

BUSINESS ETHICS POLICY

As amended and issued December 17, 2011

This policy applies to the directors, officers, and employees ("personnel") of Albany International Corp. and its subsidiaries ("the Company"), as well as independent contractors, consultants, agents and distributors ("Third Party Representatives"). **Managers are responsible for communicating this Policy to employees under their supervision. Employees responsible for managing relationships with Third Party Representatives are responsible for communicating this policy to such parties, and requiring them to agree to comply with its terms.** The Legal Department provides appropriate forms for employees to use in order to verify Third Party Representative compliance with the Company's Business Ethics Policy.

Business Conduct

The business of the Company should, at all times, be conducted ethically, fairly, honestly, and with integrity. All applicable laws, rules, and regulations should be complied with. Company funds and assets should not be used for any unlawful purpose. All assets of the Company should be protected, employed efficiently, and used only for legitimate business purposes.

Accounting and Financial Reporting

The Company's Accounting Manual should be fully complied with at all times. All transactions, revenues, expenses, assets, and liabilities should be recorded accurately and in reasonable detail in the appropriate books, records, and accounts. The books, records, and accounts of the Company should be maintained in a manner that will facilitate the timely preparation of required public disclosure documents that are accurate and complete, including financial statements that conform with generally accepted accounting principles and other requirements. Company personnel should cooperate fully with the internal and independent auditors.

Improper Pursuit of Personal Interest

Company personnel should not be diverted or influenced by personal interests in carrying out activities on behalf of the Company and should avoid circumstances that raise the possibility, or create the appearance, that personal interest may influence business decisions involving the interests of the Company. Such circumstances may arise whenever a Company employee, or a person or entity to which the employee is closely related or in which the employee has a personal interest, receives a more-than-insubstantial benefit of any kind from a competitor, customer, supplier, or other person or entity with which the Company has a substantial business or financial interest. In cases of doubt, advice should be sought. (See "Advice with Respect to the Policy," below.)

The following specific provisions must be followed, but are not intended to limit the scope of the foregoing policy:

1. Company personnel should not accept from any competitor, customer, supplier, or other person or entity with which the Company has a substantial business or financial relationship:
 - (a) compensation of any kind, except as specifically approved in advance by the Audit Committee;
 - (b) any cash payment, or any bribe or 'kickback' of any kind;
 - (c) any gift(s) or favor(s) from such a person or entity, within any period of twelve months, having an aggregate value of more than US\$100; or
 - (d) any entertainment that might be viewed as lavish or excessive under local practice and customs.

2. Company personnel should not, without the express prior approval of the Audit Committee:
 - (a) serve as an employee or agent of, or
 - (b) serve as a director or officer of, or consultant to, or
 - (c) engage in any substantial business or financial transaction, other than a transaction in the normal course of business of the other party on terms no more favorable than are offered to others generally, with a person or entity other than the Company that he or she knows (a) is, at the time, or is likely to become, a competitor of the Company or a substantial supplier to or substantial customer of the Company or (b) has at the time, or is likely to enter into, a substantial business or financial relationship with the Company.

3. Company personnel should not acquire, directly or indirectly, an investment or interest of any kind in an entity or person that he or she knows (a) is, at the time of the acquisition, or is likely to become, a competitor of the Company or a substantial supplier to or substantial customer of the Company or (b) at the time of the acquisition has, or is likely to enter into, a substantial business or financial relationship with the Company, *except*
 - (i) an investment in a public mutual fund or similar public investment vehicle, provided such fund or other vehicle does not have an investment in any of such competitors, suppliers or other entities or persons that constitutes more than 5% of its total investments;
 - (ii) an investment in publicly traded securities of a corporation that has outstanding, at the time of the acquisition of such investment or other interest, at least US\$500 million in current market value of publicly traded securities, *provided that* immediately after such acquisition, the aggregate market value of all securities of such corporation held by the director, officer, or employee and members of his or her immediate family does not exceed 5% of the net worth of such director, officer, or employee, and *further provided* that such director, officer, or employee is not, at the time of the acquisition of such investment, in possession of any material information relating to such corporation that has not been publicly disclosed and that was obtained in the course of his or her affiliation with the Company; and
 - (iii) a checking or savings account, certificate of deposit, or similar arrangement with a financial institution that has, or is likely to enter into, a substantial financial relationship with the Company if such arrangement is of a kind that, and on no more favorable terms than, is offered to customers of such institution generally.

A director, officer, or employee who becomes aware at any time that he or she holds an investment or interest that was not acquired in violation of this policy (including an investment or interest acquired before a prohibition under this policy became effective) but that could not currently be acquired in compliance herewith is not required to divest such an investment or interest but shall promptly notify the Chairman of the Audit Committee, in writing, of such investment or interest. Unless specifically authorized in writing by the Audit Committee, no such director, officer, or employee should represent the Company in any dealing with the entity or person in which such investment or interest is held.

4. The policies expressed in the preceding subsections 1, 2, and 3 are intended to apply as well to members of the immediate family of Company personnel, and Company personnel should use their best efforts to assure that members of their immediate family do not violate such policies. However, it is recognized that Company personnel may nevertheless not be able to prevent members of their immediate family from engaging in conduct that is contrary to such policies. Accordingly, Company personnel should notify the Chairman of the Audit Committee promptly after they become aware that any circumstance prohibited by the policies expressed in the

preceding subsections 1, 2, and 3 exist or may be about to occur. Such Company personnel shall comply with such action or restrictions as the Audit Committee may determine to be necessary to protect the interests of the Company and shall promptly notify the Chairman of the Audit Committee of any change in the circumstances previously reported to the Chairman. The action taken, or restrictions imposed by the Audit Committee may, if the potential conflict of interest is substantial, include a change of function and/or restriction of responsibilities, or termination of employment.

The following are considered to be “members of the immediate family” of Company personnel: (i) spouse or domestic partner (collectively referred to as “spouse”); (ii) mother and father; (iii) spouse’s mother and father; (iv) sons and daughters of personnel and sons and daughters of spouses; (v) spouses of sons and daughters; (vi) brothers and sisters; (vii) spouses of brothers and sisters; (vi) any person (other than a domestic servant) sharing the home of such Company personnel.

5. Directors, officers, and employees of the Company should report to senior management of the Company, and should not divert to their personal benefit, any opportunity related to the business of the Company that comes to their attention.
6. Company assets and property of all kinds, including intangible property such as confidential and proprietary information, should not be used for personal purposes, except as may be authorized by another Company policy.
7. Laws, rules, regulations, and Company policies with respect to transactions in Company securities by Company personnel and members of their families should be strictly observed. Company personnel in possession of any material non-public or “inside” information or any kind with respect to the Company, and any family members or other persons to whom they may have communicated such information, should not engage in any transactions in Company securities until such information has been made public. Company personnel should consult with the Legal Department if they have a question as to whether non-public or “inside” information in their possession is “material.”

Confidentiality

Company personnel should maintain the confidentiality of non-public or “inside” information with respect to the Company, its customers, suppliers, or others obtained by them in the course of their Company activities, *except* as authorized by the party that supplied the information or as required by law, regulation or rule.

Anti-Corruption

It is the policy of the Company to comply with all applicable anti-corruption laws and regulations including but not limited to the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act (“Anti-Corruption Laws and Regulations”). The Company further requires that all Third Party Representatives comply with such Anti-Corruption Laws and Regulations.

Payments to Influence Others.

1. Bribery, “kickbacks,” and similar actions to influence others should not be employed, directly or through intermediaries.
2. All entertainment of, and gifts to or from, employees of customers, suppliers, or other persons or entities with which the Company has a business or financial relationship should comply with all applicable laws, rules, and regulations, and with the policies of the giver’s employer and the recipient’s employer, and should be recorded accurately and in reasonable detail in the regular books and records. Entertainment or gifts that would ordinarily be considered lavish or unusually expensive should be avoided. In making this judgment, Company personnel should take into

account local practice and customs as well as how the entertainment or gift is likely to be viewed by the giver, the recipient, the the giver's employer, the recipient's employer, and others. Cash is never an acceptable gift.

Payments or Gifts to Public Officials

No money or other thing of value should be offered, given, or promised, directly or through others, to any government official, political party, or political party official for the purpose of affecting, facilitating, or influencing any decision, action, or policy of any governmental official, political party, or political party. Any entertainment of a government or political party official should be modest in cost, customary in nature, and not carried out for the purpose of affecting, facilitating or influencing an official decision, action, or policy.

Trade Control Laws (Import, Export, Labeling, Country of Origin, Anti-Boycott)

The Company requires compliance with all applicable export, import and trade compliance laws in all countries in which we do business. Employees should engage the Legal Department to discuss any matter of concern related to trade compliance.

Antitrust Laws

All laws, rules, and regulations prohibiting anti-competitive activities and unfair trade practices should be strictly complied with. Because communications with competitors are likely to be viewed with suspicion by the authorities who enforce these laws, rules, and regulations, personnel who engage in such communications should consult with the Company's Legal Department to confirm that the communications are of a permitted nature. In no event should there be communication with competitors concerning the price or other terms on which products are to be sold in the future, areas in which or customers to which products will or will not be sold, or other matters which may impede true competition.

Political Contributions

No funds or assets of the Company may be used, directly or indirectly, for or in aid of any candidate for political office or for nomination to any such office, nor for any political party or committee. This restriction is not intended to discourage Company personnel from personal political activity or contributions as long as it is made clear that such personnel are not acting as representatives of the Company. Company personnel will not be compensated or reimbursed in any way for such personal activity or contributions.

Monitoring Compliance; Investigations; Disciplinary Action

The Company will monitor compliance with this Policy on an ongoing basis. Allegations of possible wrongdoing will be investigated by appropriate Company personnel, will be reported to the Audit Committee, and may be reported to relevant authorities. All employees are expected to cooperate fully with, and maintain the confidentiality of, any investigation. Disciplinary action for violations of this Policy may include counseling, reprimands, warnings, suspension with or without pay, demotion, compensation reduction, restitution, and dismissal. Violations of this Policy by independent contractors, consultants, agents or distributors may result in termination of any agreement or business relationship with such party. Disciplinary action may also be taken against a supervisor if a violation is determined to have involved a significant lack of diligence on the part of the supervisor. Knowingly false allegations of misconduct will result in disciplinary action.

Advice with respect to the Policy

An employee other than a director or officer who has a question about this Policy should normally seek advice from his or her immediate supervisors. Directors and officers, and employees who for any reason prefer not to consult their immediate supervisors, should direct their questions to the Chief Executive Officer or the General Counsel.

Reporting Violations of the Policy (“Whistle Blowing Procedure”)

All Company Directors, Officers and Employees are responsible for helping to ensure the effective enforcement of this Policy. Company personnel who believe that behavior of others may violate this Policy or any other compliance policy of the Company, or who have a complaint or concern about questionable accounting or auditing matters or perceived deficiencies in internal controls, have a responsibility to report the possible violation, or such complaint or concern, to the Chairman of the Audit Committee, the Chief Executive Officer, or the General Counsel. All such reports will be treated as confidential and will carry no risk of retribution if made in good faith. Any Company personnel who take any action in retaliation against a person who, in good faith, makes such a report will be subject to serious discipline. Nevertheless, Company personnel may, if they prefer, make such a report anonymously. The General Counsel, or any other person who from time to time may have operational responsibility for this Policy, shall at all times be expressly authorized to communicate personally to the Audit Committee (a) promptly on any matter involving criminal conduct or potential criminal conduct and (b) no less than annually on the implementation and effectiveness of this Policy, and the Company’s compliance and ethics training programs.

Waivers of Compliance

Waivers of compliance with this Policy will be granted only in unusual circumstances where good cause is clearly demonstrated. A request for a waiver must be presented in writing to the Chairman of the Audit Committee, must specify the reason why a waiver is considered to be appropriate, and may be granted only by the Audit Committee. Any waiver granted to a director or an executive officer must be disclosed to the Company’s stockholders.

Method of Communication

Telephone communications may be directed to the numbers listed below:

Chief Executive Officer	Joseph G. Morone	(518-445-2252)
Chairman of the Audit Committee	Edgar Hotard	(518-445-2206)
General Counsel	Charles J. Silva, Jr.	(518-445-2277)

Written communications to any of the persons listed above may also be sent, marked to his or her attention, to the corporate headquarters address:

Albany International Corp.
216 Airport Drive
Rochester, New Hampshire 03867

In addition, reports of possible violations, complaints or concerns may be submitted through the Company’s Helpline maintained by EthicsPoint. Reports may be made by telephone by calling (toll free): 1-888-291-7592, and may be submitted through the Company’s EthicsPoint Website by going to: www.ethicspoint.com and entering “Albany International” in the appropriate box. Reports submitted through the EthicsPoint Helpline or Website may be made anonymously if desired.

EUROPEAN ADDENDUM TO THE WHISTLE BLOWING PROCEDURE

This addendum supplements the Business Ethics Policy with respect to the violation reporting provisions set forth on page 5 of the Policy – “Reporting Violations of the Policy” (the “Whistle-Blowing Procedure”) for directors, officers and employees in the European Union (“European Personnel”) only. In case of a conflict between the policy and this addendum, this addendum will prevail, subject to applicable law.

Scope and Purpose of the Whistle-Blowing Procedure

European Personnel may use the Whistle-Blowing Procedure only to report:

- possible violations of or complaints or concerns about matters relating to the “Accounting and Financial Reporting” section of the Policy, as well as any other possible violation of or complaints or concerns about matters relating to accounting, internal accounting controls, auditing and bribery;
- any other matters if a vital interest of the Company or when the physical or moral integrity of its Personnel is at risk, including without limitation possible violations of laws or regulations relating to corruption, money laundering, terrorism or environmental and health matters.

Optional Use of the Whistle-Blowing Procedure

The use of the Whistle-Blowing Procedure by European Personnel is optional.

Confidentiality and Anonymous Reporting

European Personnel are, in principle, encouraged to report violations on a named basis. The identity of the person making a report under the Whistle-Blowing procedure will remain confidential and will not be disclosed to third parties, in particular to the reported person or the reporting parties’ supervisors. The person making the report should, however, be aware that his or her identity may need to be disclosed to the persons in charge of investigating the reported violation or involved in any subsequent judicial proceedings. The making of a report will carry no risk of retribution if the report is made in good faith.

European Personnel may, however, prefer, considering the circumstances, to report a violation on an anonymous basis. Such reports will be processed through the Whistle-Blowing Procedure as an exception to the principle that European Personnel are encouraged to report violations on a named basis.

Retention of Data

Data concerning European Personnel obtained through reporting made outside the scope and purpose of the Whistle-Blowing Procedure will be deleted without delay.

Personal data processed under the Whistle-Blowing Procedure will be deleted within two months of completion of the investigation of the facts alleged in the report. In the event that legal proceedings or disciplinary measures are initiated against the reported person or the person making the report in the case of false or abusive reporting, such period will be extended until the conclusion of these proceedings and the period allowed for any appeal.

Notification

Following the preliminary investigation of the report, European Personnel concerned by the report and/or the investigation will be notified as soon as practicably possible. When, however, protective measures are required, including without limitation to preserve evidence by preventing its destruction or alteration by the reported person, notification to the reported person may be deferred until after such protective measures are implemented.

The reported European Personnel will be informed about (i) the name of the person in charge of investigating the report; (ii) the names of the persons, departments or services within the Company which may receive a copy of the report or information about the investigation; (iii) the facts he or she is accused of; (iv) the reported European Personnel's rights of access to, and of rectification of personal data and how to exercise such rights; and (v) the transfer of his or her personal data out of the EU. The reported person has the right to object to the processing of the personal data for compelling legitimate reasons.

Rights of access and rectification

Subject to the foregoing, reported European Personnel can access their registered data in order to check its accuracy and rectify it if they are inaccurate, incomplete or outdated. The exercise of these rights may, however, be restricted in order to ensure the protection of the rights and freedoms of others involved in the Whistle-Blowing Procedure. The reported person cannot obtain information about the identity of the party making the report, except where the latter knowingly reported false allegations of misconduct.

Reporting Methods

European Personnel may report violations to:

- the Chairman of the Audit Committee:
Edgar Hotard (+1-518-445-2206)
- the Chief Executive Officer:
Joseph G. Morone (+1-518-445-2252)
- the General Counsel:
Charles J. Silva, Jr. (+1-518-445-2277)

Written communications to the persons listed above should be sent to the corporate headquarters address:

Albany International Corp.
216 Airport Drive
Rochester, New Hampshire 03867