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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, 1998

OR

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

FOR THE TRANSITION PERIOD FROM ______________ TO ______________

COMMISSION FILE NUMBER: 0-16214

ALBANY INTERNATIONAL CORP.

(Exact name of registrant as specified in its charter)

DELAWARE	14-0462060
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1373 BROADWAY, ALBANY, NEW YORK	12204
(Address of principal executive offices)	(Zip Code)

518-445-2200

Registrant's telephone number, including area code

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

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

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

NONE

(Title of Class)

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

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

The aggregate market value of Class A Common Stock held on February 18, 1999 by non-affiliates of the registrant was $474,279,536.

The registrant had 23,856,160 shares of Class A Common Stock and 5,785,282 shares of Class B Common Stock outstanding as of February 18, 1999.

DOCUMENTS INCORPORATED BY REFERENCE	PART
Registrant's Annual Report to Shareholders for the year ended December 31, 1998.	II
Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on May 6, 1999.	III

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PART I

ITEM 1. BUSINESS

Albany International Corp. ("the Company") designs, manufactures and markets paper machine clothing for each section of the paper machine. It manufactures and sells more paper machine clothing worldwide than any other company. 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 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. The Registrant produces a substantial portion of its monofilament requirements.

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

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

In addition to paper machine clothing, the Registrant manufactures other engineered fabrics which include fabrics for the non-woven industry, corrugator belts, filtration media and high performance industrial doors. The Nomafa Door Division, a manufacturer of Rapid Roll Doors-Registered Trademark-, is the operation of the Company which developed high speed, high performance industrial doors, which grew from the application of the Company's coated fabric technology to its woven fabrics. Since the inception of Rapid Roll Doors in the early 1980's, manufacturing operations in North America and Europe have supplied over 100,000 installations worldwide. In November 1996, the Registrant acquired Schieffer Door Systems, a manufacturer of high-speed, high-performance industrial doors. Also, in 1998, the Registrant acquired Burwell Door Systems in Australia and M&I Door Systems in Canada. Schieffer's technology and leadership position in Germany, and the 1998 acquisitions, have significantly enhanced the Registrant's industrial door operations.

INDUSTRY FACTORS

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

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

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

INTERNATIONAL OPERATIONS

The Registrant maintains wholly-owned manufacturing facilities in Australia, Brazil, Canada, China, Finland, France, Germany, Great Britain, The Netherlands, Mexico, South Korea, Sweden and the United States. The Registrant has a 50% interest in two related entities in South Africa and one entity in Russia which are engaged primarily in the engineered fabrics business. The Registrant also has a 50% interest in an entity in England which is engaged in the high performance industrial door 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.

MARKETING, CUSTOMERS AND BACKLOG

Paper machine clothing is custom designed for each user depending upon the type, size and speed of the papermaking machine, the machine section, the grade of paper being produced, and the quality of the pulp stock used. Technical expertise, judgment and experience are critical in designing the appropriate clothing for each position on the machine. As a result, the Registrant employs highly skilled sales and technical service personnel in 25 countries who work directly with paper mill operating management. The Registrant's technical service program in the United States gives its service engineers field access to the measurement and analysis equipment needed for troubleshooting and application engineering. Sales, service and technical expenses are major cost components of the Registrant. The Registrant employs approximately 1,000 people in the sales and technical functions combined, many of whom have engineering degrees or paper mill experience. The Registrant's market leadership position reflects the Company's commitment to technological innovation.

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

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

The Registrant's order backlogs at December 31, 1998 and 1997 were approximately $474 million and $468 million, respectively. Orders recorded at December 31, 1998 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 $23.7 million in 1998, $23.1 million in 1997, and $21.9 million in 1996. While most research activity supports existing products, the Registrant engages in research for new products. New product research has focused primarily on more sophisticated paper machine clothing and has resulted in a stream of products such as DUOTEX-Registered Trademark- and TRIOTEX-TM-forming fabrics, PRINTEX-TM- forming fabrics, DURAFORM -Registered Trademark- SR, an enhanced single-layer forming fabric, SEAMTECH-TM-, the patented on-machine-seamed press fabric, DYNATEX-TM-, a unique multi-layer press fabric, long nip press belts which are essential to water removal in the press section and Thermonetics-TM-, BEL-PLANE -Registered Trademark-, AEROLINE-TM- and AEROGRIP-TM- which are dryer fabrics. Technical expenditures totaled $26.3 million in 1998, $26.9 million in 1997 and $26.8 million in 1996. Technical expenditures are focused on design, quality assurance and customer support.

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

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

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 raw materials inventories in excess of its current needs to assure availability. In addition, the Registrant manufactures monofilament, a basic raw material for all types of paper machine clothing, at its facility in Homer, New York, which supplies approximately 40% of its world-wide monofilament requirements. This manufacturing capability assists the Registrant in its negotiations with monofilament producers for the balance of its supply requirements, and enhances the ability of the Registrant to develop proprietary products.

COMPETITION

While there are more than 50 paper machine clothing suppliers worldwide, only six major paper machine clothing companies compete on a global basis. Market shares vary depending on the country and the type of paper machine clothing produced. In the paper machine clothing market, the Registrant believes that it has a market share of approximately 29% in the United States and Canadian markets, taken together, 20% in the rest of the world and approximately 23% in the world overall.

Together, the United States and Canada constitute approximately 36% 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 6,011 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
Francis L. McKone	64	Chairman of the Board, CEO and Director
Frank R. Schmeler	59	President, COO and Director
Edward Walther	55	Executive Vice President
Michael C. Nahl	56	Senior Vice President and Chief Financial Officer
Michel J. Bacon	49	Senior Vice President--Canada, Pacific and Latin America
William M. McCarthy	48	Senior Vice President--Europe
Thomas H. Hagoort	66	General Counsel and Secretary
Richard A. Carlstrom	55	Vice President--Controller
William H. Dutt	63	Vice President--Chief Technical Officer
Edward R. Hahn	54	Vice President--Research and Development
Hugh A. McGlinchey	59	Vice President--Information Systems
Kenneth C. Pulver	55	Vice President--Corporate Communications
John C. Treanor	60	Treasurer
Charles J. Silva, Jr.	39	Assistant General Counsel and Assistant Secretary

FRANCIS L. MCKONE joined the Registrant in 1964. He has served the Registrant as Chairman of the Board and Chief Executive Officer since 1998, 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. He is a Director of Albank, FSB and Thermo Fibergen, Inc.

FRANK R. SCHMELER joined the Registrant in 1964. He has served the Registrant as President and Chief Operating Officer since 1998, Executive Vice President and Chief Operating Officer since 1997 and as Senior Vice President from 1988 to 1997, as Vice President and General Manager of the Felt Division from 1984 to 1988, as Division Vice President and General Manager, Albany International Canada from 1978 to 1984 and as Vice President of Marketing, Albany International Canada from 1976 to 1978. He has been a Director of the Registrant since 1997.

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

MICHAEL C. NAHL joined the Registrant in 1981. He has served the Registrant as Senior Vice President and Chief Financial Officer since 1983 and prior to 1983 as Group Vice President. From 1965 to 1979 he served in marketing, financial, logistical, analytical and management positions for the Exxon Corporation and from 1979 to 1981 he was with General Refractories Corporation as Director of Strategic Planning, Vice President and Chief Financial Officer. He is a Director of UCAR International Inc.

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

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

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

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

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

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

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

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

JOHN C. TREANOR joined the Registrant in 1970. He has served the Registrant as Treasurer since 1997, as Controller of Albany International Europe from 1992 to 1997 and as Controller of Albany International Canada from 1985 to 1992.

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

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

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

ITEM 2. PROPERTIES

The Registrant's principal manufacturing facilities are located in the United States, Canada, Europe, Brazil, Mexico, Australia, South Korea and China. The aggregate square footage of the Registrant's facilities in the United States and Canada is approximately 2,558,000, of which 2,361,000 square feet are owned and 197,000 square feet are leased. The Registrant's facilities located outside the United States and Canada comprise approximately 2,725,000 square feet, of which 2,504,000 square feet are owned and 221,000 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 1999. The Registrant's expected 1999 capital expenditures, including leases, of about $45 million will provide sufficient capacity for anticipated growth.

The Registrant believes it has modern, efficient production equipment. In the last five years, it has spent $221 million on new plants and equipment or upgrading existing facilities.

ITEM 3. LEGAL PROCEEDINGS

The Registrant is a defendant in two actions in state court in Louisiana, seeking damages from the Registrant and numerous other defendants for injuries allegedly suffered by hundreds of employees at two former Crown-Zellerbach paper mills in Bogalusa and St. Francisville, Louisiana, due to exposure to asbestos. Liberty Mutual, the underwriter of insurance coverage applicable to these claims, is defending these matters on the Registrant's behalf.

The Registrant is one of a group of paper machine clothing manufacturers who at one time produced dryer felts containing asbestos. (Mount Vernon Mills, from whom the Registrant acquired the Albany Mount Vernon dryer business assets, is also named as a separate defendant.) There are currently over fifty other corporate defendants, including primary suppliers of asbestos, asbestos abatement and removal companies, paper machine builders, pump manufacturers, insulation and building materials suppliers, boiler manufacturers and other suppliers of products used in these mills that are alleged to have contained asbestos.

In the Bogalusa proceeding, the Registrant was initially served with a discovery request late in 1996, to which it responded initially in March 1997, and continued to respond supplementally during 1997 and 1998. Discovery of paper machine clothing dryer fabrics defendants has not yet begun in the St. Francisville proceeding.

The information identified during the discovery process suggests that the Registrant's production of asbestos-containing products was limited to certain synthetic dryer fabrics produced during the period from 1964/5 to 1974/5. It is the position of the Registrant and the other paper machine clothing defendants that there was insufficient exposure to asbestos from paper machine clothing to cause asbestos-related injury in any plaintiff.

Discovery by both plaintiffs and defendants in the Bogalusa proceeding was essentially completed in late 1998. The first trial, involving six plaintiffs, commenced in January 1999 and resulted in a unanimous jury verdict in favor of the defendants on all claims in early March. All claims against the Registrant in this first trial had been settled by Liberty Mutual earlier in the proceeding. Further trials have not yet been scheduled.

The Registrant, in addition to being named as a direct defendant in these proceedings, was initially also named separately as the "successor-in-interest" to Mount Vernon Mills. However, the Registrant denied any liability for products sold by Mount Vernon Mills prior to the acquisition of the Mount Vernon assets, and the Registrant's motion to be dismissed as a successor to Mount Vernon was granted in the Bogalusa proceeding before the first trial. A similar motion will be filed in the St. Francisville proceeding.

The Registrant believes that any judgment or settlement relating to these proceedings will be well within existing insurance coverage limits.

There are no other 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 1998 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 34 of the Annual Report are incorporated herein by reference.

Restrictions on dividends and other distributions are described in Note 6, on pages 17 to 19 of the Annual Report. Such description is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

"Eleven Year Summary" on pages 32 and 33 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 28 to 31 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 10 to 27 in the Annual Report, are incorporated herein by reference:

Consolidated Statements of Income and Retained Earnings--years ended December 31, 1998, 1997 and 1996

Consolidated Statements of Comprehensive Income--years ended December 31, 1998, 1997 and 1996

Consolidated Balance Sheets--December 31, 1998 and 1997

Consolidated Statements of Cash Flows--years ended December 31, 1998, 1997 and 1996

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 1998 and Year-End Values", "Pension Plan Table", "Compensation and Stock Option Committee Report on Executive Compensation", "Compensation and Stock Option Committee Interlocks and Insider Participation", "Stock Performance Graph", and "Directors' Fees" is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

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

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

a)(2) SCHEDULE. The following consolidated financial statements schedule for each of the three years in the period ended December 31, 1998 is included pursuant to Item 14(d):

Report of Independent Accountants on Financial Statements Schedule

Schedule II--Valuation and Qualifying Accounts

a)(3)(b) No reports on Form 8-K were filed during the quarter ended December 31, 1998.

(3) EXHIBITS

3(a)	-	Certificate of Incorporation of Registrant. (3)
3(b)	-	Bylaws of Registrant. (1)
4(a)	-	Article IV of Certificate of Incorporation of Registrant (included in Exhibit 3(a)).
4(b)	-	Specimen Stock Certificate for Class A Common Stock. (1)
		MORGAN CREDIT AGREEMENT
10(i)(i)	-	Amended and restated Credit Agreement, dated as of February 29, 1996, among the Registrant, certain banks listed therein, and Morgan Guaranty Trust Company of New York, as Agent. (6)
		STOCK OPTIONS
10(m)(i)	-	Form of Stock Option Agreement, dated as of August 1, 1983, between the Registrant and each of five employees, together with schedule showing the names of such employees and the material differences among the Stock Option Agreements with such employees. (1)
10(m)(ii)	-	Form of Amendment of Stock Option Agreement, dated as of July 1, 1987, between the Registrant and each of the five employees identified in the schedule referred to as Exhibit 10(m)(i). (1)
10(m)(iii)	-	1988 Stock Option Plan. (2)
10(m)(iv)	-	1992 Stock Option Plan. (4)
10(m)(v)	-	1997 Executive Stock Option Agreement. (7)
10(m)(vi)	-	1998 Stock Option Plan. (8)
		EXECUTIVE COMPENSATION
10(n)	-	Pension Equalization Plan adopted April 16, 1986, naming two current executive officers and one former executive officer of Registrant as "Participants" thereunder. (1)
10(n)(i)	-	Supplemental Executive Retirement Plan. (5)
10(o)(i)	-	Form of Executive Deferred Compensation Plan adopted September 1, 1985, and Forms of Election Agreement. (1)
10(o)(ii)	-	Form of Directors' Deferred Compensation Plan adopted September 1, 1985, and Form of Election Agreement. (1)
10(o)(iii)	-	Executive Deferred Compensation Plan. (2)
10(o)(iv)	-	Directors' Deferred Compensation Plan. (2)
10(o)(v)	-	Deferred Compensation Plan of Albany International Corp. (6)
10(o)(vi)	-	Centennial Deferred Compensation Plan. (6)
		OTHER AGREEMENTS
11	-	Schedule of Computation of Net Income Per Share and Diluted Net Income Per Share.
13	-	Annual Report to Security Holders for the year ended December 31, 1998.

21	-	Subsidiaries of Registrant.
23	-	Consent of PricewaterhouseCoopers LLP.
24	-	Powers of Attorney.
27	-	Financial Data Schedule.

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

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

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

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

(4) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K dated January 18, 1993, 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 June 30, 1994, which previously-filed Exhibit is incorporated by reference herein.

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

(7) Previously filed as an Exhibit to the Registrant's Current Report on Form 10-K dated March 16, 1998, which previously-filed Exhibit is incorporated by reference herein.

(8) Previously filed as an Exhibit to the Registrant's Current Report on Form 10-Q dated August 10, 1998, 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
* (Francis L. McKone)	Chairman of the Board and Director (Chief Executive Officer)	March 19, 1999
/s/ MICHAEL C. NAHL (Michael C. Nahl)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 19, 1999
* (Richard A. Carlstrom)	Vice President-Controller (Principal Accounting Officer)	March 19, 1999
* (Thomas R. Beecher, Jr.)	Director	March 19, 1999
* (Charles B. Buchanan)	Director	March 19, 1999
* (Erland E. Kailbourne)	Director	March 19, 1999
* (Dr. Joseph G. Morone)	Director	March 19, 1999
* (Frank R. Schmeler)	President and Director (Chief Operating Officer)	March 19, 1999
* (Christine L. Standish)	Director	March 19, 1999
* (Allan Stenshamn)	Director	March 19, 1999
* (Barbara P. Wright)	Director	March 19, 1999

*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 19th day of March, 1999.

ALBANY INTERNATIONAL CORP.

By: /S/ MICHAEL C. NAHL

Michael C. Nahl
PRINCIPAL FINANCIAL OFFICER
SENIOR VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENTS SCHEDULE

To The Shareholders and Board of Directors

Albany International Corp.

Our audits of the consolidated financial statements referred to in our report dated January 28, 1999 appearing in the 1998 Annual Report to Shareholders of Albany International Corp. (which report and consolidated financial statements are incorporated by reference in this Annual Report on form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, the financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

Albany, New York
January 28, 1999

SCHEDULE II

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

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO EXPENSE	DEDUCTIONS(A)	BALANCE AT END OF PERIOD
Allowance for doubtful accounts Year ended December 31:				
1998	$ 5,224	$ 1,312	$ 1,032	$ 5,504
1997	$ 4,962	$ 1,298	$ 1,036	$ 5,224
1996	$ 5,010	$ 1,036	$ 1,084	$ 4,962

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

INDEX TO EXHIBITS

EXHIBITS		
3(a)	--	Certificate of Incorporation of Registrant. (3)
3(b)	--	Bylaws of Registrant. (1)
4(a)	--	Article IV of Certificate of Incorporation of Registrant (included in Exhibit 3(a)).
4(b)	--	Specimen Stock Certificate for Class A Common Stock. (1)
		MORGAN CREDIT AGREEMENT
10(i)(i)	--	Amended and restated Credit Agreement, dated as of February 29, 1996, among the Registrant, certain banks listed therein, and Morgan Guaranty Trust Company of New York, as Agent. (6)
		STOCK OPTIONS
10(m)(i)	--	Form of Stock Option Agreement, dated as of August 1, 1983, between the Registrant and each of five employees, together with schedule showing the names of such employees and the material differences among the Stock Option Agreements with such employees. (1)
10(m)(ii)	--	Form of Amendment of Stock Option Agreement, dated as of July 1, 1987, between the Registrant and each of the five employees identified in the schedule referred to as Exhibit 10(m)(i). (1)
10(m)(iii)	--	1988 Stock Option Plan. (2)
10(m)(iv)	--	1992 Stock Option Plan. (4)
10(m)(v)	--	1997 Executive Stock Option Agreement. (7)
10(m)(vi)	--	1998 Stock Option Plan. (8)
		EXECUTIVE COMPENSATION
10(n)	--	Pension Equalization Plan adopted April 16, 1986, naming two current executive officers and one former executive officer of Registrant as "Participants" thereunder. (1)
10(n)(i)	--	Supplemental Executive Retirement Plan. (5)
10(o)(i)	--	Form of Executive Deferred Compensation Plan adopted September 1, 1985, and Forms of Election Agreement. (1)
10(o)(ii)	--	Form of Directors' Deferred Compensation Plan adopted September 1, 1985, and Form of Election Agreement. (1)
10(o)(iii)	--	Executive Deferred Compensation Plan. (2)
10(o)(iv)	--	Directors' Deferred Compensation Plan. (2)
10(o)(v)	--	Deferred Compensation Plan of Albany International Corp. (6)
10(o)(vi)	--	Centennial Deferred Compensation Plan. (6)
		OTHER AGREEMENTS
11	--	Schedule of Computation of Net Income Per Share and Diluted Net Income Per Share.
13	--	Annual Report to Security Holders for the year ended December 31, 1998.
21	--	Subsidiaries of Registrant.
23	--	Consent of PricewaterhouseCoopers LLP.
24	--	Powers of Attorney.
27	--	Financial Data Schedule.

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

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

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

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

(4) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K dated January 18, 1993, 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 June 30, 1994, which previously-filed Exhibit is incorporated by reference herein.

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

(7) Previously filed as an Exhibit to the Registrant's Current Report on Form 10-K dated March 16, 1998, which previously-filed Exhibit is incorporated by reference herein.

(8) Previously filed as an Exhibit to the Registrant's Current Report on Form 10-Q dated August 10, 1998, which previously-filed Exhibit is incorporated by reference herein.

EXHIBIT 11

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

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

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR THE THREE MONTHS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	1998 (1)	1997 (1)	1998 (1)	1997 (1)
Net (loss)/income	($945)	$13,281	$31,772	$49,059
Weighted average number of shares	29,597,857	31,835,440	30,464,208	31,678,217
Effect of potentially dilutive securities:				
Stock options (2)	110,988	461,893	334,128	426,445
Weighted average number shares, including the effect of potentially dilutive securities	29,708,845	32,297,333	30,798,336	32,104,662
Net (loss)/income per share	($0.03)	$0.42	$1.04	$1.55
Diluted net (loss)/income per share	($0.03)	$0.41	$1.03	$1.53

Calculation of Weighted Average Number of Shares (3):

		DAYS		WEIGHTED AVERAGE SHARES			
				FOR THE THREE MONTHS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
ACTIVITY	SHARES OUTSTANDING (1)	YEAR TO DATE	QUARTER	1998	1997	1998	1997
1997							
Beginning balance	31,385,434	1					85,987
Options - 200 shares	31,385,640	1					85,988
Options - 3,600 shares	31,389,348	3					257,995
Options - 10,000 shares	31,399,651	1					86,026
Options - 900 shares	31,400,578	1					86,029
Options - 5,000 shares	31,405,729	19					1,634,819
Treasury shares - 57,500	31,346,491	3					257,642
Options - 37,300 shares	31,384,918	1					85,986
ESOP shares - 12,002	31,397,283	3					258,060
Options - 20,000 shares	31,417,888	4					344,306
Options - 5,000 shares	31,423,039	5					430,453
Options - 27,000 shares	31,450,855	1					86,167
Options - 1,400 shares	31,452,297	1					86,171
Options - 28,600 shares	31,481,762	4					345,006
Options - 10,000 shares	31,492,064	10					862,796
ESOP shares - 58,773	31,552,613	31					2,679,811
ESOP shares - 12,126	31,565,106	2					172,959
Options - 1,800 shares	31,566,960	19					1,643,212
Directors shares - 2,922	31,569,971	9					778,438
ESOP shares - 12,380	31,582,725	1					86,528
Treasury shares - 4,400	31,578,192	30					2,595,468
ESOP shares - 12,193	31,590,753	9					778,950
Options - 2,500 shares	31,593,329	3					259,671
Options - 17,900 shares	31,611,770	1					86,608
Options - 10,200 shares	31,622,278	5					433,182
Options - 8,700 shares	31,631,241	1					86,661
Options - 19,200 shares	31,651,022	6					520,291
Options - 5,000 shares	31,656,173	1					86,729
Options - 14,000 shares	31,670,596	4					347,075
ESOP shares - 11,243	31,682,179	22					1,909,611
Options - 5,100 shares	31,687,433	2					173,630
Options - 22,000 shares	31,710,098	1					86,877
Options - 60,000 shares	31,771,911	6					522,278
Options - 26,800 shares and ESOP shares - 10,555	31,810,395	1					87,152
Options - 600 shares	31,811,013	4					348,614

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

(IN THOUSANDS, EXCEPT PER SHARE DATA)

Options - 16,800 shares	31,828,321	1				87,201
Options - 1,000 shares	31,829,352	1				87,204
Options - 1,000 shares	31,830,382	1				87,207
Options - 12,500 shares	31,843,260	4				348,967
Options - 2,500 shares	31,845,835	2				174,498
Options - 500 shares	31,846,350	4				349,001
Options - 1,800 shares	31,848,205	1				87,255
Options - 800 shares	31,849,029	1				87,258
Options - 3,400 shares	31,852,532	2				174,534
Options - 1,800 shares	31,854,386	3				261,817
Options - 4,300 shares	31,858,816	1				87,284
Options - 1,800 shares	31,860,670	5				436,448
ESOP shares - 9,406	31,870,361	2				174,632
Options - 1,000 shares	31,871,391	1				87,319
Options - 600 shares	31,872,009	1				87,321
Options - 1,000 shares	31,873,039	1				87,323
Options - 4,400 shares	31,877,572	6				524,015
Options - 1,000 shares	31,878,602	1				87,339
Options - 8,300 shares	31,887,153	3				262,086
Options - 5,300 shares	31,892,614	15				1,310,655
ESOP shares - 10,061	31,902,979	17	16	5,548,344		1,485,892
Options - 2,400 shares	31,905,451	14	14	4,855,177		1,223,771
ESOP shares - 11,876	31,917,686	13	13	4,510,108		1,136,794
Treasury shares - 20,000	31,897,082	6	6	2,080,244		524,336
Treasury shares - 27,200	31,869,059	5	5	1,732,014		436,562
Treasury shares - 35,600	31,832,383	1	1	346,004		87,212
Treasury shares - 40,000	31,791,174	5	5	1,727,781		435,496
ESOP shares - 10,752	31,802,251	10	10	3,456,766		871,295
Treasury shares - 50,000	31,750,740	7	7	2,415,817		608,918
Options - 2,500 shares	31,753,316	2	2	690,289		173,991
Treasury shares and options - 26,600 shares	31,725,912	3	3	1,034,541		260,761
Treasury shares and options - 46,500 shares	31,678,006	1	1	344,326		86,789
Treasury shares - 49,000	31,627,525	1	1	343,777		86,651
Treasury shares - 1,000	31,626,495	2	2	687,532		173,296
Treasury shares - 200	31,626,289	5	5	1,718,820		433,237
ESOP shares - 11,882	31,638,530	1	1	343,897		86,681
				----------		----------
Totals				31,835,440		31,678,217
				----------		----------
				----------		----------
1998						
Beginning balance	31,638,530	8			693,447	
Treasury shares - 5,000	31,633,379	6			520,001	
Options - 2,500 shares	31,635,954	1			86,674	
Treasury shares - 411,100	31,212,429	7			598,595	
Treasury shares - 400,000	30,800,339	7			590,691	
Treasury shares - 13.700	30,786,224	1			84,346	
ESOP shares - 12,783	30,799,394	25			2,109,548	
Treasury shares - 26,000	30,772,608	3			252,926	
ESOP shares - 41,378	30,815,237	13			1,097,529	
Options - 600 shares	30,815,855	5			422,135	
Options - 20,000 shares	30,836,459	9			760,351	
Options - 8,000 shares	30,844,701	4			338,024	
Options - 9,500 shares and ESOP shares - 10,011	30,864,802	2			169,122	
Options - 4,400 shares	30,869,335	1			84,574	
Options - 8,000 shares	30,877,577	3			253,788	
Options - 16,600 shares	30,894,678	15			1,269,644	
Options - 1,600 shares	30,896,327	3			253,942	
Options - 5,400 shares	30,901,890	4			338,651	
Options - 1,500 shares	30,903,435	2			169,334	
ESOP shares - 10,443	30,914,194	1			84,696	

Options - 500 shares	30,914,709	10			846,978
Options - 7,400 shares	30,922,333	4			338,875
Directors shares - 2,004	30,924,397	4			338,898
Options - 600 shares	30,925,015	1			84,726
Options - 3,000 shares	30,928,106	2			169,469
Options - 1,200 shares	30,929,342	5			423,690
Options - 600 shares	30,929,961	4			338,958
ESOP shares - 9,096	30,939,331	3			254,296
Options - 10,000 shares	30,949,634	2			169,587
Options - 10,000 shares	30,959,936	3			254,465
Options - 2,500 shares	30,962,512	1			84,829
Options - 500 shares	30,963,027	9			763,472
Options - 3,000 shares	30,966,117	1			84,839
Treasury shares - 6,900	30,959,009	3			254,458
Options - 550 shares	30,959,575	3			254,462
Treasury shares - 120,000	30,835,948	5			422,410
ESOP shares - 11,371	30,848,049	22			1,859,334
Treasury shares - 72,200	30,774,037	1			84,312
Treasury shares - 33,700	30,739,491	1			84,218
Treasury shares - 50,000	30,688,236	7			588,542
ESOP shares - 13,945	30,702,531	4			336,466
Treasury shares - 52,000	30,649,226	3			251,911
Treasury shares - 64,800	30,582,800	4			335,154
Treasury shares - 7,800	30,574,804	2			167,533
Treasury shares - 63,700	30,509,505	4			334,351
Treasury shares - 16,800	30,492,283	2			167,081
Treasury shares - 60,000	30,430,777	1			83,372
Treasury shares - 14,400	30,416,016	1			83,332
Treasury shares - 50,000	30,364,761	5			415,956
Treasury shares - 40,100	30,323,654	1			83,079
Treasury shares - 5,000	30,318,529	4			332,258
ESOP shares - 13,856	30,332,733	2			166,207
Treasury shares - 36,000	30,295,829	1			83,002
Treasury shares - 152,000	30,140,014	1			82,575
Treasury shares - 200,000	29,934,994	5			410,068
Treasury shares - 100,000	29,832,484	1			81,733
Treasury shares - 15,000	29,817,107	5			408,454
Treasury shares - 35,000	29,781,229	1			81,592
Treasury shares - 44,900	29,735,202	9			733,197
Treasury shares - 63,600	29,670,005	5			406,438
ESOP shares - 14,678	29,686,322	1			81,332
Treasury shares - 102,500	29,581,772	30	30	9,646,230	2,431,378
ESOP shares - 16,039	29,598,132	30	30	9,651,565	2,432,723
ESOP shares - 13,789	29,612,196	31	31	9,978,023	2,515,008
ESOP shares - 15,612	29,627,670	1	1	322,040	81,172
Totals				29,597,857	30,464,208

(1) Includes Class A and Class B Common Stock

(2) Incremental shares of unexercised options are calculated based on the average price of the Company's stock for the respective period. The calculation includes all options that are dilutive to earnings per share.

(3) Weighted average number of shares have been retroactively restated to reflect the stock dividends issued on July 3, 1998 (0.5%), October 5, 1998 (0.5%) and January 6, 1999 (2.0%). Each change in the total share balance is comprised of the transaction noted plus the retroactive effect of the stock dividends.

EXHIBIT 13

1998 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 PricewaterhouseCoopers LLP, 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.

/s/ Francis L. McKone
- --------------------------
Francis L. McKone
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

/s/ Frank R. Schmeler
- --------------------------
Frank R. Schmeler
PRESIDENT AND CHIEF OPERATING OFFICER

/s/ Michael C. Nahl
- --------------------------
Michael C. Nahl
SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and retained earnings, comprehensive income and cash flows present fairly, in all material respects, the financial position of Albany International Corp. and its subsidiaries at December 31, 1998 and 1997, and the results of their operations and cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. 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 of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Albany, New York
January 28, 1999

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
ALBANY INTERNATIONAL CORP.

FOR THE YEARS ENDED DECEMBER 31, (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	1998	1997	1996
STATEMENTS OF INCOME			
Net sales	$ 722,653	$ 710,079	$ 692,760
Cost of goods sold	417,375	404,982	399,311
Gross profit	305,278	305,097	293,449
Selling and general expenses	164,481	155,515	147,929
Technical and research expenses	49,998	49,963	48,735
Restructuring of operations and termination benefits	20,191	--	--
Operating income	70,608	99,619	96,785
Interest income	(598)	(646)	(1,180)
Interest expense	19,908	16,113	17,013
Other (income)/expense, net	(406)	4,521	12
Income before income taxes	51,704	79,631	80,940
Income taxes	20,163	31,055	31,570
Income before associated companies	31,541	48,576	49,370
Equity in earnings of associated companies	231	483	232
Income before extraordinary item	31,772	49,059	49,602
Extraordinary loss on early extinguishment of debt, net of tax of $828	--	--	1,296
Net income	31,772	49,059	48,306
RETAINED EARNINGS			
Retained earnings, beginning of period	246,013	209,875	173,728
Less dividends	22,199	12,921	12,159
Retained earnings, end of period	$ 255,586	$ 246,013	$ 209,875
NET INCOME/(LOSS) PER SHARE:			
Income before extraordinary item	$ 1.04	$ 1.55	$ 1.58
Extraordinary loss on early extinguishment of debt	--	--	(0.04)
Net income	$ 1.04	$ 1.55	$ 1.54
DILUTED NET INCOME/(LOSS) PER SHARE:			
Income before extraordinary item	$ 1.03	$ 1.53	$ 1.57
Extraordinary loss on early extinguishment of debt	--	--	(0.04)
Net income	$ 1.03	$ 1.53	$ 1.53

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
ALBANY INTERNATIONAL CORP.

FOR THE YEARS ENDED DECEMBER 31, (IN THOUSANDS)	1998	1997	1996
Net income	$ 31,772	$ 49,059	$ 48,306
Other comprehensive income/(loss), before tax:			
Foreign currency translation adjustments	615	(42,011)	(12,063)
Pension liability adjustments	(16,868)	12,483	(101)
Income taxes related to items of other comprehensive income/(loss)	--	--	303
Comprehensive income	$ 15,519	$ 19,531	$ 36,445

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

CONSOLIDATED BALANCE SHEETS
ALBANY INTERNATIONAL CORP.

AT DECEMBER 31, (IN THOUSANDS)	1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,868	$ 2,546
Accounts receivable, less allowance for doubtful accounts ($5,504, 1998; $5,224, 1997)	184,748	171,886
Inventories		
Finished goods	115,740	106,259
Work in process	43,523	38,904
Raw material and supplies	37,646	35,288
Deferred taxes and prepaid expenses	22,188	18,440
Total current assets	409,713	373,323
Property, plant and equipment, at cost, net	325,109	321,611
Investments in associated companies	4,054	2,444
Intangibles	60,800	36,080
Deferred taxes	27,193	22,826
Other assets	39,497	40,613
Total assets	$ 866,366	$ 796,897
LIABILITIES		
Current liabilities:		
Notes and loans payable	$ 112,828	$ 76,095
Accounts payable	25,838	25,786
Accrued liabilities	66,791	56,743
Current maturities of long-term debt	5,178	1,703
Income taxes payable and deferred	9,403	10,113
Total current liabilities	220,038	170,440
Long-term debt	181,137	173,654
Other noncurrent liabilities	113,282	74,075
Deferred taxes and other credits	37,059	35,620
Total liabilities	551,516	453,789
SHAREHOLDERS' EQUITY		
Preferred stock, par value $5.00 per share; authorized 2,000,000 shares; none issued	--	--
Class A Common Stock, par value $.001 per share; authorized 100,000,000 shares; 26,082,438 issued in 1998 and 25,375,413 in 1997	26	25
Class B Common Stock, par value $.001 per share; authorized 25,000,000 shares; issued and outstanding 5,785,282 in 1998 and 5,615,563 in 1997	6	6
Additional paid in capital	206,428	187,831
Retained earnings	255,586	246,013
Accumulated items of other comprehensive income:		
Translation adjustments	(83,736)	(84,351)
Pension liability adjustment	(16,868)	--
	361,442	349,524
Less treasury stock, at cost	46,592	6,416
Total shareholders' equity	314,850	343,108
Total liabilities and shareholders' equity	$ 866,366	$ 796,897

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
ALBANY INTERNATIONAL CORP.

FOR THE YEARS ENDED DECEMBER 31, (IN THOUSANDS)	1998	1997	1996
OPERATING ACTIVITIES			
Net income	$ 31,772	$ 49,059	$ 48,306
Adjustments to reconcile net cash provided by operating activities:			
Equity in earnings of associated companies	(231)	(483)	(232)
Depreciation and amortization	48,827	44,991	45,189
Accretion of convertible subordinated debentures	--	--	353
Provision for deferred income taxes, other credits and long-term liabilities	11,460	(3,828)	755
Increase in cash surrender value of life insurance, net of premiums paid	(1,017)	(851)	(751)
Unrealized currency transaction (gains)/losses	(1,911)	3,571	(1,459)
Loss on disposition of assets	368	382	683
Shares contributed to ESOP	4,064	4,336	5,227
Loss on early extinguishment of debt	--	--	1,296
Changes in operating assets and liabilities:			
Accounts receivable	(6,769)	4,009	(7,444)
Inventories	(12,685)	(557)	(8,674)
Prepaid expenses	774	(55)	(1,408)
Accounts payable	(1,527)	(7,026)	(2,449)
Accrued liabilities	14,975	(922)	1,543
Income taxes payable	(4,487)	(4,365)	2,844
Other, net	3,237	(1,699)	(884)
Net cash provided by operating activities	86,850	86,562	82,895
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(38,825)	(50,804)	(53,473)
Purchased software	(1,763)	(2,318)	(1,909)
Proceeds from sale of assets	484	496	27,112
Acquisitions, net of cash acquired	(24,032)	--	(25,587)
Investments in associated and other companies	(2,025)	(4,000)	--
Distributions from associated companies	195	--	--
Premiums paid for life insurance	(1,187)	(1,190)	(1,193)
Net cash used in investing activities	(67,153)	(57,816)	(55,050)
FINANCING ACTIVITIES			
Proceeds from borrowings	138,011	55,030	220,200
Principal payments on debt	(97,982)	(54,847)	(229,799)
Proceeds from options exercised	2,105	7,000	401
Tax benefit of options exercised	281	1,089	25
Purchases of treasury shares	(47,077)	(8,257)	(2,552)
Dividends paid	(6,387)	(12,724)	(12,144)
Net cash used in financing activities	(11,049)	(12,709)	(23,869)
Effect of exchange rate changes on cash flows	(5,326)	(21,525)	(3,551)
Increase/(decrease) in cash and cash equivalents	3,322	(5,488)	425
Cash and cash equivalents at beginning of year	2,546	8,034	7,609
Cash and cash equivalents at end of year	$ 5,868	$ 2,546	$ 8,034

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED 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 50% interests in two related entities in South Africa, an entity in England and an entity in Russia. The consolidated financial statements include the Company's original investment in these entities, plus its share of undistributed earnings or losses, in the account "Investments in associated companies."

REVENUE RECOGNITION

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

ESTIMATES

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

TRANSLATION OF FINANCIAL STATEMENTS

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

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

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

RESEARCH EXPENSE

Research expense, which is charged to operations as incurred, was $23,732,000 in 1998, $23,070,000 in 1997, and $21,945,000 in 1996.

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 and are valued at average cost.

PROPERTY, PLANT AND EQUIPMENT

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

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

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

INTANGIBLES AND OTHER ASSETS

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

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

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

DERIVATIVES

Gains or losses on forward exchange contracts that function as an economic hedge against currency fluctuation effects on future revenue streams are recorded in "Other (income)/expense, net".

Gains or losses on forward exchange contracts that are designated a hedge of a foreign operation's net assets and/or long-term intercompany loans are recorded in "Translation adjustments", a separate component of shareholders' equity. These contracts reduce the risk of currency exposure on foreign currency net assets and do not exceed the foreign currency amount being hedged. To the extent the above criteria are not met, or the related assets are sold, extinguished, or terminated, activity associated with such hedges is recorded in "Other (income)/expense, net".

All open positions on forward exchange contracts are valued at fair value using the estimated forward rate of a matching contract.

Gains or losses on futures contracts are recorded in "Other (income)/expense, net". Open positions are valued at fair value using quoted market rates.

Gains or losses on interest rate swap agreements, that are entered into to hedge part of the Company's interest rate exposure, are recorded in "Interest expense, net". Unrealized gains or losses related to changes in the fair value of the contracts are not recognized.

The Company values other swap agreements at market by estimating the cost of entering into one or more inverse swap transactions on such date that would neutralize the original transactions. The cost is estimated by obtaining the market swap rate for fixed-rate contracts of similar duration. Gains or losses on these swaps are recorded in "Other (income)/expense, net".

INCOME TAXES

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

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

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

PENSION PLANS

Substantially all employees are covered under either Company or government sponsored pension plans. For principal Company sponsored plans, pension plan expenses 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

Net income/(loss) per share is computed using the weighted average number of shares of Class A and Class B Common Stock outstanding during each year. Diluted net income/(loss) per share includes the effect of all potentially dilutive securities.

2. EARNINGS PER SHARE

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

(IN THOUSANDS)	1998	1997	1996
INCOME BEFORE EXTRAORDINARY ITEM:			
Income before extraordinary item and available to common stockholders	$31,772	$49,059	$49,602
WEIGHTED AVERAGE NUMBER OF SHARES:			
Weighted average number of shares used in net income/(loss) per share	30,464	31,678	31,282
Effect of dilutive securities:			
Stock options	334	426	281
Weighted average number of shares used in diluted net income/(loss) per share	30,798	32,104	31,563

Options to purchase 250,000 shares of common stock at $25.5625 per share were outstanding at December 31, 1998 but were not included in the computation of diluted net income/(loss) per share because the options' exercise price was greater than the average market price of the common shares.

3. PROPERTY, PLANT AND EQUIPMENT

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

(IN THOUSANDS)	1998	1997
Land	$ 23,542	$ 22,487
Buildings	162,948	154,803
Machinery and equipment	474,638	447,749
	661,128	625,039
Accumulated depreciation	336,019	303,428
	$325,109	$321,611

Construction in progress was approximately $1,012,000 in 1998 and $127,000 in 1997.

Depreciation expense was $44,362,000 in 1998, $41,750,000 in 1997, and $42,390,000 in 1996.

Expenditures for maintenance and repairs are charged to income as incurred and amounted to $16,560,000 in 1998, $18,167,000 in 1997, and $17,367,000 in 1996.

Capital expenditures were $38,825,000 in 1998, $50,804,000 in 1997, and $53,473,000 in 1996. At the end of 1998, the Company was committed to $24,607,000 of future expenditures for new equipment and facilities.

4. INTANGIBLES

The components of intangibles are summarized below:

(IN THOUSANDS)	1998	1997
Excess purchase price over fair value	$70,114	$48,019
Patents	10,410	10,403
Accumulated amortization	(24,536)	(22,342)
Deferred unrecognized pension cost (see Note 12)	4,812	--
	$60,800	$36,080

Amortization expense was $2,194,000 in 1998, $1,554,000 in 1997, and $1,109,000 in 1996.

5. ACCRUED LIABILITIES

Accrued liabilities consist of:

(IN THOUSANDS)	1998	1997
Salaries and wages	$20,619	$18,467
Employee benefits	19,413	16,082
Returns and allowances	3,649	4,330
Interest	2,271	773
Restructuring costs	6,734	326
Other	14,105	16,765
	$66,791	$56,743

6. FINANCIAL INSTRUMENTS

Notes and loans payable at December 31, 1998 and 1997 were short-term debt instruments with banks, denominated in local currencies with a weighted average interest rate of 7.45% in 1998 and 6.31% in 1997.

Long-term debt at December 31, 1998 and 1997, principally to banks and bondholders, exclusive of amounts due within one year, consists of:

(IN THOUSANDS)	1998	1997
$300 million revolving credit agreement which terminates in 2002 with LIBOR borrowings outstanding at an average interest of 5.78% in 1998 and 5.89% in 1997.	$149,000	$138,000
Various notes and mortgages relative to operations principally outside the United States, at an average interest of 6.64% in 1998 and 6.67% in 1997, due in varying amounts through 2008.	17,547	20,538
Industrial revenue financings at an average interest of 5.38% in 1998 and 5.65% in 1997, due in varying amounts through 2009.	14,590	15,116
	$181,137	$173,654

The weighted average interest rates for all debt was 6.38% in 1998 and 6.08% in 1997.

Principal payments due on long-term debt are: 1999, $5,178,000; 2000, $6,199,000; 2001, $5,370,000; 2002, $151,844,000; 2003, $1,873,000.

Interest paid was $17,812,000 in 1998, $16,107,000 in 1997, and $19,318,000 in 1996.

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

The revolving credit agreement contains various covenants which include limits on: the disposition of assets, minimum consolidated tangible net worth, interest coverage and cash flow to debt ratios, cash dividends, or certain restricted investments unless the required consolidated tangible net worth, as defined, is maintained. At December 31, 1998, $24,192,000 was permitted for the payment of cash dividends.

Under the revolving credit agreement and formal and informal agreements with other financial institutions, the Company could have borrowed an additional $100,000,000 at December 31, 1998.

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

Effective December 1998, the Company has swap agreements that hedge a portion of its interest rate exposure. On a notional amount of $100,000,000, the Company will pay a fixed rate while the counterparties are obligated to pay a floating rate based upon LIBOR. As of December 31, 1998, the average blended rate payable on the long-term swap agreements was 5.87% and the blended rate receivable was 5.22%. No gains or losses related to these agreements were recorded in 1998.

The Company has been a party to swap agreements wherein on a notional amount of $250,000,000 the Company paid a periodic floating rate based upon an index of yields of high-grade, tax-exempt bond issues published by Kenny Information Systems. The counterparty was obligated to make payments to the Company calculated at an average of 70% of LIBOR. In April 1997, the Company closed-out its position in these agreements. Included in the "Interest rate protection agreements" component of "Other (income)/expense, net" (see Note 9) is income of approximately $682,000 and $1,099,000 related to the net cash received as part of these agreements in 1997 and 1996, respectively. Also included in "Interest rate protection agreements" is the change in the valuation which resulted in income of approximately $46,000 and $236,000 in 1997 and 1996, respectively.

At December 31, 1998, the Company had various forward exchange contracts maturing during 1999. For each closed position, a sale contract of a particular currency was matched with a purchase contract for the same currency at the same amount, counterparty and settlement date. The foreign currency positions, both open and closed, as of December 31, 1998, by major currency, are:

Currency	Buy Contracts or Fair Value	Sell Contracts or Fair Value
(IN THOUSANDS)		
Japanese Yen	$40,169	$40,000
Swedish Krona	10,059	10,324
Total	$50,228	$50,324

Periodically, the Company also enters into futures contracts primarily to hedge in the short-term against interest rate fluctuations. At December 31, 1998, the Company recorded a liability of approximately $237,000 related to open positions on these contracts. The "Interest rate protection agreements" component of "Other (income)/expense, net" includes gains on futures contracts, based on fair value, of $1,018,000 and $32,000 in 1998 and 1997, respectively.

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

At December 31, 1998 the estimated fair value of the Company's long-term debt excluding current maturities approximates $183,011,000. The estimate is based on the present value of future cash flows of fixed rate debt based upon changes in the general level of interest rates, and on the assumption that carrying value approximates fair value for variable rate debt.

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

7. LEASES

Total rental expense amounted to $22,296,000, $22,990,000, and $20,800,000 for 1998, 1997, and 1996, 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, 1998 are: 1999, $22,367,000; 2000, $17,706,000; 2001, $14,173,000; 2002, $11,035,000; 2003, $7,137,000 and thereafter, $8,566,000.

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, 1998, 9,706,232 shares of Class A Common Stock were reserved for the conversion of Class B Common Stock and the exercise of stock options.

In 1989, 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 January 1998, the Board authorized the purchase of an additional 3,000,000 shares of Class A Common Stock, in the open market or otherwise, at such prices as management may from time to time consider to be advantageous to the Company's shareholders. The Company purchased 2,262,200 shares of Class A Common Stock during 1998, and may purchase up to 1,383,100 more shares without further public announcement.

For 1998, 1997, and 1996, the Board authorized the payment of cash dividends totalling $.105, $.42, and $.40 per common share per year respectively.

During 1998, the Company declared two 0.5% stock dividends and one 2.0% stock dividend which resulted in a subsequent distribution of 706,900 shares of Class A Common Stock and 169,719 shares of Class B Common Stock. As a result of the stock dividends, additional paid-in capital increased $16,392,000, treasury stock decreased $2,656,000 and retained earnings decreased $19,048,000. All references in the accompanying financial statements to the number of common shares and per-share amounts have been restated to reflect the stock dividends.

Changes in shareholders' equity for 1998, 1997, and 1996 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, 1996	24,841	$25	5,616	$6	$176,345	144	$2,199
Shares contributed to ESOP	--	--	--	--	635	(266)	(4,542)
Purchases of treasury shares	--	--	--	--	--	141	2,552
Options exercised	25	--	--	--	426	--	--
Shares issued to Directors	--	--	--	--	6	(2)	(44)
Balance: December 31, 1996	24,866	$25	5,616	$6	$177,412	17	$ 165
Shares contributed to ESOP	89	--	--	--	2,299	(93)	(1,977)
Purchases of treasury shares	--	--	--	--	--	361	8,257
Options exercised	420	--	--	--	8,089	--	--
Shares issued to Directors	--	--	--	--	31	(4)	(29)
Balance: December 31, 1997	25,375	$25	5,616	$6	$187,831	281	$6,416
Shares contributed to ESOP	--	--	--	--	(195)	(183)	(4,199)
Purchases of treasury shares	--	--	--	--	--	2,262	47,077
Options exercised	118	--	--	--	2,386	--	--
Stock dividends	589	1	169	--	16,392	(118)	(2,656)
Shares issued to Directors	--	--	--	--	14	(2)	(46)
Balance: December 31, 1998	26,082	$26	5,785	$6	$206,428	2,240	$46,592

9. OTHER (INCOME)/EXPENSE NET

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

(IN THOUSANDS)	1998	1997	1996
Currency transactions	$(3,785)	$(2,010)	$(2,323)
Interest rate protection agreements	(1,018)	(760)	(1,335)
Amortization of debt issuance costs and loan origination fees	721	937	998
Strategic planning costs	--	1,333	--
Other	3,676	5,021	2,672
	$ (406)	$4,521	$ 12

10. INCOME TAXES

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

The components of income taxes are:

(IN THOUSANDS)	1998	1997	1996
Current:			
U.S. Federal	$14,858	$12,799	$ 6,671
U.S. State	1,699	1,463	695
Non-U.S.	7,352	12,336	18,942
	23,909	26,598	26,308
Deferred:			
U.S. Federal	(11,960)	(3,511)	4,504
U.S. State	(1,367)	(401)	515
Non-U.S.	9,581	8,369	243
	(3,746)	4,457	5,262
	$20,163	$31,055	$31,570

U.S. income before income taxes was $8,317,000 in 1998, $29,973,000 in 1997, and $30,522,000 in 1996.

Taxes paid, net of refunds, were $23,627,000 in 1998, $22,210,000 in 1997, and $18,066,000 in 1996.

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

	1998	1997	1996
U.S. statutory rate	35.0%	35.0%	35.0%
State taxes	2.2	1.9	1.8
Non-U.S. tax rates, repatriation of earnings, and other net charges associated with prior years	1.5	5.6	2.6
Other	.3	(3.5)	(.4)
Effective tax rate	39.0%	39.0%	39.0%

The significant components of deferred income tax expense/(benefit) attributed to income from operations for the years ended December 31, 1998, 1997, and 1996 are as follows:

(IN THOUSANDS)	1998	1997	1996
Deferred tax expense/(benefit)	$(10,453)	$(1,448)	$ 1,630
Adjustments to deferred tax assets and liabilities for enacted changes in tax laws and rates	113	136	--
Utilization of operating loss carryforwards	6,594	5,769	3,632
	$(3,746)	$ 4,457	$ 5,262

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 $123,550,000 at December 31, 1998. 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, 1998 and 1997 are presented below:

	U.S.		Non-U.S.	
(IN THOUSANDS)	1998	1997	1998	1997
Accounts receivable, principally due to allowance for doubtful accounts	$ 121	$ 180	$ (363)	$ 15
Inventories, principally due to additional costs inventoried for tax purposes, pursuant to the Tax Reform Act of 1986	7,014	4,863	92	14
Tax loss carryforwards	--	--	1,187	4,570
Other	7,642	2,262	1,286	712
Total current deferred tax assets	14,777	7,305	2,202	5,311
Sale lease back transaction	575	2,128	--	--
Deferred compensation	9,094	7,724	--	--
Tax loss carryforwards	--	--	7,275	10,552
Plant, equipment and depreciation	(11,671)	(6,709)	(172)	(165)
Postretirement benefits	14,936	12,403	--	(660)
Other	6,151	(2,316)	1,005	(131)
Total noncurrent deferred tax assets	19,085	13,230	8,108	9,596
Total deferred tax assets	$33,862	$20,535	$10,310	$14,907
Total current deferred tax liabilities	--	--	$ 7,287	$ 3,819
Plant, equipment and depreciation	--	--	24,394	22,815
Other	--	--	(446)	(1,153)
Total noncurrent deferred tax liabilities	--	--	23,948	21,662
Total deferred tax liabilities	--	--	$31,235	$25,481

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. deferred tax asset relates to tax loss carryforwards of which approximately 14% is expected to be used in 1999 and the remainder of the noncurrent loss carryforward has no expiration. The Company has restructured its operations to reduce or eliminate losses and has reorganized in certain countries to ensure that losses will be offset against the profits of companies with long-term earnings histories. Accordingly, the Company expects to realize the benefit of its U.S. and non-U.S. deferred tax assets in the future.

11. OPERATING SEGMENT AND GEOGRAPHIC DATA

Effective December 31, 1998, the Company adopted Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information". In accordance with this Standard, the internal organization that is used by management for making operating decisions and assessing performance is used as the source of the Company's reportable segments. The accounting policies of the segments are the same as those described in the "Accounting Policies" footnote.

The primary segment of the Company is Engineered Fabrics which includes developing, manufacturing, marketing and servicing custom designed engineered fabrics used in the manufacture of paper, paperboard and products in other process industries. Another segment of the Company is an aggregation of the Company's operations that manufacture, market and service high performance industrial doors. "All other" is made up of operations that manufacture products related to the core business of the Company.

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

(IN THOUSANDS)	1998	1997	1996
NET SALES			
Engineered Fabrics	$ 583,857	$593,395	$600,099
High Performance Industrial Doors	101,768	83,283	58,693
All other	37,028	33,401	33,968
Consolidated total	$ 722,653	$710,079	$692,760
DEPRECIATION AND AMORTIZATION			
Engineered Fabrics	$ 41,202	$ 38,084	$ 39,391
High Performance Industrial Doors	1,561	1,329	660
All other	3,129	2,887	2,980
Corporate	2,935	2,691	2,158
Consolidated total	$ 48,827	$ 44,991	$ 45,189
OPERATING INCOME			
Engineered Fabrics	$ 131,047	$134,057	$129,444
Restructuring of operations and termination benefits	(20,191)	--	--
	110,856	134,057	129,444
High Performance Industrial Doors	11,138	9,845	5,892
All other	4,759	4,311	4,234
Research expense	(23,732)	(23,070)	(21,945)
Unallocated expenses	(32,413)	(25,524)	(20,840)
Operating income before reconciling items	70,608	99,619	96,785
Reconciling items:			
Interest income	598	646	1,180
Interest expense	(19,908)	(16,113)	(17,013)
Other income/ (expense), net	406	(4,521)	(12)
Consolidated income before income taxes	$ 51,704	$ 79,631	$ 80,940
OPERATING ASSETS			
Engineered Fabrics	$1,006,458	$945,296	$973,658
High Performance Industrial Doors	67,075	52,459	57,175
All other	81,461	68,777	73,143
Reconciling items:			
Accumulated depreciation	(336,019)	(303,428)	(302,234)
Deferred tax assets	44,171	35,442	38,886
Investments in associated companies	4,054	2,444	2,060
Other	(834)	(4,093)	(10,771)
Consolidated total assets	$ 866,366	$796,897	$831,917
CAPITAL EXPENDITURES			
Engineered Fabrics	$ 33,158	$ 45,738	$ 49,036
High Performance Industrial Doors	881	983	276
All other	4,027	3,447	2,552
Corporate	759	636	1,609
Consolidated total	$ 38,825	$ 50,804	$ 53,473

The following table shows data by geographic area. Net sales are based on the location of the assets producing the revenues.

(IN THOUSANDS)	1998	1997	1996
NET SALES			
United States	$ 289,434	$286,528	$276,973
Canada	62,329	67,794	68,971
Sweden	88,612	94,102	103,697
Other countries	282,278	261,655	243,119
Consolidated total	$ 722,653	$710,079	$692,760
PROPERTY, PLANT AND EQUIPMENT, AT COST, NET			
United States	$ 95,487	$ 97,455	$101,045
Canada	22,935	26,558	28,329
Sweden	58,476	60,278	70,038
Other countries	148,211	137,320	140,049
Consolidated total	$ 325,109	$321,611	$339,461

12. PENSION PLANS

The Company has a noncontributory, qualified defined benefit pension plan covering U.S. employees, a noncontributory, nonqualified pension plan covering certain U.S. executives and both contributory and noncontributory pension plans covering non-U.S. employees. Employees are covered primarily by plans which provide pension benefits that are based on the employee's service and average compensation during the three to five years before retirement or termination of employment. In October 1998, the U.S. noncontributory, qualified defined benefit pension plan was closed to new participants.

In 1998, Financial Accounting Standard No. 132, "Employer's Disclosures about Pensions and Other Postretirement Benefits" was issued. The Company adopted this statement effective December 31, 1998, and modified disclosures relating to its pension plans and postretirement benefits (See Note 13) accordingly. This adoption had no effect on the Company's results of operations or financial position.

The following table sets forth the components of amounts recognized in the Company's balance sheet.

(IN THOUSANDS)	1998	1997
Projected benefit obligation in excess of plan assets	$(54,983)	$(26,143)
Unrecognized net loss	44,556	29,522
Prior service cost not yet recognized in net periodic pension cost	5,293	6,013
Remaining unrecognized net asset	(1,080)	(2,674)
Contributions made in the 4th quarter	18	--
Accrued pension (liability) asset	$(6,196)	$ 6,718

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligation in excess of plan assets were $155,168,000, $128,355,000 and $102,258,000, respectively for 1998, and $19,357,000, $13,396,000 and none, respectively for 1997.

The weighted average expected long-term rate of return for these plans was 9.1% for 1998 and 1997. The weighted average discount rate was 6.9% for 1998 and 7.4% for 1997. In 1998 and 1997, the weighted average rate of increase in future compensation levels was 4.8% and 5.2%, respectively.

The following table sets forth the reconciliation of beginning and ending balances of benefit obligations and fair value of plan assets, and the funded status of the plans.

(IN THOUSANDS)	1998	1997
Change in benefit obligation:		
Benefit obligation at beginning of year	$170,123	$162,910
Service cost	6,841	5,267
Interest cost	14,375	11,856
Participant contributions	838	651
Plan amendments	48	--
Effect of curtailment	2,365	--
Benefits paid	(8,604)	(8,663)
Special termination benefits	7,148	--
Acturial loss	6,877	4,859
Exchange rate loss	(851)	(6,757)
Benefit obligation at end of year	$199,160	$170,123
Change in plan assets:		
Fair value of plan assets at beginning of year	$143,980	$122,219
Actual return on plan assets	3,558	22,723
Employer contributions	5,343	12,394
Participant contributions	1,038	691
Benefits paid	(8,604)	(8,810)
Administrative expenses	(741)	(631)
Exchange rate loss	(397)	(4,606)
Fair value of plan assets at end of year	$144,177	$143,980

Amounts recognized in the balance sheet are as follows:

(IN THOUSANDS)	1998	1997
Accrued pension (liability) asset	$(27,876)	$ 6,718
Intangible asset	4,812	--
Accumulated other comprehensive income	16,868	--
Net amount recognized at year-end	$(6,196)	$ 6,718

The Company was required to accrue an additional minimum liability for those plans for which accumulated plan benefits exceeded plan assets. The liability at December 31, 1998 of $21,680,000 was offset by an asset amounting to $4,812,000 (included in intangibles) and a direct charge to equity of $16,868,000. There was no additional liability required at December 31, 1997.

Net pension cost included the following components:

(IN THOUSANDS)	1998	1997
Service cost	$ 6,423	$ 5,751
Interest cost on projected benefit obligation	12,319	11,948
Actual return on assets	(12,431)	(10,807)
Net amortization and deferral	981	487
Net periodic pension cost	$ 7,292	$ 7,379

Annual pension cost, including the 1998 enhanced retirement program, charged to operating expense for all Company plans, including all statutory and defined contribution plans, was $25,455,000 for 1998, $11,221,000 for 1997, and $12,579,000 for 1996.

13. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

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

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

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

(IN THOUSANDS)	1998	1997
Change in benefit obligation:		
Benefit obligation at beginning of year	$46,386	$39,381
Service cost	1,112	856
Interest cost	3,446	3,300
Plan participants' contribution	485	476
Actuarial loss	3,419	5,425
Benefits paid	(3,628)	(3,052)
Benefit obligation at end of year	$51,220	$46,386
Change in plan assets:		
Fair value of plan assets at beginning of year	--	--
Employer contributions	3,143	2,576
Plan participants' contributions	485	476
Benefits paid	(3,628)	(3,052)
Fair value of plan assets at end of year	--	--
Funded status	51,220	46,386
Unrecognized net gain	4,449	8,088
Accrued postretirement cost	$55,669	$54,474

Net periodic postretirement benefit cost included the following:

(IN THOUSANDS)	1998	1997
Service cost of benefits earned	$ 1,112	$ 856
Interest cost on accumulated postretirement benefit obligation	3,446	3,300
Amortization of unrecognized net gain	(219)	(418)

Net periodic postretirement benefit cost	$ 4,339	$ 3,738

For measuring the expected postretirement benefit obligation, an annual rate of increase in the per capita claims cost of 6.0% is assumed for 1998. This rate is assumed to decrease to 5.5% in 1999 and remain at that level thereafter.

The weighted average discount rate was 7.2% for 1998 and 7.6% for 1997.

A one percentage point increase in the health care cost trend rate would result in a $6,439,000 increase in the accumulated postretirement benefit obligation as of December 31, 1998 and an increase of $664,000 in the aggregate service and interest cost components of the net periodic postretirement benefit cost for 1998.

14. TRANSLATION ADJUSTMENTS

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

(IN THOUSANDS)	1998	1997	1996
Change in cumulative translation adjustments	$ (615)	$42,011	$ 11,760
Other noncurrent liabilities	431	2,742	568
Deferred taxes	1,075	3,419	271
Long-term debt	674	1,014	(1,289)
Investments in associated companies	(452)	(100)	(537)
Net fixed assets	3,417	(22,959)	(6,146)
Other assets	796	(4,602)	(1,076)
Effect of exchange rate changes	$ 5,326	$21,525	$ 3,551

Shareholders' equity was affected by translation as follows: (increase)/decrease from translation of non-U.S. financial statements of $(2,736,000), $30,979,000, and $6,354,000; from remeasurement of loans of $2,121,000, $11,032,000, and $4,932,000 in 1998, 1997, and 1996 respectively; and by losses on designated hedges, net of tax, of $474,000 in 1996.

In 1998, 1997 and 1996, net translation losses included in operations in Brazil and Mexico were $2,217,000, $499,000, and $233,000 respectively, and were included in cost of goods sold.

15. STOCK OPTIONS AND INCENTIVE PLANS

During 1988, 1992 and 1998, the shareholders approved stock option plans for key employees. The 1988 and 1992 plans each provide for granting of up to 2,000,000 shares of Class A Common Stock while the 1998 plan currently provides for the granting of up to 5,500,000 shares of Class A Common Stock. In addition, in 1997 the Board of Directors granted one option outside these plans for 250,000 shares of Class A Common Stock. Options are exercisable in five cumulative annual amounts beginning twelve months after date of grant. The option issued by the Board in 1997 is not exercisable unless the Company's share price reaches $48 per share and is then limited to 10% of the total number of shares multiplied by the number of full years of employment elapsed since the grant date. Option exercise prices are not less than the market value of the shares on the date of grant. Unexercised options generally terminate twenty years after date of grant for all plans.

For the purpose of applying Financial Accounting Standard No. 123 ("FAS 123"), "Accounting for Stock-Based Compensation", the fair value of each option granted is estimated on the grant date using the Black-Scholes Single Option model. No adjustments were made for certain factors which are generally recognized to reduce the value of option contracts. These factors include limited transferability, a 20% per year vesting schedule, a share price threshold with vesting based on years of employment and the risk of forfeiture of the non-vested portion if employment is terminated. The cash dividend yield was 1.8% for 1997 and 1996. The expected volatility was 24.6% in 1998, 24.1% in 1997 and 24.6% in 1996. The expected life of the options varies based on employee group and ranges from 7 to 19 years. The risk-free interest rate ranges from 4.7% to 5.6% in 1998, 5.8% to 6.1% in 1997 and 6.6% to 7.0% in 1996. The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for the stock option plans. Accordingly, no compensation cost has been recognized in 1998, 1997 or 1996. Had compensation cost and fair value been determined pursuant to FAS 123, net income would decrease from $31,772,000 to $30,119,000 in 1998, from $49,059,000 to $47,727,000 in 1997 and from $48,306,000 to $47,511,000 in 1996. Earnings per share would decrease from $1.04 to $0.99 in 1998, from $1.55 to $1.51 in 1997 and from $1.54 to $1.52 in 1996. Diluted earnings per share would decrease from $1.03 to $0.98 in 1998, $1.53 to $1.49 in 1997 and from $1.53 to $1.51 in 1996. The weighted average fair value of options granted during 1998, 1997 and 1996, for the purposes of FAS 123, is $7.52, $10.37 and $10.34 per share, respectively.

Activity with respect to these plans is as follows:

	1998	1997	1996
Shares under option at January 1	3,309,000	3,057,400	2,799,650
Options granted	423,000	695,500	415,250
Options cancelled	63,300	23,900	133,100
Options exercised	117,950	420,000	24,400
Shares under option at December 31	3,550,750	3,309,000	3,057,400
Options exercisable at December 31	2,191,900	1,930,900	2,068,750
Shares available for options	370,200	229,900	651,500

The weighted average exercise price is as follows:

	1998	1997	1996
Shares under option at January 1	$18.95	$18.00	$17.38
Options granted	19.38	21.84	22.25
Options cancelled	20.90	20.49	18.78
Options exercised	17.85	16.72	16.49
Shares under option at December 31	19.00	18.95	18.00
Options exercisable at December 31	17.58	17.08	16.59

The following is a summary of the status of options outstanding at December 31, 1998:

	Outstanding Options			Exercisable Options	
Exercise Price Range	Number	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
$15.00	125,000	14.11	$15.00	125,000	$15.00
15.50	700,000	9.34	15.50	700,000	15.50
16.25	165,100	14.41	16.25	165,100	16.25
16.75	461,500	11.33	16.75	461,500	16.75
17.63-18.75	262,700	14.66	18.62	227,000	18.60
19.38	421,000	19.84	19.38	2,000	19.38
19.75	413,100	18.29	19.75	102,300	19.75
22.25	752,350	16.89	22.25	409,000	22.25
25.56	250,000	18.85	25.56	--	--

The Company's voluntary deferred compensation plans provide that a portion of certain employees' salaries are deferred in exchange for amounts payable upon their retirement, disability or death. The repayment terms are selected by the participants in accordance with the provisions of each plan. The Company is the beneficiary of life insurance policies on the lives of certain plan participants. The Company's expense for all plans, net of the increase in cash surrender value, was $1,957,000 in 1998, $1,795,000 in 1997, and $1,523,000 in 1996. The increase in cash value, net of premiums, was $1,017,000 in 1998, $851,000 in 1997, and $751,000 in 1996.

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 1% to 15% of their regular wages which under Section 401(k) are tax deferred. The Company matches between 50% and 100% of each dollar contributed by employees up to 10% of their wages in the form of Class A Common Stock which is contributed to an Employee Stock Ownership Plan. The investment of employee contributions to the plan is self directed. The cost of the plan amounted to $3,597,000 in 1998, $3,288,000 in 1997, and $3,129,000 in 1996.

The Company's profit-sharing plan covers substantially all employees in the United States. At the beginning of each year, the Board of Directors announces the formula that it expects to utilize in determining the amount of the profit-sharing contribution for that year. The profit-sharing contributions will only be made to current active participants in Prosperity Plus in the form of cash or the Company's Class A Common Stock. The expense recorded for this plan was $1,281,000 in 1998, $206,000 in 1997, and $1,388,000 in 1996.

16. ACQUISITIONS AND RESTRUCTURING

In January 1998, the Company acquired substantially all of the assets of Burwell Door Systems located in Sydney, Australia for approximately $3,500,000.

In March 1998, the Company purchased all of the outstanding capital stock of Techniweave, Inc., a specialty fabricator of high performance textiles and composites. The purchase price was approximately $8,900,000 with $3,300,000 paid at closing and $5,600,000 deferred for up to ten years.

In March 1998, the Company purchased all of the outstanding capital stock of Metco Form Oy, a Finnish supplier of forming fabrics and other engineered fabrics for pulp mills and other chemical process industries. The purchase price was approximately $10,800,000.

In April 1998, the Company purchased all of the outstanding capital stock of M&I Door Systems located in Barrie, Ontario, Canada for approximately $8,100,000.

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

All acquisitions were accounted for as purchases and, accordingly, the Company included in its financial statements the results of operations of the acquired entities as of the respective acquisition dates. Pro-forma financial information in accordance with Accounting Principles Board Opinion No. 16, "Business Combinations", is not included since the operating results of these acquisitions would not be material for this purpose.

In 1998, the Company recorded a charge for restructuring of operations and termination benefits of $20,191,000. The global restructuring plan is focused on the Company's United States and European operations and includes an enhanced retirement program and a rationalization of manufacturing operations. The total charge includes $15,792,000 for the enhanced retirement program and $4,399,000 for plant rationalization costs.

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

The components of accrued restructuring costs, excluding amounts added to pension liabilities (see Note 12), consist of:

(IN THOUSANDS)	1998	1997	1996
Lease obligations	$ 296	$ 628	$1,119
Termination costs	4,243	--	--
Plant rationalization costs	4,399	--	--
	$8,938	$ 628	$1,119

The change in accrued balances is the result of the 1998 global restructuring plan and actual payments for lease obligations.

FINANCIAL REVIEW

Review of Operations

- --1998 VS. 1997

Net sales increased $12.6 million or 1.8% as compared with 1997. Net sales were decreased by $20.8 million from the effect of a stronger U.S. dollar as compared to 1997. Acquisitions completed in 1998, as discussed below, added $20.2 million to net sales. Excluding these two factors, net sales increased 1.9% as compared to 1997.

Net sales in the United States increased 1.0% in 1998 as compared to 1997, while sales in Canada decreased 8.1% over the same period. Net sales in Canada were lower principally due to the effect of the stronger U.S. dollar.

European sales increased 1.9% in 1998 as compared to 1997. Excluding the effect of the stronger U.S. dollar, net sales in Europe increased 4.5%.

Gross profit was 42.2% of net sales in 1998 as compared to 43.0% in 1997. Excluding the effect of the 1998 acquisitions, gross profit margin would have been 42.6%.

Selling, technical, general and research expenses, excluding the 1998 acquisitions, increased 2.0% in 1998 as compared to 1997. Excluding the additional effect of the stronger U.S. dollar, these costs increased 4.4%. This increase was principally due to higher wages and benefit costs, the unfavorable change in the remeasurement of foreign currency transactions incurred principally in Europe and costs related to the installation of a new information system.

In 1998, the Company recorded a charge for restructuring of operations and termination benefits of $20.2 million. The global restructuring plan is focused on the Company's United States and European operations and includes an enhanced retirement program and a rationalization of manufacturing operations. The total charge includes $15.8 million for the enhanced retirement program and $4.4 million for plant rationalization costs.

The change in other (income)expense, net as compared to 1997, was due principally to $2.0 million higher income from currency transactions and interest rate protection agreements and a $1.3 million decrease in strategic planning costs. Income or losses from currency transactions and interest rate protection agreements generally result from economic hedges which can have either a positive or negative effect on other (income)/expense, net in any particular period. The specific hedges in place are changed from time to time depending on market conditions and cash flow forecasts of various non-U.S. operations and are intended to partially offset the effects of translation on operating income (see Notes 6 and 9 of Notes to Consolidated Financial Statements).

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

Interest expense increased $3.8 million or 23.6% as compared with 1997. This increase was due to higher total debt during 1998 as a result of acquisitions and the Company's purchase of 2,560,800 shares of its own stock since November 1997.

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

In January 1998, the Company acquired substantially all of the assets of Burwell Door Systems located in Sydney, Australia for approximately $3.5 million.

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

In March 1998, the Company purchased all of the outstanding capital stock of Metco Form Oy, a Finnish supplier of forming fabrics and other engineered fabrics for pulp mills and other chemical process industries. The purchase price was approximately $10.8 million.

In April 1998, the Company purchased all of the outstanding capital stock of M&I Door Systems located in Barrie, Ontario, Canada for approximately $8.1 million.

All of the above acquisitions were accounted for as purchases and, accordingly, the Company included in its financial statements the results of operations of the acquired entities as of the respective acquisition dates. These acquisitions did not have a significant impact on 1998 operating results.

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

For purposes of applying Financial Accounting Standard No. 52, "Foreign Currency Translation", to economies that cease to be highly inflationary, effective January 1, 1999, the functional currency for the Company's Mexican operations will change from the U.S. dollar to the Mexican Peso. Management does not expect a significant impact on reported results.

- --1997 VS. 1996

Net sales increased $17.3 million or 2.5% as compared with 1996. Net sales were decreased by $32.1 million from the effect of a stronger U.S. dollar as compared to 1996. As discussed below, the Company acquired Schieffer Door Systems ("Schieffer") in 1996. Schieffer added $24.6 million to 1997 net sales. Excluding the effect of the stronger U.S. dollar and Schieffer, 1997 net sales increased 3.6% over 1996.

Net sales in the United States increased 3.5% in 1997 as compared to 1996, while sales in Canada decreased 1.7% over the same period. The decrease in Canadian sales was due in part to lower sales to Asia. The effect of price increases to customers in 1997 was small.

European sales increased 4.4% in 1997 as compared to 1996. Excluding the acquisition of Schieffer and the effect of the stronger U.S. dollar, net sales in Europe increased 5.8%.

Gross profit continued to improve and was 43.0% of net sales in 1997 as compared to 42.4% in 1996. Excluding the effect of Schieffer, gross profit margin would have been 43.2%.

Selling, technical, general and research expenses, excluding Schieffer, increased 1.4% in 1997 as compared to 1996. Excluding the additional effect of the stronger U.S. dollar, these costs increased 5.6%. A large part of the increase is due to higher wages and benefit costs.

The change in other (income)/expense, net as compared to 1996, was partially due to $0.9 million lower income from currency transactions and interest rate protection agreements and to strategic planning costs of $1.3 million.

Interest expense decreased $0.9 million or 5.3% as compared with 1996. This decrease is primarily due to lower average debt balances.

For purposes of applying Financial Accounting Standard No. 52, "Foreign Currency Translation", to economies that cease to be highly inflationary, effective January 1, 1998, the functional currency for the Company's Brazilian operations changed from the U.S. dollar to the Brazilian Real.

INTERNATIONAL ACTIVITIES

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

The profitability in the Company's geographic regions in 1998 as compared to 1997 increased in Canada and decreased in the United States and Europe. Total operating income, after the restructuring charge, decreased 29.1% as compared to 1997. Excluding the effect of the stronger U.S. dollar, operating income would have decreased 25.8% as compared to 1997. Excluding the combined effect of the U.S. dollar and the restructuring charge, operating income decreased 5.5% as compared to 1997. Operating income, before the restructuring charge, as a percent of net sales for the United States was 17.6% in 1998, 19.2% in 1997 and 16.8% in 1996; for Canada was 13.5% in 1998, 13.0% in 1997 and 17.4% in 1996; for Europe was 9.0% for 1998, 10.7% in 1997 and 10.5% in 1996; and combined for the rest of the countries where the Company has operations the percentages were 7.3% in 1998, 8.2% in 1997 and 12.6% in 1996.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1998 the Company's order backlog was $474.0 million, an increase of $6.4 million from the prior year-end.

Accounts receivable increased $12.9 million from December 31, 1997. Excluding the effect of the stronger U.S. dollar, acquisitions and the new Korean plant, accounts receivable increased $3.9 million. Inventories increased $16.5 million from December 31, 1997. Excluding the factors noted above, inventories increased $7.2 million.

Cash flow provided from operating activities was $86.9 million in 1998 compared with $86.6 million in 1997 and $82.9 million in 1996. Capital expenditures were $38.8 million for 1998, $50.8 million for 1997 and $53.5 million for 1996. Capital expenditures, including leases, in 1999 are expected to be about $45 million. The Company will continue to finance these expenditures with cash from operations and existing credit facilities.

The Company currently has a $300 million revolving credit agreement with its principal banks in the United States. The banks' commitment will decline to $150 million in 2001 with the final maturity in 2002. The terms of the revolving credit agreement include a facility fee and allow the Company to select from various loan pricing options. The Company's current debt structure, which is mostly floating-rate, has resulted in favorable interest rates and currently provides approximately $100 million in committed and available unused debt capacity with financial institutions. Management believes that the unused line, in combination with informal commitments and expected free cash flows, should be sufficient to meet operating requirements and for business opportunities and most acquisitions which support corporate strategies in the foreseeable future.

Effective December 31, 1998, the Company has swap agreements that hedge a portion of its interest rate exposure. On a notional amount of $100 million, the Company will pay a fixed rate while the counterparties are obligated to pay a floating rate based upon LIBOR. It is anticipated that this will increase the Company's interest rate during 1999 and reduce the Company's exposure to higher interest rates.

A cash dividend of $.105 per share was declared in the first quarter of 1998. During the remainder of 1998, the Company declared two 0.5% stock dividends and one 2.0% stock dividend which resulted in a subsequent distribution of 706,900 shares of Class A Common Stock and 169,719 shares of Class B Common Stock. As a result of the stock dividends, additional paid-in capital increased $16.4 million, treasury stock decreased $2.6 million and retained earnings decreased $19.0 million. All references in the accompanying financial statements to the number of common shares and per-share amounts have been restated to reflect the stock dividends.

YEAR 2000

In 1997, the Company began a program to assess, test and remedy its computer and manufacturing systems to assure that these systems will properly recognize the year 2000 and therefore substantially eliminate the risk of date-related computer shutdowns.

The most significant area to assess under this program is the Company's business system, which includes the Company's information system, the hardware and software associated with its network of personal computers and its telecommunications infrastructure. Most of the Company's operations have completed the assessment phase of the program and have begun testing and remediation. Currently, the implementation of a new information system is in progress and has not been accelerated as a result of the year 2000 issue. Each of the Company's operations are at a different level of completion. In some cases, the existing system which is being replaced is not year 2000 compliant. If the implementation of the new system for these operations is not expected to be complete by the year 2000, a contingency plan which includes upgrading the existing software or the temporary use of manual processes will be put in place. Management does not expect any significant issues related to year 2000 compliance.

The Company's manufacturing process involves some use of computers and embedded chips in process equipment. Each operation has been assigned a coordinator to oversee the planning, testing and remediation of this equipment. While management does not expect any year 2000 related shutdowns, it believes that any problems that do occur would be isolated. In these cases, production can be moved to other operations within the Company until the problem is corrected. Management expects to remediate any undiscovered year 2000 equipment problems within a matter of days, with no material impact on overall production.

The Company depends on customers and suppliers for its daily operations. Disruptions due to year 2000 problems in their operations could have a significant impact on the Company. The Company is currently monitoring the status of its customers and suppliers to determine risks and contingency plans.

Total external expenditures related to the year 2000 program are estimated to be $1.0 million and are expected to be funded from cash from operations. Of the $1.0 million, $0.3 million is for consultants, $0.5 million for hardware and $0.2 million for software. As of December 31, 1998, $0.3 million has been spent on consultants and $0.1 million has been spent on hardware.

EURO

Effective January 1, 1999, certain member countries of the European Union established fixed conversion rates between their existing currencies and the European Union's common currency ("euro"). Since the Company does business in these member countries, issues involved with the introduction of the euro are being addressed. These issues include the conversion of data processing systems, assessing currency risk and the impact on the Company's marketing strategy in Europe.

MARKET RISK SENSITIVITY

The Company has market risk with respect to foreign currency exchange rates and interest rates. The market risk is the potential loss arising from adverse changes in these rates as discussed below.

The Company has manufacturing plants in 14 countries and sales worldwide and therefore is subject to foreign currency risk. This risk is composed of both potential losses from the translation of foreign currency financial statements and the remeasurement of foreign currency transactions. To manage this risk, the Company periodically enters into forward exchange contracts to either hedge the net assets of a foreign investment or to provide an economic hedge against future cash flows (see Note 6 for further information regarding these contracts). The total net assets of foreign operations and foreign currency, long-term intercompany loans subject to potential loss amount to $354.2 million. The potential loss in fair value resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates amounts to $35.4 million. Furthermore, related to foreign currency transactions, the same 10% change would cause an additional loss of $3.4 million. Actual results may differ.

As discussed above, the Company's current debt structure is mostly floating-rate. To partially hedge interest rate exposure, the Company has entered into interest rate swap agreements on a notional amount of $100 million, effectively fixing the interest rate on that portion of debt. The Company also periodically enters into futures contracts to hedge in the short-term against interest rate fluctuations (see Note 6 for further information regarding these contracts). At December 31, 1998, the fair value of the Company's long-term debt is estimated to be $183 million. The potential increase in the fair value of the debt resulting from a hypothetical 50 basis point decrease in interest rates amounts to $1.8 million.

FORWARD-LOOKING STATEMENTS

This annual report contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. These statements include statements about such matters as global restructuring, estimated impact of actions upon future earnings, year 2000 compliance, EVA, industry trends, operating efficiency and profitability. Actual future events and circumstances (including future performance, results and trends) could differ materially from those set forth in such statements due to various factors. One factor is the risk to completing the year 2000 plan, which includes the Company's ability to discover and correct year 2000 problems within its systems and the ability of its customers and suppliers to bring their systems into year 2000 compliance. Other factors include even more competitive marketing conditions resulting from customer consolidations, possible softening of customer demand, unanticipated events or circumstances related to recently acquired businesses, the occurrence of unanticipated events or difficulties relating to divestiture, joint venture, operating, capital, global integration and other projects, changes in currency exchange rates, changes in general economic and competitive conditions, technological developments, and other risks and uncertainties, including those detailed in the Company's filings with the Securities and Exchange Commission.

ELEVEN YEAR SUMMARY
ALBANY INTERNATIONAL CORP.

	1998	1997	1996	1995
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
SUMMARY OF OPERATIONS				
Net sales	$722,653	$710,079	$692,760	$652,645
Cost of goods sold	417,375	404,982	399,311	379,696
Operating income (1),(2),(6)	70,608	99,619	96,785	88,827
Interest expense, net	19,310	15,467	15,833	20,009
Income before income taxes	51,704	79,631	80,940	69,842
Income taxes	20,163	31,055	31,570	27,208
Income before associated companies	31,541	48,576	49,370	42,634
Net income/(loss) (3),(5)	31,772	49,059	48,306	43,011
Net income/(loss) per share	1.04	1.55	1.54	1.38
Diluted net income/(loss) per share	1.03	1.53	1.53	1.31
Average number of shares outstanding	30,464	31,678	31,282	31,115
Capital expenditures	38,825	50,804	53,473	41,921
Cash dividends declared	3,140	12,921	12,159	11,708
Per Class A common share	0.105	0.42	0.40	0.3875
Per Class B common share	0.105	0.42	0.40	0.3875
FINANCIAL POSITION				
Current assets	$409,713	$373,323	$384,627	$364,207
Current liabilities	220,038	170,440	176,746	126,945
Current ratio	1.9	2.2	2.2	2.9
Property, plant and equipment, net	325,109	321,611	339,461	342,150
Total assets	866,366	796,897	831,917	802,232
Long-term debt	181,137	173,654	187,100	245,265
Shareholders' equity	314,850	343,108	332,330	304,942
Per share	10.34	10.84	10.59	9.76
Total capital (4)	613,993	594,560	586,890	567,460
Total debt to total capital	48.7%	42.3%	43.4%	46.3%
Return on shareholders' equity	10.1%	14.3%	14.5%	14.1%
NUMBER OF EMPLOYEES	6,011	5,881	5,854	5,658

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(1) The Company adopted Financial Accounting Standard (FAS) No. 87 Employers' Accounting for Pensions, with respect to its non-U.S. retirement plans in 1989, which reduced pension cost by $1,077,000.

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

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

(4) 1991 and prior includes all debt, deferred taxes and other credits and shareholders' equity. Following the adoption of FAS No. 109 Accounting for Income Taxes in 1992, total capital includes all debt and shareholders' equity.

1994	1993	1992	1991	1990	1989	1988
$ 567,583	$ 546,120	$ 561,084	$ 557,218	$ 556,104	$ 505,474	$ 461,246
338,991	345,468	366,756	359,184	358,697	299,287	267,374
62,821	40,051	18,893	44,488	31,661	67,627	73,755
16,820	16,115	18,829	20,090	18,450	19,857	16,637
41,677	24,566	3,282	19,752	14,421	76,272	53,333
17,921	9,679	1,247	10,803	7,538	33,487	18,954
23,756	14,887	2,035	8,949	6,883	42,785	34,379
23,882	15,003	(3,114)	10,794	8,269	44,896	36,521
0.77	0.55	(0.12)	0.41	0.32	1.72	1.43
0.77	0.54	(0.12)	0.41	0.32	1.71	1.43
30,858	27,485	26,332	26,183	26,077	26,176	25,528
36,322	30,940	20,219	40,067	110,729	82,252	58,601
10,488	9,361	8,950	8,903	7,518	5,775	4,674
0.35	0.35	0.35	0.35	0.3500	0.3125	0.2625
0.35	0.35	0.35	0.35	0.1313	--	--
$ 319,947	$ 270,034	$ 256,422	$ 259,917	$ 277,622	$ 246,144	$ 209,635
115,863	101,069	112,955	106,220	106,904	100,810	86,489
2.8	2.7	2.3	2.4	2.6	2.4	2.4
320,719	302,829	308,618	362,456	365,558	260,907	214,807
727,157	661,314	652,745	680,706	708,212	569,968	480,143
232,767	208,620	239,732	250,423	262,042	145,493	157,833
274,632	247,223	193,975	247,231	245,004	240,285	179,545
8.88	8.03	7.34	9.42	9.38	9.05	6.94
525,119	467,320	456,773	551,240	574,977	452,567	392,707
47.7%	47.1%	57.5%	48.2%	49.3%	38.8%	48.1%
8.7%	6.1%	(1.6%)	4.4%	3.4%	18.7%	20.3%
5,404	5,286	5,678	5,726	6,144	6,090	5,659

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

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

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

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

QUARTERLY FINANCIAL DATA
(unaudited)

(IN MILLIONS EXCEPT PER SHARE AMOUNTS)	1ST	2ND	3RD	4TH
1998				
Net sales	$176.2	$179.6	$176.3	$190.6
Gross profit	74.8	78.0	73.3	79.2
Net income/(loss)	11.1	10.6	11.1	(1.0)
Net income/(loss) per share	.36	.34	.37	(.03)
Diluted net income/(loss) per share	.36	.34	.36	(.03)
Cash dividends per share	.105	--	--	--
Class A Common Stock prices:				
High	27.063	30.188	24.50	20.563
Low	20.313	23.00	17.875	16.063
1997				
Net sales	$171.8	$181.9	$171.8	$184.6
Gross profit	71.8	78.7	73.9	80.7
Net income	10.9	13.5	11.4	13.3
Net income per share	.35	.43	.35	.42
Diluted net income per share	.35	.42	.35	.41
Cash dividends per share	.105	.105	.105	.105
Class A Common Stock prices:				
High	24.5	24.0	27.4375	26.5625
Low	20.625	19.75	22.5	22.25
1996				
Net sales	$168.1	$172.1	$169.8	$182.8
Gross profit	70.1	72.7	72.0	78.6
Net income	8.1	12.3	12.5	15.4
Net income per share	.26	.39	.40	.49
Diluted net income per share	.25	.39	.40	.49
Cash dividends per share	.10	.10	.10	.10
Class A Common Stock prices:				
High	20.375	22.625	22.5	23.125
Low	17.25	19.50	18.0	21.625

STOCK AND SHAREHOLDERS

The Company's Class A Common Stock is traded principally on the New York Stock Exchange. At December 31, 1998 there were approximately 7,000 shareholders.

EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

SUBSIDIARIES OF REGISTRANT

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

Exhibit 23

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements of Albany International Corp. on Form S-8 (File Nos. 33-23163, 33-28028 and 33-33048) of our report dated January 28, 1999, on our audits of the consolidated financial statements and financial statements schedules of Albany International Corp. as of December 31, 1998 and 1997, and for the years ended December 31, 1998, 1997, and 1996, which report is incorporated by reference in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
Albany, New York
March 19, 1999

EXHIBIT 24

POWERS OF ATTORNEY

POWER OF ATTORNEY

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

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

IN WITNESS WHEREOF, the undersigned have duly executed this Power of Attorney this 23rd day of February, 1999.

/s/ Francis L. McKone Francis L. McKone Chairman of the Board and Director (Chief Executive Officer)	/s/ Frank R. Schmeler Frank R. Schmeler President and Director (Chief Operating Officer)
/s/ Michael C. Nahl Michael C. Nahl Senior Vice President (Chief Financial Officer)	/s/ Richard A. Carlstrom Richard A. Carlstrom Controller (Principal Accounting Officer)
/s/ Charles B. Buchanan Charles B. Buchanan Director	/s/ Thomas R. Beecher, Jr. Thomas R. Beecher, Jr. Director
/s/ Allan Stenshamn Allan Stenshamn Director	/s/ Barbara P. Wright Barbara P. Wright Director
/s/ Joseph G. Morone, Ph.D. Joseph G. Morone, Ph.D. Director	/s/ Christine L. Standish Christine L. Standish Director
/s/ Erland E. Kailbourne Erland E. Kailbourne Director	

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM ALBANY INTERNATIONAL CORP.'S CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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12-MOS
DEC-31-1998
JAN-01-1998
DEC-31-1998
5,868
0
190,252
5,504
196,909
409,713
661,128
336,019
866,366
220,038
181,137
0
0
32
314,818
866,366
722,653
722,653
417,375
650,733
(406)
1,312
19,310
51,704
20,163
31,772
0
0
0
31,772
1.04
1.03

Earnings per share reflect the impact of a 2.0% stock dividend that was distributed on January 6, 1999. Prior Financial Data Schedules have not been restated to reflect this dividend.