

As approved by the Board of Directors on November 9, 2005

ALBANY INTERNATIONAL CORP.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Charter

Purpose of the Committee

The Audit Committee will

- (1) assist the Board of Directors in fulfilling its oversight responsibilities with respect to (a) the integrity of the Company's financial statements and financial reporting process and the Company's systems of internal controls, (b) the performance of the Company's internal audit function, (c) the annual independent audit of the Company's financial statements, the engagement of the independent auditors and the evaluation of the qualifications, independence and performance of the independent auditors, (d) the Company's compliance with legal and regulatory requirements, including the Company's disclosure controls and procedures and (e) the fulfillment of other responsibilities set forth herein;
- (2) prepare the report of the Audit Committee required to be included in the Company's Proxy Statement in connection with the Annual Meeting of Stockholders; and
- (3) provide a means of open communication among the independent auditors, internal auditors, the Board of Directors and management.

Composition

The Board of Directors shall from time to time appoint, from among the members of the Board, the membership of the Audit Committee and its Chairman, all of whom shall serve at the pleasure of the Board. In appointing the members of the Committee, the Board of Directors shall comply with all laws, regulations and rules applicable with respect to the number and qualifications of such members, as such laws, regulations and rules may from time to time be modified or supplemented. No person shall at the same time serve as a member of the Audit Committee of the Company and as a member of the audit committees of more than two other public companies unless the Board of Directors determines that such simultaneous service would not impair the ability of such person to effectively serve on the Audit Committee of the Company. The Company shall disclose any such determination in the Company's annual proxy statement.

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

To the extent permitted by applicable law, regulations and rules, the Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee.

Meetings

The Committee shall meet at least four times each year. Meetings of the Committee may be called by the Chairman of the Board of Directors, the Chairman of the Committee or a majority of the members of the Committee. In planning the schedule of its meetings, the Committee shall ensure that sufficient opportunities exist for its members to meet (a) separately with the independent auditors, without management or internal auditors, (b) separately with the head of internal audit, without management or the independent auditors, (c) separately with management, without the independent auditors or internal auditors and (d) in private with only the Committee members present. A majority of the total number of members of the Committee shall constitute a quorum for the transaction of business. The vote of a majority of the members present shall be necessary for any action or determination.

Responsibilities

- (1) Appoint and terminate the independent auditors.
- (2) Approve all audit and non-audit services to be performed by the independent auditors, such approval to take place in advance of such services when required by law, regulation or rule. The Committee may delegate to one or more of its members the authority to grant such required pre-approvals, *provided* that any pre-approval granted in such manner shall be presented to the Committee at its next meeting.
- (3) Determine the fees and other compensation of the independent auditors.
- (4) Resolve disagreements between management and the independent auditors regarding financial reporting.
- (5) Oversee and evaluate the work of the independent auditors.
- (6) At least annually, obtain and review a report describing (a) the independent auditors' internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any review, inquiry or investigation by governmental or professional authorities, within the preceding period of five years respecting one or more independent audits carried out by the independent auditors and (c) any steps taken to deal with any such issues.

- (7) (a) Require that the independent auditors submit, at least annually, a formal written statement satisfying the requirements of Independence Standards Board Standard No. 1, as such Standard may be modified or supplemented, and delineating all relationships between the independent auditors and the Company, (b) engage in an active dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity or independence of the independent auditors and (c) take, or recommend to the Board of Directors, such action as may be deemed appropriate to ensure the independence of the independent auditors.
- (8) Annually report to the Board of Directors its evaluation of the qualifications, performance and independence of the independent auditors.
- (9) Discuss with management, and approve, the appointment or replacement, and the compensation, of the head of internal audit; and periodically discuss, with management and the independent auditors, the qualifications and performance of the head of internal audit.
- (10) Oversee the activities of the internal audit department and periodically evaluate and discuss, separately, with management, the independent auditors and the head of internal audit, the scope and quality of the work carried out by the department, the adequacy of the staffing and funding of the department and the qualifications and performance of the senior members of the internal audit team.
- (11) Periodically discuss with the head of internal audit all relationships he or she has with the Company and recommend to the Board of Directors such action as may be deemed appropriate to ensure the independence of the head of internal audit.
- (12) Determine, in consultation with management, the independent auditors and the head of internal audit, the scope of the proposed audits to be conducted for each year by the independent auditors and the internal audit team, and the audit procedures to be employed.
- (13) Periodically review and discuss with the independent auditors, management and the head of internal audit, the Company's (i) accounting policies, (ii) disclosure controls and procedures and internal controls for financial reporting (including information systems controls and security), (iii) disclosure of off-balance sheet transactions and obligations, (iv) utilization of non-GAAP financial measures and (v) any changes therein. The discussion with the independent auditors should include the independent auditors' views as to:
 - (a) the quality, not just the acceptability, of the Company's accounting policies, as applied;
 - (b) the clarity of the Company's financial disclosures;

- (c) the degree of aggressiveness or conservatism of (i) the Company's accounting policies and underlying estimates and (ii) other significant decisions made by management in the preparation of financial disclosures;
- (d) any weaknesses in the Company's internal control systems; and
- (e) the process by which the Company handles risk assessment and risk management.

The discussions with management and the head of internal audit should include a review of (a) management's conclusions about the effectiveness of the Company's disclosure controls and procedures and internal controls and procedures for financial reporting (b) any significant deficiencies in the design or operation of, or material weaknesses in or material non-compliance with, the Company's internal controls and procedures for financial reporting and (c) the adequacy of the process by which the Company handles risk assessment and risk management.

- (14) Review and discuss with management, after disclosure or communication, each earnings release or other public disclosure, as well as financial information or earnings guidance communicated to analysts and rating agencies.
- (15) Review and discuss with management and the independent auditors, after the filing thereof, the quarterly reports, including the financial statements and notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations", filed by the Company with the Securities and Exchange Commission with respect to the first three quarters of each fiscal year.
- (16) After the completion of each annual audit, and prior to the filing with the Securities and Exchange Commission of the annual report on Form 10K, review and discuss with the independent auditors, management and the head of internal audit:
 - (a) the annual financial statements, including footnotes, and the reports and communications of the independent auditors with respect to such financial statements and their audit;
 - (b) any significant findings or recommendations by the independent auditors or the internal auditors and management's responses thereto;
 - (c) any significant changes in the scope of the audit or the procedures employed;
 - (d) any difficulties or disputes in the course of the audit, including any restrictions placed on access to information;
 - (e) the appropriateness of the accounting policies, internal controls and disclosure policies and procedures employed by the Company; and

- (f) the matters required to be discussed pursuant to Statement on Auditing Standards No. 61.
- (17) After the completion of each annual audit, determine whether, based on its review of the audited financial statements and discussions with respect thereto, the Committee recommends to the Board of Directors that such statements be included in the Company's annual report on Form 10K with respect to the relevant year, it being understood that the Committee is entitled to rely on advice, information and representations that it receives from the independent auditors, management and the head of internal audit.
- (18) After the completion of each annual audit, review and discuss with management, the independent auditors and the head of internal audit, prior to the filing thereof, the annual report on Form 10K to be filed by the Company with the Securities and Exchange Commission, including the financial statements and notes and "Management's Discussion and Analysis" incorporated therein.
- (19) Review, evaluate and discuss with management the qualifications, performance and depth of the Company's financial personnel.
- (20) Periodically review and monitor the results of the Company's programs and policies intended to ensure compliance with applicable laws, regulations and rules.
- (21) Establish a policy with respect to the hiring of employees or former employees of independent auditors, which policy shall comply with all applicable laws, regulations and rules, including Section 206 Of the Sarbanes-Oxley Act and rules adopted thereunder.
- (22) Establish procedures for the receipt, retention and treatment of communications, including anonymous communications, reporting (i) a concern or complaint regarding questionable accounting or auditing matters or internal controls, (ii) a possible violation of any law, regulation or rule to which the Company is subject or (iii) a possible violation of the Company's Business Ethics Policy or Code of Ethics for the Chief Executive Officer, Chief Financial Officer and Controller.
- (23) Periodically discuss with management, the independent auditors and the head of internal audit the effect of new or proposed regulatory and accounting initiatives on the Company's financial statements and other public disclosures.
- (24) Discuss with management, including the Company's chief legal officer, and the independent auditors any communication from, or action by, any governmental authority, or any exchange on which securities of the Company may be listed, or any communication from any employee or any other person, that reflects a concern with respect to the Company's financial statements or accounting or auditing matters or with respect to compliance with the Company's Business Ethics Policy or Code of Ethics for the Chief Executive Officer, Chief Financial Officer and Controller.

- (25) Periodically review and update the Company's Business Ethics Policy and Code of Ethics for the Chief Executive Officer, Chief Financial Officer and Controller and oversee the administration and enforcement of such Policy and Code.
- (26) Determine what action should be taken with respect to any violation or potential violation by a Director or executive officer of the Business Ethics Policy or the Code of Ethics for the Chief Executive Officer, Chief Financial Officer and Controller.
- (27) Serve as the "Qualified Legal Compliance Committee" of the Company pursuant to the rules of the Securities and Exchange Commission with respect to Section 307 of the Sarbanes-Oxley Act.
- (28) Annually review and assess the adequacy of the Charter of the Audit Committee and submit any proposed changes to the Board of Directors for consideration.
- (29) In conjunction with the Governance Committee, conduct an annual evaluation of the performance of the Audit Committee.
- (30) Regularly report to the Board of Directors on the activities of the Committee.
- (31) Obtain such advice and assistance from outside legal, accounting or other advisors as the Committee may from time to time deem appropriate and determine the fees and compensation of any such advisors.
- (32) After the completion of each annual audit, and at such other times as the Committee may determine, meet separately with each of
 - (a) the independent auditors;
 - (b) management; and
 - (c) the head of internal audit;to discuss such matters within the scope of the Committee's responsibilities as may be desired by the independent auditors, management, the head of internal audit or the Committee.
- (33) Carry out such other duties as may be delegated to the Committee by the Board of Directors from time to time.

Disclaimer

Notwithstanding the above, it is not the responsibility of the Audit Committee to (a) plan or conduct audits or (b) determine whether the Company's financial statements or other public disclosures are in accordance with generally accepted accounting principles or other applicable requirements or rules.

Funding

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

Access to Books, Records, Facilities and Personnel

The Committee is authorized to investigate any matter brought to its attention and shall have full access to all books, records, facilities and personnel of the Company for such purpose.