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, 1995

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to _____________

Commission file number: 0-16214

ALBANY INTERNATIONAL CORP.
(Exact name of registrant as specified in its charter)

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

Registrant's telephone number, including area code 518-445-2200

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 March 4, 1996 by non-affiliates of the registrant was $479,666,851.

The registrant had 24,756,223 shares of Class A Common Stock and 5,615,563 shares of Class B Common Stock outstanding as of March 4, 1996.

DOCUMENTS INCORPORATED BY REFERENCE	PART
Registrant's Annual Report to Shareholders for the year ended December 31, 1995.	II
Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on May 14, 1996.	III

PART I

ITEM 1. BUSINESS

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

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

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

In addition to paper machine clothing, the Registrant manufactures other engineered fabrics which include fabrics for the non-woven industry, corrugator belts, filtration media and Rapid Roll Doors-Registered Trademark-. Nomafa, our Rapid Roll Door company, grew from the application of our coated fabric technology to industrial doors. Since Nomafa's inception in the early 1980's, manufacturing operations in North America and Europe have supplied over 60,000 installations worldwide and with the acquisition of Kelley Door Systems in December 1995, our U.S. distribution network will be enhanced.

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

INDUSTRY FACTORS

There are approximately 1,250 paper machines in the United States located in approximately 600 paper mills. It is estimated that, excluding China, there are about 7,300 paper machines in the world and approximately 7,000, mostly very small, paper machines in China. Demand for paper machine clothing is tied to the volume of paper production, which in turn reflects economic growth. According to published data, world production volumes have grown in excess of 3% annually over the last ten years. The Registrant anticipates continued growth for the long-term in world paper production. The profitability of the paper machine clothing business has generally been less cyclical than the profitability of the papermaking industry.

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

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

INTERNATIONAL OPERATIONS

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

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

The Registrant's widespread presence subjects it to certain risks, including controls on foreign exchange and the repatriation of funds. However, the Registrant has been able to repatriate earnings in excess of working capital requirements from each of the countries in which it operates without substantial governmental restrictions and does not foresee any material changes in its ability to continue to do so in the future. In addition, the Registrant believes that the risks associated with its operations and locations outside the United States are those normally associated with doing business in these locations. In countries in which the Registrant operates that have experienced high inflation rates, the Registrant frequently reprices its products. This practice has enabled the Registrant to quickly pass on to its customers most of the increased costs due to local inflation.

MARKETING, CUSTOMERS AND BACKLOG

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

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

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

The Registrant's order backlogs at December 31, 1995 and 1994 were approximately $492 million and $446 million, respectively. Orders recorded at December 31, 1995 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 $19.7 million in 1995, $18.4 million in 1994 and $17.6 million in 1993. While most research activity supports existing products, the Registrant engages in research for new products. New product research has focused primarily on more sophisticated paper machine clothing and has resulted in a stream of products such as DUOTEX-Registered Trademark- and TRIOTEX-TM- forming fabrics, for which the technology has been licensed to several competitors, DURAFORM -Registered Trademark- SR, an enhanced single-layer forming fabric, SEAMTECH-TM-, the patented on-machine-seamed press fabric, DYNATEX-TM-, a unique multi-layer press fabric, long nip press belts which are essential to water removal in the press section and Thermonetics-TM-, a dryer fabric. Technical expenditures, primarily at the plant level, totaled $25.3 million in 1995, $22.5 million in 1994 and $21.4 million in 1993. 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 percent of consolidated net sales.

COMPETITION

While there are more than 50 paper machine clothing suppliers worldwide, only six major paper machine clothing companies compete on a global basis. Market shares vary depending on the country and the type of paper machine clothing produced. In the paper machine clothing market, the Registrant believes that it has a market share of approximately 28% in the United States and Canadian markets, taken together, 17% in the rest of the world and approximately 21% in the world overall. Together, the United States and Canada constitute approximately 38% of the total world market for paper machine clothing.

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

EMPLOYEES

The Registrant employs 5,658 persons, of whom approximately 75% are engaged in manufacturing the Registrant's products. Wages and benefits are competitive with those of other manufacturers in the geographic areas in which the Registrant's facilities are located. The Registrant considers its relations with its employees in general to be excellent.

EXECUTIVE OFFICERS OF REGISTRANT

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

NAME	AGE	POSITION
J. Spencer Standish	70	Chairman of the Board and Director
Francis L. McKone	61	President, CEO and Director
Michael C. Nahl	53	Senior Vice President and Chief Financial Officer
Michel J. Bacon	46	Senior Vice-President - Canada and Pacific
J. Weldon Cole	59	Senior Vice President - Administration and Development
Frank R. Schmeler	56	Senior Vice President - U.S. and Latin America
Edward Walther	52	Senior Vice President - Europe
Thomas H. Hagoort	63	General Counsel
Charles B. Buchanan	64	Vice President, Secretary and Director
Richard A. Carlstrom	52	Vice President - Controller
William H. Dutt	60	Vice President - Technical
Edward R. Hahn	51	Vice President - Research and Development
Hugh A. McGlinchey	56	Vice President - Information Systems
James W. Sherrer	60	Vice President - Industrial Products
Ervin D. Johnson	52	Treasurer
Charles J. Silva, Jr.	36	Assistant General Counsel and Assistant Secretary

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

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

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.

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.

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

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

EDWARD WALTHER joined the Registrant in 1994. He has served the Registrant as Senior Vice President since 1995 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.

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

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

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

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

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

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

JAMES W. SHERRER joined the Registrant in 1992. He has served the Registrant as Vice President-Industrial Products since 1996, as Vice President-Administration from 1993 to 1996 and as Vice President from 1992 to 1993. Prior to joining the Registrant, he held various technical and managerial positions with a company in the paper machine clothing business.

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

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

RAW MATERIALS AND INVENTORY

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

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

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

ITEM 2. PROPERTIES

The Registrant's principal manufacturing facilities are located in the United States, Canada, Europe, Brazil, Mexico, Australia and China. The aggregate square footage of the Registrant's facilities in the United States and Canada is approximately 2,414,000, of which 2,337,000 square feet are owned and 77,000 square feet are leased. The Registrant's facilities located outside the United States and Canada comprise approximately 2,586,000 square feet, of which 2,389,000 square feet are owned and 197,000 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 1996. The Registrant's expected 1996 capital expenditures, excluding the new facility in South Korea, 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 $169 million on new plants and equipment or upgrading existing facilities, including the completion of new forming and press fabric plants in Sweden.

ITEM 3. LEGAL PROCEEDINGS

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

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

There were no matters submitted during the fourth quarter of 1995 to a vote of security holders.

PART II

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

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

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

ITEM 6. SELECTED FINANCIAL DATA

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

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

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

Consolidated Statements of Income and Retained Earnings - years ended December 31, 1995, 1994 and 1993

Consolidated Balance Sheets - December 31, 1995 and 1994

Consolidated Statements of Cash Flows - years ended December 31, 1995, 1994 and 1993

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 1995 and Year-End Values", "Pension Plan Table", "Compensation and Stock Option Committee Report on Executive Compensation" and "Stock Performance Graph" is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL 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, 1995 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, 1995.

(3) EXHIBITS

3(a)	-	Certificate of Incorporation of Registrant. (4)
3(b)	-	Bylaws of Registrant. (1)
4(a)	-	Article IV of Certificate of Incorporation of Registrant (included in Exhibit 3(a)).
4(b)	-	Specimen Stock Certificate for Class A Common Stock. (1)

EAST GREENBUSH

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

D.I.A.L. LOAN

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

MORGAN CREDIT AGREEMENT

10(i)(i)	-	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. (15)

EQUIPMENT LEASES

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

PARENT GUARANTEES

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

STOCK OPTIONS

10(m)(i)	-	Form of Stock Option Agreement, dated as of August 1, 1983, between the Registrant and each of five employees, together with schedule showing the names of such employees and the material differences among the Stock Option Agreements with such employees. (1)
10(m)(ii)	-	Form of Amendment of Stock Option Agreement, dated as of July 1, 1987, between the Registrant and each of the five employees identified in the schedule referred to as Exhibit 10(m)(i). (1)
10(m)(iii)	-	1988 Stock Option Plan. (3)
10(m)(iv)	-	1992 Stock Option Plan (13)

EXECUTIVE COMPENSATION

10(n)	-	Pension Equalization Plan adopted April 16, 1986, naming two current executive officers and one former executive officer of Registrant as "Participants" thereunder. (1)
10(n)(i)	-	Supplemental Executive Retirement Plan. (14)
10(o)(i)	-	Form of Executive Deferred Compensation Plan adopted September 1, 1985, and Forms of Election Agreement. (1)
10(o)(ii)	-	Form of Directors' Deferred Compensation Plan adopted September 1, 1985, and Form of Election Agreement. (1)
10(o)(iii)	-	Executive Deferred Compensation Plan. (3)
10(o)(iv)	-	Directors' Deferred Compensation Plan. (3)
10(o)(v)	-	Deferred Compensation Plan of Albany International Corp. (15)
10(o)(vi)	-	Centennial Deferred Compensation Plan. (15)

OTHER AGREEMENTS

10(q)	-	Merchandise Orders Purchase and Sale Agreement, dated as of January 28, 1991, among the Registrant, CXC Incorporated and Citicorp North America, Inc., as Agent. (10)

10(q)(i)	-	Amendment No. 1 to Merchandise Orders Purchase and Sale Agreement, dated as of April 26, 1991, among the Registrant, CXC Incorporated and Citicorp North America, Inc., as Agent, amending the Merchandise Orders Purchase and Sale Agreement referred to as Exhibit 10(q). (11)
11	-	Schedule of Computation of Primary and Fully Diluted Net Income Per Share.
13	-	Annual Report to Security Holders for the year ended December 31, 1995.
21	-	Subsidiaries of Registrant.
23	-	Consent of Coopers & Lybrand L.L.P.
24	-	Powers of Attorney. (12)
27	-	Financial Data Schedule.

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

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

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

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

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

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

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

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

(8) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K dated June 29, 1990, which previously-filed Exhibit is incorporated by reference herein.

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

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

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

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

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

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

(15) 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.

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 26th day of March, 1996.

ALBANY INTERNATIONAL CORP.

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

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

Signature	Title	Date
* (J. Spencer Standish)	Chairman of the Board and Director	March 26, 1996
* (Francis L. McKone)	President and Director (Chief Executive Officer)	March 26, 1996
/s/Michael C. Nahl (Michael C. Nahl)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 26, 1996
* (Richard A. Carlstrom)	Vice President-Controller (Principal Accounting Officer)	March 26, 1996
* (Charles B. Buchanan)	Vice President, Secretary and Director	March 26, 1996
* (Thomas R. Beecher, Jr.,)	Director	March 26, 1996
* (Stanley I. Landgraf)	Director	March 26, 1996
* (Dr. Joseph G. Morone)	Director	March 26, 1996
* (Allan Stenshamn)	Director	March 26, 1996
* (Barbara P. Wright)	Director	March 26, 1996

*By /s/Michael C. Nahl
Michael C. Nahl
Attorney-in-fact

REPORT OF INDEPENDENT ACCOUNTANTS

ON FINANCIAL STATEMENTS SCHEDULE

To The Shareholders and Board of Directors
Albany International Corp.

Our report on the consolidated financial statements of Albany International Corp. has been incorporated by reference in this form 10-K from page 7 of the 1995 Annual Report to Shareholders of Albany International Corp. In connection with our audits of such financial statements, we have also audited the related financial statements schedule listed in the index on page 10 of this Form 10-K.

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

/s/ Coopers & Lybrand L.L.P.
Albany, New York
January 25, 1996

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:				
1995	$4,618	$963	$571	$5,010
1994	$4,579	$597	$558	$4,618
1993	$4,800	$1,667	$1,888	$4,579

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

EXHIBIT 11

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

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

(in thousands, except per share data)

PRIMARY EARNINGS PER SHARE:

For the three months ended December 31, 1995 (1)	For the three months ended December 31, 1994 (1)		For the year ended December 31, 1995 (1)	For the year ended December 31, 1994 (1)
30,313,147	30,033,929	Common stock outstanding at end of period	30,313,147	30,033,929
		Adjustments to ending shares to arrive at weighted average for the period:		
(23,553)	(24,052)	Shares contributed to E.S.O.P. (2)	(75,763)	(78,940)
(72)	-	Shares issued under option (2)	(133,024)	(1,643)
55,435	-	Treasury shares purchased (2)	97,561	-
(26)	-	Shares issued due to conversion of debt (2)	(63)	-
30,344,931	30,009,877	Weighted average number of shares	30,201,858	29,953,346
$12,118	$8,383	Net income	$43,050	$23,952
$0.40	$0.28	Net income per share (3)	$1.43	$0.80

(1) Includes Class A and Class B Common Stock

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

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

For the year:

January 31, 1994	10,831 * (30/365)	890
February 28, 1994	11,120 * (58/365)	1,767
March 31 1994	11,090 * (89/365)	2,704
April 12, 1994	56 * (101/365)	15
April 30, 1994	11,683 * (119/365)	3,809
May 31, 1994	11,882 * (150/365)	4,883
June 30, 1994	12,440 * (180/365)	6,135
July 31, 1994	12,977 * (211/365)	7,502
August 31, 1994	12,679 * (242/365)	8,406
September 30, 1994	13,090 * (272/365)	9,755
October 31, 1994	10,963 * (303/365)	9,101
November 14, 1994	39 * (317/365)	34
November 30, 1994	12,996 * (333/365)	11,857
December 31, 1994	12,114 * (364/365)	12,082
		78,940
January 31, 1995	12,346 * (30/365)	1,015
February 23, 1995	656 * (53/365)	95
February 28, 1995	13,324 * (58/365)	2,117
February 28, 1995	37,040 * (58/365)	5,886
March 31, 1995	12,697 * (89/365)	3,096
April 30, 1995	9,968 * (119/365)	3,250
May 31, 1995	10,301 * (150/365)	4,233

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

(in thousands, except per share data)

June 30, 1995	10,217 * (180/365)	5,039
July 18, 1995	32 * (198/365)	17
July 31, 1995	8,382 * (211/365)	4,845
August 31, 1995	10,146 * (242/365)	6,727
September 30, 1995	9,729 * (272/365)	7,250
October 31, 1995	10,943 * (303/365)	9,084
November 30, 1995	11,614 * (333/365)	10,596
December 31, 1995	12,547 * (364/365)	12,513

		75,763

For the three months:		
October 31, 1994	10,963 * (30/92)	3,575
November 14, 1994	39 * (44/92)	19
November 30, 1994	12,996 * (60/92)	8,476
December 31, 1994	12,114 * 91/92)	11,982

		24,052

October 31, 1995	10,943 * (30/92)	3,568
November 30, 1995	11,614 * (60/92)	7,574
December 31, 1995	12,547 * (91/92)	12,411

		23,553

SHARES ISSUED UNDER OPTION:		
For the year:		
March 22, 1994	7,500 * (80/365)	1,643

April 12, 1995	25,000 * (101/365)	6,918
April 27, 1995	5,000 * (116/365)	1,589
May 1, 1995	20,000 * (120/365)	6,575
June 2, 1995	7,500 * (152/365)	3,123
June 6, 1995	14,000 * (156/365)	5,983
June 14, 1995	600 * (164/365)	270
July 10, 1995	1,200 * (190/365)	625
July 12, 1995	15,000 * (192/365)	7,890
July 13, 1995	10,000 * (193/365)	5,288
July 19, 1995	15,000 * (199/365)	8,178
July 20, 1995	10,000 * (200/365)	5,479
July 26, 1995	7,500 * (206/365)	4,233
July 27, 1995	5,000 * (207/365)	2,836
July 28, 1995	28,800 * (208/365)	16,412
July 31, 1995	55,000 * (211/365)	31,794
August 4, 1995	3,000 * (215/365)	1,767
August 7, 1995	10,000 * (218/365)	5,973
August 10, 1995	3,700 * (221/365)	2,240
August 23, 1995	6,200 * (234/365)	3,975
September 1, 1995	1,200 * (243/365)	799
September 12, 1995	1,200 * (254/365)	835
September 15, 1995	10,000 * (257/365)	7,041
September 26, 1995	2,500 * (268/365)	1,836
October 2, 1995	1,200 * (274/365)	901
October 10, 1995	600 * (282/365)	464

		133,024

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

(in thousands, except per share data)

For the three months:		
October 2, 1995	1,200 * (1/92)	13
October 10, 1995	600 * (9/92)	59
		72
TREASURY SHARES PURCHASED:		
For the year:		
February 16, 1995	15,000 * (46/365)	1,890
March 14, 1995	35,000 * (72/365)	6,904
November 21, 1995	100,000 * (324/365)	88,767
		97,561
For the three months:		
November 21, 1995	100,000 * (51/92)	55,435
SHARES ISSUED DUE TO CONVERSION OF DEBT:		
For the year:		
November 1, 1995	76 * (304/365)	63
For the three months:		
November 1, 1995	76 * (31/92)	26

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

FULLY DILUTED EARNINGS PER SHARE:

For the three months ended December 31, 1995	For the three months ended December 31, 1994		For the year ended December 31, 1995	For the year ended December 31, 1994
30,344,931	30,009,877	Weighted average number of shares	30,201,858	29,953,346
308,801	284,046	Incremental shares of unexercised options (4)	340,227	284,046
5,712,374	5,712,450	Convertible shares of subordinated debentures (5)	5,712,374	5,712,450
36,366,106	36,006,373	Adjusted weighted average number of shares	36,254,459	35,949,842
$13,567	$9,505	Net income (including after-tax income adjustment) (5)	$48,846	$28,440
$0.37	$0.26	Fully diluted net income per share	$1.35	$0.79

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

(5) The original subordinated debentures are convertible into 5,712,450 shares of the Company's Class A Common Stock. Two debentures were converted into 76 shares as of December 31, 1995. Upon any conversion, the Company would realize an after-tax income adjustment based on the effective interest expense on the bonds less the corresponding income tax deduction. The remaining amount of the shares and the income adjustment will be included in the calculation only when they cause

dilution to net income per share.

REPORT OF MANAGEMENT

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

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

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

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

[SIG]
J. Spencer Standish
CHAIRMAN OF THE BOARD

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

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

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
ALBANY INTERNATIONAL CORP.

We have audited the accompanying consolidated balance sheets of Albany International Corp. as of December 31, 1995 and 1994, and the related consolidated statements of income and retained earnings, and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Albany International Corp. as of December 31, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles.

[COOPERS & LYBRAND SIG]

Albany, New York
January 25, 1996, except for Notes 6 and 17, for which the date is February 13, 1996

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
ALBANY INTERNATIONAL CORP.

FOR THE YEARS ENDED DECEMBER 31,	1995	1994	1993
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
STATEMENTS OF INCOME			
Net sales	$ 652,645	$ 567,583	$ 546,120
Cost of goods sold	379,632	338,868	344,609
Gross profit	273,013	228,715	201,511
Selling and general expenses	139,102	124,883	123,496
Technical and research expenses	45,020	40,888	38,968
Restructuring of operations and termination benefits	--	--	(1,863)
Operating income	88,891	62,944	40,910
Interest income	(114)	(317)	(365)
Interest expense	20,123	17,137	16,480
Other (income)/expense, net	(1,024)	4,324	(630)
Income before income taxes	69,906	41,800	25,425
Income taxes	27,233	17,974	10,017
Income before associated companies	42,673	23,826	15,408
Equity in earnings of associated companies	377	126	116
Net income	43,050	23,952	15,524
RETAINED EARNINGS			
Retained earnings, beginning of period	139,740	126,276	120,113
Less dividends	11,708	10,488	9,361
Retained earnings, end of period	$ 171,082	$ 139,740	$ 126,276
NET INCOME PER SHARE			
Primary	$ 1.43	$ 0.80	$ 0.58
Fully diluted	$ 1.35	$ 0.80	$ 0.58

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

CONSOLIDATED BALANCE SHEETS
ALBANY INTERNATIONAL CORP.

AT DECEMBER 31, (IN THOUSANDS)	1995	1994
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,609	$ 228
Accounts receivable, less allowance for doubtful accounts ($5,010, 1995; $4,618, 1994)	170,415	154,140
Inventories		
Finished goods	88,378	78,501
Work in process	42,480	37,665
Raw material and supplies	30,523	26,364
Deferred taxes and prepaid expenses	19,095	17,278
Total current assets	358,500	314,176
Property, plant and equipment, at cost, net	342,150	320,719
Investments in associated companies	2,366	992
Intangibles	31,682	20,495
Deferred taxes	28,537	40,251
Other assets	33,290	24,753
Total assets	$ 796,525	$ 721,386
LIABILITIES		
Current liabilities:		
Notes and loans payable	$ 16,268	$ 16,676
Accounts payable	35,262	30,236
Accrued liabilities	59,301	53,750
Current maturities of long-term debt	985	1,044
Income taxes payable and deferred	12,067	11,071
Total current liabilities	123,883	112,777
Long-term debt	245,265	232,767
Other noncurrent liabilities	100,268	81,176
Deferred taxes and other credits	24,812	22,719
Total liabilities	494,228	449,439
SHAREHOLDERS' EQUITY		
Preferred stock, par value $5.00 per share; authorized 2,000,000 shares; none issued	--	--
Class A Common Stock, par value $.001 per share; authorized 100,000,000 shares; 24,841,173 issued in 1995 and 24,564,033 in 1994	25	25
Class B Common Stock, par value $.001 per share; authorized 25,000,000 shares; issued and outstanding 5,615,563 in 1995 and 5,633,427 in 1994	6	6
Additional paid in capital	176,345	170,539
Retained earnings	171,082	139,740
Translation adjustments	(30,580)	(36,408)
Pension liability adjustment	(12,382)	--
	304,496	273,902
Less treasury stock, at cost	2,199	1,955
Total shareholders' equity	302,297	271,947
Total liabilities and shareholders' equity	$ 796,525	$ 721,386

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
ALBANY INTERNATIONAL CORP.

FOR THE YEARS ENDED DECEMBER 31,	1995	1994	1993
(IN THOUSANDS)			
OPERATING ACTIVITIES			
Net income	$ 43,050	$ 23,952	$ 15,524
Adjustments to reconcile net cash provided by operating activities:			
Equity in earnings of associated companies	(377)	(126)	(116)
Distributions received from associated companies	--	42	407
Depreciation and amortization	43,087	38,649	41,969
Accretion of convertible subordinated debentures	1,628	1,519	1,419
Provision for deferred income taxes, other credits and long-term liabilities	6,739	(2,395)	(8,455)
Increase in cash surrender value of life insurance, net of premiums paid	(654)	(468)	(452)
Unrealized currency transaction gains	(1,469)	(1,271)	(998)
(Gain)/loss on disposition of assets	(754)	1,280	(6,967)
Treasury shares contributed to ESOP	3,454	2,671	2,344
Changes in operating assets and liabilities:			
Accounts receivable	(13,926)	(30,021)	3,272
Inventories	(19,061)	(15,046)	(815)
Prepaid expenses	386	586	470
Accounts payable	4,658	6,527	212
Accrued liabilities	1,527	(5,054)	(6,715)
Income taxes payable	(88)	2,124	4,587
Other, net	(747)	140	(507)
Net cash provided by operating activities	67,453	23,109	45,179
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(41,921)	(36,322)	(30,940)
Purchased software	(2,215)	(2,053)	--
Proceeds from sale of assets	1,762	1,855	27,750
Acquisitions, net of cash acquired	(11,312)	526	(55,356)
Investment in associated company	(915)	--	--
Premiums paid for life insurance	(1,196)	(1,196)	(1,198)
Net cash used in investing activities	(55,797)	(37,190)	(59,744)
FINANCING ACTIVITIES			
Proceeds from borrowings	21,348	51,484	65,205
Principal payments on debt	(14,542)	(23,490)	(107,090)
Proceeds from options exercised	4,408	126	--
Tax benefit of options exercised	581	12	--
Purchases of treasury shares	(2,883)	--	--
Proceeds from sale of common stock	--	--	68,690
Dividends paid	(11,305)	(10,474)	(8,990)
Net cash (used)/provided by financing activities	(2,393)	17,658	17,815
Effect of exchange rate changes on cash	(1,882)	(4,730)	(5,874)
Increase/(decrease) in cash and cash equivalents	7,381	(1,153)	(2,624)
Cash and cash equivalents at beginning of year	228	1,381	4,005
Cash and cash equivalents at end of year	$ 7,609	$ 228	$ 1,381

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

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

REVENUE RECOGNITION

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

ESTIMATES

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

TRANSLATION OF FINANCIAL STATEMENTS

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

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

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

RESEARCH EXPENSE

Research expense, which is charged to operations as incurred, was $19,700,000 in 1995, $18,388,000 in 1994 and $17,605,000 in 1993.

CASH AND CASH EQUIVALENTS

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

INTANGIBLES AND OTHER ASSETS

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

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

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

INCOME TAXES

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

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

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

PENSION PLANS

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

EARNINGS PER SHARE

Primary earnings per share on common stock are computed using the weighted average number of shares of Class A and Class B Common Stock outstanding during each year. Options granted under the Company's stock option plans were not dilutive to primary earnings per share during 1995, 1994 and 1993. The 5.25% convertible subordinated debentures issued in March 1992 are not common stock equivalents and are therefore not considered in the calculation of primary earnings per share. The weighted average number of common shares outstanding during 1995, 1994 and 1993 was 30,201,858, 29,953,346 and 26,679,361, respectively. For purposes of calculating fully diluted earnings per share, conversion of the subordinated debentures, interest savings, net of income taxes, and the exercise of options assuming the purchase of treasury shares with the proceeds, are considered. The weighted average number of shares outstanding, assuming full dilution, in 1995 was 36,254,459 and net income was $48,800,000. The options and the convertible subordinated debentures were not dilutive during 1994 and 1993.

2. INVENTORIES

The cost of inventories valued under the LIFO method is $67,872,000 at December 31, 1995 and $67,251,000 at December 31, 1994. Had the Company's inventory been valued at average cost (which approximates replacement cost), inventories would have been $5,707,000 higher in 1995 and $5,771,000 higher in 1994.

3. PROPERTY, PLANT AND EQUIPMENT

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

(IN THOUSANDS)	1995	1994
Land	$ 23,107	$ 22,467
Buildings	160,476	147,439
Machinery and equipment	441,536	386,034
	625,119	555,940
Accumulated depreciation	282,969	235,221
	$342,150	$320,719

Construction in progress was approximately $363,000 in 1995 and $3,339,000 in 1994.

Depreciation expense was $41,375,000 in 1995, $37,554,000 in 1994, and $41,286,000 in 1993.

Expenditures for maintenance and repairs are charged to income as incurred and amounted to $15,129,000 in 1995, $14,400,000 in 1994, and $15,138,000 in 1993.

Capital expenditures were $41,921,000 in 1995, $36,322,000 in 1994, and $30,940,000 in 1993. At the end of 1995, the Company was committed to $25,592,000 of future expenditures for new equipment.

4. INTANGIBLES

The components of intangibles are summarized below:

(IN THOUSANDS)	1995	1994
Excess purchase price over fair value	$34,643	$29,049
Patents	10,440	10,329
Accumulated amortization	(19,679)	(18,883)
Deferred unrecognized pension cost (see Note 12)	6,278	--
	$31,682	$20,495

Amortization expense was $796,000 in 1995 and $683,000 in 1994 and 1993.

5. ACCRUED LIABILITIES

Accrued liabilities consist of:

(IN THOUSANDS)	1995	1994
Salaries and wages	$18,622	$14,853
Employee benefits	15,967	13,895
Returns and allowances	4,326	2,744
Interest	3,072	3,325
Restructuring costs	1,039	2,852
Acquisition obligation	5,000	--
Other	11,275	16,081
	$59,301	$53,750

6. FINANCIAL INSTRUMENTS

Notes and loans payable at December 31, 1995 and 1994 were short-term debt instruments with banks, denominated in local currencies with a weighted average interest rate of 13.2% (7.63% excluding Brazil) in 1995 and 6.7% in 1994.

Long-term debt at December 31, 1995 and 1994, principally to banks and bondholders, exclusive of amounts due within one year, consists of:

(IN THOUSANDS)	1995	1994
$150 million 5.25% convertible subordinated debentures due 2002, yielding 7.0%.	$136,963	$135,338
$150 million revolving credit agreement which terminates in 2000 with LIBOR borrowings outstanding at an average interest of 6.15% in 1995 and 4.85% in 1994.	64,000	50,000
Various notes, mortgages and debentures relative to operations principally outside the United States, at an average interest of 6.92% in 1995 and 6.11% in 1994, due in varying amounts through 2015.	29,774	30,287
Industrial revenue financings at an average interest of 5.89% in 1995 and 5.43% in 1994, due in varying amounts through 2015.	14,528	17,142
	$245,265	$232,767

Principal payments due on long-term debt are: 1996, $985,000; 1997, $6,134,000; 1998, $10,545,000; 1999, $1,079,000; 2000, $64,354,000.

Interest paid was $20,076,000 in 1995, $16,708,000 in 1994, and $16,634,000 in 1993.

The Company's revolving credit agreement provides that the Company may borrow up to $150,000,000 until March 31, 2000 at which time the banks' commitment to lend is terminated. In 1996, the revolving credit agreement was renegotiated to increase the banks' commitment to $300 million, of which $150 million will mature in 2001 and the remainder 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 maximum interest rate margin over LIBOR is determined by the Company's cash flow to debt ratio. New borrowings under the revolving credit facility are conditional on the absence of material adverse changes in the business, financial position, results of operations and prospects of the Company and its consolidated subsidiaries taken as a whole. In the event of nonperformance by any bank on its commitment to extend credit, the Company could not borrow the full amount of the facility. However, the Company does not anticipate nonperformance by any bank.

The revolving credit agreement contains various covenants which include limits on: the disposition of assets, minimum consolidated tangible net worth, interest coverage and cash flow to debt ratios, cash dividends, or certain restricted investments unless the required consolidated tangible net worth, as defined, is maintained. At December 31, 1995, $39,806,000 was available 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 $159,000,000 at December 31, 1995.

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 is amortized over the term of the debentures. When issued, the debentures were convertible into 5,712,450 shares of Class A Common Stock. At December 31, 1995, two debentures have been converted into 76 shares of Class A Common Stock. On February 13, 1996, the Company notified the holders of the debentures that the debentures would be redeemed on March 15, 1996 at a redemption price of 91.545%. A one-time extraordinary non-cash charge to income of approximately $1,200,000, net of tax, will be recorded in the first quarter of 1996.

The Company has swap agreements wherein on a notional amount of $250,000,000 the Company will pay a periodic floating rate based upon an index of yields of high-grade, tax-exempt bond issues published by Kenny Information Systems. The counterparty is obligated to make payments to the Company calculated at an average of 70% of LIBOR. As of December 31, 1995 and 1994, the average blended rates payable on the long-term swap agreements were 4.24% and 4.14%, respectively, and the blended rates receivable were 4.33% and 4.21%, respectively. The swap agreements expire during 2000. The practical effect of these swaps is to partially hedge the potential effect of higher tax rates after August 1990. The Company values these contracts at market (approximately $282,000) by estimating the cost of entering into one or more inverse swap transactions on such date that would neutralize the original transactions. The cost is estimated by obtaining the market swap rate for fixed-rate contracts of similar duration. Included in the "Interest rate protection agreements" component of "Other (income)/expense, net", see Note 9, is (income)/expense of approximately $(1,026,000), $(557,000) and $220,000 related to the net cash (received)/paid as part of these agreements in 1995, 1994 and 1993, respectively. Also included in "Interest rate protection agreements" is the change in the valuation which resulted in income of approximately $(304,000) and $(297,000) in 1995 and 1994, respectively.

At December 31, 1995, the Company had various forward exchange contracts maturing during 1996. For each closed position, a sale contract of a particular currency was matched with a purchase contract for the same currency at the same amount, counterparty and settlement date. Open positions were valued at fair value using the estimated forward exchange rate of a matching contract as of December 31, 1995. The foreign currency positions, both open and closed, as of December 31, 1995, by major currency, are:

Currency	Buy Contracts or Fair Value	Sell Contracts or Fair Value
(IN THOUSANDS)		
Dutch Guilder	$24,748	$25,206
German Mark	25,179	25,135
Swedish Krona	26,917	24,738
Total	$76,844	$75,079

The primary purpose of these contracts was to either provide an economic hedge against currency fluctuation effects on future revenue streams or to hedge the net assets and intercompany loans related to foreign operations. Forward exchange contracts that are designated hedges are typically entered into at currency amounts up to an amount equal to the net assets of the related foreign operation and any intercompany loan balance in that foreign currency. Periodically, the Company also enters into futures contracts primarily to hedge in the short-term against interest rate fluctuations. At December 31, 1995 and 1994, the Company was not a party to any such contracts. The "Interest rate protection agreements" component of "Other (income)/expense, net" includes losses on futures contracts, based on fair value, of $917,000 and $222,000 in 1994 and 1993, 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 are with the same financial institution. The Company seeks to control off balance sheet risk by evaluating the credit worthiness of counterparties and by monitoring the currency exchange and interest rate markets, hedging risks in compliance with internal guidelines and reviewing all principal economic hedging contracts with designated directors of the Company.

The Company has an agreement under which it may sell to a financial institution up to $40,000,000 of the Company's right to receive certain payments for goods ordered from the Company. At December 31, 1995 and 1994, there were no amounts sold under this agreement.

At December 31, 1995 the estimated fair value of the Company's long-term debt excluding current maturities approximates $243,774,000. The estimate is based on the quoted market price for the 5.25% convertible subordinated debentures, the present value of future cash flows of fixed rate debt based upon changes in the general level of interest rates, and on the assumption that carrying value approximates fair value for variable rate debt.

7. LEASES

Total rental expense amounted to $16,673,000, $15,527,000, and $21,488,000 for 1995, 1994, and 1993, 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, 1995 are: 1996, $17,400,000; 1997, $14,837,000; 1998, $10,215,000; 1999, $8,039,000; 2000 $4,587,000; and thereafter, $3,336,000.

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, 1995, 15,061,237 shares of Class A Common Stock were reserved for the conversion of Class B Common Stock, the exercise of stock options and the conversion of 5.25% convertible subordinated debentures.

The Board of Directors authorized the purchase of up to an aggregate of 2,000,000 shares of the Company's Class A Common Stock in the open market. The Company has purchased 853,200 shares of its Class A Common Stock since 1990 and may purchase up to 1,146,800 more shares without further advance public announcement.

The Board authorized the payment of dividends totalling $.3875 per common share during 1995 and $.35 per common share per year during 1994 and 1993.

Changes in shareholders' equity for 1995, 1994, and 1993 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, 1993	20,429	$20	5,659	$6	$101,395	445	$6,649
Shares contributed to ESOP	--	--	--	--	32	(138)	(2,312)
Public offering	4,102	4	--	--	68,685	--	--
Other	--	1	--	--	--	--	--
Balance: December 31, 1993	24,531	$25	5,659	$6	$170,112	307	$4,337
Shares contributed to ESOP	--	--	--	--	289	(143)	(2,382)
Conversion of Class B shares to Class A shares	26	--	(26)	--	--	--	--
Options exercised	7	--	--	--	138	--	--
Balance: December 31, 1994	24,564	$25	5,633	$6	$170,539	164	$1,955
Shares contributed to ESOP	--	--	--	--	815	(170)	(2,639)
Conversion of Class B shares to Class A shares	18	--	(18)	--	--	--	--
Conversion of subordinated debentures	--	--	--	--	2	--	--
Purchases of treasury shares	--	--	--	--	--	150	2,883
Options exercised	259	--	--	--	4,989	--	--
Other	--	--	1	--	--	--	--
Balance: December 31, 1995	24,841	$25	5,616	$6	$176,345	144	$2,199

9. OTHER (INCOME)/EXPENSE, NET

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

(IN THOUSANDS)	1995	1994	1993
Currency transactions	$(3,281)	$2,590	$(5,515)
Interest rate protection agreements	(1,330)	63	442
Pre-receivable sales	93	(214)	2,348
Amortization of debt issuance costs and loan origination fees	837	804	804
Other	2,657	1,081	1,291
	$(1,024)	$4,324	$ (630)

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)	1995	1994	1993
Current:			
U.S. Federal	$ 6,280	$14,920	$10,132
U.S. State	860	948	1,305
Non-U.S.	5,304	5,835	8,699
	12,444	21,703	20,136
Deferred:			
U.S. Federal	5,402	(5,772)	(4,694)
U.S. State	617	(660)	(536)
Non-U.S.	8,770	2,703	(4,889)
	14,789	(3,729)	(10,119)
	$27,233	$17,974	$10,017

U.S. income before income taxes was $32,472,000 in 1995, $18,097,000 in 1994, and $31,405,000 in 1993.

Taxes paid, net of refunds, were $9,269,000 in 1995, $19,639,000 in 1994, and $3,657,000 in 1993.

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

	1995	1994	1993
U.S. statutory rate	35.0%	35.0%	35.0%
State taxes	2.7	2.4	6.8
Non-U.S. tax rates, repatriation of earnings, and other net charges associated with prior years	(.3)	5.9	(1.4)
Other	1.4	(.3)	(1.0)
Effective tax rate	38.8%	43.0%	39.4%

The significant components of deferred income tax expense/(benefit) attributed to income from operations for the years ended December 31, 1995, 1994, and 1993 are as follows:

(IN THOUSANDS)	1995	1994	1993

Deferred tax expense/(benefit)	$ 9,113	$(6,603)	$(10,518)
Adjustments to deferred tax assets and liabilities for enacted changes in tax laws and rates	4,500	(1,584)	(1,983)
Utilization of operating loss carryforwards	1,176	4,458	2,382
	$14,789	$(3,729)	$(10,119)

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 $80,897,000 at December 31, 1995. 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, 1995 and 1994 are presented below:

	U.S.		Non-U.S.	
(IN THOUSANDS)	1995	1994	1995	1994
Accounts receivable, principally due to allowance for doubtful accounts	$ 369	$ 273	$ (134)	$ (521)
Inventories, principally due to additional costs inventoried for tax purposes, pursuant to the Tax Reform Act of 1986	6,591	4,919	(18)	2
Tax loss carryforwards	--	--	4,587	3,851
Other	2,307	3,063	1,032	975
Total current deferred tax assets	9,267	8,255	5,467	4,307
Sale lease back transaction	1,208	1,537	--	--
Deferred compensation	5,557	4,707	--	--
Tax loss carryforwards	--	--	16,486	21,645
Plant, equipment and depreciation	(8,309)	(3,814)	260	(150)
Postretirement benefits other than pensions	14,200	17,105	--	--
Other	(281)	(129)	(584)	(650)
Total noncurrent deferred tax assets	12,375	19,406	16,162	20,845
Total deferred tax assets	$21,642	$27,661	$21,629	$25,152
Total current deferred tax liabilities	--	--	$ 2,835	$ 1,685
Plant, equipment and depreciation	--	--	20,996	19,425
Other	--	--	1,328	(811)
Total noncurrent deferred tax liabilities	--	--	22,324	18,614
Total deferred tax liabilities	--	--	$25,159	$20,299

In the U.S., the Company has had a substantial tax liability for each of the past three years and expects to pay taxes in the future at this or greater levels. Substantially all of the non-U.S. net deferred tax asset relates to tax loss carryforwards of which approximately 15% is expected to be used in 1996 and the remainder of the noncurrent loss carryforward has no expiration. The Company has restructured its operations to reduce or eliminate losses and has reorganized in certain countries to ensure that losses will be offset against the profits of companies with long-term earnings histories. Accordingly, the Company expects to realize the benefit of its U.S. and non-U.S. deferred tax assets in the future.

11. BUSINESS SEGMENT AND GEOGRAPHIC DATA

The Company operates primarily in one industry segment which includes developing, manufacturing, marketing and servicing custom designed engineered fabrics and related products used in the manufacture of paper and paperboard. The Company sells its products on a worldwide basis with its principal markets listed in the table below.
The following table shows data by geographic area and in 1993 includes restructuring of operations and termination benefits and the gain related to the sale of the Engineered Systems Division:

(IN THOUSANDS)	1995	1994	1993
NET SALES			
United States	$258,974	$239,755	$240,853
Canada	65,203	57,459	58,015
Europe	240,663	191,883	177,688
Rest of World	87,805	78,486	69,564
Total	$652,645	$567,583	$546,120
OPERATING INCOME/ (LOSS)			
United States	$ 41,549	$ 31,400	$ 38,668
Canada	12,815	7,333	5,506
Europe	23,119	15,233	(7,881)
Rest of World	11,408	8,978	4,617
Total	$ 88,891	$ 62,944	$ 40,910
ASSETS			
United States	$297,597	$270,143	$251,318
Canada	67,638	59,280	55,714
Europe	307,728	283,499	251,722
Rest of World	123,562	108,464	96,666
Total	$796,525	$721,386	$655,420

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

12. PENSION PLANS

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

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

	Plans in Which Assets Exceed Accumulated Benefits		Plans in Which Accumulated Benefits Exceed Assets	
(IN THOUSANDS)	1995	1994	1995	1994
Actuarial present value of benefit obligations:				
Vested	$ (26,979)	$(88,180)	$(94,095)	$ (9,419)
Accumulated	(29,348)	(93,576)	(99,364)	(10,973)
Projected	(37,138)	(112,125)	(116,643)	(14,487)

Plan assets at fair value, primarily listed stocks and bonds	35,787	100,369	75,628	--
Projected benefit obligation in excess of plan assets	(1,351)	(11,756)	(41,015)	(14,487)
Unrecognized net loss	4,321	17,377	33,239	2,472
Prior service cost not yet recognized in net periodic pension cost	760	7,585	6,278	--
Remaining unrecognized net (asset) obligation	(199)	(7,626)	(5,164)	315
Recognized unaccrued pension expense	--	--	(19,320)	--
Accrued pension asset (liability)	$ 3,531	$ 5,580	$(25,982)	$ (11,700)

The expected long-term rate of return for U.S. plans was 10% for 1995, 1994, and 1993. The weighted average discount rate was 7.8% for 1995, 9.5% for 1994, and 7.8% for 1993. The rate of increase in future compensation levels for salaried and hourly employees was 5.1% and 5.9%, respectively in 1995, 5.9% and 6.0%, respectively in 1994, and 4.4% and 4.5%, respectively in 1993.

The weighted average expected long-term rate of return for non-U.S. plans was 8.0% for 1995, 7.4% for 1994, and 8.0% for 1993. The weighted average discount rate was 7.9% for 1995, 8.5% for 1994, and 7.3% for 1993. The weighted average rate of increase in future compensation levels was 5.3% for 1995, 5.7% for 1994, and 4.8% for 1993.

The Company was required to accrue an additional minimum liability in 1995 for those plans for which accumulated plan benefits exceeded plan assets. The liability at December 31, 1995 of $18,660,000 was offset by an asset amounting to $6,278,000 (included in intangibles) and a direct charge to equity of $12,382,000. No additional minimum liability was required to be accrued for 1994.
The vested benefit obligation has been determined based upon the actuarial present value of the vested benefits to which an employee is currently entitled, based on the employee's expected date of separation or retirement.

Net pension cost included the following components:

(IN THOUSANDS)	1995	1994	1993
Service cost	$ 4,093	$ 4,276	$ 4,311
Interest cost on projected benefit obligation	11,425	9,709	9,780
Actual return on assets	(9,553)	(7,197)	(9,341)
Net amortization and deferral	(544)	(1,837)	1,158
Net periodic pension cost	$ 5,421	$ 4,951	$ 5,908

Annual pension cost charged to operating expense for all Company plans was $8,342,000 for 1995, $8,529,000 for 1994, and $7,840,000 for 1993.

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)	1995	1994
Accumulated postretirement benefit obligation:		
Retirees	$24,905	$22,890
Fully eligible active plan participants	4,198	3,131
Other active participants	15,536	9,740
	44,639	35,761
Unrecognized gain	7,757	15,586
Accrued postretirement cost	$52,396	$51,347

Net periodic postretirement benefit cost included the following:

(IN THOUSANDS)	1995	1994	1993
Service cost of benefits earned	$ 699	$ 935	$ 804
Interest cost on accumulated postretirement benefit obligation	3,264	3,163	3,475

Amortization of unrecognized net gain	(613)	(141)	(96)
Net periodic postretirement benefit cost	$3,350	$3,957	$4,183

For measuring the expected postretirement benefit obligation, an annual rate of increase in the per capita claims cost of 7.5% is assumed for 1995. This rate is assumed to decrease gradually to 5.5% by 1999 and remain at that level thereafter.

The weighted average discount rate was 7.8% for 1995, 9.5% for 1994 and 7.8% for 1993.

A one percentage point increase in the health care cost trend rate would result in a $5,808,000 increase in the accumulated postretirement benefit obligation as of December 31, 1995 and an increase of $582,000 in the aggregate service and interest cost components of the net periodic postretirement benefit cost for 1995.

14. TRANSLATION ADJUSTMENTS

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

(IN THOUSANDS)	1995	1994	1993
Change in cumulative translation adjustments	$(5,828)	$(9,350)	$ 21,860
Other noncurrent liabilities	(1,095)	(2,117)	2,531
Deferred taxes	(1,421)	(51)	(101)
Long-term debt	(565)	(459)	1,038
Investments in associated companies	81	(278)	(198)
Net fixed assets	10,863	17,046	(19,408)
Other assets	(153)	(61)	152
Effect of exchange rate changes	$ 1,882	$ 4,730	$ 5,874

Shareholders' equity was affected by translation as follows: (increase)/decrease from translation of non-U.S. financial statements of $(462,000), $(1,853,000) and $9,577,000; from remeasurement of loans of $(7,379,000), $(11,023,000) and $9,518,000 in 1995, 1994, and 1993, respectively; and by losses on designated hedges, net of tax, of $2,013,000, $3,526,000 and $2,765,000 in 1995, 1994 and 1993, respectively.

In 1995 and 1994, net translation losses/(gains) included in operations in Brazil were $354,000 and $(532,000), respectively, and were included in cost of goods sold. Net translation losses related to operations in Brazil and Mexico in 1993 were $1,316,000 with amounts included in cost of goods sold.

15. STOCK OPTIONS AND INCENTIVE PLANS

During 1988 and during 1992, the shareholders approved stock option plans which each provide for granting of up to 2,000,000 shares of Class A Common Stock to key employees. Options are generally exercisable in five cumulative annual amounts beginning 12 months after date of grant. Option exercise prices are not less than the market value of the shares on the date of grant. Unexercised options generally terminate twenty years after date of grant for both the 1988 and 1992 plans. Prices per share for shares under option at December 31, 1995 range from $15.00 to $22.25. In 1995 and 1994, options were exercised at prices that range from $16.25 to $18.75. Activity with respect to these plans is as follows:

	1995	1994	1993
Shares under option at January 1	2,630,400	2,417,850	2,087,500
Options granted	436,250	244,500	380,250
Options cancelled	7,800	24,450	49,900
Options exercised	259,200	7,500	--
Shares under option at December 31	2,799,650	2,630,400	2,417,850
Options exercisable at December 31	1,896,050	1,837,700	1,601,400
Shares available	933,650	1,362,100	1,582,150

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 $1,240,000 in 1995, $1,211,000 in 1994 and $1,002,000 in 1993. The increase in cash value, net of premiums, was $654,000 in 1995, $468,000 in 1994 and $452,000 in 1993.

The Company maintains a voluntary savings plan covering substantially all employees in the United States. The Plan, known as "Prosperity Plus," is a 401(k) plan under the U.S. Internal Revenue Code. Employees may contribute from 3% to 15% of their regular wages which under Section 401(k) are tax deferred. The Company matches 50% of each dollar contributed by employees up to 10% of their wages in the form of Class A Common Stock which is contributed to an Employee Stock Ownership Plan. The investment of employee contributions to the plan is self directed. The cost of the plan amounted to $2,906,000 in 1995, $2,771,000 in 1994 and $2,400,000 in 1993.

In 1994, the Company adopted a profit-sharing plan covering substantially all employees in the United States. At the beginning of each year, the Board of Directors announces the formula that it expects to utilize in determining the amount of the profit-sharing contribution for that year. The profit-sharing contributions will only be made to current active participants in Prosperity Plus in the form of cash or the Company's Class A Common Stock. The expense recorded for this plan was $2,279,000 in 1995 and $1,161,000 in 1994.

In 1996, the Company intends to adopt the required disclosure provisions of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation".

16. ACQUISITIONS, DIVESTITURE AND RESTRUCTURING

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

In September 1995, the Company concluded the purchase of all of the outstanding capital stock and land and buildings used in the business of Technical Service Industries, a supplier of engineered fabrics to the nonwovens industry. The purchase price was approximately $10,000,000, with $900,000 paid at closing, $5,000,000 due January 1, 1996 and the balance deferred up to 10 years.

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

All 1995 acquisitions were accounted for as purchases and, accordingly, the Company has included in its financial statements the results of operations of the acquired entities as of the respective acquisition dates.

As part of the Company's previously announced program to restructure operations in order to focus on the core paper machine clothing industry, the Company completed on June 30, 1993 the sale of its Albany Engineered Systems Division (AES) for $27,400,000. The Company realized an $8,900,000 gain on the sale. At the same time, 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. The asset write offs and termination costs will continue until 1996 and lease obligation payments will continue until 1999.

The components of accrued restructuring costs consist of:

(IN THOUSANDS)	1995	1994	1993
Termination costs	$ 317	$1,490	$2,329
Asset write offs	275	1,087	1,358
Lease obligations	1,693	1,873	2,500
Other	--	--	12
	$2,285	$4,450	$6,199

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

17. SUBSEQUENT EVENT

In February 1996, the Company announced that it had received approval from the Korean government to establish a 100% owned paper machine clothing manufacturing operation in South Korea. The Company expects to construct a new facility on approximately nine acres of land in Chungju Industrial Park located about 75 miles southeast from Seoul at an initial cost of approximately $16,000,000, with shipments expected to begin in late 1997.

FINANCIAL REVIEW

REVIEW OF OPERATIONS

- --1995 VS. 1994

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

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

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

The Company continued to gain market share in all product lines due to good customer acceptance and excellent performance of new products on all three sections of the paper machine. In December 1995, a price increase of 5% for the United States was announced commencing in January 1996. In addition, 1996 price increases were announced in selective European markets and Canada. Management anticipates that the average effect of price increases for 1996 will be between 2% and 3%.

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

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

Operating income as a percent of net sales increased to 13.6% as compared to 11.1% in 1994. Management anticipates that operating income as a percent of net sales should continue to improve in 1996.

The increase in other (income)/expense, net as compared to 1994, was due to currency transactions which resulted in $5.9 million more income in 1995. Currency transaction income results from economic hedges which can have either a positive or negative effect on other (income)/expense, net in any particular quarter. The specific hedges in place are changed from time to time depending on market conditions and cash flow forecasts of various non-U.S. operations and are intended to offset the effects of translation on operating income (see Notes 6 and 9 of Notes to Consolidated Financial Statements).

The effective tax rate for 1995 is approximately 39% as compared to 43% for 1994. The 1994 rate included an accrual of net charges associated with prior years resulting from both U.S. and non-U.S. examinations. Management anticipates that the 1996 effective tax rate will be approximately 39%.

In May 1995, the Company acquired substantially all of the assets of Panyu South Fabrics Industrial Company, a manufacturer of paper machine clothing located in China, for approximately $7 million. Management anticipates that this purchase and additional investments in China will total approximately $15 million by the end of 1996.

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

In December 1995, the Company completed the acquisition of Kelley Door Systems for approximately $4 million. Kelley operations will be consolidated with the Company's Nomafa Door Division. Additional expenditures in early 1996 for equipment and inventories will approximate $1 million.

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

In February 1996, the Company announced that it had received approval from the Korean government to establish a 100% owned paper machine clothing manufacturing operation in South Korea. The Company expects to construct a new facility on approximately nine acres of land in Chungju Industrial Park located about 75 miles southeast from Seoul at an initial cost of approximately $16 million, with shipments expected to begin in late 1997.

- --1994 VS. 1993

Net sales increased $21.5 million or 3.9% as compared with 1993. Net sales were increased by $4.2 million from the effect of a weaker U.S. dollar

as compared to 1993 and were decreased by $20.5 million resulting from the divestiture of the Company's equipment division (AES) in mid-1993. Excluding these factors, 1994 net sales increased 7.2% over 1993.

Net sales in the United States were comparable to the prior year's sales. Selective price concessions for customers entering into Continuous Supply agreements for the Company's products tended to reduce selling prices and had a slight negative impact on sales. Management believes that Continuous Supply agreements are part of an effort by paper manufacturers to reduce the number of suppliers of paper machine clothing and that this will be beneficial to the Company in the long term. Canadian sales approximated prior year's sales and increased significantly during the last six months of 1994 reflecting improved economic and paper industry operating conditions.

European sales increased 8.0% in 1994 as compared to 1993 reversing a three year decline which began in 1991. Sales growth rates in the Nordic region and Continental Europe were strongest in the second half of 1994. Sales in the Rest of World segment increased 12.8% as compared to 1993.

The Company continued to gain market share in Forming Fabrics and Dryer Fabrics and retain its Press Fabrics market share. There were no significant price increases that took effect in 1994, except for new products and upgrades. Price increases announced in December 1994 for the United States, Canada and parts of Europe became effective during 1995.

Gross profit continued to improve and was 43.7% of net sales for the three months ended December 31, 1994 as compared to 39.2% for the same period in 1993 increasing the full year result to 40.3% for 1994 as compared to 36.9% for 1993. Variable costs as a percent of net sales decreased to 32.4% in 1994 from 34.0% in 1993 due mainly to plant closings and workforce reductions, principally in Europe, and the divestiture of AES in June 1993. In addition, the Company's Total Quality Assurance program resulted in improved product quality and efficiencies, both of which have contributed to lower costs.

Selling, technical, general and research expenses increased 2.0% in 1994 as compared to 1993. Excluding the effect of translation of non-U.S. currencies into U.S. dollars and the sale of AES, these expenses would have increased 6.2%. The Company did not reduce its sales and service efforts as there was increasing customer demand for service.

Operating income as a percent of net sales increased to 11.1% as compared to 7.5% in 1993. The capacity expansion and upgrades over the last several years, along with the restructuring program, should position the Company to capitalize on future opportunities for sales and earnings growth as world economies and markets continue to improve.

The decrease in other (income)/expense, net as compared to 1993, was due to currency transactions which resulted in $8.1 million less income in 1994 and no pre-receivable sales in 1994 which resulted in $2.6 million less expense in 1994.

The Company's 1994 effective tax rate was 43.0% as compared to 39.4% for the comparable period in 1993. The rate increase was due principally to the accrual of net charges associated with prior years resulting from both U.S. and non-U.S. examinations.

During February 1994 the Company exchanged its 40% equity interests in Brazil and Argentina for the remaining 60% interest in Mexico. The transaction was accounted for as a purchase, and accordingly, the Company included the results of operations in its financial statements as of January 1, 1994. Reported results of Mexico were not significant. The Company's only remaining equity interests are 50% ownership in two related entities in South Africa. (See Note 1 of Notes to Consolidated Financial Statements).

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. In countries in which the Company operates that have experienced high inflation rates, the Company frequently reprices its products. This practice has enabled the Company to quickly pass on to its customers most of the increased costs due to local inflation.

The profitability in the Company's geographic regions in 1995 as compared to 1994 increased in all regions (see Note 11 of Notes to Consolidated Financial Statements). Total operating income increased 41.2% as compared to 1994. Operating income/(loss) as a percent of net sales, after excluding restructuring of operations and termination benefits, for the United States was 16.0% in 1995, 13.1% in 1994 and 10.8 % in 1993; and for Canada was 19.7% in 1995, 12.8% in 1994 and 10.5% in 1993; for Europe was 9.6% in 1995, 7.9% in 1994 and (.1%) in 1993 and for Rest of World was 13.0% in 1995, 12.0% in 1994 and 10.1% in

1993. The increase in all geographic regions in 1995 were due to higher sales and continued cost controls.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1995 the Company's order backlog was $492.2 million, an increase of $46.2 million from the prior year-end.

Inventories increased $18.9 million during 1995 due to the weakening U.S. dollar and high orders which resulted in some building of inventory in anticipation of future sales. As a result of a weaker U.S. dollar and the increase in net sales, accounts receivable increased $16.3 million or 10.6% in 1995.

Cash flow provided from operating activities was $67.5 million in 1995 compared with $23.1 million in 1994 and $45.2 million in 1993. Capital expenditures were $41.9 million for 1995, $36.3 million for 1994 and $30.9 million for 1993. Capital expenditures in 1996 are expected to be about $45.0 million, excluding acquisitions and new ventures. The Company will continue to finance these expenditures with cash from operations and existing credit facilities.

Total debt increased $12.0 million during 1995 caused principally by the monies borrowed to finance the acquisitions, as discussed above.

In March 1995, the Company amended its existing $125 million revolving credit agreement, with its principal banks in the United States, to increase the banks' commitment to $150 million and to extend the maturity to the year 2000 with more favorable terms. Pricing will be based on a margin over floating rate cost of banks' funding and varies depending upon the Company's performance. In 1996, the revolving credit agreement was renegotiated to increase the banks' commitment to $300 million, of which $150 million will mature in 2001 and the remainder in 2002. Management believes that the unused line, in combination with expected free cash flows, will be sufficient to meet operating requirements and for normal business opportunities.

As described in Note 6 of Notes to Consolidated Financial Statements, on February 13, 1996 the Company notified the holders of the $150 million 5.25% convertible subordinated debentures that the debentures would be redeemed on March 15, 1996 at a redemption price of 91.545%. A one-time extraordinary non-cash charge to income of approximately $1.2 million, net of tax, will be recorded in the first quarter of 1996.

Cash dividends of $.0875 per share were paid in the first quarter and $.10 in the second, third and fourth quarters of 1995.

During the second quarter of 1993 the Company recorded certain costs related to restructuring of operations which totaled $7.0 million. (See Note 16 of Notes to Consolidated Financial Statements). Actual restructuring costs have approximated management's original estimates. The 1993 provision for asset write offs and termination payments will be utilized in 1996 and lease obligation payments will continue until 1999.

The Company intends to focus on its core paper machine clothing business and will consider acquiring other paper machine clothing companies where such acquisitions support corporate strategies to enhance value to customers and shareholders.

ELEVEN YEAR SUMMARY
ALBANY INTERNATIONAL CORP.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	1995	1994	1993	1992
SUMMARY OF OPERATIONS				
Net sales	$652,645	$567,583	$546,120	$561,084
Cost of goods sold	379,632	338,868	344,609	367,516
Operating income (1),(2),(7)	88,891	62,944	40,910	18,133
Interest expense, net	20,009	16,820	16,115	18,829
Income before income taxes	69,906	41,800	25,425	2,522
Income taxes	27,233	17,974	10,017	958
Income before associated companies	42,673	23,826	15,408	1,564
Net income/(loss) (3),(4),(6)	43,050	23,952	15,524	(3,585)
Per share:				
Primary	1.43	0.80	0.58	(0.14)
Fully diluted	1.35	0.80	0.58	(0.14)
Average number of shares outstanding	30,202	29,953	26,679	25,559
Capital expenditures	41,921	36,322	30,940	20,219
Dividends declared	11,708	10,488	9,361	8,950
Per Class A common share	0.3875	0.3500	0.3500	0.3500
Per Class B common share	0.3875	0.3500	0.3500	0.3500
FINANCIAL POSITION				
Current assets	$358,500	$314,176	$264,140	$249,669
Current liabilities	123,883	112,777	97,930	109,477
Current ratio	2.9	2.8	2.7	2.3
Property, plant and equipment, net	342,150	320,719	302,829	308,618
Total assets	796,525	721,386	655,420	645,992
Long-term debt	245,265	232,767	208,620	239,732
Shareholders' equity	302,297	271,947	244,468	190,700
Per share	9.97	9.05	8.18	7.44
Total capital (5)	564,815	522,434	464,565	453,498
Total debt to total capital	46.5%	47.9%	47.4%	57.9%
Return on shareholders' equity	14.2%	8.8%	6.4%	(1.9)%
NUMBER OF EMPLOYEES	5,658	5,404	5,286	5,678

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

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

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

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

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1991	1990	1989	1988	1987	1986	1985
$ 557,218	$ 556,104	$ 505,474	$ 461,246	$ 402,203	$ 336,393	$ 301,830
360,251	359,997	300,007	267,782	237,708	198,569	174,972
43,421	30,361	66,907	73,347	62,920	53,060	55,041
20,090	18,450	19,857	16,637	14,908	16,625	20,705
18,685	13,121	75,552	52,925	46,495	32,575	25,764
10,219	6,858	33,171	18,809	21,875	19,427	16,352
8,466	6,263	42,381	34,116	24,620	13,148	9,412
10,311	7,649	44,492	36,258	25,245	14,717	11,365
0.41	0.30	1.75	1.46	1.15	0.59	0.45
0.41	0.30	1.75	1.46	1.11	0.59	0.45
25,415	25,312	25,408	24,779	21,992	24,947	25,094
40,067	110,729	82,252	58,601	40,216	23,712	24,213
8,903	7,518	5,775	4,674	1,082	--	--
0.3500	0.3500	0.3125	0.2625	0.0625	--	--
0.3500	0.1313	--	--	--	--	--
$ 253,924	$ 272,696	$ 242,518	$ 206,729	$ 177,421	$ 150,264	$ 130,734
103,031	104,299	98,885	84,880	86,691	69,529	54,374
2.5	2.6	2.4	2.4	2.0	2.2	2.4
362,456	365,558	260,907	214,807	182,232	152,669	140,866
674,713	703,286	566,342	477,237	417,722	359,727	325,999
250,423	262,042	145,493	157,833	130,745	173,041	159,809
244,427	242,683	238,584	178,248	146,036	67,135	65,662
9.59	9.57	9.26	7.10	6.01	3.06	2.62
548,436	572,656	450,866	391,410	319,027	271,426	251,571
48.4%	49.5%	38.9%	48.3%	47.7%	70.4%	70.0%
4.2%	3.2%	21.3%	22.4%	23.7%	22.2%	19.6%
5,726	6,144	6,090	5,659	5,244	5,122	5,017

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

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

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

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

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

QUARTERLY FINANCIAL DATA
(UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	1ST	2ND	3RD	4TH
1995				
Net sales	$154.1	$166.8	$162.0	$ 169.7
Gross profit	62.9	70.9	67.8	71.4
Net income	7.7	11.7	11.6	12.1
Net income per share:				
Primary	.26	.38	.39	.40
Fully diluted	.26	.36	.36	.37
Dividends per share	.0875	.10	.10	.10
Class A Common Stock prices:				
High	19.625	23.875	26.50	23.625
Low	17.125	18.75	22.875	17.875
1994				
Net sales	$131.4	$139.6	$145.2	$ 151.4
Gross profit	50.2	54.5	57.8	66.2
Net income	3.7	5.9	6.0	8.4
Net income per share:				
Primary	.12	.20	.20	.28
Fully diluted	.12	.20	.20	.26
Dividends per share	.0875	.0875	.0875	.0875
Class A Common Stock prices:				
High	21.25	20.375	19.50	20.00
Low	18.00	17.75	16.125	16.25
1993				
Net sales	$137.1	$149.6	$125.6	$ 133.8
Gross profit	47.5	54.8	46.8	52.4
Net income	.1	4.6	4.4	6.4
Net income per share:				
Primary	.01	.17	.18	.22
Fully diluted	.01	.17	.18	.22
Dividends per share	.0875	.0875	.0875	.0875
Class A Common Stock prices:				
High	16.625	17.875	19.00	19.25
Low	14.25	15.50	16.50	17.50

STOCK AND SHAREHOLDERS

The Company's Class A Common Stock is traded principally on the New York Stock Exchange. At December 31, 1995 there were approximately 5,200 shareholders.

EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

SUBSIDIARIES OF REGISTRANT

	Percent Direct Ownership	Percent Indirect Ownership	Jurisdiction
Albany International Pty.,Ltd.	100		Australia
Albany International Feltros e Telas Industriais Ltda.	100		Brazil
Albany International Canada Inc.	100		Canada
Albany International (China) Co., Ltd.	100		China
Albany Fennofelt Oy AB		100	Finland
Albany International Holding S.A.	100		France
Albany International S.A.		100	France
Martel Catala S.A.		100	France
Toiles Franck S.A.		100	France
Nomafa S.A.R.L.		100	France
Nomafa Betriebsschutzeinrichtungen GmbH		100	Germany
Nordiskafilt GmbH		100	Germany
Albany International GmbH Ahlen		100	Germany
Albany International GmbH Goppingen		100	Germany
Albany International Nederland B.V.	100		Netherlands
Nomafa B.V.		100	Netherlands
Albany International B.V.		100	Netherlands
Nordiskafilt Kabushiki Kaisha		100	Japan
Albany International S.A. de C.V.	100		Mexico
Martel Wire, S.A. de C.V.	100		Mexico
Telas Industriales de Mexico, S.A. de C.V.	100		Mexico
Albany Nordiskafilt AS		100	Norway
Albany International Korea, Inc.	100		South Korea
Albany International Korea, Inc.		100	South Korea
Albany Nordiskafilt AB	100		Sweden
Nordiska Maskinfilt Aktiebolag		100	Sweden
Nordiskafilt Aktiebolag		100	Sweden
Dewa Consulting AB		100	Sweden
Nomafa Aktiebolag	100		Sweden
Albany Wallbergs AB	100		Sweden
Nordiska Industrie Produkte AG	100		Switzerland
Albany International AG	100		Switzerland
Albany International Ltd.	100		United Kingdom
Albany International Research Co.	100		United States

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements of Albany International Corp. on Form S-8 (File Nos. 33-23163, 33-28028 and 33-33048) of our report dated January 25, 1996, except for Notes 6 and 17, for which the date is February 13, 1996, on our audits of the consolidated financial statements and financial statements schedules of Albany International Corp. as of December 31, 1995 and 1994, and for the years ended December 31, 1995, 1994, and 1993, which report is incorporated by reference in this Annual Report on Form 10-K.

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

Albany, New York

March 26, 1996

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM ALBANY INTERNATIONAL CORP.'S CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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DEC-31-1995
JAN-01-1995
DEC-31-1995
7,609
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(1,024)
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