

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) April 6, 2006

ALBANY INTERNATIONAL CORP.

(Exact name of registrant as specified in its charter)

Delaware

0-16214

14-0462060

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. 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

None

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act
(17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act
(17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the
Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the
Exchange Act (17 CFR 240.13a-4(c))

Item 1.01 Entry into a Material Definitive Agreement

On April 11, 2006, the Registrant entered into Indemnification Agreements with each of its Directors. The Indemnification Agreements set forth the scope of indemnification, the procedures for seeking indemnification and the methods for determining entitlement to indemnification. A copy of the Form of Indemnification Agreement, as previously approved by the Registrant's Board of Directors, is being filed with this report as Exhibit 10(t).

Item 5.03 Amendments to Articles of Incorporation or ByLaws; Change in Fiscal Year

On April 6, 2006, the Board of Directors of the Registrant amended the Registrant's By Laws as they relate to indemnification agreements. The amendment revises Article IV, Section 6 so as to clarify the Registrant's authority to enter into indemnification agreements with any person whom the corporation has the power to indemnify under applicable law. As amended, the By Laws authorize indemnification agreements as may contain such provisions as the Board of Directors may approve and as are not prohibited by law. A copy of the amended By Laws is being filed as Exhibit 3(b).

Item 9.01 Financial Statements and Exhibits

(d) Exhibits. The following exhibits are being furnished herewith:

3(b) By Laws of Registrant
10(t) Form of Indemnification Agreement

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ALBANY INTERNATIONAL CORP.

By: /s/ Michael C. Nahl

Name: Michael C. Nahl
Title: Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: April 12, 2006

EXHIBIT INDEX

Exhibit No.	Description
- - - - -	- - - - -
3(b)	By Laws of Registrant
10(t)	Form of Indemnification Agreement

As amended by the Board of Directors as of April 6, 2006

ALBANY INTERNATIONAL CORP.

BY LAWS

ARTICLE I

MEETINGS OF STOCKHOLDERS

SECTION 1. An annual meeting of the stockholders for the election of directors and such other business as may properly come before such meeting shall be held on such date prior to September 1 of each year, and at such place and time, as shall be designated by the Board of Directors or by such person or persons as the Board of Directors shall authorize.

SECTION 2. Special meetings of stockholders may be called at any time by a majority of the whole number of members of the Board of Directors. It shall also be the duty of the Chairman of the Board, or, if that office is vacant, the President, to call a special meeting whenever requested in writing to do so by stockholders holding shares of common stock of the Company entitling such stockholders to cast a majority of the votes for the election of directors. Any such request shall state the purpose or purposes for which the meeting is to be called. No business shall be transacted at a special meeting of stockholders other than business stated in the notice of such meeting as the purpose or purposes for which the meeting is called.

SECTION 3. Written notice of each meeting of stockholders shall be given to each stockholder entitled to vote thereat, stating the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes of the meeting. Such notice may be given by mail or by such other means as is permitted by law.

SECTION 4. At all meetings of stockholders, shares of common stock of the corporation entitling the holders thereof to cast a majority of the votes for the election of directors, present in person or by proxy, shall constitute a quorum.

SECTION 5. At all meetings of stockholders, only such persons shall be entitled to vote, in person or by proxy, as appear as stockholders on the books of the corporation on the record date for such meeting. The Board of Directors may fix a record date for a meeting as permitted by law.

SECTION 6. The Chairman of the Board of Directors shall preside at all meetings of stockholders. If the Chairman of the Board of Directors is absent or that office is vacant, the President shall preside. If the Chairman of the Board of Directors and the President are absent, or those offices are vacant, the longest serving member of the Board of Directors present shall preside at the meeting unless otherwise determined by the Board of Directors.

SECTION 7. Proposals of stockholders, including nominations of persons for election to the Board of Directors of the corporation, shall not be presented, considered or voted upon at an annual meeting of stockholders of the corporation, or at any adjournment thereof, unless (i) notice of the proposal has been received by mail directed to the Secretary of the corporation at its principal executive offices at P.O., Box 1907, Albany, New York, 12201 not less than 100 days nor more than 180 days prior to the anniversary date of the last preceding annual meeting of stockholders and (ii) the stockholder giving such notice is a stockholder of record on the date of the giving of such notice and on the record date for the determination of stockholders entitled to vote at such annual meeting. Each such notice shall set forth (i) the proposal desired to be brought before the annual meeting and the reasons for presenting such proposal at the annual meeting, (ii) the name and address, as they appear on the corporation's books, of the stockholder making such proposal, (iii) the number and class of shares owned beneficially or of record by such stockholder, (iv) any material interest of such stockholder in the proposal and (v) such other information with respect to the proposal and such stockholder as is required to be disclosed in solicitation of proxies to vote upon such proposal, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended ("the Proxy Rules"). In the case of proposed nominations of persons for election to the Board of Directors, each such notice shall also (i) set forth such information with respect to such nominees and the stockholder proposing the nominations as is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, pursuant to the Proxy Rules and (ii) be accompanied by the written consent of each proposed

nominee to being named in the corporation's proxy statement as a nominee and to serving as a director if elected and by written confirmation by each such nominee of the information relating to such nominee contained in the notice.

ARTICLE II

DIRECTORS

SECTION 1. Until changed by the Board of Directors as hereinafter provided, the number of directors shall be nine. The number of directors may be changed by the Board of Directors to such number, not less than three, as the Board of Directors may determine from time to time. No decrease in the number of directors shall shorten the term of any incumbent director. Each director shall hold office until the next annual meeting of stockholders, or the delivery of a consent or consents in lieu thereof, and until his or her successor has been elected and qualified. No person shall be elected a director of the corporation after he or she shall have reached the age of 72 years; but any person who shall, while a director, reach the age of 72 years may continue to serve until the next annual meeting, or the delivery of a consent or consents in lieu thereof, and until his or her successor has been elected and qualified.

SECTION 2. Newly created directorships resulting from an increase in the number of directors, and vacancies occurring in the Board of Directors for any reason, may be filled by vote of a majority of the directors then in office, although less than a quorum exists, or by a sole remaining director.

SECTION 3. The Board of Directors may hold meetings at such times and places as it may from time to time determine. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board of Directors, by the President or by any three directors. Notice of each regular or special meeting of the Board of Directors, stating the time and place thereof, shall be given, orally or in writing, personally, by mail, telephone, facsimile or other electronic means or by any other reasonable method at least 48 hours prior to such meeting. A director may waive such notice in writing, either before

or after the meeting. Attendance in person at any meeting of the Board of Directors shall be deemed to constitute waiver of notice by a director.

SECTION 4. The Board of Directors may provide for compensation to, and expenses of, its members for attendance at meetings of the Board and any committees or subcommittees thereof. The Board of Directors may also provide for compensation to, and expenses of, committees of stockholders.

SECTION 5. The Board of Directors may designate one or more committees consisting of one or more members of the Board of Directors. Such committees shall have and may exercise all of the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, including the power to authorize the seal of the corporation to be affixed to documents, as the Board of Directors may provide in the resolution establishing such committee or by other action taken from time to time. To the extent permitted by applicable law, regulations and rules, a committee may delegate its responsibilities to a subcommittee comprised of one or more members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee or subcommittee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. No committee or subcommittee shall have power or authority to (i) approve, adopt or recommend to the stockholders any action or matter expressly required by the Delaware General Corporation Law to be submitted to the stockholders for approval or (ii) amend the By Laws of the corporation.

SECTION 6. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee or subcommittee thereof may be taken without a meeting if all of the members of the Board or such committee or subcommittee consent thereto in writing, and the writing or writings are filed with the minutes of the Board or Committee.

SECTION 7. Members of the Board of Directors, or any committee or subcommittee, may participate in a meeting of the Board, committee or subcommittee by means of conference telephone or similar communications equipment that permits all persons participating in the meeting to hear each other participant, and participation in a meeting in such manner shall constitute presence in person at the meeting.

SECTION 8. The Board of Directors shall elect a Chairman, who shall preside at all meetings of the Board of Directors. If the Chairman of the Board is absent or that office is vacant, the President shall preside. If the Chairman of the Board and the President are absent, or those offices are vacant, the longest serving member of the Board of Directors present shall preside at the meeting unless otherwise determined by the Board of Directors.

ARTICLE III

CORPORATE OFFICERS

The Board of Directors may elect or appoint a President, one or more Vice Presidents, a Secretary and a Treasurer and such other corporate officers as the Board of Directors may from time to time determine. Any two or more offices may be held by the same person. Each officer shall have such

authority, and perform such duties, as usually devolve upon his or her office or as may otherwise be determined from time to time by the Board of Directors or provided for in the By Laws of the corporation.

ARTICLE IV

INDEMNIFICATION

SECTION 1. The corporation shall indemnify any person who is a party, or is threatened to be made a party, or who is called or threatened to be called to give testimony (whether during pre-trial discovery, at trial or otherwise) in connection with any threatened, pending or completed action, suit or proceeding of any kind, whether civil, criminal or investigative, including an action by or in the right of the corporation, by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against costs, expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if (i) such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, (ii) such person did not personally gain, as a result of the acts or omissions to which such action, suit or proceeding relates, a financial profit or other financial advantage to which such person was not legally entitled and, (iii) with respect to any criminal action or proceeding, such person had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not meet the standards of conduct set forth in the preceding sentence.

SECTION 2. Any person entitled to indemnification under Section 1 of this Article IV shall, upon delivery to the corporation of the undertaking described in the following sentence, be entitled to require the corporation to pay, in advance of the final disposition of any action, suit or proceeding in respect of which indemnification is required hereunder, the costs and expenses (including attorneys fees) reasonably incurred by such person from time to time in connection with such action, suit or proceeding. The undertaking referred to above shall be a valid, written agreement of such person to repay all amounts paid to such person by the corporation pursuant to the preceding sentence if it shall ultimately be determined that such person is not entitled to indemnification by the corporation under this Article.

SECTION 3. In the event the corporation refuses to indemnify any person and an action, suit or proceeding is commenced in order to determine whether such indemnification is required under this Article IV, or in the event of any action, suit or proceeding to enforce any undertaking referred to in Section 2 of this Article, (i) the corporation, and any other participant in such an action, suit or proceeding who asserts that such person is not entitled to indemnification by the corporation under this Article, shall have the burden of proof to establish that such person is not entitled to indemnification under this Article, and (ii) if, as a result of such action, suit or proceeding, such person is held to be entitled to indemnification under this Article, or if the corporation and all other participants asserting such claim cease to pursue the claim that such person is not entitled to indemnification, then the corporation shall, in addition to the indemnification otherwise required under Section 1 of this Article, indemnify such person against the costs and expenses (including attorneys fees) reasonably incurred by such person in connection with the action, suit or proceeding in which such person's right to indemnification was disputed.

SECTION 4.

(a) The Board of Directors of the corporation may authorize the purchase and maintenance by the corporation of insurance for the benefit of any person or persons entitled to indemnification under this Article covering risks of the kind to which such indemnification relates. Such insurance coverage may exceed the scope of such indemnification.

(b) If, at any time, any person receives proceeds from an insurance policy referred to in the preceding subsection (a) on account of any matter with respect to which such person is entitled to indemnification under this Article, the indemnification obligations of the corporation under this Article shall be reduced by the amount of such proceeds so received.

(c) Upon payment by the corporation of any amount as indemnification under this Article, the corporation will be subrogated, to the extent of such amount, to the rights, if any, of the indemnified person under any insurance policy covering risks of the kind to which indemnification under this Article relates, and the indemnified person will cooperate to facilitate the corporation's enforcement of such subrogation rights.

SECTION 5. Indemnification rights provided under this Article IV shall be deemed to be contract rights. No modification or termination of any provision of this Article or of the rights provided hereunder shall diminish or change any right of any person to indemnification under this Article with respect to any action, suit or proceeding which relates to acts or omissions of such person occurring prior to the time when such person receives written notice that such modification or termination has occurred.

SECTION 6. The Board of Directors of the corporation may authorize the execution and delivery by the corporation of indemnification agreements with and person or persons whom the corporation has the power to indemnify under applicable law. Such agreements may contain such provisions as the Board of Directors may approve and as are not prohibited by law.

SECTION 7. The rights of indemnification provided in this Article IV are not intended to be exclusive of any other rights of indemnification to which any person may be or become entitled, whether by reason of law, contract, action by the Board of Directors or otherwise.

SECTION 8. For purposes of this Article IV: references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonable believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" for purposes of this Article.

SECTION 9. The rights of indemnification provided in this Article IV (including, without limitation, rights to advancement of costs and expenses) shall continue as to a person who has ceased to be a director, officer, employee or agent of the corporation with respect to acts or omissions occurring

while such person was a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person with respect to such acts or omissions.

ARTICLE V

AMENDMENT OF BY LAWS

SECTION 1. These By Laws may be amended at any time, and from time to time, by the Board of Directors or by the stockholders of the corporation.

INDEMNIFICATION AGREEMENT

AGREEMENT, dated as of April 11, 2006 by and between Albany International Corp. (hereinafter "the Company") and _____ (hereinafter "Indemnatee").

Whereas, it is in the best interests of the Company and its stockholders that the Company be able to attract and retain highly qualified individuals as members of its Board of Directors;

Whereas, such highly qualified individuals may be reluctant to serve as directors because of the substantial personal financial risks resulting from the increasingly complex legal environment, the greater frequency of litigation against directors, the heavy financial burden of defense against such litigation and the uncertainties of the outcome of any such litigation;

Whereas, the Company is permitted under applicable law and the By Laws of the Company to enter into agreements indemnifying directors against personal liabilities resulting from litigation;

Whereas, Indemnatee is, or is about to become, a member of the Board of Directors of the Company;

Whereas, the Company desires to protect Indemnatee, to the fullest extent not prohibited by law, from personal liabilities arising as a result of service as a director of the Company and Indemnatee is desirous of such protection;

Now, therefore, to induce Indemnatee to become and/or remain a director of the Company, the Company and Indemnatee hereby agree as follows:

Section 1. Indemnification of Indemnatee Except to the extent prohibited by law, the Company shall indemnify Indemnatee as follows:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. If Indemnatee heretofore was, now is, or hereafter becomes, or heretofore was, now is or hereafter is threatened to be made, a party to any threatened, pending or completed Proceeding, other than a Proceeding by or in the right of the Company, by reason of the Indemnatee's Corporate Status, the Company shall indemnify Indemnatee against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnatee in connection with such Proceeding if, and to the extent that, a Final Determination is made pursuant hereto, that Indemnatee is entitled thereto.

(b) Proceedings By or in the Right of the Company. If Indemnatee heretofore was, now is or hereafter becomes, or heretofore was, now is or hereafter is threatened to be made, a party to any threatened, pending or completed Proceeding by or in the right of the Company, by reason of Indemnatee's Corporate Position, the Company shall indemnify Indemnatee against all Expenses actually

and reasonably incurred by Indemnatee in connection with such Proceeding if, and to the extent that, a Final Determination is made pursuant hereto that Indemnatee is entitled thereto.

(c) Involvement Other Than As a Party. If, by reason of his/her Corporate Status, Indemnatee heretofore was, now is or hereafter becomes, or heretofore was, now is, or hereafter is threatened to be made, a witness or other participant of any kind, other than a party, in any threatened, pending or completed Proceeding, the Company shall, upon request, indemnify Indemnatee against all Expenses actually and reasonably incurred by Indemnatee in connection with such Proceeding if, and to the extent that, a Final Determination is made pursuant hereto that Indemnatee is entitled thereto.

(d) Advancement of Expenses Prior to Final Determination. Expenses incurred by or on behalf of Indemnatee in connection with any Proceeding with respect to which indemnification is provided in Section 1(a), 1(b) or 1(c) hereof shall be advanced by the Company promptly after receipt of (i) a written request from Indemnatee for such an advancement of Expenses accompanied by written information in reasonable detail describing such Proceeding and Indemnatee's involvement therein and evidencing the Expenses for which such advancement is requested and (ii) an undertaking by or on behalf of Indemnatee to repay the Expenses so advanced if the Final Determination made pursuant hereto following Final Disposition of the Proceeding concludes that Indemnatee is not entitled to be indemnified hereunder with respect to such Expenses. Such undertaking shall not be secured and the amounts required to be

repaid shall bear no interest. Within 10 days after receipt of a request for an advancement of Expenses and an undertaking to repay pursuant to this Section 1(d), the Company shall pay the requested amount to Indemnatee.

Section 2. Determination of Entitlement

(a) Requests for Indemnification. Requests for indemnification made pursuant to any provision of this Agreement, other than requests for an advancement of Expenses pursuant to Section 1(d) hereof, shall be made by Indemnatee in writing and shall be accompanied by written information in reasonable detail evidencing the Expenses, judgments, fines or amounts paid in settlement for which indemnification is requested. Such request shall also specify by which of the Determining Parties Indemnatee elects to have a Determination of Entitlement made with respect to such request, viz:

- (i) the Disinterested Directors;
- (ii) Independent Counsel; or
- (iii) Arbitration

(b) Requests for Repayment of Advancements. Subsequent to the Final Disposition of any Proceeding with respect to which Expenses have been advanced pursuant to Section 1(d) hereof, the Company may notify Indemnatee, in writing, that it desires to have a Determination of Entitlement made with respect to advancements of Expenses made by the Company pursuant to Section 1(d) hereof in connection with such Proceeding. Such notice shall be in writing and shall specify in reasonable detail the reasons for such request, which may include any claim that an advance was, in whole or part, not actually and reasonably incurred. If no such notice is given by the Company within 90 days after the Company receives a written notice from Indemnatee that Indemnatee considers that Final

Disposition of a Proceeding has occurred, the Company shall be conclusively deemed to have made a Final Determination that Indemnatee was entitled to indemnification for all Expenses for which advances were made in connection with such Proceeding. Within 10 days after receipt by Indemnatee of a notice that the Company desires to have a Determination of Entitlement made with respect to advances, Indemnatee shall notify the Company, in writing, as to which Determining Party specified in Section 2(a) hereof the Indemnatee elects for such Determination of Entitlement.

(c) Determinations of Entitlement - Procedure.

(i) (A) If Indemnatee requests that a Determination of Entitlement be made by a majority of the Disinterested Directors, such determination shall be made within 90 days after receipt by the Company of such request. The Disinterested Directors may, however, decline to make a Determination of Entitlement by giving written notice thereof within 10 days after receipt of such request. The Disinterested Directors shall not be required to state any reason for such declination and no inference as to entitlement shall be drawn therefrom. If the Disinterested Directors decline to make such a determination, Indemnatee shall, within 10 days after receipt of notice thereof, designate, by written notice to the Company, another Determining Party. If the Disinterested Directors agree to make the determination, they shall provide the Company and Indemnatee with a written Determination of Entitlement specifying the indemnification to which Indemnatee is entitled and the basis for the determination. If, after agreeing to do so, the Disinterested Directors shall fail for any reason to make a Determination of Entitlement within such period of 90 days, they shall be conclusively deemed to have made a Final Determination that Indemnatee is entitled to indemnification for all of the Expenses, judgments, fines and/or amounts paid in settlement as to which the Determination of Entitlement was requested. If the Disinterested Directors determine that Indemnatee is entitled to indemnification with respect to one or more claims, issues or matters in the Proceeding as to which indemnification is sought, such determination shall be a Final Determination with respect to such claims, issues or matters.

(B) If the Disinterested Directors determine that Indemnatee is not entitled to the requested indemnification with respect to one or more claims, issues or matters in such Proceeding, Indemnatee may, by written notice to the Company given within 10 days after receipt of the Determination of Entitlement of the Disinterested Directors, elect to have a further Determination of Entitlement made with respect to such claims, issues or matters by either (A) Independent Counsel or (B) Arbitration, as Indemnatee shall specify in such notice. Such further determination shall be made de novo, and in the making of such further determination no weight whatsoever shall be given to the previous determination. If Indemnatee does not elect to have such a further Determination of Entitlement made, the Determination of the Disinterested Directors shall be a Final Determination with respect to all amounts for which indemnification was sought through such determination.

(ii) (A) If Indemnatee requests that a Determination of Entitlement be made by Independent Counsel, initially, as a further determination or, because the Disinterested Directors have declined to make a determination, Indemnatee shall, in such request specify the names and addresses of two attorneys proposed as Independent Counsel, and shall accompany such request with a written consent from each attorney so named to serve as

Independent Counsel if selected. Within 10 days after receipt of such request and consents, the Company shall give written notice to Indemnatee either (X) selecting one of such attorneys to serve as Independent Counsel or (Y) objecting to both such attorneys on the ground that they do not meet the requirements set forth in the definition of "Independent Counsel" in Section 16 hereof and providing, in reasonable detail, the facts forming the basis for such objections. If such a notice of objections is given, Indemnatee shall, by written notice given to the Company within 10 days after receipt of such notice, either (X) specify, by written notice to the Company, the names and addresses of two other attorneys proposed as Independent Counsel or (Y) elect, by written notice to the Company, to have the validity of the Company's objections determined by Arbitration. If Indemnatee proposes two other attorneys as Independent Counsel, the Company shall, in the same manner, either accept one of such attorneys or object to both, and Indemnatee shall have the same options with respect to the Company's response. If the Company objects to both of the attorneys next proposed as Independent Counsel by Indemnatee, the validity of the Company's objections shall be determined by Arbitration. If the Company's objections to both of the attorneys proposed as Independent Counsel by Indemnatee are determined by Arbitration not to be valid, Indemnatee shall by written notice to the Company, select one of such persons to so serve. If the Company's objection to only one of the attorneys so proposed is held to be valid, the other attorney so proposed shall serve as Independent Counsel. If the Company's objections to both of the attorneys so proposed are determined by Arbitration to be valid, Independent Counsel shall be selected by decision of the arbitrators in the Arbitration. The Independent Counsel shall provide the Company and Indemnatee with a written Determination of Entitlement specifying the indemnification to which Indemnatee is entitled and the basis for the determination.

(B) If the Independent Counsel determines that Indemnatee is entitled to the requested indemnification with respect to one or more of the claims, issues or matters in the Proceeding as to which indemnification is sought, such determination shall be a Final Determination with respect to such claims, issues or matters. If the Independent Counsel determines that Indemnatee is not entitled to indemnification with respect to one or more claims, issues or matters in such Proceeding, Indemnatee may, by written notice to the Company given within 10 days after receipt of the Determination, elect to have a further Determination of Entitlement made by Arbitration with respect to such claims, issues or matters. Such further determination shall be made de novo, and in the making of such further determination no weight whatsoever shall be given to previous determinations. If Indemnatee does not elect to have such a further Determination of Entitlement made, the Determination of Entitlement of the Independent Counsel shall be a Final Determination with respect to all amounts as to which indemnification was sought through such determination.

(iii) If Indemnatee requests that a Determination of Entitlement be made by Arbitration, initially, as a further determination or because the Disinterested Directors have declined to make a determination, the arbitrators shall provide the Company and Indemnity with a written Determination of Entitlement specifying the indemnification to which Indemnatee is entitled and the basis for their determination. Such determination shall be a Final Determination with respect to all amounts as to which indemnification was sought through such determination.

(iv) If a Determining Party determines that Indemnatee is entitled to indemnification with respect to one or more, but not all, of the claims, issues or matters in the Proceeding as to which a Determination of Entitlement is sought, the Determining Party shall allocate to the claims,

issues or matters as to which Indemnatee is determined to be entitled to indemnification such part of the total Expenses, judgments, fines or amounts paid in settlement with respect to such Proceeding as the Determining Party shall, in its sole discretion, determine to be appropriate in light of all of the circumstances; provided, that no such allocation by a Determining Party shall be inconsistent with any allocation in a final disposition of the Proceeding. The Determining Party shall specify in the Determination of Entitlement the claims, issues and matters in the Proceeding as to which Indemnatee is determined to be entitled to indemnification and the amount of Expenses, judgments, fines or amounts paid in settlement allocated to such claims, issues and matters. The aggregate amount payable to Indemnatee pursuant to a Final Determination hereunder with respect to any Proceeding shall not, together with all amounts payable to Indemnatee pursuant to other Final Determinations hereunder with respect to such proceeding, not exceed the total Expenses, judgments, fines and amounts paid in settlement with respect to such Proceeding.

(v) Notwithstanding the foregoing, no indemnification of Expenses shall be granted under this Agreement with respect to any claim, issue or matter in a Proceeding by or in the right of the Company as to which Indemnatee shall have been adjudged to be liable to the Company unless, and only to the extent, that the Delaware Court of Chancery or the court in which the Proceeding was brought shall determine that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnatee is fairly and reasonably entitled to indemnity for such Expenses as such court shall deem proper. If, pursuant to Section 2(c)(iv) hereof, an allocation of Expenses is to be made with respect to a Proceeding by or in the right of the Company in which Indemnatee has been adjudged to be liable to the Company with respect to one or more claims, issues or matters, Indemnatee shall have the burden of proof in establishing that Expenses incurred in connection with the Proceeding were incurred in connection with the claims, issues or matters with respect to which Indemnatee was not adjudged to be liable.

(vi) The Company shall pay to Indemnatee, within 10 days after receipt of any Final Determination hereunder, all amounts to which Indemnatee is thereby determined by such Final Determination to be entitled.

(vii) The Company shall, upon request, indemnify Indemnatee against all Expenses actually and reasonably incurred by Indemnatee in connection with Determinations of Entitlement hereunder, and shall be responsible for, and shall pay directly, all fees and expenses of Independent Counsel and fees and expenses of Arbitration in connection therewith, regardless of the outcome of such determinations.

(viii) The Company and Indemnatee shall cooperate with the Determining Party and shall provide to the Determining Party such documentation and other information (A) as the Determining Party may reasonably request, (B) as is reasonably available and (C) as is not privileged or otherwise protected from disclosure. The Company and Indemnatee may provide to the Determining Party such other written information as they deem relevant to the Determination of Entitlement. Information so provided need not have been admitted, or be admissible, in the Proceeding with respect to which the Determination is being made. The Company and Indemnatee may also provide to the Determining Party written documents stating the reasons why they believe indemnification should, or should not, be granted.

Section 3. Entitlement to Indemnity

(a) Standard of Entitlement.

(i) Indemnatee shall be entitled to indemnification provided for herein if the Determining Party determines, with respect to a claim, issue or matter in a Proceeding to which Section 1(a) or 1(b) is applicable, that

(A) Indemnatee acted in good faith and in a manner that Indemnatee reasonably believed to be in, or not opposed to, the best interests of the Company and, with respect to any criminal Proceeding, had no reasonable cause to believe that his/her conduct was unlawful, or

(B) with respect to Expenses, Indemnatee was Successful as to such claim, issue or matter and such Expenses were actually and reasonably incurred.

(ii) Indemnatee shall be entitled to indemnification pursuant to Section 1(c) hereof if the Determining Party determines that the Expenses to be indemnified were actually and reasonably incurred by Indemnatee in a Proceeding to which Section 1(c) applies.

(b) Presumptions; Burden of Proof and Persuasion. In making a Determination of Entitlement, a Determining Party shall presume that (i) Indemnatee acted in good faith and in a manner that Indemnatee reasonably believed to be in, or not opposed to, the best interests of the Company and, with respect to any criminal Proceeding, had no reasonable cause to believe that his/her conduct was unlawful and (ii) Expenses for which indemnification is sought were actually and reasonably incurred by Indemnatee. If Indemnatee relied on information, opinions, reports or statements, including financial statements and financial data, prepared by other directors, or by officers, employees or agents of the Company, or by counsel or public accountants retained by the Company, Indemnatee shall be presumed to have relied thereon in good faith and without any reason to doubt the competence or good faith of such persons. The presumptions herein created shall be rebuttable, but anyone seeking to rebut such presumptions shall have the burden of proof, and the burden of persuasion, by clear and convincing evidence. In making a Determination of Entitlement, the Determining Party shall not impute to Indemnatee the knowledge and/or actions, or failure to act, of any other director, or of any employee or agent of the Company. The termination of a Proceeding by judgment, order, settlement (with or without court approval) or plea of nolo contendere or its equivalent shall not, of itself, create a presumption that Indemnatee did not act in good faith and in a manner that Indemnatee reasonably believed to be in, or not opposed to, the best interests of the Company or, with respect to any criminal Proceeding, had reason to believe that his/her conduct was unlawful

(c) Success. Indemnatee shall be deemed to have been Successful with respect to a claim, issue or matter in a Proceeding if (A) the Final Disposition of the Proceeding does not include a determination adverse to the Indemnatee with respect to such claim, issue or matter, (B) such claim, issue or matter is dismissed on motion, withdrawn or otherwise eliminated from the Proceeding, prior to Final Disposition, in any manner, including a settlement that does not involve a payment by Indemnatee, (C) such claim, issue or matter is eliminated from the Proceeding by a settlement that involves a payment by Indemnatee but that, in the opinion of the Determining Party, is favorable to Indemnatee or (D) in a criminal case, Indemnatee is, for any reason, not convicted (for example, by reason of a plea of nolo

contendere), and does not plead guilty, with respect to such claim, issue, or matter. In addition, and without limitation of the foregoing, (i) moral exoneration of Indemnatee shall not be a condition of a determination that Indemnatee has been Successful with respect to a claim, issue or matter and (ii) Indemnatee shall be deemed to be Successful with respect to a claim, issue or matter which he/she defeats by assertion of a technical defense.

Section 4. Enforcement

(a) Advances. If the Company shall fail to pay the requested amount to Indemnatee within 10 days after receipt of a request for an advancement of Expenses and an undertaking pursuant to Section 1(d) hereof, Indemnatee shall be entitled to commence an action for the payment of the requested amount in any court of competent jurisdiction selected by Indemnatee. The Company shall indemnify Indemnatee against his/her Expenses with respect to any such court action. In such court action, the Company shall not be entitled to oppose the right of Indemnatee to receive the requested advance on any ground other than the ground that Indemnatee's involvement in the Proceeding in connection with which the Expenses were incurred is not by reason of Indemnatee's Corporate Status. Any other objection shall be raised in a Determination of Entitlement pursuant to Section 2(c) hereof.

(b) Final Determination. If, within 10 days after a Final Determination hereunder, the Company shall fail to pay to Indemnatee all amounts determined to be payable pursuant to such Final Determination, Indemnatee shall be entitled to commence a proceeding for the payment of such amounts in any court of competent jurisdiction selected by Indemnatee. In such proceeding, the amounts determined to be payable pursuant to such Final Determination shall be regarded as a debt of the Company to Indemnatee and the Company shall not be entitled to oppose the claim of Indemnatee to such amounts on any ground that it would have been permitted to assert in a Determination of Entitlement hereunder. The Company shall indemnify Indemnatee against his/her Expenses with respect to any such proceeding.

Section 5. Defense of Proceedings Nothing in this Agreement shall be deemed to give the Company the right to control, or participate in, the selection of Indemnatee's legal counsel or otherwise to control the activities of Indemnatee in or with respect to any Proceeding.

Section 6. Non-exclusivity; No Duplication of Payments The rights and remedies of Indemnatee under this Agreement shall be in addition to, and shall not be exclusive of, any rights and remedies to which Indemnatee may at any time be entitled, whether as a result of provisions of law, regulations, the Company's Certificate of Incorporation or By Laws, insurance policies, vote of Company stockholders or Board of Directors or committee thereof, other contracts, policies of insurance or otherwise. The Company shall not be obligated to pay any indemnity hereunder with respect to any Expense, judgment, fine or amount paid in settlement to the extent that Indemnatee has actually received payment (net of Expenses incurred in connection therewith) pursuant to provisions of law, regulations, the Company's Certificate of Incorporation or By Laws, insurance policies, vote of Company stockholders or Board of Directors or committee thereof, other contracts, policies of insurance or otherwise.

Section 7. Subrogation In the event that indemnity is paid under this Agreement, the Company shall be subrogated, to the extent of such payment, to all of the rights of recovery of Indemnatee against other persons with respect to the Expenses, judgments, fines or amounts paid in settlement with respect to which such indemnity was paid.

Section 8. Severability; Reformation If any provision or provisions of this Agreement shall be determined to be legally unenforceable or invalid, such determination shall not affect the enforceability or validity of the other provisions hereof; and the provision or provisions determined to be unenforceable or invalid shall be reformed to the extent necessary to achieve enforceability and validity and in such manner as to carry out, the greatest extent possible, the objectives of this Agreement.

Section 9. Survivability; Enforceability This Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by

(a) the Company and its successors and assigns; and

(b) Indemnitee and his/her heirs, legatees, distributees and other successors and his/her executors, administrators, personal or legal representatives.

Section 10. No Obligation to Continue Corporate Status Nothing in this Agreement shall have, or be construed as having, the effect of obligating the Company to continue the tenure of Indemnitee as a member of the Board of Directors of the Company or of obligating Indemnitee to continue such membership.

Section 11. Continuation of Rights The rights of Indemnitee to indemnification hereunder shall continue after the time when Indemnitee ceases to be a director of the Company and shall apply whether the events and circumstances for which indemnification is sought hereunder occurred prior to or after the date of this Agreement.

Section 12. Notices All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (a) delivered by hand or by courier service and receipted for by or on behalf of the party to whom said notice, request, demand or other communication shall have been directed or (b) sent by registered or certified mail, return receipt requested, postage prepaid, to the following address

If to the Company: Albany International Corp.
P.O. Box 1907
Albany, New York 12201
Attention: Secretary

If to Indemnitee:

or to such other address as may have been furnished by the Company to Indemnitee, or by Indemnitee to the Company, in a notice delivered in accordance with this Section, such notice to be effective upon receipt.

Section 13. Governing Law This Agreement shall be governed by, and construed in accordance with, the law of Delaware.

Section 14. Amendments and Waivers This Agreement cannot be amended, modified or changed, nor may compliance with any provision hereof be waived, except by an instrument in writing executed by the party against whom enforcement of such amendment, modification, change or waiver is sought. Any waiver by a party of the breach of any provision of this Agreement shall not operate or be construed as a waiver of any other breach of such provision or of any breach of any other provision of this Agreement. The failure of a party to insist upon strict compliance with any provision of this Agreement at any time shall not deprive such party of the right to insist upon strict compliance with such provision at any other time or the right to insist upon strict compliance with any other provision hereof at any time.

Section 15. Headings The headings of the Sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

Section 16. Definitions For purposes of this Agreement:

(a) "Affiliate" shall mean any corporation or entity, other than a Subsidiary, that, directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company.

(b) "Arbitration" shall mean a proceeding conducted under the auspices of, and pursuant to, the commercial rules of the American Arbitration Association. Any such proceeding shall be conducted in Albany, New York, before a panel of three arbitrators. In the event of Arbitration, Indemnitee and the Company shall each choose one arbitrator from the American Arbitration Association's National Roster of Commercial Arbitrators. The arbitrators thus chosen shall then jointly choose the third arbitrator. The award of the arbitrators shall be final and binding on all parties. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

(c) "Company" shall mean Albany International Corp. and any corporation or entity into which the Company may be merged or with which the Company may be consolidated and any corporation, entity or person to which substantially all of the assets and business of the Company may be transferred.

(d) "Corporate Status" shall mean (i) membership on the Board of Directors of the Company or any standing or ad hoc committee of the Board of Directors of the Company, (ii) membership on the Board of Directors of a Subsidiary or Affiliate of the Company or any standing or ad hoc committee of the Board of Directors of a Subsidiary or Affiliate of the Company if such membership was undertaken at the request of the Company and (iii) any other role, other than employee, undertaken by Indemnitee at the request of the Company while serving as a director of the Company.

(e) "Determination of Entitlement" shall mean a determination of entitlement to indemnity hereunder, made pursuant to Section 2 hereof.

(f) "Determining Party" shall mean a party selected by Indemnatee, pursuant to Section 2 hereof, to make a Determination of Entitlement.

(g) "Disinterested Directors" shall mean directors of the Company who are not, and have not been, parties to the Proceeding with respect to which Indemnatee is seeking indemnification.

(h) "Expenses" shall mean all costs, fees and disbursements of any kind incurred by Indemnatee in connection with a pending or threatened Proceeding, or in connection with enforcement of any right under this Agreement, including, without limitation, attorneys fees, retainers and expenses, fees and expenses of accountants or other experts, fees and expenses of investigators, fees and expenses of witnesses, travel expenses, court costs, transcript costs, duplicating costs, research costs, printing and binding costs, telephone, facsimile and other technology costs, postage and delivery costs.

(i) "Final Determination" shall mean, with respect to any claim, issue or matter in a Proceeding as to which a Determination of Entitlement is made pursuant hereto, a Determination of Entitlement that is specified as a Final Determination in Section 2 hereof.

(j) "Final Disposition" shall mean the final, binding disposition of an entire action, suit or proceeding by a court of competent jurisdiction, or an arbitrator as the case may be, as to which all rights of appeal therefrom have been exhausted or lapsed, concerning the actions, conduct or rights of Indemnatee for which a request for indemnification made is made pursuant to Section 1(a), 1(b) or 1(d) of this Agreement. In addition, and without limiting the foregoing, a Final Disposition shall also occur when the party commencing such action, suit or proceeding has abandoned the claims asserted or otherwise fails to prosecute the matter for a period of twelve (12) months.

(k) "Immediate Family" of any person shall mean such person's

spouse (present or former), parents (natural or adoptive), grandparents, children or grandchildren (natural or adopted), siblings, mother-in-law, father-in-law, sons-in-law, daughters-in-law, brothers-in-law and sisters-in-law, cousins (by birth or marriage) and any person, other than a domestic servant, who shares Indemnatee's home.

(l) "Independent Counsel" shall mean an attorney in good standing

(i) who does not currently represent, and has not in the previous period of five years, represented, and who is not currently affiliated with, and has not in the previous period of five years been affiliated with, a law firm that currently represents, or in the previous period of five years represented, any of the following: the Company; a Subsidiary or Affiliate of the Company; any officer of the Company; Indemnatee; any member of Indemnatee's Immediate Family; any corporation or entity of any kind of which Indemnatee or any member of his/her Immediate Family is or was an officer or trustee or which is or was controlled by Indemnatee and/or by members of his/her Immediate Family; or any other party to the Proceeding with respect to which indemnification is being sought by Indemnatee;

(ii) who is not a member of the Immediate Family of Indemnatee or any officer or director of the Company; and

(iii) who confirms in writing that he/she satisfies the above criteria and is aware of no conflict of interest or provision of the applicable standards of professional conduct then prevailing which would prohibit his/her service as Independent Counsel hereunder.

(m) "Proceeding" shall mean any action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, hearing or other proceeding, whether civil, criminal, administrative, legislative, investigative or other. The term "Proceeding" shall also include, for all purposes of this Agreement, any appeal from any decision or determination made in a Proceeding. For purposes of this Agreement, the term "threatened" shall be deemed to include, but shall not be limited to, Indemnatee's good faith belief that a claim or other assertion may lead to the initiation of a Proceeding.

(n) "Subsidiary" shall mean any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors, or other persons performing similar functions, are at the time, owned, directly or indirectly, by the Company.

Section 17. Counterparts This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

In Witness Whereof, the parties hereto have duly executed the Agreement as of the date first above written.

ALBANY INTERNATIONAL CORP.

By _____

Title:

INDEMNITEE
