
Inventories	(815)	14,963	16,548
Prepaid expenses	470	(677)	(499)
Accounts payable	212	(7,995)	(7,164)
Accrued liabilities	(6,715)	2,459	14,229
Income taxes payable	4,587	1,897	(3,660)
Other, net	(507)	2,870	6,370
Net cash provided by operating activities	43,760	45,801	67,239
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(30,940)	(20,219)	(40,067)
Interest capitalized	--	--	(1,600)
Proceeds from sale of assets	27,750	1,456	979
Acquisition, net of cash acquired	(55,356)	(2,428)	--
Premiums paid for life insurance	(1,198)	(1,206)	(1,232)
Net cash used in investing activities	(59,744)	(22,397)	(41,920)
FINANCING ACTIVITIES			
Proceeds from borrowings	66,624	49,577	44,217
Principal payments on debt	(107,090)	(177,044)	(60,784)
Proceeds from issuance of convertible subordinated debentures	--	131,385	--
Debt issuance costs	--	(2,955)	--
Proceeds from sale of common stock	68,690	--	--
Minority investment in limited partnership	--	900	300
Dividends paid	(8,990)	(8,937)	(8,891)
Interest rate protection agreements	--	109	(70)
Net cash provided/(used) by financing activities	19,234	(6,965)	(25,228)
Effect of exchange rate changes on cash	(5,874)	(17,502)	813
(Decrease)/Increase in cash and cash equivalents	(2,624)	(1,063)	904
Cash and cash equivalents at beginning of year	4,005	5,068	4,164
Cash and cash equivalents at end of year	$1,381	$4,005	$5,068

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 40% equity interests in companies in Mexico, Brazil and Argentina and a 50% interest in a partnership in South Africa. The Company had a 49% equity interest in a company in Mexico until the second quarter of 1992, when it purchased the remaining 51%. This operation was consolidated beginning in May 1992. The consolidated financial statements include the Company's original investment in such companies, plus its share of undistributed earnings, in the account "Investments in associated companies." In February 1994, the Company exchanged its 40% equity interests in Brazil and Argentina for a 60% equity interest in Mexico. The transaction will be reported in the first quarter of 1994.

REVENUE RECOGNITION

The Company records sales when products are shipped to customers. 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.

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 in shareholders' equity in the caption "Translation adjustments."

RESEARCH EXPENSE

Research expense, which is charged to operations as incurred, was $17,605,000 in 1993, $18,474,000 in 1992, and $18,472,000 in 1991.

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

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

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

INCOME TAXES

The Company implemented Financial Accounting Standard No. 109, "Accounting for Income Taxes," in 1992. The Standard 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. Under the previous method deferred taxes were recognized using the tax rate applicable to the year of the calculation and were not adjusted for subsequent changes in tax rates.

In 1991, provisions for deferred income taxes were recorded for timing differences between the recognition of income or expense for tax and financial statement reporting.

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

Earnings per share of common stock are computed based on the weighted average number of shares of common stock outstanding during each year. Dilutive common stock equivalents are not material and therefore are not included in the computation of primary earnings per common share. The convertible subordinated debentures, issued in March 1992, are not common stock equivalents and will not affect primary earnings per share. The weighted average number of common shares outstanding during 1993, 1992 and 1991 was 26,679,361, 25,558,541, and 25,415,097, respectively (see Note 8).

2. INVENTORIES

The cost of inventories valued under the LIFO method is $42,899,000 at December 31, 1993 and $43,418,000 at December 31, 1992. Had the Company's inventory been valued at average cost (which approximates replacement cost), inventories would have been $5,894,000 higher in 1993 and $6,753,000 higher in 1992.

3. PROPERTY, PLANT AND EQUIPMENT

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

(in thousands)	1993	1992
Land	$ 18,149	$ 19,304
Buildings	132,380	133,168
Machinery and equipment	340,656	334,537
	491,185	487,009
Accumulated depreciation	188,356	178,391
	$302,829	$308,618

Construction in progress approximated $6,465,000 in 1993 and $604,000 in 1992.

Depreciation expense was $41,286,000 in 1993, $44,837,000 in 1992, and $40,584,000 in 1991.

Expenditures for maintenance and repairs are charged to income as incurred and amounted to $15,138,000 in 1993, $14,535,000 in 1992, and $15,821,000 in 1991.

Capital expenditures were $30,940,000 in 1993, $20,219,000 in 1992, and $40,067,000 in 1991. At the end of 1993, the Company was committed to $19,514,000 of future expenditures for new equipment.

4. INTANGIBLES

The components of intangibles are summarized below:

(in thousands)	1993	1992
Excess purchase price over fair value	$28,054	$29,139
Patents	10,105	10,105
Accumulated amortization	(18,200)	(17,517)
Deferred unrecognized pension cost (see Note 12)	5,599	6,071
	$25,558	$27,798

Amortization expense was $683,000 in 1993, $686,000 in 1992, and $1,448,000 in 1991.

5. ACCRUED LIABILITIES

Accrued liabilities consist of:

(in thousands)	1993	1992
Salaries and wages	$12,597	$13,656
Employee benefits	12,989	9,398
Pre-receivable sale	6,559	6,458
Interest	2,896	3,050
Restructuring cost	6,841	6,946
Other	13,406	19,497
	$55,288	$59,005

6. DEBT

Notes and loans payable at December 31, 1993 and 1992 were short-term debt instruments with banks, denominated in local currencies with a weighted average interest rate of 5.7% in 1993 and 8.0% in 1992.

Long-term debt at December 31, 1993 and 1992, principally to banks and bondholders, exclusive of amounts due within one year, consists of:

(in thousands)	1993	1992
$150 million 5.25% convertible subordinated debentures due 2002, yielding 7.0%.	$133,819	$132,400
$125 million credit agreement which terminates in 1997 with LIBOR borrowings outstanding at an average interest of 3.96% in 1993 and 5.63% in 1992.	19,000	61,000
Various notes, mortgages and debentures relative to operations principally outside the United States, at an average interest of 6.62% in 1993 and 8.59% in 1992, due in varying amounts through 2002.	38,016	26,029
Industrial revenue financings at an average interest of 5.06% in 1993 and 4.77% in 1992, due in varying amounts through 2008.	17,785	20,303
	$208,620	$239,732

Principal payments due on long-term debt are: 1994, $2,917,000; 1995, $3,218,000; 1996, $6,427,000; 1997, $36,745,000; 1998, $14,298,000.

Interest paid was $16,634,000 in 1993, $18,943,000 in 1992, and $19,150,000 in 1991. During 1991, the Company capitalized $1,600,000 of interest costs related to the construction of buildings.

The Company's credit agreement provides that the Company may borrow up to $125,000,000 until July 16, 1997 at which time the banks' commitment to lend is terminated. The terms of the credit agreement include a facility fee. The maximum interest rate margin over LIBOR or CDs 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 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, 1993, $20,645,000 was available for the payment of cash dividends.

Under the credit agreement and formal and informal agreements with other financial institutions, the Company could have borrowed an additional $195,000,000 at December 31, 1993.

During March 1992, the Company sold original issue discount 5.25% convertible subordinated debentures due 2002 which, if held to maturity, will 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 will be amortized over the term of the debentures. The debentures are convertible into 5,712,450 shares of Class A common stock. After March 15, 1996, the Company may call the debentures, in whole or in part, at a redemption price of 91.545% in 1996; 92.723% in 1997; 93.985% in 1998; 95.338% in 1999; 96.786% in 2000 and 98.338% in 2001.

The Company has swap agreements wherein on a notional amount of $250,000,000 the Company will pay a periodic floating rate based upon selected Federal tax exempt bonds, and the Company will receive a fixed percentage of LIBOR. The swap agreements expire during 2000. The practical effect of these swaps is to partially hedge the potential effect of higher tax rates after August 1990. The Company values these contracts at market (approximately $883,000, based on a pricing model). The change in the valuation is reflected in "Other (income)/expense, net" and was not significant in 1993 and 1992, and $1,025,000 in 1991.

The Company bears the risk of the possible inability of the counterparties to meet the terms of the swap agreements and the risk of unfavorable changes in interest rates which may reduce the benefit of the contracts.

During the fourth quarter of 1991, the Company entered into interest rate protection agreements which, when valued at December 31, 1991, resulted in a loss included in "Other (income)/expense, net" of $3,154,000. The Company subsequently exited the agreements during the second quarter of 1992.

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, the amount sold under this agreement was $11,965,000 in 1993 and $12,485,000 in 1992. This transaction had the effect of reducing accounts receivable $5,406,000 in 1993 and $6,027,000 in 1992, reducing long-term debt $11,965,000 in 1993 and $12,485,000 in 1992 and increasing accrued liabilities $6,559,000 in 1993 and $6,458,000 in 1992.

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 a pretax extraordinary gain of $1,643,000.

At December 31, 1993, the estimated fair value of the Company's long-term debt excluding current maturities approximates $220,273,000. The estimate is based on the quoted market price for the 5.25% convertible subordinated debentures, 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 $21,488,000, $19,675,000, and $17,865,000 for 1993, 1992 and 1991, 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, 1993 are: 1994, $12,949,000; 1995, $9,859,000; 1996, $7,263,000; 1997, $5,693,000; 1998, $4,309,000; and thereafter, $4,413,000.

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, 1993, 15,370,965 shares of Class A Common Stock were reserved for the conversion of Class B Common Stock, the exercise of stock options and the conversion of 5.25% convertible subordinated debentures.

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 703,200 shares of its Class A Common Stock since 1990 and may purchase up to 1,296,800 more shares without further advance public announcement.

The Board authorized the payment of dividends totalling $.35 per common share per year during 1993, 1992, and 1991.

Changes in shareholders' equity for 1993, 1992 and 1991 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, 1991	20,318	$20	5,770	$6	$101,601	742	$11,604
Conversion of Class B shares to Class A shares	111	--	(111)	--	--	--	--
Shares contributed to ESOP	--	--	--	--	(183)	(140)	(2,369)
Balance: December 31, 1991	20,429	$20	5,659	$6	$101,418	602	$ 9,235
Shares contributed to ESOP	--	--	--	--	(23)	(157)	(2,586)
Balance: December 31, 1992	20,429	$20	5,659	$6	$101,395	445	$ 6,649
Shares contributed to ESOP	--	--	--	--	32	(138)	(2,312)
Public offering	4,102	4	--	--	68,685	--	--
Other	--	1	--	--	--	--	--
Balance: December 31, 1993	24,531	$25	5,659	$6	$170,112	307	$ 4,337

9. OTHER (INCOME)/EXPENSE, NET

The components of other (income)/expense, net are:

(in thousands)	1993	1992	1991
Currency transactions	$(5,515)	$(7,782)	$(4,324)
Interest rate protection agreements	442	373	4,514
Pre-receivable sales	2,348	2,674	3,712
Amortization of debt issuance costs and loan origination fees	804	721	192
Other	1,291	796	552
	$ (630)	$(3,218)	$4,646

At December 31, 1993, the Company had various forward exchange contracts, recorded at fair market value, maturing during 1994 to purchase $140,967,000 and sell $140,899,000 of various currencies at specified prices. The primary purpose of these contracts was to provide an economic hedge against currency fluctuation effects on future revenue streams. A risk exists from the possible inability of the counterparties (major financial institutions) to meet the terms of the contracts and from the movements in currency values.

The Company seeks to control off balance sheet risk by evaluating the credit worthiness of counterparties and by monitoring the currency exchange markets, hedging risks in compliance with internal guidelines and reviewing all principal economic hedging contracts with designated directors of the Company.

10. INCOME TAXES

The Company elected to adopt FAS No. 109, "Accounting for Income Taxes," as of January 1, 1992. In accordance with the provisions of the Standard, prior years' financial statements have not been restated, and accordingly, the Company has reported a cumulative effect of change in accounting principle. This cumulative effect increased 1992 income by $20,142,000 or $.79 per share. In addition to the cumulative effect, the adoption of FAS No. 109 reduced 1992 pretax income by $1,638,000, which was offset by a corresponding tax benefit.

In 1993 and 1992, 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)	1993	1992	1991
Current:			
U.S.	$11,437	$ 5,707	$13,694
Non-U.S.	8,699	8,909	2,854
	20,136	14,616	16,548
Deferred:			
U.S.	(5,230)	(2,134)	(1,770)
Non-U.S.	(4,889)	(11,524)	(4,559)
	(10,119)	(13,658)	(6,329)
	$10,017	$ 958	$10,219

U.S. income before income taxes was $31,405,000 in 1993, $15,042,000 in 1992, and $20,192,000 in 1991.

Taxes paid, net of refunds, were $3,657,000 in 1993, $6,900,000 in 1992, and $18,114,000 in 1991.

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

	1993	1992	1991
U.S. statutory rate	35.0%	34.0%	34.0%
State taxes	6.8	12.2	3.2
Purchase accounting adjustments	--	--	11.4
Non-U.S. tax rates, repatriation of earnings, and other income effects	(1.4)	(22.6)	4.0
Minority interest	--	10.8	2.0
Other	(1.0)	3.6	.1
Effective tax rate	39.4%	38.0%	54.7%

In 1991, amortization of purchase accounting adjustments was not tax effected which caused the higher effective tax rate.

The significant components of deferred income tax benefit attributed to income from operations for the years ended December 31, 1993 and 1992 are as follows:

(in thousands)	1993	1992
Deferred tax benefit	$ (5,754)	$(12,310)
Adjustments to deferred tax assets and liabilities for enacted changes in tax laws and rates	(1,983)	1,880
Benefits of operating loss carryforwards	(2,382)	(3,228)
	$(10,119)	$(13,658)

For 1991 the sources of timing differences and the related deferred tax effect of each are as follows:

(in thousands)	1991

Depreciation	$(3,577)
Inventory related transactions	(2,890)
Interest rate protection agreement	(277)
Pension	290
Non-U.S. tax provisions	429
Currency exchange losses	501
Deferred compensation	(33)
Net deferred gains	(1,261)
Other	489
	$(6,329)

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 $57,600,000 at December 31, 1993. 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, 1993 and 1992 are presented below:

	U.S.		Non-U.S.	
(in thousands)	1993	1992	1993	1992
Accounts receivable, principally due to allowance for doubtful accounts	$176	$140	$97	$77
Inventories, principally due to additional costs inventoried for tax purposes, pursuant to the Tax Reform Act of 1986	3,278	3,850	485	--
Tax loss carryforwards	--	--	5,054	4,509
Other	2,146	(2,968)	1,543	1,754
Total current deferred tax assets	5,600	1,022	7,179	6,340
Sale lease back transaction	1,867	2,140	--	--
Deferred compensation	4,221	4,106	--	279
Tax loss carryforwards	--	--	18,737	16,005
Plant, equipment and depreciation	(8,024)	(10,262)	(162)	(2,524)
Postretirement benefits other than pensions	19,086	17,876	--	--
Other	(1,520)	2,890	(565)	151
Total noncurrent deferred tax assets	15,630	16,750	18,010	13,911
Total deferred tax asset	$21,230	$17,772	$25,189	$20,251
Total current deferred tax liability	--	--	$693	$1,731
Plant, equipment and depreciation	--	--	17,203	17,343
Other	--	--	(209)	235
Total noncurrent deferred tax liabilities	--	--	16,994	17,578
Total deferred tax liability	--	--	$17,687	$19,309

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 1994. Noncurrent loss carryforwards expire over periods as follows: five to ten years 77% and indefinitely 23%. 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 following table shows data by geographic area:

(in thousands)	1993	1992	1991
UNITED STATES			
Net sales	$240,853	$220,792	$214,772
Operating income	38,668	15,251	26,416
Assets	231,892	183,567	165,699
CANADA			
Net sales	$58,015	$64,766	$63,628
Operating income	5,506	8,021	8,381
Assets	55,714	59,650	64,355
REST OF WORLD			
Net sales	$247,252	$275,526	$278,818
Operating (loss)/income	(3,264)	(5,139)	8,624
Assets	337,437	368,159	410,920

Sales among geographic areas and export sales are not significant. Operating income includes an allocation of corporate expenses because such costs are incurred principally for the benefit of operating companies. Assets exclude intercompany accounts, assets related to corporate activities, and investments in associated companies. The associated companies are primarily engaged in the same industry segment as the Company.

12. PENSION PLANS AND OTHER RETIREMENT BENEFITS

The Company has two noncontributory pension plans covering U.S. employees 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)	1993	1992	1993	1992
Actuarial present value of benefit obligations:				
Vested	$(18,933)	$(16,482)	$(79,602)	$(75,795)
Accumulated	(20,675)	(18,274)	(85,972)	(79,333)
Projected	(27,390)	(26,772)	(102,241)	(94,307)
Plan assets at fair value, primarily listed stocks and bonds	27,301	27,671	64,854	55,812
Projected benefit obligation (in excess of)/less than plan assets	(89)	899	(37,387)	(38,495)
Unrecognized net loss	1,348	188	25,950	23,126
Prior service cost not yet recognized in net periodic pension cost	931	1,077	5,599	6,542
Remaining unrecognized				

net asset	(680)	(845)	(8,063)	(9,147)
Recognized unaccrued pension expense	--	--	(8,213)	(7,026)
Accrued pension liability	$1,510	$ 1,319	$(22,114)	$(25,000)

The expected long-term rate of return for U.S. plans was 10% for 1993, 1992, and 1991. The weighted average discount rate was 7.8% for 1993, 8.65% for 1992, and 8.75% for 1991. The rate of increase in future compensation levels for salaried and hourly employees was 4.4% and 4.5%, respectively in 1993, 5.8% and 6.0%, respectively in 1992, and 5.7% and 6.0%, respectively in 1991.

The weighted average expected long-term rate of return for non-U.S. plans was 8.0% for 1993, 8.2% for 1992, and 8.3% for 1991. The weighted average discount rate was 7.3% for 1993, 8.7% for 1992 and 1991. The weighted average rate increase in future compensation levels was 4.8% for 1993, 5.8% for 1992 and 6.0% for 1991.

The Company was required to accrue a liability for those plans for which accumulated plan benefits exceed plan assets. The liability at December 31, 1993 and 1992 respectively, of $7,455,000 and $6,358,000 is offset by an asset amounting to $5,599,000 and $6,071,000 (included in intangibles) and a direct charge to equity of $1,856,000 and $287,000.

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)	1993	1992	1991
Service cost	$4,311	$4,007	$3,470
Interest cost on projected benefit obligation	9,780	9,717	8,974
Actual return on assets	(9,341)	(7,905)	(6,801)
Net amortization and deferral	1,158	(54)	(935)
Special early retirement supplement	-	-	238
Net periodic pension cost	$5,908	$5,765	$4,946

Annual pension cost charged to operating expense for all Company plans was $7,840,000 for 1993, $7,690,000 for 1992, and $7,389,000 for 1991.

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.

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. During the fourth quarter of 1992, the Company elected to adopt this standard effective January 1, 1992 and recognize the accumulated liability, measured as of January 1, 1992. This resulted in a charge of $27,431,000, net of tax of $16,813,000 and a reduction of 1992 operating income by $2,798,000. In 1991, the costs of retiree health care and life insurance benefits were expensed as claims were paid and approximated $2,278,000. The Company currently funds the plan as claims are paid.

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

(in thousands)	1993	1992
Accumulated postretirement benefit obligation:		
Retirees	$29,632	$28,920
Fully eligible active plan participants	3,531	5,362
Other active participants	14,835	12,760
	47,998	47,042
Unrecognized gain	1,192	--
Accrued postretirement cost	$49,190	$47,042

Net periodic postretirement benefit cost included the following:

(in thousands)	1993	1992
Service cost of benefits earned	$ 804	$ 969
Interest cost on accumulated postretirement benefit obligation	3,475	3,749
Amortization of unrecognized net gain	(96)	--
Net periodic postretirement benefit cost	$4,183	$4,718

For measuring the expected postretirement benefit obligation, an annual rate of increase in the per capita claims cost of 11% is assumed for 1993. This rate is assumed to decrease gradually to 5.5% by 2003 and remain at that level thereafter.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.8% at December 31, 1993 and 8.75% at January 1, 1993.

A one percentage point increase in the health care cost trend rate would result in a $6,244,000 increase in the accumulated postretirement benefit obligation as of December 31, 1993 and an increase of $584,000 in the aggregate service and interest cost components of the net periodic postretirement benefit cost for 1993.

The Company's non-U.S. operations do not offer such benefits to retirees.

14. TRANSLATION ADJUSTMENTS

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

(in thousands)	1993	1992	1991
Change in cumulative translation adjustments	$21,860	$43,578	$1,766
Other noncurrent liabilities	2,531	4,442	(454)
Deferred taxes	(101)	4,095	296
Long-term debt	1,038	1,540	1,037
Investment in associated companies	(198)	457	(146)
Net fixed assets	(19,408)	(37,351)	(2,964)
Other assets	152	741	(348)
Effect of exchange rate changes	$ 5,874	$17,502	$ (813)

Shareholders' equity was affected by translation as follows: decrease from translation of non-U.S. financial statements of $9,577,000, $14,382,000 and $1,425,000; from remeasurement of loans of $9,518,000, $23,205,000 and $341,000 in 1993, 1992 and 1991, respectively; and by losses on designated economic hedges, net of tax, of $2,765,000 and $5,991,000 in 1993 and 1992, respectively.

Net translation losses related to operations in Brazil and Mexico were $10,283,000, $10,455,000, and $7,570,000 in 1993, 1992, and 1991, respectively. Amounts included in net sales were $8,967,000, $8,489,000 and $2,477,000 and in cost of goods sold were $1,316,000, $1,966,000 and $5,093,000 in 1993, 1992, and 1991, respectively.

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 terminate ten years after date of grant for the 1988 Plan and up to twenty years for the 1992 Plan. Prices per share for shares under option at December 31, 1993 range from $15.00 to $18.75. Activity with respect to these plans is as follows:

	1993	1992	1991
Shares under option at January 1	2,087,500	1,977,500	1,896,500
Options granted	380,250	110,000	112,500
Options cancelled	49,900	--	31,500
Shares under option at December 31	2,417,850	2,087,500	1,977,500
Options exercisable at December 31	1,601,400	1,129,500	748,500
Shares available	1,582,150	1,912,500	22,500

The Company's deferred compensation plan provides that a portion of certain employees' salaries are deferred in exchange for aggregate annual payments for fifteen years certain upon their retirement, disability or death. These commitments have been funded with life insurance contracts on the plan participants. These contracts have a face value equal to the aggregate payments due upon retirement, disability or death. The Company's expense, net of the increase in cash surrender value, was $1,002,000 in 1993, $432,000 in 1992,and $791,000 in 1991. The increase in cash value net of premiums was $452,000 in 1993, $1,027,000 in 1992, and $252,000 in 1991.

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% for 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 $2,400,000 in 1993, $2,371,000 in 1992, and $2,233,000 in 1991.

16. ACQUISITION, DIVESTITURES AND RESTRUCTURING

In January 1993, the Company completed an acquisition for cash of approximately $51,000,000 and a lease obligation with a capital equivalent value of $4,500,000 for inventory, land, buildings and machinery and equipment of the Mount Vernon Group. In the second quarter the Company exercised its option to purchase the leased facility for $4,500,000. The purchase was financed with the Company's existing credit agreement. Mount Vernon is engaged in the same industry as the Company. The acquisition has been accounted for as a purchase and, accordingly, the Company has included Mount Vernon's results of operations in its financial statements as of January 1, 1993. Mount Vernon's 1992 net sales and pretax income approximated $30,000,000 and $3,000,000, respectively.

As part of the Company's previously announced program to restructure operations in order to focus on the core paper machine clothing industry, the Company completed on June 30, 1993 the sale of its Albany Engineered Systems Division (AES) for $27,400,000. AES had net sales of $37,900,000 and a pre-tax operating loss of $1,100,000 for the year ended December 31, 1992. The Company realized an $8,900,000 gain on the sale which was offset by a $7,000,000 write down of assets and a $2,300,000 accrual for termination costs.

Effective January 1993, the Company's joint venture with an Austrian company, in which the Company was the general partner, was terminated at no cost to the partners. Albany International will continue to develop, manufacture and market current product lines which include properties such as thermal stability, non-flammability, non-melting and low generation of smoke and toxic gasses at high temperatures which have potential applications in aircraft, automotive and other industries.

During 1992, the Company charged earnings $12,045,000 related to restructurings, primarily in Europe, which included plant closings in Norway and Germany and other workforce reductions. In 1991, a charge of $1,694,000 was reported related principally to workforce reductions in Europe, the United States and Canada.

FINANCIAL REVIEW

REVIEW OF OPERATIONS

1993 VS. 1992

Net sales decreased $15.0 million or 2.7% as compared with 1992. Factors affecting sales levels included the acquisition of the Mount Vernon Group in January 1993, market share gains and product upgrades which increased sales. These increases were more than offset by the divestiture of Albany Engineered Systems (AES) in June 1993 and the effect of the stronger U.S. dollar which decreased 1993 net sales by $34.3 million as compared to 1992. Excluding the dollar effect, 1993 net sales increased 3.5% over 1992. There were no significant price increases during 1993.

Net sales in the United States increased 9.1% due to the acquisition of Mount Vernon and to the continuing economic recovery which began in the latter part of 1992. Canadian sales decreased 10.4% reflecting the condition of the Canadian paper industry and the divestiture of AES. There are indications that the Canadian economy is beginning to recover but not at the same pace as the United States. Sales in the Rest of World segment continued to decline. Lower European sales reflect the recessionary environment in most of Continental Europe. Nordic region sales comparisons were adversely affected by major devaluations in Sweden and Finland during the fourth quarter of 1992. Economic improvements in the Nordic countries were beginning to be reflected in sales in the fourth quarter of 1993 for this region while Continental Europe continued depressed.

Gross profit continued to improve and was 39.2% of net sales for the three months ended December 31, 1993 bringing the full year result to 36.9% for 1993 as compared to 34.5% for 1992. Variable costs as a percent of net sales decreased to 34.0% in 1993 from 34.7% in 1992. The improvement reflects a reduction of the hourly workforce of 371 people (10.0%) since December 1992, principally in Europe. Reported 1993 results include a benefit, of approximately $5.0 million, from the previously announced plant closings in Norway and Germany which took place during the second quarter of 1993. Management anticipates additional savings of about $3.0 million in 1994.

Selling, technical, general and research expenses decreased 2.0% in 1993 as compared to 1992. Excluding the effect of translation of non-U.S. currencies into U.S. dollars due to the stronger U.S. dollar, the acquisition of Mount Vernon and the sale of AES, these expenses would have increased 3.1%. Management expects these costs to continue at about the same level in 1994.

As part of the Company's previously announced program to restructure operations in order to focus on the core paper machine clothing industry, the Company completed the sale of its AES division to Thermo Fibertek Inc. and a Thermo Fibertek licensee on June 30, 1993 (see Note 16 of Notes to Consolidated Financial Statements). AES had net sales of $37.9 million and a pre-tax operating loss of $1.1 million for the year ended December 31,1992. The proceeds of the transactions, $27.4 million, were used to repay floating rate long term indebtedness. The Company realized an $8.9 million gain on the sale of AES which was offset by a $7.0 million write down of assets and a $2.3 million accrual for termination costs. Subsequent to the sale of AES, the Company entered into a strategic alliance with Thermo Fibertek Inc. This alliance will provide the paper industry with the advantages of coordinated development and marketing of the two companies' products.

Operating income as a percentage of net sales increased to 7.5% in 1993 as compared to 3.2% in 1992. The Company anticipates that operating income as a percent of net sales will continue to improve during 1994 as additional savings from the 1993 plant closings in Europe, the reduction of losses due to the sale of AES and savings from restructuring are realized. Furthermore, since the Company is operating below capacity, increased sales will result in higher margins. While it is difficult to predict how long the current business and economic environment will last, the capacity expansion and upgrades over the past several years, along with the restructuring program, should position the Company to capitalize on future opportunities for sales and earnings growth once the economies and marketplace improve.

Interest expense, net decreased in 1993 as compared to 1992 as the average interest rate on all bank debt was approximately 57 basis points lower in 1993.

The decrease in other (income)/expense, net was due primarily to currency transactions which resulted in income of $5.5 million in 1993 as compared to $7.8 million in 1992. Currency transaction income results from economic hedges which can have either a positive or negative effect on other (income)/expense, 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 offset the effects of translation on operating income (see Note 9 of Notes to Consolidated Financial Statements).

Effective January 1993, the Company's joint venture with an Austrian company, in which the Company was the general partner, was terminated at no cost to the partners. Albany International will continue to develop, manufacture and market current product lines which include properties such as thermal stability, non-flammability, non-melting and low generation of smoke and toxic gasses at high temperatures which have potential applications in aircraft, automotive and other industries. Losses related to this venture were reduced in 1993 as the operation was downsized.

The decrease in equity earnings of associated companies is due to reduced earnings from the Company's interests in Argentina. At June 30, 1993, the Company wrote off the remaining equity in its 40% owned joint venture in Argentina which is experiencing financial difficulties due to economic conditions in Argentina and the impact of imports on the Argentine paper industry. The charge, included in "Equity in earnings of associated companies," was $.4 million. In February 1994, the Company exchanged its 40% equity interests in Brazil and Argentina for the remaining 60% interest in Mexico. The transaction will be reported in the first quarter of 1994 (see Note 1 of Notes to Consolidated Financial Statements).

1992 VS. 1991

Net sales increased $3.9 million, less than 1.0% as compared with 1991. Net sales in the United States and Canada improved over 1991 levels. Sales in the United States increased 2.8%, an indication that the U.S. economy is beginning to recover. Canadian sales increased 1.8% despite the troubled conditions in the Canadian paper industry. Sales in the Rest of World segment continued the decline which began in 1991 reflecting the recessionary environment in all key markets in the Nordic region and Continental Europe and the unstable economic conditions in Brazil. There was very little change in net prices for the second consecutive year. Product upgrades and product mix changes increased sales but were offset by small market share declines in Continental Europe and the United States due mainly to a highly competitive marketplace.

Gross profit as a percent of net sales decreased to 34.5% for 1992 as compared to 35.3% for 1991. The effect of adopting two new accounting standards, FAS No. 106 and FAS No. 109, reduced gross profit by $4.4 million because the cost of retiree benefits increased as did the effect of purchase accounting (see Notes 10 and 13 of Notes to Consolidated Financial Statements). Excluding this effect, gross profit would have been 35.3% of net sales, the same level as in 1991. Variable costs as a percent of net sales decreased to 34.7% in 1992 from 35.2% in 1991 due mainly to reductions in the hourly workforce, principally in Europe, during the latter part of 1991 and in 1992. The improvements in variable costs were offset by increases in fixed manufacturing costs, principally wages, benefits and depreciation. In addition, the continuing economic instability in Brazil had a negative impact on gross profit as devaluation in Brazil was higher during 1992 as compared to 1991.

Selling, technical, general and research expenses increased $11.5 million (7.6%) in 1992 as compared to 1991. The increase was due mainly to wages, benefits, travel and the addition of sales and service personnel in the United States to better serve our customers. Excluding the effect of translation of non-U.S. currencies into U.S. dollars, which increased these expenses by $1.2 million due to the weaker U.S. dollar, the increase would have been 6.8% as compared to 1991.

During the fourth quarter of 1992 the Company reported a charge of $12 million for restructuring of certain operations, including plant closings in Norway and Germany and other workforce reductions. In 1991, the Company reported a similar charge of $1.7 million, principally for terminations in Scandinavia due to poor economic conditions in that region of the world. Actual restructuring costs have approximated management's original estimate. Less than 10% of the original provision has been carried forward to 1994 to complete termination payments.

Operating income as a percentage of net sales excluding the "Restructuring charge and termination benefits" decreased to 5.3% as compared to 8.0% for 1991.

Interest expense, net decreased $1.3 million in 1992 as compared to 1991. The Company capitalized $1.6 million of interest related to debt for facilities under construction in 1991 while no interest was capitalized in 1992 (see Note 6 of Notes to Consolidated Financial Statements). Including capitalized amounts, interest expense decreased $2.9 million during 1992 as compared to 1991.

During the fourth quarter of 1991, the Company entered into interest rate protection agreements which concurrently exchanged fixed and variable rate obligations on a notional amount of $200.0 million. During the second quarter of 1992, the Company determined that these contracts were no longer necessary due to the change in debt structure and terminated them resulting in a profit of $.9 million (see Notes 6 and 9 of Notes to Consolidated Financial Statements).

The change in other (income)/expense, net of $7.9 million was due primarily to currency transactions which resulted in income of $7.8 million in 1992 as compared to $4.3 million in 1991 and interest rate protection agreements which resulted in an expense of $.4 million in 1992 as compared to an expense of $4.5 million in 1991.

The Company elected to adopt, retroactive to January 1, 1992, Financial Accounting Standard No. 109, "Accounting for Income Taxes," which requires a change from the deferred method to the asset and liability method of accounting for income taxes. The cumulative effect of adopting this Standard increased net income by $20.1 million. In addition to the cumulative effect, the adoption of FAS No. 109 reduced operating income by $1.6 million, which was offset by a corresponding tax benefit.

The Company's 1992 effective tax rate was 38.0% as compared to 54.7% for the same period in 1991. The effective rate decreased primarily due to the fact that in prior years amortization of purchase accounting adjustments were not tax effected and resulted in a higher effective tax rate while under FAS No. 109, these adjustments are tax effected (see Note 10 of Notes to Consolidated Financial Statements).

The decrease in equity earnings of associated companies is due to reduced earnings from the Company's interests in Mexico, Brazil and South Africa. During the second quarter of 1992, the Company purchased the remaining 51% of its equity interest in Mexico. This operation was consolidated beginning in May. Sales, costs and income were not significant to consolidated results.

During the fourth quarter of 1992, the Company elected early extinguishment of a $3.0 million tax exempt I.R.B. financing for $1.4 million which resulted in an extraordinary gain of $1.6 million.

The Company elected to adopt, retroactive to January 1992, Financial Accounting Standard No. 106, "Postretirement Benefits Other Than Pensions," which requires the accrual of the cost of providing postretirement benefits other than pensions (principally health insurance) during the active service period of employees. The Company immediately recognized the accumulated liability measured as of January 1 which resulted in a one-time charge of $27.4 million, net of tax of $16.8 million (see Note 13 of Notes to Consolidated Financial Statements). This change also reduced operating income by $2.8 million, the increase of accrual basis costs over the cash basis which is the amount funded currently.

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 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. In countries in which the Company operates that have experienced high inflation rates, the Company frequently reprices its products.

This practice has enabled the Company to quickly pass on to its customers most of the increased costs due to local inflation. Although government imposed price freezes have occasionally occurred in some of the Company's markets, including the United States, neither controls nor high inflation rates have had a long-term material adverse impact on the Company's operating results.

The profitability in the Company's geographic regions in 1993 as compared to 1992 increased in the United States and Rest of World and decreased in Canada (see Note 11 of Notes to Consolidated Financial Statements). Operating income was reduced by $.4 million in 1993, by $12 million in 1992, and by $1.7 million in 1991 for restructuring charges and termination costs. Operating income as a percent of net sales, after excluding the above mentioned charges, was 11.7% in 1993, 7.8% in 1992, and 12.3% in 1991 for the United States; 10.5% in 1993, 13.1% in 1992, and 13.2% in 1991 for Canada; and 2.8% in 1993, 1.6% in 1992 and 3.7% in 1991 for Rest of World. The increase in the United States was due to the acquisition of the Mount Vernon Group in January 1993, increased sales and lower costs. The decrease in Canada was due to lower sales. The Rest of World increase was due primarily to the closing of three plants in Europe and improved results in Brazil.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1993 the Company's order backlog was $407.0 million, an increase of $56.0 million from the prior year-end, a significant portion of which relates to the Mount Vernon Group.

During 1993 inventories increased $14.4 million due principally to the acquisition of Mount Vernon. This increase was partially offset by the sale of AES inventories and the strengthening of the U.S. dollar.

Cash flow provided from operating activities was $43.8 million in 1993 compared with $45.8 million in 1992 and $67.2 million in 1991. Capital expenditures were $30.9 million for 1993 compared with $20.2 million for 1992 and $40.0 million for 1991.Capital expenditures in 1994 are expected to be about $35.0 million, excluding acquisitions and new ventures, with additional lease equivalents of approximately $10.0 million. The Company will continue to finance these expenditures with cash from operations and existing credit facilities.

Total debt decreased $42.7 million during 1993 due principally to net proceeds of $68.7 million from the Company's fourth quarter offering of 4,102,000 shares of its Class A Common Stock. The proceeds were used to repay floating rate long term indebtedness and for general corporate purposes. Amounts paid may be reborrowed from time to time for general corporate purposes which may include acquisitions. The acquisition of the Mount Vernon Group in January 1993 and the exercise of a lease option during the second quarter of 1993 for a combined total of approximately $55.0 million cash was financed with the Company's existing credit agreement. This was offset in part by the proceeds of the sale of AES which approximated $27.0 million.

The Company has an agreement under which it may sell to a financial institution up to $40.0 million of the Company's right to receive certain payments for goods ordered from the Company. At December 31, 1993 and 1992, amounts sold under this agreement were $12.0 and $12.5 million, respectively. This transaction reduced long-term debt by $12.0 and $12.5 million, decreased accounts receivable by $5.4 million and $6.0 million and increased accrued liabilities by $6.6 million and $6.5 million at December 31, 1993 and 1992, respectively.

Cash dividends of $.0875 per share were paid in each of the four quarters of 1993.

Management will continue restructuring operations, where possible, to further increase efficiencies and to improve service to customers. The Company intends to focus on its core paper machine clothing business and will consider acquiring other paper machine clothing companies where such acquisitions support corporate strategies to enhance value to customers and shareholders.

EXHIBIT 22

SUBSIDIARIES OF REGISTRANT

	PERCENT DIRECT OWNERSHIP	PERCENT INDIRECT OWNERSHIP	JURISDICTION
Albany International Pty.,Ltd.	100		Australia
Albany International Feltros e Telas Industriais Ltda	100		Brazil
Albany International Canada Inc	100		Canada
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
Nomafa Betriebsschutzeinrichtungen GmbH		100	Germany
Nordiskafilt GmbH		100	Germany
Albany International GmbH Ahlen		100	Germany
Albany International GmbH Goppingen		100	Germany
Albany International Nederland B.V	100		Netherlands
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
Wangner De Mexico, S.A. de C.V	100		Mexico
Albany Nordiskafilt AS		100	Norway
Albany Nordiskafilt AB	100		Sweden
Nordiska Maskinfilt Aktiebolaget		100	Sweden
Nordiskafilt Aktiegolaget		100	Sweden
Dewa Consulting AB		100	Sweden
Nomafa Aktiebolaget	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 24

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) and on Form S-3 (File Nos. 33-37727 and 33-68568) of our reports dated January 27, 1994, on our audits of the consolidated financial statements and financial statement schedules of Albany International Corp. as of December 31, 1993 and 1992, and for the years ended December 31, 1993, 1992, and 1991, which report is included in this Annual Report on Form 10-K. Albany, New York March 22, 1994