

ALBANY INTERNATIONAL CORP /DE/
Form DEF 14A
March 29, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
Amendment No.**

Filed by the Registrant S

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Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12
Albany International Corp.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

S No fee required.

£ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 29, 2017

To the Stockholders of Albany International Corp.:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders of Albany International Corp., which will be held at The One Hundred Club, 100 Market Street, Suite 500, Portsmouth, New Hampshire, at 9:00 a.m. on Friday, May 12, 2017.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted. Therefore, you are urged to vote and submit your proxy promptly by phone, online, or by signing, dating, and returning a proxy card. If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy.

If you plan to attend the meeting, and have requested and received physical copies of these meeting materials, please so indicate on the enclosed proxy card so that we can make the necessary arrangements. (An addressed, postage-prepaid envelope is enclosed for your return of the proxy.)

Information about the meeting, including a description of the various matters on which the stockholders will act, can be found in the accompanying Notice of Annual Meeting and Proxy Statement. The Annual Report for the fiscal year ended December 31, 2016, also accompanies these materials.

Sincerely yours,

ERLAND E. KAILBOURNE JOSEPH G. MORONE

Chairman of the Board

President and Chief Executive Officer

ALBANY INTERNATIONAL CORP.

216 Airport Drive, Rochester, New Hampshire 03867

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 12, 2017**

The Annual Meeting of Stockholders of Albany International Corp. will be held at The One Hundred Club, 100 Market Street, Suite 500, Portsmouth, New Hampshire, on Friday, May 12, 2017, at 9:00 a.m. Eastern Time, for the following purposes:

1. To elect ten Directors to serve until the next Annual Meeting of Stockholders and until their successors have been elected and qualified;
2. to ratify the appointment of KPMG LLP as our independent auditor;
3. to approve, by nonbinding vote, executive compensation;
4. to recommend, by nonbinding vote, the frequency of stockholder voting on executive compensation;
5. to approve the Company's 2017 Incentive Compensation Plan; and
6. to transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Only stockholders of record at the close of business on March 20, 2017, will be entitled to vote at the Annual Meeting of Stockholders or any adjournment or adjournments thereof.

Whether or not you expect to attend the Annual Meeting in person, we urge you to vote your shares at your earliest convenience by telephone, online, or by signing, dating, and returning a proxy card. Submitting your proxy now will not prevent you from voting your shares at the meeting if you desire to do so, as your proxy is revocable at your option.

CHARLES J. SILVA, JR.
Secretary

March 29, 2017

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Albany International Corp. (“the Company”), 216 Airport Drive, Rochester, New Hampshire, of proxies in the accompanying form for use at the Annual Meeting of Stockholders to be held on May 12, 2017, and at any adjournment or adjournments thereof.

Voting Procedures

Each properly executed proxy in the accompanying form received prior to the Annual Meeting will be voted with respect to all shares represented thereby and will be voted in accordance with the specifications, if any, made thereon. **If no specification is made, the shares will be voted in accordance with the recommendation of the Board of Directors. In addition, the shares will be voted in the discretion of the proxies with respect to (1) any matter of which we did not have notice prior to February 13, 2017, (2) the election of a person as a director in substitution for a nominee named in this proxy statement who, at the time of the meeting, is unable, or for good cause is unwilling, to serve, (3) any stockholder proposal properly excluded from this proxy statement, and (4) matters incident to the conduct of the meeting, or any other matters as may properly come before the meeting. A proxy may be revoked at any time prior to the voting thereof.**

If a stockholder is a participant in our Dividend Reinvestment Plan or the Albany International Corp. ProsperityPlus 401(k) Savings Plan, a properly executed proxy will also serve as voting instructions with respect to shares in the stockholder’s accounts in such plans. In order for the plan trustee to vote 401(k) plan account shares, instructions must be received no later than 11:59 p.m. Eastern Time on May 8, 2017.

This proxy statement and the accompanying form of proxy are first being made available to our stockholders on or about March 29, 2017.

The only persons entitled to vote at the Annual Meeting (including any adjournment or adjournments) are holders of record at the close of business on March 20, 2017, of the Company’s Class A and Class B Common Stock outstanding on such date. As of March 20, 2017, there were 28,925,205 shares of the Company’s Class A Common Stock outstanding and 3,233,998 shares of our Class B Common Stock outstanding. Each share of Class A Common Stock is entitled to one vote, and each share of Class B Common Stock is entitled to ten votes, on each matter to be voted upon.

Under our By Laws, a copy of which is available at the Corporate Governance section of our website (www.albint.com), the presence, in person or by proxy, of shares having a majority of the total number of votes entitled to be cast at the meeting is necessary to constitute a quorum. Under Delaware law, if a quorum is present, a plurality of the votes cast at the meeting by the shares present in person or by proxy and entitled to vote is required for the election of directors. A majority of the voting power of our Class A Common Stock and Class B Common Stock present in person or by proxy, voting together as a single class, is required for any other action. Shares present at the meeting in person or by proxy and entitled to vote that abstain or fail to vote on any matter will be counted as present and entitled to vote but such abstention or failure to vote will not be counted as an affirmative or negative vote and thus will have the same effect as a vote “Against” each of the matters scheduled to be voted on at the Annual Meeting (other than the election of directors).

Under New York Stock Exchange rules, brokerage firms are permitted to vote in their discretion on certain routine matters on behalf of clients who have been requested to provide voting instructions, and have failed to do so by a date specified in a statement from the brokerage firm accompanying proxy materials distributed to its clients. Brokerage firms generally do not have such discretion as to any contested action, any authorization for a merger or consolidation,

any equity-compensation plan or other matter related to executive compensation, any election of directors, or any matter that may affect substantially the rights or privileges of stockholders. In such a case, broker “nonvotes” are treated as shares that are present at the meeting but fail to vote. The Company anticipates that brokerage firms will be able to vote in their discretion only on the proposal to ratify the selection of KPMG LLP as independent auditor. Broker “nonvotes” will not affect the outcome of any matter being voted on at the Annual Meeting, assuming that a quorum is present.

ELECTION OF DIRECTORS

All of the members of the Board of Directors are elected annually to serve until the next Annual Meeting of Stockholders and until their successors are elected and qualified. Pursuant to our By Laws, the Board of Directors may increase or decrease the number of directors from time to time, but not to fewer than three. The Board of Directors has determined that, until further action by the Board, the number of directors of the Company, from and after the time of the 2017 Annual Meeting of Stockholders, shall be ten. Accordingly, the number of directors to be elected at the 2017 Annual Meeting of Stockholders is ten. The Board of Directors has nominated for election the ten persons listed below. All of the nominees are currently serving as directors. Unless otherwise specified on the proxy, the shares represented by a proxy in the accompanying form will be voted for the election of the ten persons listed below. If, at the time of the meeting, any nominee is unable, or for good cause unwilling, to serve, which event is not anticipated, the shares will be voted for a substitute nominee proposed by the Board of Directors, unless the Board reduces the number of directors. The biographical sketches of each nominee below highlight some of the specific experience, qualifications, attributes or skills that contributed to his or her selection by the Board.

JOSEPH G. MORONE joined the Company as President on August 1, 2005. He has been a Director of the Company since 1996 and has served as President and Chief Executive Officer since 2006. From 1997 to July 2005, Dr. Morone served as President of Bentley University. Prior to joining Bentley, Dr. Morone served as Dean of the Lally School of Management and Technology at Rensselaer Polytechnic Institute, where he held the Andersen Consulting Professorship of Management. He serves as the Presiding Director of Transworld Entertainment Corporation, and serves on the Board of Trustees of the University System of New Hampshire. In addition to extensive knowledge of the Company and its operations gained as Chief Executive Officer, Dr. Morone's other contributions to the Board include his experience leading other complex organizations, and his understanding of technology strategy and other issues confronting business organizations. Age 63.

CHRISTINE L. STANDISH has been a Director of the Company since 1997. From 1989 to 1991, she served the Company as a Corporate Marketing Associate, and was previously employed as a Graphic Designer for Skidmore, Owings & Merrill. She is Chairman and CEO of J. S. Standish Company. She is a member of the Board of Trustees of The Community Foundation for the Greater Capital Region. She is the sister of John C. Standish. J. S. Standish Company and related persons hold in the aggregate shares entitling them to cast a majority of the combined votes entitled to be cast by all stockholders of the Company. As the Board seeks to safeguard and promote the interests of the Company's stockholders, oversee Company management, and otherwise discharge its fiduciary obligations, Ms. Standish is able to provide a direct perspective as the representative of one of the Company's largest stockholder groups. Age 51.

ERLAND E. KAILBOURNE has been a Director of the Company since 1999 and Chairman of the Board since May 2008. He retired as Chairman and Chief Executive Officer (New York Region) of Fleet National Bank, a banking subsidiary of Fleet Financial Group, Inc., in 1998. He was Chairman and Chief Executive Officer of Fleet Bank, also a banking subsidiary of Fleet Financial Group, Inc., from 1993 until its merger into Fleet National Bank in 1997, and also served as Vice Chairman of the State University of New York from 1995 until 1999. He is a Director of Financial Institutions, Inc., Rand Capital Corporation, Allegany Co-op Insurance Company and Rev LNG, LLC. Mr. Kailbourne's broad experience as a director on numerous boards of public and private companies and foundations, his

37 years of experience in banking and finance, and his operational experience as chief executive officer of large organizations make him a valuable addition to the board of any public or private company, especially in oversight of risk management, liquidity, and finance matters. Age 75.

JOHN C. STANDISH has been a Director of the Company since 2001 and Vice Chairman of the Board since May 2008. From 1986 until 2008, he served the Company in a number of management roles, the last being Senior Vice President of Manufacturing for Americas Business Corridor. He is President of the J. S. Standish Company, and serves on the Board of Directors of Habitat for Humanity of the Eastern Bighorns. He is the brother of Christine L. Standish. In addition to being a member of the Standish family, John acquired extensive hands-on experience in all aspects of the Company's Machine Clothing operations as an employee and manager, and holds a master's degree in textiles and wood and paper sciences. Age 53.

JOHN F. CASSIDY, JR. has been a Director of the Company since November 2005. From 1998 to May 2005, he served as Senior Vice President, Science and Technology, at United Technologies Corp. ("UTC"), a diversified company with extensive aerospace operations. He previously served as Vice President and Director of UTC's Research Center from 1991 to 1998, and as Director of Technology Management from 1989 to 1991. He also served at the General Electric Corporate Research and Development Laboratories from 1981 to 1988. Dr. Cassidy is a member of the Board of Trustees of Rensselaer at Hartford, and a former member of the Connecticut Academy of Science and Engineering. He serves on the Board of Directors of the Connecticut Technology Council, the Detroit-based Convergence Electronics Transportation Association, and the Convergence Educational Foundation. Mr. Cassidy's extensive background in research and development, program management, and product development are valuable attributes for oversight of the Company's research and development operations as well as its Albany Engineered Composites segment, which seeks to grow as a key supplier to customers in the aerospace industry. Age 73.

EDGAR G. HOTARD has been a Director of the Company since November 2006. He has served as a Venture Partner at ARCH Venture Partners since September 2004, and as a senior adviser to Warburg Pincus Asia for their energy and industrial sectors since July 2013. Mr. Hotard retired as President and Chief Operating Officer of Praxair, Inc. in 1999. In 1992, he co-led the spin-off of Praxair from Union Carbide Corporation, where he served as Corporate Vice President. From 2000 until 2012, Mr. Hotard served as an adviser to, and nonexecutive Chairman of, the Monitor Group (China). Mr. Hotard is also a member of the Board of Directors of Jason Inc., Quinpario Acquisition Corp. 2, Baosteel Metals Co., Ltd., Koning Corp. and US China Partnerships, a Houston-based non-profit organization. Within the past five years he has also served on the boards of directors of Trelys, Inc., Global Industries Corporation, Solutia Inc. and Shona Energy Company, Inc. He was a founding sponsor of the China Economic and Technology Alliance and of a joint MBA program between Renmin University, Beijing, and the School of Management, State University of Buffalo, New York. In 2000 he received the Great Wall Award for his contributions to the economic development of the Beijing Municipality. Mr. Hotard has experience managing a large global enterprise, assisting companies in developing and implementing their business strategy, building business relationships in Asia and China, and accessing capital markets. In the course of his career, he has worked with a number of senior government and business leaders in Asia and China. His background, understanding, and business relationships are helpful as the Board oversees management's efforts to address shifting demand toward Asia, and China in particular, in its core Machine Clothing business, as well as its expanded operations in Asia. Age 73.

JOHN R. SCANNELL has been a Director of the Company since February 2012. He has served as Chairman and Chief Executive Officer of Moog Inc., a worldwide designer, manufacturer, and integrator of high-performance precision motion and fluid control systems for a broad range of applications, since January 2014. Mr. Scannell joined Moog in 1990 as an Engineering Manager of Moog Ireland and later became Operations Manager of Moog GmbH in Germany. In 1999, he became the General Manager of Moog Ireland, and in 2003 moved to the Aircraft Group in East Aurora, New York, as the Boeing 787 Program Manager. He was named Moog's Director of Contracts and Pricing in 2005. Mr. Scannell was elected Vice President of Moog in 2005 and Chief Financial Officer in 2007, a position he held until December 2010, at which time he was appointed President and Chief Operating Officer. In December 2011, he was named Moog's Chief Executive Officer. Mr. Scannell's range of management experience in engineering, operations management, contracts, and finance, along with his in-depth knowledge of the aerospace markets, products, and technologies, make him highly qualified to serve as a Director. In addition to an M.B.A. from Harvard Business School, Mr. Scannell holds B.S. and M.S. degrees in Electrical Engineering from University College Cork, Ireland. Age 53.

KATHARINE L. PLOURDE has been a Director of the Company since May 2013. She was a principal and analyst at the investment banking firm of Donaldson, Lufkin & Jenrette, Inc. ("DLJ") until November 1997. Since that time, she has engaged in private investing. She previously served as a director of Pall Corporation, a global provider of filtration, separation and purification products and systems, from 1995 until its acquisition by Danaher Corporation in 2015, and of OM Group Inc. (OMG), a provider of specialty chemicals, advanced materials and technologies, from 2002 until OMG was acquired by Apollo Global Management in 2015. She also previously served as lead independent director of OMG and on the audit committees of OMG and Pall. She has also served on the board of directors of Evercore Equity Fund, a publicly traded mutual fund, since November 2014. As a result of her tenure at DLJ and two other investment firms, Ms. Plourde brings significant analytical and financial expertise to the Board in a number of critical areas, including investor relations, financial reporting, accounting, corporate finance, and capital markets. Ms. Plourde's years of service on the nominating/governance committees at Pall and OM Group have also given her significant Board governance experience, and contributed to her expertise on governance issues generally. Age 65.

A. WILLIAM HIGGINS has been a Director of the Company since September 2016. Mr. Higgins currently serves as a director on the boards of Kaman Corporation, a diversified aerospace and industrial distribution company, where he is chairman of the finance committee and a member of the corporate governance committee, and Bristow Group Inc., a global industrial aviation services provider. He served as Chairman, Chief Executive Officer and President of CIRCOR International, Inc. from 2008 to 2012. Prior to March 2008, Higgins held the offices of President and Chief Operating Officer and Executive Vice President and Chief Operating Officer of CIRCOR. Prior to joining CIRCOR in 2005, he spent thirteen years in a variety of senior management positions with Honeywell International and AlliedSignal. Leslie Controls, Inc., a wholly owned subsidiary of CIRCOR and an entity for which Mr. Higgins served as a director and Vice President, filed for bankruptcy protection in July 2010 in order to eliminate certain asbestos litigation liabilities. The subsidiary successfully emerged from bankruptcy the following year. Mr. Higgins's professional background as a chief operating officer, president, chief executive officer and chairman of a public company, as well as his prior experience at Honeywell and Allied Signal, provides the Board with additional valuable perspective on talent development, international operations and global strategic development, lean manufacturing and continuous improvement processes, and the aerospace and defense industries. Age 58.

KENNETH W. KRUEGER has been a Director of the Company since December 2016. Mr. Krueger currently serves as the Chairman of the Board of Manitowoc Company, Inc. He has been a member of the Manitowoc Board of Directors since 2004. From October 2015 until March 2016, he also served as Manitowoc's interim President and CEO. Mr. Krueger served as Chief Operating Officer of Bucyrus International, Inc., a global manufacturer of mining equipment, from 2006 to 2009, having previously served as Executive Vice President from 2005 to 2006. Mr. Krueger also served as Senior Vice President and Chief Financial Officer of A.O. Smith Corp., a global manufacturer of water heating and treatment systems, from 2000 to 2005, and as Vice President, Finance and Planning for the Hydraulics, Semiconductor and Specialty Controls business segment of Eaton Corporation in 1999 and 2000. Mr. Krueger has served as a director of Douglas Dynamics, Inc. since 2012, where he is currently chair of the audit committee and also serves on the compensation and nominating and governance committees. Age 60.

THE BOARD OF DIRECTORS RECOMMENDS
A VOTE "FOR"
ALL OF THE NOMINEES FOR ELECTION

CORPORATE GOVERNANCE

Board Leadership Structure. Since becoming a public company in 1984, the Company has at times operated under a board leadership structure with the roles of Chief Executive Officer and Chairman combined, while at other times the positions of the Chairman and the top executive officer have been separated. Dr. Morone's predecessor as Chief Executive Officer, Frank R. Schmeler, served as Chairman of the Board and Chief Executive Officer from 2000 until early 2006. From August 2003 until early 2006, Thomas R. Beecher, Jr. served as the Company's non-management Lead Director. Erland E. Kailbourne, a non-management independent Board member, has served as Board Chairman since 2008.

The Board of Directors expects the Chairman of the Board to function as a liaison and independent conduit between the members of the Board and the Company's Chief Executive Officer between meetings of the Board, and to preside over meetings of, and provide leadership to, the non-management members of the Board. The Chairman is also primarily responsible for setting Board meeting agendas, in cooperation with the Chief Executive Officer and Secretary. (Other responsibilities of the Chairman are described in the Company's Corporate Governance Guidelines. The Chairman is also empowered to delegate some of these duties, in his or her discretion, to a Vice Chairman.) The Board has found that having a non-management director function in this role, whether as a "lead director" or as Chairman, facilitates communication, helps ensure that issues of concern to non-management directors are given an opportunity for discussion at meetings, and contributes generally to a more effective use of management and Board time. The Board also believes the current board leadership has served the Company well during Dr. Morone's tenure as Chief Executive Officer, allowing him to devote his attention to the management of the Company during what has been a challenging and dynamic period. The Board engages in an annual self-evaluation process to determine whether the Board is discharging its responsibilities and operating effectively, and to consider changes in membership, structure, or process that could improve performance. While we believe that the current Board leadership structure is appropriate for the Company at the present time, it is possible that alternative Board leadership structures, including those that combine the offices of Chairman and Chief Executive Officer, could be appropriate for the Company under different circumstances.

Risk Oversight. The Board of Directors oversees the Company's risk management processes. The Company's Chief Executive Officer reviews with the Board, at each regularly scheduled quarterly meeting, the most significant top-level enterprise risks facing the Company, and the processes by which the Company mitigates such risks. This top-level review is supported by periodic (but no less than quarterly) formal review by senior management of all significant enterprise risks, facilitated by the Chief Financial Officer. The Board asks management, from time to time, to supplement this top-level review with a more detailed analysis of one or more specific risks, selected by the Board, including related mitigation actions. The Board also reviews management's annual operating plan and strategic plan to ensure that they are consistent with, and appropriately address, the Company's risks and risk management processes. The Audit Committee is responsible for assisting the Board in its oversight of the Company's risk management processes. The Audit Committee periodically reviews the adequacy of the processes by which the Company handles risk assessment and risk management, and discusses such processes with management, the Company's internal audit function and the independent auditor. The Committee receives periodic reports from the Company's finance department regarding liquidity and other financial risks; from the finance and internal audit function regarding internal control risks; and from the finance, legal, and internal audit departments regarding processes for addressing fraud, legal and compliance risks, and the adequacy of the Company's disclosure controls and procedures. The Audit Committee also periodically reviews and discusses cyber-security risks to the Company with the Company's Chief Information Officer and the internal audit function, and reviews and discusses with senior management the risk factors disclosed by the Company in its periodic filings with the Securities and Exchange Commission before such filings are made.

Although the Board oversees the Company's risk management, day-to-day management of risk remains the responsibility of management.

Director Independence. The Corporate Governance Rules of the New York Stock Exchange ("the NYSE Rules") provide that a company of which more than 50% of the voting power is held by an individual, a group, or another company will be considered to be a "controlled company." As of March 20, 2017, the J. S. Standish Company, directly or indirectly, held voting and investment control of shares entitling it to cast approximately 53% of the combined votes entitled to be cast by all stockholders of the Company. Directors Christine Standish and John Standish (the "Standish Directors"), are Chairman/CEO and President, respectively, of J. S. Standish Company. As a controlled company under the NYSE Rules, the Company has elected to avail itself of the provisions of the NYSE Rules exempting a controlled company from certain requirements of the NYSE Rules, including that the

Compensation and Governance Committees be composed entirely of independent directors (as independence is defined by the NYSE Rules). The Board of Directors has determined, however, that all of the members of the Audit Committee are independent. The Board is not required to make this determination with respect to any other director, and it has not done so. A description of transactions, relationships, or arrangements (if any) considered by the Board in making these determinations is set forth in the Audit Committee discussion below.

Meeting Attendance. The Board of Directors met eleven times in 2016. Each incumbent director attended (in person or by telephone) 75% or more of the aggregate number of meetings of the Board and of the committees of the Board on which he or she served. It is the policy of the Company that all persons who are candidates for election to the Board of Directors at an Annual Meeting of Stockholders should attend that meeting (either in person or, if necessary, by telephone). All of the candidates for election to the Board of Directors attended the Annual Meeting of Stockholders in 2016.

Committees. The standing committees of the Board of Directors are the Governance Committee, the Audit Committee, and the Compensation Committee. During 2016, the Governance Committee met six times, the Audit Committee met nine times, and the Compensation Committee met four times.

Governance Committee. The Governance Committee reviews and recommends changes in the Company's Corporate Governance Guidelines and governance and management structure; evaluates the effectiveness of the Board of Directors, its committees, and the directors; recommends to the Board of Directors the persons to be nominated for election as directors; and reviews management succession planning. A copy of the Charter of the Governance Committee is available at the Corporate Governance section of our website (www.albint.com). The current members of our Governance Committee are Katharine L. Plourde (Chair), John F. Cassidy, Jr. and Christine L. Standish. Board Chair Erland E. Kailbourne also participates in Committee meetings as an *ex officio* nonvoting member. Directors Plourde and Christine Standish each served on the Committee during all of 2016. Director Cassidy joined the Committee in May 2016, replacing Director Hotard.

The Governance Committee considers, on an ongoing basis, the skills, background, and experience that should be represented on the Board of Directors and its committees, the performance of incumbent directors, the appropriate size of the Board of Directors, potential vacancies on the Board, and other factors relating to the efficacy of the Board. The Committee and the Board seek to maintain a group of Board members that, in the aggregate, possesses the skills, background, and experience necessary and desirable to address effectively the issues and challenges the Company will confront. The Board does not expect that any single member will possess all of these attributes, and therefore seeks to accomplish this by selecting candidates with diverse skills and backgrounds. The Committee discusses with the Board, at least annually, the various qualifications and skills that should be represented on the Board and its committees, taking into account the nature of the business and the objectives of the Company as they may evolve over time. The Committee also reviews, on an annual basis, the performance of the sitting members of the Board, and makes recommendations to the Board regarding those directors to be nominated for reelection by the stockholders.

The Governance Committee employs professional consultants for this purpose, and members of the Committee also communicate with knowledgeable persons on a continuing basis to identify potential candidates for Board membership. Any qualified potential candidates so identified are then discussed by the Committee and the Board, and if the potential candidate appears likely to be a substantial addition to the Board, he or she is then interviewed by members of the Committee and the Board. The Governance Committee then considers the reports of the interviews and other information that has been gathered and determines whether to recommend to the Board of Directors that the person be elected as a director. The Committee has retained the director search firm of G. Fleck/Board Services since 2011 to assist in identifying and evaluating potential Board members. Directors Scannell, Plourde, Higgins and Krueger were each initially recommended to the Committee by G. Fleck/Board Services.

Stockholders may send recommendations of persons to be considered by the Governance Committee for nomination for election as directors to: Chair, Governance Committee, Albany International Corp., 216 Airport Drive, Rochester, New Hampshire 03867. Our Corporate Governance Guidelines, a copy of which is available at the Corporate Governance section of our website (www.albint.com), set forth criteria to be employed by the Governance Committee and the Board of Directors in determining whether a person is qualified to serve as a director of the Company. Recommendations by stockholders should include information relevant to these criteria. The Governance Committee will give consideration to persons recommended by stockholders in the same manner that it employs when considering recommendations from other sources.

All of the nominees for election as directors at the 2017 Annual Meeting are current Board members standing for election or reelection by the stockholders.

Audit Committee. The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in a number of key areas, including:

- the integrity of our financial statements, financial reporting process, and internal controls;
- the performance of our internal audit function;
- our compliance with legal and regulatory requirements, including our disclosure controls and procedures; and
- the annual independent audit of our financial statements, including the engagement of the independent auditor, and the evaluation of the independent auditor's qualifications, independence and performance.

The Committee's charter sets forth a number of the Committee's specific responsibilities in each of these areas.

The Committee discharges its responsibilities related to financial reporting by, among other things:

- reviewing and discussing with management each quarterly earnings release, as well as other financial communications, and all quarterly reports on Form 10-Q or annual reports on Form 10-K; after the completion of each annual audit, and before the filing of the Form 10-K, reviewing and discussing with the independent auditors, the head of internal audit, and senior management, among other things: (1) any significant audit findings, and management's responses to such findings, (2) any significant changes in audit scope, and (3) any difficulties encountered during the course of the audit;
- periodically reviewing and discussing with the independent auditor, management, and the head of the internal audit function, the acceptability and quality of our accounting policies, the clarity of our financial disclosures, and any weaknesses in our system of internal controls; and
- periodically reviewing, evaluating and discussing with management the qualifications, performance and depth of the Company's financial personnel.

As part of its oversight of our internal audit function, the Committee reviews and approves the annual internal audit plan, and reviews, at least quarterly, the reports and findings of plan activities with the head of the department, senior management and the independent auditor. The Committee also evaluates the performance of the department at least annually, with input from management and the independent auditor.

The Audit Committee has established procedures for the receipt, retention and treatment of communications (including anonymous communications) relating to questionable accounting, auditing or internal control matters, violations of laws or regulations to which the Company is subject, or violations of the Company's Business Ethics Policy or Code of Ethics for the Company's Chief Executive Officer, Chief Financial Officer or Controller. Our Business Ethics Policy describes various means by which such communications may be reported (see "Available Information" on page 11.) The Committee has direct access to any complaints made to the Company's whistleblower hotline that relate to accounting, auditing, internal controls, or alleged violations of the Business Ethics Policy, and oversees the investigation and resolution of all such complaints by the Company's legal department and compliance function. The Committee also serves as the Company's "Qualified Legal Compliance Committee" pursuant to the rules of the Securities and Exchange Commission with respect to Section 307 of the Sarbanes-Oxley Act, and is responsible for the review and resolution of all reports of "material violations" subject to Section 307. The Committee is also charged with reviewing any complaints or concerns relating to accounting, auditing, or internal controls matters that are communicated to the Chair of the Committee pursuant to the Company's "up-the-ladder" reporting process for responding to such communications. The Committee is also responsible for evaluating all related-party transactions, and for recommending to the Board whether any such transaction should be ratified or approved.

The Committee is solely responsible, in accordance with the NYSE rules, for the appointment of our independent auditors. The Committee is also responsible for the evaluation of the independence, performance and qualifications of our independent auditors, and reviewing and approving their compensation. (See “**RATIFICATION OF INDEPENDENT AUDITORS**” on page 44.)

A copy of the current charter of the Audit Committee is available at the Corporate Governance section of our website (www.albint.com). The current members of the Audit Committee are Edgar G. Hotard (Chair), Erland E. Kailbourne, Katharine L. Plourde and Kenneth W. Krueger. Directors Hotard, Kailbourne and Plourde served during all of 2016; Director Krueger joined the Committee in December 2016.

The Audit Committee has provided the following report:

The Audit Committee has reviewed and discussed with management and the independent auditors, KPMG LLP (“KPMG”), the financial statements for 2016, including management’s report with respect to internal control over financial reporting. The Audit Committee has discussed with KPMG the matters required to be discussed under the rules adopted by the Public Company Accounting Oversight Board (“PCAOB”), and has received from KPMG the written disclosures and the communications relating to KPMG’s independence required by PCAOB rules. The Audit Committee has discussed with KPMG its independence, and has considered whether the provision by KPMG of the services referred to below under “**RATIFICATION OF INDEPENDENT AUDITORS**” is compatible with maintaining the independence of KPMG.

Based on the foregoing discussions and review, the Audit Committee recommended to the Board of Directors that the audited statements for 2016 be included in the Company’s Annual Report on Form 10-K for 2016 filed with the Securities and Exchange Commission.

The financial reporting process of the Company, including the system of internal controls and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, is the responsibility of the Company’s management. The Company’s independent auditors (KPMG) are responsible for auditing the Company’s financial statements and internal controls over financial reporting. The Audit Committee monitors and reviews these processes. As required by the NYSE Rules, the Board of Directors has determined that, in their judgment, all of the members of the Audit Committee are “financially literate” and at least one member of the Committee “has accounting or related financial management expertise.” The Board has also determined that at least one member of the Committee, Katharine L. Plourde, is a “financial expert” as such term is defined in Item 407 of Regulation S-K of the Securities and Exchange Commission. The members of the Audit Committee are not employees of the Company and do not represent themselves as experts in the field of accounting or auditing.

The Charter of the Audit Committee provides that the members of the Committee are entitled to rely, and they do rely, on advice, information, and representations that they receive from the independent auditors, management, and the head of the Company’s Internal Audit function. Accordingly, the review, discussions, and communications conducted by the Audit Committee do not assure that the financial statements of the Company are presented in accordance with accounting principles generally accepted in the United States of America, that the audit of the Company’s financial statements has been carried out in accordance with auditing standards generally accepted in the United States of America, or that the Company’s independent auditors are, in fact, “independent.”

The Audit Committee:

Edgar G. Hotard, *Chair*
Erland E. Kailbourne
Katharine L. Plourde
Kenneth W. Krueger

The Board of Directors has determined that none of the members of the Audit Committee has any relationship with the Company that may interfere with the exercise of his or her independence from management and the Company and, on that basis, has determined that each of them is “independent” within the meaning of the Sarbanes-Oxley Act and the

NYSE Rules. In making this determination, the Board considered, after due inquiry, the lack of any transactions, relationships, or arrangements between the Company and each member of the Committee.

The Board of Directors has determined that Ms. Plourde possesses all of the attributes of an “audit committee financial expert,” as such term is defined in Item 407 of Regulation S-K of the Securities and Exchange Commission. Pursuant to the NYSE Rules, the Board of Directors has determined that all of the current members of the Audit Committee are “financially literate” and that at least one member of the Committee has “accounting or related financial management expertise.” The Board of Directors believes that all of the current members of the Audit Committee are well qualified to perform the functions for which the Committee is responsible.

Compensation Committee. The Compensation Committee is generally responsible for determining the compensation of our directors and executive officers. A copy of the Committee's charter is available at the Corporate Governance section of our website (*www.albint.com*). The current members of the Compensation Committee are John F. Cassidy, Jr. (Chair), John Scannell, John Standish and A. William Higgins.

As specified in its charter, the Compensation Committee is directly responsible for determining the compensation of the Company's Chief Executive Officer as well as the other senior executive officers of the Company. The Committee also assists the Board of Directors in the creation and implementation of employee compensation, incentive, and benefit policies and plans; administers (or oversees the administration by management of) pension and other employee benefit plans; and approves grants and awards under our incentive plans (except for awards intended to preserve deductibility under Section 162(m) of the Internal Revenue Code, which awards are approved by a separate committee of independent directors designated for such purpose). These duties and responsibilities may be delegated to a subcommittee comprising one or more members of the Committee.

The Committee's charter indicates that input from management is both expected and in some instances required in connection with the Committee's exercise of its responsibilities. See "*The Role of Executive Officers*" on page 15.

In addition, the Committee's charter charges the Committee with the responsibility to obtain advice and assistance from outside legal or other advisers or consultants as the Committee may from time to time deem appropriate, and to determine the compensation and other terms of service of such advisers and consultants. The Committee has exclusive power to select, retain, and terminate the services of any such advisers or consultants to assist in evaluating the compensation of the Chief Executive Officer or senior executives, and sole power to determine the compensation and other terms of service of such consultants. The charter provides that the Company shall provide for the payment of fees and compensation to any advisers or consultants so employed by the Committee. The Company paid \$23,425 to Pearl Meyer & Partners for compensation-related services in connection with the 2016 proxy statement. (See "*The Role of Compensation Consultant*" on page 15 for a discussion of compensation-related services provided by Pearl Meyer for 2016.)

The Compensation Committee has provided the following report:

The Compensation Committee of the Board of Directors (the "Committee") has reviewed the Compensation Discussion and Analysis set forth in this proxy statement with management of the Company, and based on such review has recommended to the Board of Directors that it be included in the Company's Annual Report on Form 10-K and this proxy statement.

John F. Cassidy, Jr., *Chair*
John C. Standish
John Scannell
A. William Higgins

Compensation Committee Interlocks and Insider Participation. Directors Cassidy, Standish and Scannell served on the Committee during all of 2016; Director Higgins joined the Committee in September 2016.

No member of the Committee was an employee during 2016. John Standish is an officer and director of J. S. Standish Co. (See "**SHARE OWNERSHIP**" on page 12.)

Nonmanagement directors. Meetings of the "nonmanagement" directors, as defined by the NYSE Rules, are regularly held at the conclusion of each regularly scheduled meeting of the Board. The current nonmanagement directors are all of the directors other than Dr. Morone. Meetings of the nonmanagement directors during 2016 were

chaired by the Chairman. The Chairman also acts as a liaison between the directors and the Chief Executive Officer, and facilitates communication among the directors. Interested persons may communicate with the Chairman and the nonmanagement directors by writing to: Chairman, Albany International Corp., 216 Airport Drive, Rochester, New Hampshire 03867.

Shareholder communications. It is our policy to forward to each member of the Board of Directors any communications addressed to the Board of Directors as a group, and to forward to each director any communication addressed specifically to such director. Such communications may be sent to: Albany International Corp., 216 Airport Drive, Rochester, New Hampshire 03867.

Available Information. The Company's Corporate Governance Guidelines, Business Ethics Policy, and Code of Ethics for the Chief Executive Officer, Chief Financial Officer, and Controller, and the charters of the Audit, Compensation, and Governance Committees of the Board of Directors are all available at the Corporate Governance section of the Company's website (*www.albint.com*).

Certain Business Relationships and Related Person Transactions

The Company has adopted a written policy requiring review of relationships and transactions in which directors or executive officers, or members of their immediate families, are participants, in order to determine whether such persons have a direct or indirect material interest. The Company's Legal Department is responsible for developing and implementing processes and controls designed to obtain information relating to any such relationship or transaction, and for determining whether disclosure of such relationships or transactions is required. The Audit Committee of the Board of Directors is responsible for reviewing such information, and making recommendations to the disinterested members of the Board regarding the ratification or approval of such relationships or transactions. As set forth in the policy, the Audit Committee considers each transaction in light of relevant factors, including any benefits to the Company, whether the terms are arm's-length and in the ordinary course, the direct or indirect nature of the related person's interest in the transaction, the size and expected term of the transaction, and such other facts and circumstances as may bear on the materiality of the transaction or relationship. No director may participate in the review, ratification, or approval of any transaction in which such director has an interest.

Since January 1, 2016, there have been no transactions involving related persons required to be reported in this proxy statement where the above policy did not require review, approval, or ratification, or where such policy was not followed.

Chairman Emeritus

Until his death in September 2016, J. Spencer Standish was invited to all meetings of the Board and occasionally attended such meetings. Other than his pension under the Company's retirement plans, Mr. Standish received no fees or compensation from the Company during 2016.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and officers, and any persons holding more than 10% of our Class A Common Stock, to file with the Securities and Exchange Commission reports disclosing their initial ownership of the Company's equity securities, as well as subsequent reports disclosing changes in such ownership. To the Company's knowledge, based solely on a review of such reports furnished to us and written representations by such persons that no other reports were required, all persons who were subject to the reporting requirements of Section 16(a) complied with such requirements during the year ended December 31, 2016.

SHARE OWNERSHIP

As of the close of business on March 1, 2017, each of the directors, director nominees, and Named Executive Officers, and all current directors and officers as a group, beneficially owned shares of our capital stock as follows:

	Shares of Class A Common Stock Beneficially Owned^(a)	Percent of Outstanding Class A Common Stock	Shares of Class B Common Stock Beneficially Owned	Percent of Outstanding Class B Common Stock	
Joseph G. Morone	266,502	(b) (c)	—	—	
Christine L. Standish	3,239,691	(d) 10.07%	3,232,744	(e) 99.96	%
Erland E. Kailbourne	31,352	(c)	—	—	
John C. Standish	3,233,345	(f) 10.05%	3,232,744	(g) 99.96	%
John F. Cassidy, Jr.	17,357	(c)	—	—	
Edgar G. Hotard	18,387	(c)	—	—	
John B. Scannell	9,011	(c)	—	—	
Katharine L. Plourde	5,668	(c)	—	—	
A. William Higgins	1,440	(c)	—	—	
Kenneth W. Krueger	458	(c)	—	—	
John B. Cozzolino	33,116	(h) (c)	—	—	
Daniel Halftermeyer	83,677	(i) (c)	—	—	
Robert A. Hansen	17,379	(j) (c)	—	—	
Diane M. Loudon	1,959	(c)	—	—	
All officers and directors as a group (18 persons)	3,741,909	11.63%	3,232,744	99.96	%

Because shares of Class B Common Stock are convertible at any time into shares of Class A Common Stock on a one-for-one basis, they are reflected in the above table both as Class B shares beneficially owned and as Class A shares beneficially owned. “Beneficial ownership” has the meaning specified under Rule 13d-3 of the Securities Exchange Act.

(a) Includes (i) 262,021 shares owned outright and (ii) 4,481 shares held in the Company’s employee stock ownership plan.

(b) Ownership is less than 1%.

(c) Includes (i) 6,595 shares owned outright, (ii) 3,232,744 shares issuable upon conversion of an equal number of shares of Class B Common Stock, and (iii) 352 shares held by Ms. Standish in her account in the Company’s 401(k) retirement savings and employee stock ownership plans. See “Voting Power of the Standish Family” on page 14 for a description of the nature of Ms. Standish’s beneficial ownership of the Class B shares.

(d) Includes (i) 100 shares owned outright and (ii) 3,232,644 shares owned or controlled by J. S. Standish Company.

(e) See “Voting Power of the Standish Family” on page 14 for a description of the nature of Ms. Standish’s beneficial ownership of these shares.

(f) Includes (i) 3,232,744 shares issuable upon conversion of an equal number of shares of Class B Common Stock, (ii) 590 shares held by Mr. Standish in his account in the Company’s 401(k) retirement savings and employee stock ownership plans, and (iii) 11 shares held directly. See “Voting Power of the Standish Family” on page 14 for a description of the nature of Mr. Standish’s beneficial ownership of these shares.

(g)

Includes (i) 100 shares owned outright and (ii) 3,232,644 shares held by J. S. Standish Company. See “Voting Power of the Standish Family” on page 14 for a description of the nature of Mr. Standish’s beneficial ownership of these shares.

(h) Includes (i) 29,984 shares owned outright, (ii) 2,832 shares held in the Company’s employee stock ownership plan, and (iii) 300 shares issuable upon exercise of options exercisable currently.

(i) Includes (i) 66,377 shares owned outright and (ii) 17,300 shares issuable upon exercise of options exercisable currently.

(j) Includes (i) 10,328 shares owned directly, (ii) 4,651 shares held in the Company’s employee stock ownership plan, and (iii) 2,400 shares issuable upon exercise of options exercisable currently.

Each of the individuals named in the preceding table has sole voting and investment power over shares listed as beneficially owned, except as indicated. Each of the directors and officers whose share ownership is reported above has indicated that no such shares are pledged as security.

The following persons have informed us that they were the beneficial owners of more than five percent of our outstanding shares of Class A Common Stock:

5% Beneficial Owners of Class A Common Stock

Name(s) ^(a)	Reported Shares of Company's Class A Common Stock Beneficially Owned*	Percent of Outstanding Class A Common Stock
J. S. Standish Company	3,232,644 ^(b)	10.05%
John C. Standish	3,233,345 ^(c)	10.05%
Christine L. Standish	3,239,691 ^(d)	10.07%
Standish Family Holdings, LLC	2,363,527 ^(b)	7.55%
BlackRock, Inc.	3,399,333 ^(e)	11.77%
Wellington Management Group LLP	2,707,062 ^(f)	9.37%
TimesSquare Capital Management, LLC	1,768,885 ^(g)	6.13%
The Vanguard Group	2,433,703 ^(h)	8.43%
Brown Advisory, LLC	1,815,291 ⁽ⁱ⁾	6.29%

* As of December 31, 2016, except for the J. S. Standish Company, John C. Standish, Christine L. Standish, and Standish Family Holdings, LLC, whose holdings are shown as of March 1, 2017.

Addresses of the beneficial owners listed in the above table are as follows: Christine L. Standish, John C. Standish, J. S. Standish Company and Standish Family Holdings, LLC, c/o Barrantys LLC, 120 W. Tupper Street, Buffalo, New York 14201; BlackRock, Inc., 55 East 52nd Street, New York, NY 10022; Wellington Management Group (a)LLP, c/o Wellington Management Company, LLP, 280 Congress Street, Boston, MA 02210; TimesSquare Capital Management, LLC, 7 Times Square, 42nd Floor, New York, NY 10036; The Vanguard Group, 100 Vanguard Boulevard, Malvern, PA 19355; and Brown Advisory, LLC, 901 South Bond Street, Suite 400, Baltimore, MD 21231.

(b) Represents shares issuable upon conversion of an equal number of shares of Class B Common Stock. See "5% Beneficial Owners of Class B Common Stock" on page 14 below.

(c) Represents (i) 601 shares held by Mr. Standish directly or in his account in the Company's 401(k) retirement savings and employee stock ownership plans, and (ii) 3,232,744 shares issuable upon conversion of an equal number of shares of Class B Common Stock. See "5% Beneficial Owners of Class B Common Stock" on page 14 for a description of the nature of Mr. Standish's beneficial ownership of these shares.

(d) Represents (i) 6,947 shares held by Ms. Standish directly or in her account in the Company's 401(k) retirement savings and employee stock ownership plans, and (ii) 3,232,744 shares issuable upon conversion of an equal number of shares of Class B Common Stock. See "5% Beneficial Owners of Class B Common Stock" on page 14 below for a description of the nature of Ms. Standish's beneficial ownership of these shares.

(e) Represents shares beneficially owned by BlackRock, Inc. and one or more affiliates, including BlackRock Fund Advisors. BlackRock, Inc. and/or one or more of such entities has the sole power to vote or direct the vote of 3,332,622 such shares, and sole power to dispose or direct the disposition of all such shares.

(f) Represents shares beneficially owned by investment advisory clients of Wellington Management Group LLP or one of its affiliates. Wellington Management Group LLP has shared power to vote or direct the vote of 2,076,011 such shares, and shared power to dispose or direct the disposition of all such shares.

Represents shares beneficially owned by investment advisory clients of TimesSquare Capital Management, LLC.

(g) TimesSquare Capital Management, LLC has sole power to vote or direct the vote of 1,762,855 such shares, and sole power to dispose or direct the disposition of all such shares.

Represents shares reported as beneficially owned by The Vanguard Group, in its capacity as investment adviser.

(h) The Vanguard Group has sole power to vote or direct the vote of 37,869 such shares, shared voting power as to 4,445 such shares, shared dispositive power with respect to 40,859 such shares, and sole power to dispose or direct the disposition of 2,433,703 such shares.

Represents shares beneficially owned by investment advisory clients of Brown Advisory, LLC, in its capacity as

(i) investment adviser. Brown Advisory, LLC has sole voting power as to 1,806,116 such shares and shared dispositive power as to all such shares.

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The following persons have informed the Company that they are the beneficial owners of more than five percent of the Company's outstanding shares of Class B Common Stock as of March 1, 2017:

5% Beneficial Owners of Class B Common Stock

Name(s) ^(a)	Shares of Company's Class B Common Stock Beneficially Owned	Percent of Outstanding Class B Common Stock
John C. Standish	3,232,744 ^(b)	99.96%
Christine L. Standish	3,232,744 ^(c)	99.96%
J. S. Standish Company	3,232,644 ^(d)	99.96%
Standish Family Holdings, LLC	2,363,527	73.08%

Addresses of the beneficial owners listed in the above table are as follows: John C. Standish, Christine L. Standish, (a) J. S. Standish Company and Standish Family Holdings, LLC, c/o Barrantys LLC, 120 West Tupper Street, Buffalo, NY 14201.

Includes (i) 2,363,527 shares held by Standish Family Holdings, LLC, and (ii) 869,117 shares held by J. S. Standish Company. See "Voting Power of the Standish Family" below for a description of the nature of Mr. Standish's beneficial ownership of these shares. Also includes 100 shares held directly.

Includes (i) 2,363,527 shares held by Standish Family Holdings, LLC, and (ii) 869,117 shares held by J. S. Standish Company. See "Voting Power of the Standish Family" below for a description of the nature of Ms. Standish's beneficial ownership of these shares. Also includes 100 shares held directly.

Includes (i) 2,363,527 shares held by Standish Family Holdings, LLC, and (ii) 869,117 shares held directly. J. S. Standish Company, as manager, has sole voting and investment control over the shares held by Standish Family Holdings, LLC.

Voting Power of the Standish Family

The J. S. Standish Company now holds or controls, in the aggregate, shares entitling it to cast approximately 53% of the combined votes entitled to be cast by all stockholders of the Company. John C. Standish serves as President, and Christine L. Standish as Chairman and CEO, of the J. S. Standish Company.

If the J. S. Standish Company casts votes as expected, election of the director nominees listed above, and approval of each other proposal to be considered at the meeting, will be assured.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

In his 2016 letter to shareholders, Dr. Morone once again reaffirmed our corporate strategy of "Cash and Grow." He identified the key objective of that strategy to be to hold Machine Clothing cash flow steady for as long as possible, while growing AEC as rapidly as possible. It is this strategy that defines our standard for assessing performance, and it is those objectives that shaped the design of our 2016 executive compensation program.

The following portion of this proxy statement describes that executive compensation program, and reports on the 2016 compensation earned by and paid to the Company's "named executive officers" (the "NEOs"), as that term is defined in applicable SEC regulations. In keeping with our past practice, the discussion is presented in three parts. The first part states the Committee's compensation philosophy and objectives, identifies the different elements of compensation, describes the structure of the 2016 compensation program, and explains the various matters taken into consideration by the Committee when adopting compensation policies or arriving at compensation decisions. The second part

reports the compensation earned by our NEOs based on the Company's 2016 performance. The final part sets out the 2016 compensation actually earned by, awarded to, or available to the NEOs in SEC-mandated tables. Our NEOs for 2016 were President and CEO Dr. Joseph G. Morone; Chief Financial Officer and Treasurer John B. Cozzolino; President — Machine Clothing Daniel A. Halftermeyer; President — AEC Diane M. Loudon; and Senior Vice President and Chief Technology Officer Robert Hansen.

PART I

Compensation Philosophy and Objectives

It remains the Committee's philosophy to compensate the Company's executives based on their individual importance in achieving the Company's strategic objectives, consistent with competitive market practices, and taking internal equity into account. The principal objectives of our executive compensation program are (1) to enable the Company to attract and retain talented, well-qualified, experienced, and highly motivated executives whose performance will substantially enhance the Company's performance, and (2) to structure elements of compensation so that performance consistent with delivering shareholder value and achieving the Company's annual and long-term goals is suitably rewarded. Therefore, the executive compensation program is designed with a focus on total direct compensation targets utilizing both long- and short-term performance-based compensation components.

Shareholder "Say on Pay"

For 2016, the Committee again chose to implement the same compensation program structure it has used since 2010. Although the results of the 2016 "say on pay" vote were not available when the Committee was adopting the 2016 compensation program, voting results from prior years were a significant factor in that decision. For instance, in 2015 shareholders representing 99% of the votes cast expressed approval of the Company's executive compensation. In 2016, the ultimate approval rating was 99.5%.

Roles in Structuring Compensation

The Role of Compensation Committee

The Compensation Committee of the Board of Directors is responsible for setting the compensation for all of our executive officers, including Dr. Morone. The Committee considers, adopts, reviews, and revises the various compensation plans, programs and guidelines, and reviews and determines all components of each executive officer's compensation. The Committee reports to, and receives feedback from, the full Board of Directors each quarter. With regard to Dr. Morone, although his compensation is determined by the Committee, it reflects advice and input from the full Board of Directors, and takes into account the full Board's assessment of Dr. Morone's performance.

The Role of the Compensation Consultant

The Committee retains an executive compensation consultant to provide benchmarking and comparative compensation analysis. The consultant's findings and recommendations form part of the input used in the ongoing review and design of the Company's compensation programs. The analysis process is normally completed on an annual basis in the case of the Company's CEO, CFO and the two business unit Presidents, and periodically with respect to other members of the senior management team. Analyses completed by Pearl Meyer & Partners in early 2016 were considered by the Committee when establishing 2016 total direct compensation targets and base salary increases.

The Role of Executive Officers

The Committee's Charter expressly provides that input from management is expected, and in some instances required, in connection with the Committee's exercise of its responsibilities. Company management does make recommendations to the Committee from time to time regarding the elimination or modification of existing benefit plans, or the adoption of new plans. In addition, although the Committee has traditionally been responsible for reviewing and approving salary ranges for senior management, such ranges and changes are typically proposed to the Committee by the Company's CEO after consultation with personnel from the Company's Human Resources function.

Elements of Compensation

There are several components available for use in the Company's executive compensation program. Flexibility in the application of each discrete component provides the Committee with the ability to adjust to changes in market conditions and to individual performance. This flexibility is evidenced by the Committee's practice of adjusting the allocation between long- and short-term compensation, and in its varying use of cash and non-cash elements. It should also be noted that not every component is granted, or made available, to all executives. In 2016, the principal components of the executive compensation program were:

Base Salary

Annual base salary constitutes the core cash portion of compensation for every member of management, including the NEOs. In determining the appropriate amount to be established as base salary, the Committee considers benchmarking data, the executive's past performance, his or her individual importance to the Company and internal equity.

Annual Incentive Plan

The Company provides certain managers an opportunity to earn an annual cash incentive bonus. Although the amount of the bonus actually paid to a manager is determined by the Committee in its sole discretion, it is generally based on Company, business unit, and/or individual performance against established targets during the previous year. Target bonus opportunities are established as a percentage of base salary. For 2016, the Committee adhered to its prior practice of excluding the senior management team (consisting of the CEO and approximately three to five top executives working most closely to him), from the annual cash incentive bonus. Instead, the senior management team is granted MPP and APP Performance Awards, as described below. Participation in the annual cash incentive bonus program is limited to approximately 350-400 managers worldwide.

Under the Annual Incentive Plan, a bonus at the targeted level is paid only if the Committee determines that the performance levels that it considers appropriate for the particular year have been achieved. Lesser cash incentives may be paid if such performance levels are not achieved, and larger incentives may be paid if performance exceeds such levels. Threshold performance levels are also established and performance below the threshold levels would generally result in no bonus being earned. Maximum performance levels are also established. The threshold, target and maximum performance levels are established by reference to the operating plan approved by the Board of Directors.

Performance Awards

Performance Awards are granted pursuant to the Company's 2011 Incentive Plan to the senior management team only. Such awards are designed to reward performance. In granting Performance Awards, the Committee considers (1) the alignment between the performance goals and the Company's business objectives, (2) advice from its executive compensation consultant regarding the total value of the awards as a percentage of total direct compensation, as well as the ideal frequency of various award outcomes, and (3) the amounts of Performance Awards actually earned in prior years.

The performance period for short-term performance incentive awards granted in 2016 was the 2016 fiscal year. This annual performance period award (the "APP Performance Award") entitled the recipient to receive between 0% and 200% of the target award, initially denominated as a dollar figure, based on the extent to which he or she attained certain performance goals during 2016. Once determined, the awards were paid out in full in a ratio of 50% cash and 50% stock (except in the case of Dr. Morone whose award was allocated 60% cash and 40% stock) in March 2017. The average share price for the first 10 days in January 2017 was used to determine the number of shares issued. The

performance period for long-term performance incentive awards granted in 2016 runs from January 1, 2016 through December 31, 2018. This multi-year performance period award (the “MPP Performance Award”) entitles the recipient to receive between 0% and 200% of the cash and share award targets stated in the award agreement, based on the extent to which he or she attains certain cumulative performance goals at the end of the three-year performance period. Once determined, the awards will be paid out in full in cash and stock in early 2019.

When establishing performance goals for all performance-based incentive compensation, the Committee intends that there be a rather high probability that threshold levels would be met, and a rather low probability that maximum levels would be met. The performance measurement metrics and goals for the 2016 performance-based incentive compensation program were drawn from the operating plan approved by the Board of Directors in early 2016 to reflect the acquisition of Harris Corporation's aerospace composites business.

Restricted Stock Units

Restricted Stock Units ("RSUs") can be granted pursuant to the Company's Restricted Stock Unit Plan ("RSU Plan") to function primarily as retention incentives, but they have been used only rarely since 2010. Members of the senior management team generally did not participate in the annual RSU grants prior to 2011, but have received grants as part of special executive retention incentives adopted from time to time. Before 2011, annual grants were targeted to approximately 200-250 top managers just below the senior management team, who also participate in the annual cash incentive bonus program. The size of a grant to any single manager was typically determined primarily on the basis of salary and grade level, years of service, and internal equity. No RSU grants have been made to this group of top managers since 2010. Instead, beginning in February 2012, the Company began making grants under the Performance Stock Plan described below.

Performance Phantom Stock

Performance Phantom Stock ("Performance Phantom Stock") is granted pursuant to the Company's Performance Phantom Stock Plan ("Performance Stock Plan"). These grants function as a retention incentive, but with a performance component. The size of any grant is determined primarily on the basis of salary and grade level, years of service, internal equity, consideration of the employee's value to the Company, and the retentive effect of previously awarded incentives that remain outstanding. The number of units ultimately earned depends on Company performance measured against corporate-wide goals established at the beginning of the one-year performance period. Members of the senior management team have not participated in, and are not expected to participate in, this plan. These grants are targeted to approximately 125-150 top managers just below the senior management team, who also participate in the annual cash incentive bonus program.

Other Plans and Programs

In addition to the foregoing, the Company maintains a tax-qualified 401(k) defined contribution plan in which all U.S. employees are generally eligible to participate. Under the 401(k) plan, a participant is entitled to contribute up to 100% of his or her income (subject to IRS-imposed limitations); the Company will match contributions made by the employee under the Plan, up to a maximum of 5% of the employee's pre-tax income. The Company also maintains a profit-sharing plan for all eligible U.S. employees. Under the profit-sharing plan, the Company will make an additional, discretionary profit-sharing contribution to the accounts of eligible participants in the 401(k) plan. The amount of the contribution is generally determined using the same formula used to determine the Company's CEO's performance under his annual performance award. The actual amount is determined by the Committee in its sole discretion, and is typically between 1% and 2.5% of each participant's annual salary. The contributions are made in cash and allocated to investments chosen by plan participants.

The Company maintains a tax-qualified defined benefit plan (i.e., a pension plan) in which all salaried and hourly U.S. employees who began their employment before October 1, 1998 participate. The Company also maintains a related supplemental executive retirement plan. NEOs who are U.S. employees and who were so employed before such date accrued retirement benefits under these plans in accordance with their terms until February 28, 2009. These plans were both amended as of that date so that no additional benefits would accrue to any plan participant, effectively freezing the future benefits of any participant based on their years of service and highest earned salaries as of February

28, 2009.

The amounts to which executives are entitled under these plans are dictated by the terms of the plans themselves. These are tax-qualified, nondiscriminatory plans, which apply equally to all eligible employees of the Company. The Committee is made aware of the accrued value of these entitlements when making determinations regarding executive compensation (including the NEOs), but an executive's benefits under these plans have generally had no direct bearing on its determinations. The Committee believes that the accumulation of benefits under these plans should have no impact on its objective of compensating individuals based upon their individual importance to the Company in achieving annual and strategic objectives.

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Finally, employees located outside of the United States may enjoy benefits under local government-mandated retirement or pension plans, as well as supplementary pension or retirement plans sponsored by local Company affiliates. Mr. Halftermeyer is the only NEO employed outside of the United States. As a French citizen serving as an employee of a Swiss subsidiary of the Company while on an international assignment, he accrues benefits under both a private pension plan maintained by the Swiss subsidiary as required by Swiss law, and as an expatriate under a French government-sponsored pension program. The Company pays both the employer and employee contributions to this program in order to maintain Mr. Halftermeyer's participation during his expatriation. The amounts paid by the Company toward both pension plans during 2016 are reported in the "Summary Compensation Table" on page 24, and the present value of the benefits accumulated under the Swiss private pension plan are reported in the "PENSION BENEFITS" table on page 32.

Structuring the 2016 Compensation Program — Pay for Performance

Implementing the 2016 compensation program for our NEOs began with establishing a total direct compensation target for each executive. This was done with reference to benchmarking data, and after consideration of the executive's past performance and his or her individual importance to the Company. The Committee considered the total direct compensation and base salary paid to similarly situated executives at companies included in its benchmarking group (see page 20). It also noted the mean and median compensation paid to executives in the benchmarking group, and compared those against the amounts awarded to its own executives in prior years. After considering all of the foregoing factors, the Committee established the total direct compensation target for Dr. Morone at the 75th percentile of the peer group data, and established the targets for the other NEOs at or between the 50th and 75th percentile of the peer group data. The total direct compensation targets established are not guaranteed, but paid only if earned by an NEO based on performance.

When establishing total direct compensation targets at certain percentiles of the peer group data, particularly with regard to the Company's CEO, the Committee is made aware of the Company's performance relative to the peer group as measured by a number of different EBITDA-based financial metrics. The Committee is mindful of the growing reliance of investors and shareholder advisory groups on an even wider array of comparative financial metrics to assess the performance of a company relative to its peers, especially in connection with usage of "say on pay" voting guidelines. The Committee, however, believes that a simple comparison of peer group financial metrics in assessing compensation fails to take into account the Company's unique composition, relative to its peer group, as a combination of two very different businesses pursuing two very different business strategies: Machine Clothing, an established, cash-generating, mature business seeking to maintain its reputation as an industry leader as well as its ability to generate cash; and AEC, a cash-consuming, capital intensive business managing the challenges of rapid growth. The Committee feels that an over-reliance on comparative financial metrics would, in the Company's case, fail to adequately measure the overall performance of the Company's executives in executing these two different strategies, resulting in inappropriate compensation outcomes.

After total direct compensation targets are established, the Committee chooses the components to be utilized to pay the compensation, if earned, as well as the share of total direct compensation to be allocated to each component. In making these determinations, the Committee reviews the mix of compensation paid to executives in the benchmarking group, focusing on long-term and short-term compensation, fixed and variable components, and the ratio of earned compensation paid as equity or cash. For 2016, the Committee again determined that the total direct compensation target opportunities for NEOs would be paid as base salary, and through short-term and long-term incentive compensation awards, with the latter two components being performance-based and at risk, payable only if earned. To determine the share of the total direct compensation target that would be allocated to each component, the Committee determined the appropriate base salary to be paid to each executive. The Committee also determined that 35% of the total direct compensation target would be granted in the form of a long-term performance incentive award (i.e., the MPP Performance Award), and that the remainder of the target would consist of a short-term performance incentive

award (i.e., the APP Performance Award).

After the total direct compensation target was allocated between these components, the Committee established the performance measurement metrics and goals for each NEO against which performance would be judged to determine how much of the incentive compensation, if any, is earned by an NEO. Lastly, the Committee determined the form in which each component should be paid, if earned. Base salary is established as cash compensation, but both the short- and long-term performance incentive awards are paid in a combination of cash and equity.

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2016 NEO Compensation Opportunities

Following the structure described above, the Committee established a total direct compensation target for each of the Company's NEOs for 2016 as follows:

NEO	2015 Total	2016 Total	% Change
	Direct Compensation Target	Direct Compensation Target	
Joseph G. Morone	\$ 3,916,000	\$ 3,916,000	0 %
John B. Cozzolino	\$ 1,300,000	\$ 1,400,000	7.7 %
Daniel A. Halftermeyer	\$ 1,150,000	\$ 1,150,000	0 %
Diane M. Loudon	\$ 775,000	\$ 845,000	9.0 %
Robert A. Hansen	\$ 643,000	\$ 662,000	3.0 %

The Committee then determined the amount of the total direct compensation target that should be paid as base salary.

NEO	2016 Base Salary	% of Total Direct Target	2015 to 2016 % Change
Morone	\$840,000	21 %	0 %
Cozzolino	\$456,187	33 %	3 %
Halftermeyer	\$479,980	42 %	0 %
Loudon	\$354,000	42 %	9 %
Hansen	\$294,930	45 %	3 %

The Committee opted not to change the total direct compensation targets, or base salary, for Dr. Morone or Mr. Halftermeyer in 2016 in order to keep them aligned with benchmark data. A small increase was applied to the total direct compensation target established for Mr. Hansen, and larger increase was given to Mr. Cozzolino. In the case of Mr. Cozzolino, the Committee continued with its previously stated intent to gradually increase his total direct compensation target toward the 60th percentile of the peer benchmark data. The Committee chose to increase the base salaries for Mr. Cozzolino and Mr. Hansen by 3% in recognition of 2015 performance and in anticipation of inflation in 2016. The 9% increase in Ms. Loudon's total direct compensation target and base salary were a result of her promotion to the position of President — AEC.

Finally, the Committee determined the proper allocation between stock and cash for the performance awards. For the MPP Performance Award the allocation was 60% stock and 40% cash, and distinct target opportunities were identified for each component in the award agreement. The calculation of the MPP Performance Award stock target opportunity used an estimated future stock price. For the APP Performance Award the allocation was 50% stock and 50% cash for all recipients other than Dr. Morone. For Dr. Morone, the allocation was 60% cash and 40% stock in recognition of his already considerable equity holdings. For all the APP Performance Awards, though, the initial target was denominated as a dollar amount in the award agreement. The calculation of the number of shares paid out would be determined after the performance period based on the average share price for the first ten days thereafter. The following table sets forth the target opportunities established for each of the NEOs for the MPP Performance Award and the APP Performance Award.

NEO	APP Opportunity Total	MPP Opportunity Shares	MPP Opportunity Cash
Morone	\$ 1,705,400	20,888	\$ 548,240
Cozzolino	\$ 453,813	7,468	\$ 196,000
Halftermeyer	\$ 267,520	6,134	\$ 161,000
Loudon	\$ 195,250	4,507	\$ 118,300

Mr. Hansen was not granted a Performance Award in 2016. Instead, and in keeping with the Committee's decision to limit the use of Performance Awards, Mr. Hansen and other executive officers were awarded grants of Performance Phantom Stock. Mr. Hansen's award consisted of a grant of 7,093 shares of Performance Phantom Stock.

Other Compensation Policies and Considerations

Timing of Awards and Grants

Base salary increases are determined by the Committee at its first meeting after completion of the fiscal year when all relevant data is available. This meeting typically occurs in February, with increases becoming effective in April. The Committee also typically approves annual cash incentive bonuses and Performance Phantom Stock grants at this same meeting. A special Performance Committee of the Board (intended to ensure the deductibility of these awards under Section 162(m) of the Internal Revenue Code) usually approves new MPP Performance Award grants and APP Performance Awards grants under the 2011 Incentive Plan at this same time.

The Effect of Prior or Accumulated Compensation

In approving each element of compensation, the Committee reviews “tally sheets” for each executive officer, and other members of the senior management team. These tally sheets contain a summary of all material elements of annual and long-term compensation (including accrued pension and 401(k) benefits) actually earned by each executive in the immediate prior year and, depending on the executive’s length of service, several years prior thereto. The tally sheets also show the outstanding balances of RSU or Phantom Stock grants and any equity-based awards, and the unrealized gains on those balances. The Committee considers this information before approving new Performance Awards, base salary increases, or final annual cash incentive bonuses for the prior year. The tally sheets are used to determine how well past compensation practices satisfy the Committee’s objectives.

Although the tally sheets provide insight into an executive’s accumulated compensation, it is the Committee’s view that neither the historical data nor any perceived wealth accumulation justifies a change in either the Committee’s current compensation philosophy or the elements of compensation employed. It is the Committee’s belief that an executive’s accumulated compensation is the result of his or her achievement of a series of objectives over time. Furthermore, it is the Company’s view that the effect of such accumulated compensation is not sufficient to call into question the Committee’s objective of compensating individuals based on their individual importance to the Company in achieving strategic objectives. The Committee views “realizable” future compensation as having been earned by the employee based on past employment and performance. As a result, such “realizable” future compensation has generally had little, if any, bearing on the amount or timing of new compensation approved or awarded. The Committee does not believe that the compensation paid to its executives, including the NEOs, or any individual element of that compensation, is lavish or extraordinary.

Independence of Compensation Consultant and Identity of Benchmarking Group

For its 2016 benchmarking and comparative compensation analysis, the Committee again retained the services of Pearl Meyer & Partners, LLC (“PMP”). The Committee has used the services of PMP since 2010. PMP did not provide any other services to the Company in 2016. The Company paid PMP approximately \$23,425 for 2016 compensation consulting services. The Committee routinely assesses the independence of PMP using criteria established by the New York Stock Exchange and has consistently determined it to be independent.

For 2016, PMP benchmarked individual compensation against a peer group of 28 publicly traded U.S. companies (identified below) in the same or related industries with comparable revenues, employees, and international operations.

The peer group of comparable publicly traded U.S. companies consisted of the following:

Astronics Corp.	Curtiss-Wright Corp.	Neenah Paper, Inc.
IDEX Corp.	Watts Water Technologies	Actuant Corp.
Esterline Technologies, Corp.	Hexcel Corp.	Clarcor, Inc.
Barnes Group, Inc.	Nordson Corp.	Xerium Technologies, Inc.
Enpro Industries, Inc.	Key W Holding Corp.	Rogers Corp.
Tredegar Corp.	Circor International Inc.	Schweitzer-Mauduit International, Inc.
Cytec Industries, Inc.	PH Glatfelter Co.	Trimas Corp.
Omnov Solutions, Inc.	Heico Corp.	Kadant, Inc.
Ducommun Inc.	Esco Technologies, Inc.	National Presto Industries.

Raven Industries, Inc.

Representatives from PMP communicate directly with members of management as needed, particularly the Company's CEO and personnel from the Human Resources function, with the encouragement and acquiescence of the Committee. However, the consultant is retained by, instructed by, serves for, and reports to the Committee, and its main point of contact remains the Chairman of the Committee. Notwithstanding the use of a compensation consultant, the Committee is ultimately responsible for all compensation matters.

The Impact of Accounting or Tax Considerations

When confronted with a choice between two comparable forms of compensation, the Committee has in the past favored the form with the lower tax cost (to the employee and/or the Company), more favorable accounting treatment, or more favorable impact on the Company's borrowing cost pursuant to its primary revolving credit facility.

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Equity Ownership Requirements or Guidelines

The Company's Board of Directors has adopted stock ownership guidelines for the Company's CEO, CFO and the Presidents of its two business segments. Those guidelines provide that the CEO is expected to own and hold shares of the Company's Common Stock (Class A or Class B) equal in value to three (3) times current base salary. The other NEOs are expected to own and hold shares equal in value to at least their base salary. There is no deadline by which these targets should be attained, but at any time that the value of any of these NEOs' holdings is less than the applicable target, he or she will be expected to retain, in addition to all shares already owned, (1) all shares acquired upon the exercise of any stock options, and (2) all shares received upon a distribution of shares pursuant to the terms of any Performance Award (in each case, net of shares used, if any, to satisfy the exercise price, taxes, or commissions). Moreover, these NEOs are now expected to retain and hold all future net grants of shares, except for sales approved by the CEO, or by the Board of Director in the case of a contemplated sale by the CEO. The 240,278 shares owned by Dr. Morone as of December 31, 2016 had a value of more than three times his then-current base salary based on the most recent closing share price on that date. Messrs. Cozzolino and Halftermeyer each own shares of value equal to at least their base salary, but Ms. Loudon has yet to reach this threshold. The Committee does not believe that adoption of share ownership guidelines for other officers is warranted at this time.

No officer, director or employee of the Company is permitted to purchase or use, directly, or indirectly, through family members or other persons or entities, financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) that are designed to offset or hedge any decrease in market value of Company securities.

Risk Assessment of Compensation Plans and Programs

The Committee, after reviewing its compensation plans and programs, particularly those components which are employed as part of the incentive compensation plans for the NEOs and other executives, re-affirmed its prior determinations that such plans and programs are not reasonably likely to have a material adverse effect on the Company. In reaching this conclusion, the Committee compiled an inventory of all executive compensation plans and programs globally and evaluated those plans and programs as potential contributors to Company risks. The conclusion is based on the finding that the Company's executive compensation structure consists of a balanced mix of components that utilize both equity and cash elements, impose caps on incentives, apply multiple performance measures, establish staggered performance and payout periods, and rely on the Committee's use of discretion in approving final awards. The Committee also noted the Company's policies related to severance, perquisites, and change-in-control provisions, as well as its adoption of clawback/recoupment mechanisms. During its discussion, the Committee recognized its own oversight responsibilities and noted that it requires all senior management incentive compensation calculations to be reviewed by its external auditor. It then determined that its practices, coupled with the structure of the executive compensation plans and programs, mitigate any risks associated with compensation programs.

Employment Contracts — Named Executive Officers

The Company entered into an Employment Agreement with Dr. Morone on May 12, 2005 which provided that Dr. Morone would be hired initially as President, then becoming President and CEO on January 1, 2006. Employment may be terminated by either party at any time. The Agreement provided for the award of 30,000 restricted stock units pursuant to the Company's RSU Plan, which have since fully vested and been paid. The Agreement entitles Dr. Morone to four weeks of vacation with pay, or such greater amount as the Company's vacation policy applicable to executive officers provides. The Agreement otherwise entitles Dr. Morone to participate in the Company's employee benefit plans, policies, and arrangements applicable to executive officers generally (including, for example, 401(k), health care, vision, life insurance, and disability); in each case, as the same may exist from time to time, as well as such perquisites as may from time to time be made generally available to senior executives of the Company. The

Agreement includes a severance provision which is more fully described below. Other than the officer severance agreements described below, the Company has not entered into employment contracts with any other NEO.

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PART II**2016 EXECUTIVE COMPENSATION EARNED****Performance Award Metrics and Goals**

The 2016 APP Performance Awards granted to NEOs contained performance measurement metrics and goals appropriate to that executive. In some cases, where appropriate, executives may share a metric and its related goal. The following table sets forth the metrics chosen for each NEO's APP Performance Award, the percentage that each metric counted toward the NEO's overall performance, and the threshold, target and maximum goals for each metric. (The definitions of the listed metrics are contained in [Exhibit A](#) to this Proxy Statement.)

	Metric	Percentage of Overall Performance	Threshold	Target	Maximum
Morone	2016 Weighted Corporate Performance Metric	100%	Determined pursuant to Threshold, Target and Maximum goals of component parts of the metric as described in Exhibit A		
Cozzolino	2016 Weighted Corporate Performance Metric	100%	Determined pursuant to Threshold, Target and Maximum goals of component parts of the metric as described in Exhibit A		
Haltermeyer	2016 Global MC Cash Flow	100%	\$118.8M	\$169.7M	\$237.6M
Loudon	2016 Adjusted Global AEC EBITDA excluding R&D	100%	\$10.1M	\$22.1M	\$42.1M

Mr. Hansen's Performance Phantom Stock award, like all other Performance Phantom Stock awards granted in 2016, contained only one performance measurement metric — 2016 Weighted Corporate Performance — which had the same target goals as stated in Dr. Morone's and Mr. Cozzolino's APP Performance Awards.

The following table sets forth the metrics chosen for each NEO's 2016 MPP Performance Award, and the percentage that each metric counted toward overall performance. In each case, these metrics are aggregated to reflect the three-year performance period, and the goals established as the cumulative projected results for each metric in 2016, 2017, and 2018. (The Committee has determined that disclosing actual goals would result in competitive harm to the Company.)

Metric	Percentage of Overall Performance
---------------	--

Morone	Aggregate Global MC Cash Flow	60%
	Aggregate Adjusted Global AEC EBITDA excluding R&D	40%
Cozzolino	Aggregate Global MC Cash Flow	60%
	Aggregate Adjusted Global AEC EBITDA excluding R&D	40%
Halftermeyer	Aggregate Global MC Cash Flow	100%
Loudon	Aggregate Adjusted Global AEC EBITDA excluding R&D	100%

According to the applicable incentive plan and award agreements, the foregoing goals (including the threshold and maximum goals) are subject to subsequent adjustment in the event of unanticipated business developments during the applicable performance periods, such as acquisition or divestiture of business operations.

The Committee purposefully chose to utilize cash flow metrics in both the short-term and long-term performance incentive grants. It was the Committee's determination that creating an incentive for the senior executive team based on cash flow was consistent with the Company's previously stated Cash & Grow strategy, and that a three-year performance period created sufficient balance against a one-year performance period.

Achievement of Goals and Awards Earned

Following the completion of the applicable performance period, it is the Committee's responsibility to review performance against goals and establish final incentive compensation payouts. It is only then that it can be determined how much of the total direct compensation target is actually earned by the NEO. In early 2017, and based upon the Company's audited 2016 financial statements, the Committee determined one-year performance

versus threshold, target and maximum goals for each performance metric. The Committee determined that 2016 Global MC Cash Flow was \$181.66 million, representing an achievement of 117.6% of goal; that 2016 Adjusted Global AEC EBITDA excluding R&D was \$28.26 million, representing 130.8% of goal; that 2016 Other Cash Flow (as defined in [Exhibit A](#)) was -\$43.19 million, representing 91.5% of goal. Based on the foregoing, the Committee determined that the overall achievement level of the 2016 Weighted Corporate Performance Metric goal amounted to 118.9 %.

Based upon the level of achievement of the foregoing performance measurement metrics, the Committee determined each NEO's overall performance percentage achieved, and calculated the amount of APP Performance Award targets earned, as follows:

	Percentage of Overall Performance Achieved	Shares Earned	Cash Earned
Morone	118.9%	17,396	\$1,216,633
Cozzolino	118.9%	5,786	269,792
Halftermeyer	117.6%	3,374	157,302
Loudon	130.8%	2,697	125,732

Mr. Hansen earned 8,433 shares of Performance Phantom Stock.

The performance period under the MPP Performance Awards granted in 2016 runs through December 31, 2018. The Company considers compensation earned under an MPP Performance Award to have been earned over the entirety of the performance period. However, 2016 was the final year of the three-year performance period for the MPP Performance Awards granted in 2014. The metrics chosen for each NEO's 2014 MPP Performance Award, the percentage that each metric counted toward the NEO's overall performance, and the threshold, target and maximum goals for each metric are presented in the table below:

	Metric	Percentage of Overall Performance	Threshold	Target	Maximum
Morone	Weighted Average of Three AEC Performance Metrics	40%	Determined pursuant to Threshold, Target and Maximum goals of component parts of the metric as described in Exhibit A		
	Aggregate Global MC Cash Flow	60%	\$367.7M	\$525.3M	\$735.5M
Cozzolino	Weighted Average of Three AEC Performance Metrics	40%	Determined pursuant to Threshold, Target and Maximum goals of component parts of the metric as described in Exhibit A		

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	Aggregate Global MC Cash Flow	60%	\$367.7M	\$525.3M	\$735.5M
Halftermeyer	Aggregate Global MC Cash Flow	100%	\$367.7M	\$525.3M	\$735.5M
Hansen	Aggregate Global MC Cash Flow	40%	\$367.7M	\$525.3M	\$735.5M
	Success in Achieving Long Term Development Project Goals	60%	Performance Percentage Scale set forth in Exhibit A		

Ms. Loudon was not granted an MPP Performance Award in 2014.

In early 2017, based upon the Company's audited financial statements for 2014 through 2016 (which include each year in the performance period), the Committee determined performance versus threshold, target and maximum goals for each of the foregoing performance metrics. The Committee determined that Aggregate Global MC Cash Flow over the three year period was \$511.7 million, representing 95.7% of target; that Aggregate Adjusted Global ASC Cash Flow was \$33.3 million, representing 77% of target; that Aggregate Adjusted Global AEC EBITDA excluding ASC and R&D was -\$12.7 million, representing 74% of target. Moreover, the Committee determined that Mr. Hansen had achieved 85% of target by achieving success in 5 of 7 identified Long Term Development Projects, and that there was 82.5% achievement of Long Term AEC Research and Technology Development Goals based on the number of new initiatives commenced and the number of commercial collaborations entered, resulting in a 82.5% achievement level of that goal.

Based upon the level of achievement of the foregoing performance measurement metrics, the Committee determined each NEO's overall performance percentage achieved and calculated the amount of MPP Performance Award targets earned, as follows:

	Percentage of Overall Performance Achieved	Shares Earned	Cash Earned
Morone	88.5%	20,060	\$485,302
Cozzolino	88.5%	6,229	150,696
Halftermeyer	95.7%	6,368	154,053
Hansen	89.3%	3,299	79,816

PART III

REQUIRED COMPENSATION TABLES

Summary Compensation Table

The following table sets forth information concerning the compensation of the Named Executive Officers for 2014, 2015 and 2016.

Name and Principal Position	Year	Salary (\$)	Bonus ⁽¹⁾ (\$)	Stock Awards ⁽²⁾ (\$)	Option Awards ⁽³⁾ (\$)	Nonequity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽⁴⁾ (\$)	All Other Compensation (\$)	Total (\$)
Joseph G. Morone, President and Chief Executive Officer	2014	817,000	0	1,509,361	—	1,497,224 ⁽⁵⁾	0	14,902 ⁽⁶⁾	3,838,487
	2015	834,609	86,190	1,537,173	—	1,729,004 ⁽⁷⁾	0	15,734 ⁽⁸⁾	4,202,710
	2016	840,480	0	1,449,577	—	1,771,180 ⁽⁹⁾	0	14,453 ⁽¹⁰⁾	4,075,690
John B. Cozzolino, Chief Financial Officer and Treasurer	2014	409,000	0	443,082	—	347,144 ⁽¹¹⁾	39,000	12,114 ⁽¹²⁾	1,250,340
	2015	435,175	40,401	484,875	—	418,909 ⁽¹³⁾	-19,000	13,213 ⁽¹⁴⁾	1,373,573
	2016	452,865	0	501,281	—	472,099 ⁽¹⁵⁾	14,000	14,757 ⁽¹⁶⁾	1,454,996
Daniel A. Halftermeyer, President, Machine Clothing	2014	658,632 ⁽¹⁷⁾	0	380,853	—	276,556 ⁽¹⁸⁾	-2,019	279,521 ^(17,19)	1,593,543
	2015	648,139 ⁽²⁰⁾	0	384,831	—	325,109 ⁽²¹⁾	2,906	246,095 ^(20,22)	1,607,080
	2016	692,528 ⁽²³⁾	0	359,134	—	318,302 ⁽²⁴⁾	20,939	224,454 ^(23,25)	1,615,357
Diane M. Loudon, President, AEC	2014	280,768	57,996	39,399	—	4,732 ⁽²⁶⁾	0	13,930 ⁽²⁷⁾	396,825
	2015	288,873	95,097	64,730	—	6,095 ⁽²⁸⁾	0	14,267 ⁽²⁹⁾	469,062
	2016	346,749	0	263,205	—	250,339 ⁽³⁰⁾	0	14,398 ⁽³¹⁾	874,691
Robert A. Hansen,	2014	276,000	0	201,875	—	161,927 ⁽³²⁾	149,000	27,319 ⁽³³⁾	816,121

Sr. VP and Chief	2015	284,255	0	206,198	—	175,800	(34) -8,000	18,086	(35)	676,339
Technology Officer	2016	295,520	144,332	256,838	—	6,307	(36) 62,000	15,398	(37)	780,395

The figure provided represents the Annual Incentive Plan bonus earned, or any additional discretionary bonus (1) awarded, during that year, if any, for performance during that year, but which was actually paid in the subsequent year.

The figure provided for each year represents the grant date fair value, in dollars, of either (a) the target share amounts contained in any Performance Awards granted during that year under the 2005 Incentive Plan or 2011 (2) Incentive Plan, or (b) all Performance Phantom Stock granted in that year under the Company's Performance Stock Plan. In all cases, the total presented is the aggregate grant date fair value computed in accordance with FASB ASC Item 718.

(3) No options have been granted since 2002.

The figure provided for each year represents the aggregate change in the actuarial present value of each NEO's (except Mr. Halftermeyer's) accumulated benefit under all defined benefit and actuarial pension plans (including supplemental plans) from the prior year. The change is calculated between the pension plan measurement dates used by the Company for financial statement reporting purposes in each year. The figure also reflects any changes (4) in actuarial assumptions. Reference is made to Note 4 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for a discussion of these assumptions. The figure provided for Mr. Halftermeyer represents the change in present value of the private pension purchased for Mr. Halftermeyer through a Swiss insurance company

in accordance with Swiss law (see footnote 4 to the “PENSION BENEFITS” table on pp. 32). There were no above-market or preferential earnings during 2014, 2015, or 2016 for any of the NEOs under any deferred compensation plans.

Includes (a) profit-sharing of \$4,732 under the Company’s U.S. profit-sharing plan and (b) \$944,252, the actual cash award received relative to his APP Performance Award granted under the 2011 Incentive Plan, in each case (5) earned during 2014 and paid during 2015. Also includes (c) \$548,240, the target cash amount set forth in his MPP Performance Award granted in 2014 under the 2011 Incentive Plan, payable in 2017 based on performance during the three-year performance period.

Includes (a) Company-matching contributions of \$13,000 to the officer’s account under the Company’s (6) ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$1,902 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.

Includes (a) profit-sharing of \$6,095 under the Company’s U.S. profit-sharing plan and (b) \$1,174,669, the actual cash award received relative to his APP Performance Award granted under the 2011 Incentive Plan, in each case (7) earned during 2015 and paid during 2016. Also includes (c) \$548,240, the target cash amount set forth in his MPP Performance Award granted in 2015 under the 2011 Incentive Plan, payable in 2018 based on performance during the three-year performance period.

Includes (a) Company-matching contributions of \$13,250 to the officer’s account under the Company’s (8) ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$2,484 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.

Includes (a) profit-sharing of \$6,307 under the Company’s U.S. profit-sharing plan and (b) \$1,216,633, the actual cash award received relative to his APP Performance Award granted under the 2011 Incentive Plan, in each case (9) earned during 2016 and paid during 2017. Also includes (c) \$548,240, the target cash amount set forth in his MPP Performance Award granted in 2016 under the 2011 Incentive Plan, payable in 2019 based on performance during the three-year performance period.

Includes (a) Company-matching contributions of \$11,969 to the officer’s account under the Company’s (10) ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$2,484 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.

Includes (a) profit-sharing of \$4,732 under the Company’s U.S. profit-sharing plan and (b) \$172,172, the actual cash award received relative to his APP Performance Award granted under the 2011 Incentive Plan, in each case (11) earned during 2014 and paid during 2015. Also includes (c) \$170,240, the target cash amount set forth in his MPP Performance Award granted in 2014 under the 2011 Incentive Plan, payable in 2017 based on performance during the three-year performance period.

Includes (a) Company-matching contributions of \$10,200 to the officer’s account under the Company’s (12) ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$1,914 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.

Includes (a) profit-sharing of \$6,095 under the Company’s U.S. profit-sharing plan and (b) \$230,814, the actual cash award received relative to his APP Performance Award granted under the 2011 Incentive Plan, in each case (13) earned during 2015 and paid during 2016. Also includes (c) \$182,000, the target cash amount set forth in his MPP Performance Award granted in 2015 under the 2011 Incentive Plan, payable in 2018 based on performance during the three-year performance period.

Includes (a) Company-matching contributions of \$11,772 to the officer’s account under the Company’s (14) ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$1,441 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.

Includes (a) profit-sharing of \$6,307 under the Company’s U.S. profit-sharing plan and (b) \$269,792, the actual cash award received relative to his APP Performance Award granted under the 2011 Incentive Plan, in each case (15) earned during 2016 and paid during 2017. Also includes (c) \$196,000, the target cash amount set forth in his MPP Performance Award granted in 2016 under the 2011 Incentive Plan, payable in 2019 based on performance during the three-year performance period.

Includes (a) Company-matching contributions of \$13,250 to the officer's account under the Company's (16) ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$1,501 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.

Represents either the amount paid in euros, translated into U.S. dollars at the rate of 1.3268 dollars per euro, or (17) the amount paid in Swiss francs, translated into U.S. dollars at the rate of 1.0932 dollars per Swiss franc, which are the rates used by the Company in its 2014 Consolidated Statements of Income and Retained Earnings.

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- (18) Includes (a) \$115,556, the actual cash award received relative to his APP Performance Award granted under the 2011 Incentive Plan earned during 2014 and paid during 2015, plus (b) \$161,000, the target cash amount set forth in his MPP Performance Award granted in 2014 under the 2011 Incentive Plan, payable in 2017 based on performance during the three-year performance period.
- Includes (a) a premium of \$34,739 paid by the Company with respect to maintenance of private Swiss health insurance coverage, (b) contributions of \$112,227 to maintain the NEO in French social programs, including state pension schemes, during his expatriation (of which approximately \$37,371 was the officer's employee contribution paid by the Company), (c) expenses of \$130,470 related to the NEO's international assignment, consisting of housing (\$85,269) and tax adjustments (\$45,201), and (d) perquisites of \$2,085, valued on the basis of the taxable benefit for the private use of a Company car.
- (19) Represents either the amount paid in euros, translated into U.S. dollars at the rate of 1.1075 dollars per euro, or (20) the amount paid in Swiss francs, translated into U.S. dollars at the rate of 1.0444 dollars per Swiss franc, which are the rates used by the Company in its 2015 Consolidated Statements of Income and Retained Earnings.
- Includes (a) \$164,109, the actual cash award received relative to his APP Performance Award granted under the 2011 Incentive Plan earned during 2015 and paid during 2016, plus (b) \$161,000, the target cash amount set forth in his MPP Performance Award granted in 2015 under the 2011 Incentive Plan, payable in 2018 based on performance during the three-year performance period.
- (21) Includes (a) a premium of \$26,248 paid by the Company with respect to maintenance of private Swiss health insurance coverage, (b) contributions of \$95,796 to maintain the NEO in French social programs, including state pension schemes, during his expatriation (of which approximately \$34,485 was the officer's employee contribution paid by the Company), (c) expenses of \$122,059 related to the NEO's international assignment, consisting of housing (\$81,432) and tax adjustments (\$40,627), and (d) perquisites of \$1,992, valued on the basis of the taxable benefit for the private use of a Company car.
- (22) Represents either the amount paid in euros, translated into U.S. dollars at the rate of 1.1069 dollars per euro, or (23) the amount paid in Swiss francs, translated into U.S. dollars at the rate of 1.0154 dollars per Swiss franc, which are the rates used by the Company in its 2016 Consolidated Statements of Income and Retained Earnings.
- Includes (a) \$157,302, the actual cash award received relative to his APP Performance Award granted under the 2011 Incentive Plan earned during 2016 and paid during 2017, plus (b) \$161,000, the target cash amount set forth in his MPP Performance Award granted in 2016 under the 2011 Incentive Plan, payable in 2019 based on performance during the three-year performance period.
- (24) Includes (a) a premium of \$23,314 paid by the Company with respect to maintenance of private Swiss health insurance coverage, (b) contributions of \$102,098 to maintain the NEO in French social programs, including state pension schemes, during his expatriation (of which approximately \$36,755 was the officer's employee contribution paid by the Company), (c) expenses of \$97,215 related to the NEO's international assignment, consisting of housing (\$64,305) and tax adjustments (\$32,910), and (d) perquisites of \$1,827, valued on the basis of the taxable benefit for the private use of a Company car.
- (25) (26) Consists of profit-sharing of \$4,732 under the Company's U.S. profit-sharing plan.
- Includes (a) Company-matching contributions of \$13,000 to the officer's account under the Company's (27) ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$930 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.
- (28) Consists of profit-sharing of \$6,095 under the Company's U.S. profit-sharing.
- Includes (a) Company-matching contributions of \$13,310 to the officer's account under the Company's (29) ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$957 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.
- Includes (a) profit-sharing of \$6,307 under the Company's U.S. profit-sharing plan and (b) \$125,732, the actual cash award received relative to her APP Performance Award granted under the 2011 Incentive Plan, in each case (30) earned during 2016 and paid during 2017. Also includes (c) \$118,300, the target cash amount set forth in her MPP Performance Award granted in 2016 under the 2011 Incentive Plan, payable in 2019 based on performance during the three-year performance period.

Includes (a) Company-matching contributions of \$13,250 to the officer's account under the Company's (31) ProsperityPlus 401(k) defined contribution plan and (b) a premium of \$1,148 paid by the Company with respect to life or other insurance for the benefit of the officer or beneficiaries designated by the officer.

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Includes (a) profit-sharing of \$4,732 under the Company's U.S. profit-sharing plan and (b) \$67,791, the actual cash award received relative to his APP Performance Award granted under the 2011 Incentive Plan, in each case (32) earned during 2014 and paid during 2015. Also includes (c) \$89,404, the target cash amount set forth in his MPP Performance Award granted in 2014 under the 2011 Incentive Plan, payable in 2017 based on performance during the three-year performance period.

Includes (a) Company-matching contributions of \$11,483 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan, (b) a premium of \$1,291 paid by the Company with respect to (33) life or other insurance for the benefit of the officer or beneficiaries designated by the officer, (c) housing or relocation expenses and tax adjustments of \$11,622, and (d) patent awards totaling \$2,923.

Includes (a) profit-sharing of \$6,095 under the Company's U.S. profit-sharing plan and (b) \$79,685, the actual cash award received relative to his APP Performance Award granted under the 2011 Incentive Plan, in each case (34) earned during 2015 and paid during 2016. Also includes (c) \$90,020, the target cash amount set forth in his MPP Performance Award granted in 2015 under the 2011 Incentive Plan, payable in 2018 based on performance during the three-year performance period.

Includes (a) Company-matching contributions of \$12,473 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan, (b) a premium of \$941 paid by the Company with respect to life (35) or other insurance for the benefit of the officer or beneficiaries designated by the officer, (c) housing or relocation expenses and tax adjustments of \$3,503, and (d) patent awards totaling \$1,169.

(36) Consists of profit-sharing of \$6,307 under the Company's U.S. profit-sharing plan.

Includes (a) Company-matching contributions of \$13,250 to the officer's account under the Company's ProsperityPlus 401(k) defined contribution plan, (b) a premium of \$979 paid by the Company with respect to life (37) or other insurance for the benefit of the officer or beneficiaries designated by the officer, and (c) patent awards totaling \$1,169.

GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Nonequity Incentive Plan Awards ⁽¹⁾				Estimated Future Payouts Under Equity Incentive Plan Awards ⁽²⁾			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Awards (\$/sh)	Grant Date Val of Stock Opt (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)					
Joseph G. Morone	3/21/16	785,740	1,571,480	3,142,960	19,7281	39,455	78,910				3,02	
John B. Cozzolino	3/21/16	211,453	422,907	845,813	6,822	13,644	27,287				924	
Daniel A. Halftermeyer	3/21/16	147,380	294,760	589,520	4,887	9,775	19,550				653	
Diane Loudon	3/31/16	107,500	215,925	431,850	3,582	7,164	14,329				479	
Robert A. Hansen	2/25/16	128,419	256,838	513,676							256	

Except for Mr. Hansen, each award represents the combined target cash amounts established for the officer in early 2016 in the APP and MPP Performance Awards granted to that officer under the 2011 Incentive Plan. For Mr. (1) Hansen, the award represents the grant date cash value of the target award established in his Performance Phantom Stock Grant.

(2) Awards represent the combined target share amounts established for each officer in the APP and MPP Performance Awards, consisting of a target number of shares of Class A Common Stock.

Each Performance Award entitled the NEO to receive from 50% (for attaining performance at the threshold level) to as much as 200% (for attaining performance at the maximum level) of such targets, based on the extent to which he or she attained certain performance goals during the performance periods. The performance conditions at each of the threshold, target, and maximum levels in the Performance Awards granted to each of the NEOs are described above

(see pp. 22). The APP Performance Award agreements provide that a recipient whose employment terminated for any reason during 2016 would not be entitled to any portion of the award. The MPP award agreements relating to the foregoing awards provide that a recipient whose employment terminated for any reason during the three-year performance period would be entitled to a pro rata portion of the foregoing awards.

After 2016, the extent to which performance goals were attained under the APP Performance Award agreements and the Performance Phantom Stock grants was determined, and the actual number of shares awarded to each NEO is set forth in this proxy statement in the table titled "OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END" on page 29.

Computed by adding the grant date fair value of the APP Performance Award and the grant date fair value of the MPP Performance Award (in each case, both cash and stock values), or the grant date fair value of the Performance Phantom Stock Award. In accordance with FASB ASC Topic 718, the grant date fair value of the portions of the Performance Award targets and the Performance Phantom Stock Award target denominated in shares was

(3) determined to be the product of the target number of shares awarded, multiplied by either (a)) \$36.21, the closing market price on February 25, 2016, the grant date of the Performance Phantom Stock Awards or (b) \$36.74, the closing market price on March 21, 2016, the grant date of the Performance Awards, as it was assumed that the probable outcome of the performance conditions would lead to the achievement of the target number of shares.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Option Awards		Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested	Option Exercise Price (\$)	Option Expiration Date	Stock Awards		Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested	Equity Market Payout Value of Unearned Units or Shares, Other Rights That Have Not Vested
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable				Number of Shares or Units of Stock That Have Not Vested	Market Value ⁽¹⁾ of Shares or Units of Stock That Have Not Vested (\$)		
Joseph G. Morone	—	—	—	—	—	17,396 ⁽²⁾	805,435	—	—
	—	—	—	—	—	—	—	20,535 ⁽³⁾	950,771
	—	—	—	—	—	—	—	22,673 ⁽⁴⁾	1,049,760
	—	—	—	—	—	—	—	20,888 ⁽⁵⁾	967,114
John B. Cozzolino	—	—	—	—	—	5,786 ⁽²⁾	267,892	—	—
	—	—	—	—	—	—	—	6,377 ⁽³⁾	295,255
	—	—	—	—	—	—	—	7,527 ⁽⁴⁾	348,500
	—	—	—	—	—	—	—	7,468 ⁽⁵⁾	345,768
	300	0	—	20.6300	11/7/2022	—	—	—	—
Daniel A. Halftermeyer	—	—	—	—	—	3,374 ⁽²⁾	156,216	—	—
	—	—	—	—	—	—	—	6,368 ⁽³⁾	294,838
	—	—	—	—	—	—	—	6,658 ⁽⁴⁾	308,265
	—	—	—	—	—	—	—	6,134 ⁽⁵⁾	284,004
	2,500	0	—	19.3750	11/4/2018	—	—	—	—
	4,000	0	—	15.6875	11/9/2019	—	—	—	—
	2,800	0	—	10.5625	11/15/2020	—	—	—	—
	4,000	0	—	20.4500	11/6/2021	—	—	—	—

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	4,000	0	—	20.6300	11/7/2022	—	—	—	—
Diane M. Loudon	—	—	—	—	—	2,697 ⁽²⁾	124,871	—	—
	—	—	—	—	—	—	—	4,507 ⁽⁵⁾	208,674
	—	—	—	—	—	339 ^(6,7)	15,696	—	—
	—	—	—	—	—	558 ^(6,8)	25,835	—	—
	—	—	—	—	—	655 ^(6,9)	30,327	—	—
	—	—	—	—	—	1,378 ^(6,10)	63,801	—	—
Robert A. Hansen	—	—	—	—	—	—	—	3,299 ⁽³⁾	152,744
	—	—	—	—	—	—	—	3,723 ⁽⁴⁾	172,375
	—	—	—	—	—	8,433 ^(6,11)	390,448	—	—
	150	0	—	19.3750	11/4/2018	—	—	—	—
	200	0	—	15.6875	11/9/2019	—	—	—	—
	450	0	—	10.5625	11/15/2020	—	—	—	—
	600	0	—	20.4500	11/6/2021	—	—	—	—
	1,000	0	—	20.6300	11/7/2022	—	—	—	—

(1) Based on closing market price on December 30, 2016, of \$46.30.

Represents shares actually earned by the NEO with respect to the APP Performance Award granted in 2016 and based on 2016 performance. Although such awards are not earned until January 1, 2017, the Company has determined to treat them as earned during 2016 and therefore outstanding at 2016 year-end solely for purposes of this disclosure. These awards are included in the “GRANTS OF PLAN-BASED AWARDS” table on page 28. As of January 1, 2017, 100% of the balance reported became vested, and these balances were distributed, in stock, on or about March 1, 2017.

(2) Represents the shares actually earned by the NEO with respect to the MPP Performance Award granted to the NEO in 2014 under the 2011 Incentive Plan. These shares were earned based on performance during 2014,

2015 and 2016, and paid in 2017. None of the balance reported was earned as of December 31, 2016. As of January 1, 2017, 100% of the balance reported became vested, and these balances were distributed, in stock, on or about March 1, 2017.

Represents the share target opportunity established in the MPP Performance Award granted to the NEO in 2015 (4) under the 2011 Incentive Plan. This share target is earned based on performance during 2015, 2016 and 2017, and paid in 2018. None of the balance reported was earned as of December 31, 2017.

Represents the share target opportunity established in the MPP Performance Award granted to the NEO in 2016 (5) under the 2011 Incentive Plan. This share target is earned based on performance during 2016, 2017 and 2018, and paid in 2019. None of the balance reported was earned as of December 31, 2016. These awards are a part of those included in the “GRANTS OF PLAN-BASED AWARDS” table on page 28.

(6) Performance Phantom Stock granted under the Performance Stock Plan. (7) The balance reported vested and was payable on March 15, 2017.

(8) One-half of the balance reported vests and is payable on March 15 in each 2017 and 2018.

(9) One-third of the balance reported vests and is payable on March 15 in each 2017, 2018 and 2019.

(10) One-fourth of the balance reported vests and is payable on March 15 in each 2017, 2018, 2019 and 2020.

Represents shares actually earned by the NEO with respect to the Performance Phantom Stock Award granted in 2016 and based on 2016 performance. Although such award is not earned until January 1, 2017, the Company (11) has determined to treat them as earned during 2016 and therefore outstanding at 2016 year-end solely for purposes of this disclosure. These awards are included in the “GRANTS OF PLAN-BASED AWARDS” table on page 28. As of January 1, 2017, 100% of the balance reported became earned, and one-fifth of the balances vests and becomes payable on March 15 in each of 2017, 2018, 2019, 2020 and 2021.

Description of Equity Awards

Equity awards referred to in the foregoing table include the following:

Stock Options. All of the options in the foregoing table were granted prior to 2002 under the 1992 or 1998 Stock Option Plans. Each option listed is fully vested and exercisable. The exercise price of each option is the fair market value of the Company’s Class A Common Stock on the date of grant.

Performance Phantom Stock. Grants under the Performance Stock Plan are denominated as share targets. However, no shares of Class A Common Stock are actually issued or issuable under the Plan, nor is there an exercise price. Instead, upon vesting, the earned shares are paid in full in cash, in an amount equal to the average closing price of one share of the Company’s Class A Common Stock during a specified period preceding the vesting/payment date. Each award entitles the recipient to earn and be credited with between 0% and 150% of the target award, based on the extent to which he or she attained certain performance goals during the annual performance period. Once the number of shares earned is determined, the awards generally vest as to 20% of the earned shares on the last day of February in each of the first five years following the performance period, but only if the holder is then employed by the Company or a subsidiary. Award recipients are not credited with additional shares based upon the payment of dividends. The performance period for the 2016 grants runs from January 1, 2016 through December 31, 2016, and payout on earned shares runs through February 2021.

Performance-based Incentive Awards. The performance-based incentive awards described in the foregoing table were granted under the Company’s 2011 Incentive Plans.

Beginning in 2010, the performance-based incentive awards were structured in the form of the APP Performance Awards and the MPP Performance Awards described above. These awards established both share and cash targets, which are paid out as denominated when earned. An APP Performance Award is cancelled if the recipient’s employment is terminated for any reason during the performance period. If the employment is terminated after the

performance period, but prior to distribution of the award, the recipient is entitled to receive 100% of the earned award on the distribution date provided his or her employment is not terminated for “cause.” A recipient whose employment is terminated for “cause” forfeits any payments not yet paid, unless the Committee or, if required, a Performance Committee of the Board determines otherwise in its absolute discretion. An MPP Performance Award is cancelled only in the event the recipient’s employment is terminated for “cause,” in which case he or she would not be entitled to any payments unless the Committee or a Performance Committee of the Board determines otherwise in its absolute discretion. In the event a recipient’s employment is terminated for any other reason, the MPP Performance Award is not cancelled but the vesting ceases as of the date of termination. The

recipient would then be entitled to a pro rata payment for the amount that vested. Such payment would be based on achievement of the performance goals at the end of the performance period and would be made on the distribution date established in the award.

OPTION EXERCISES AND STOCK VESTED

Name	Option Awards		Stock Awards ⁽¹⁾		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Joseph G. Morone	—	—	0	0	23,983 ⁽²⁾	897,444
	—	—	—	—	23,250 ⁽³⁾	870,015
John B. Cozzolino	—	—	—	—	6,002 ⁽²⁾	224,595
	—	—	—	—	6,852 ⁽³⁾	256,402
Daniel A. Halftermeyer	4,000	70,276	—	—	7,459 ⁽²⁾	279,116
	—	—	—	—	4,876 ⁽³⁾	182,460
Diane M. Loudon	—	—	1,170	43,781	—	—
	—	—	—	—	—	—
Robert A. Hansen	—	—	—	—	3,394 ⁽²⁾	127,003
	—	—	—	—	2,366 ⁽³⁾	88,536

(1) Vesting of Performance Phantom Stock granted pursuant to the Company's Performance Stock Plan. Amounts reported as "Value Realized on Vesting" were distributed in cash to the NEO during 2016.

(2) Vesting of share target under the MPP Performance Award granted to the NEO in 2013 pursuant to the 2011 Incentive Plan. Amounts reported as "Value Realized on Vesting" were distributed in stock to the NEO during 2016.

(3) Vesting of share target under the APP Performance Award granted to the NEO in 2015 pursuant to the 2011 Incentive Plans. Amounts reported as "Value Realized on Vesting" were distributed in stock to the NEO during 2016.

PENSION BENEFITS

Name⁽¹⁾	Plan Name	Number of Years Credited Service⁽²⁾	Present Value of Accumulated Benefit⁽³⁾	Payments During Last Fiscal Year
John B. Cozzolino	PensionPlus	14.75	101,000	—
	Supplemental Executive Retirement Plan	—	—	—
	Qualified Supplemental Retirement Benefits	—	32,000	—
Daniel A. Halftermeyer ⁽⁴⁾	—	—	106,165	—
Robert A. Hansen	PensionPlus	27.67	696,000	—
	Supplemental Executive Retirement Plan	—	—	—
	Qualified Supplemental Retirement Benefits	—	—	—

The Company's PensionPlus Plan and Supplemental Executive Retirement Plan were closed to new employees, (1) effective October 1, 1998. Dr. Morone and Ms. Loudon, who both joined the Company after the plans were closed, have no reportable pension benefits and are omitted from the table.

(2) Where noted, credited service is the same as actual service through February 28, 2009.

The values of the pension benefits reported above are the present values of benefits expected to be paid in the future. The actuarial assumptions used to determine these values are the same as are used in the Company's financial statements, except that the assumed retirement age for purposes of this table is the earliest unreduced (3) retirement age as defined in the relevant plan. Present values are determined as of the Company's measurement date for pension purposes (December 31, 2016). (Reference is made to Note 4 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for a discussion of these assumptions.) Each amount assumes that the form of payment will be a single life annuity.

(4) As a non-U.S. employee, Mr. Halftermeyer does not participate in the U.S. PensionPlus Plan, the Supplemental Executive Retirement Plan or the Qualified Supplemental Retirement Plan. Instead, as Mr. Halftermeyer is a French citizen working for a company affiliate in Switzerland, the Company is required by Swiss law to maintain a private pension for his benefit. The private pension is purchased through an insurance company. The Company's Swiss subsidiary is required to make defined premium contributions. The premium paid by the Company in 2016 was CHF 7,726, or \$7,845 using the conversion rate of 1.0154 U.S. dollars per Swiss franc, which is the rate used by the Company in its 2016 Consolidated Statements of Income and Retained Earnings. The policy was first purchased in 2007. The present value of the accumulated benefit is set forth in the table above (and has been translated into U.S. dollars at the rate of .98134 U.S. dollars per Swiss Franc, which was the applicable conversion rate as of December 31, 2016). In addition, Mr. Halftermeyer continues to participate in a French state-mandated social scheme as an expatriate. The Company contributes both the employer's and employee's share of the legally required contribution under this scheme. In early 2016, the Company paid €92,321, or \$102,098 using the conversion rate of 1.1069 U.S. dollars per euro, which is the rate used by the Company in its 2016 Consolidated Statements of Income and Retained Earnings. This contribution covered the period from October 2015 through

September 2016. Of this amount, approximately \$36,755 was the employee's required contribution, which the Company assumed as part of the international assignment.

PensionPlus Plan. The Company's U.S. PensionPlus Plan, applicable to all salaried and most hourly employees in the United States who began employment on or before October 1, 1998, provides generally that an employee who retires at his or her normal retirement age (age 65) will receive a maximum annual pension equal to the sum of (a) 1% of his or her average annual base compensation for the three most highly compensated consecutive calendar years in his or her last ten years of employment (the "High Three Average") times his or her years of service (up to 30) before April 1, 1994; plus (b) 0.5% of the amount by which his or her High Three Average exceeds a Social Security offset (\$41,623 in 2009) times his or her years of service (up to 30) before March 31, 1994; plus (c) 1% of his or her High Three Average times years of service (up to 30) between March 31, 1994, and January 1, 1999; plus (d) 0.75% of such High Three average times years of service (up to 30) after December 31, 1998; plus (e) 0.25% of such High Three Average times years of service in excess of 30. The Plan

was amended effective February 28, 2009, to freeze the accrual of any new benefits. As a result, no participant has accrued any additional pension creditable service after that date, and the High Three Average is now determined in reference to the last ten years of employment prior to February 28, 2009.

Annual base compensation in any year used to determine a participant's High Three Average is the rate of base earnings of such participant as of January 1 of such year. It does not include other cash compensation (such as annual cash bonuses) or noncash compensation.

Section 415 of the Internal Revenue Code places certain limitations on pensions that may be paid under federal income tax qualified plans. Section 401 of the Code also limits the amount of annual compensation that may be used to calculate annual benefits under such plans. The effect of such limits is reflected in the amounts reported as the present value of benefits accumulated under the PensionPlus Plan.

The PensionPlus Plan permits early retirement at or after age 55 with at least ten years of service. Of the NEOs who participate in the Plan, only Mr. Hansen is eligible for retirement under the PensionPlus Plan, whether it is early or normal retirement. In general, provided that payment of benefits does not commence until the normal retirement age of 65, the pension of a participant retiring early will be calculated in the same manner as described above, taking into account years of service up to February 28, 2009, and such participant's High Three Average prior to that date. A participant eligible for early retirement may also elect to commence benefits on or after his or her early retirement date and prior to age 65 in an amount that is the actuarial equivalent of his or her normal retirement benefit.

Supplemental Executive Retirement Plan. The Company's unfunded Supplemental Executive Retirement Plan is intended to replace any PensionPlus benefits that a participant is prevented from receiving by reason of the Section 415 limits on pensions or the Section 401 limits on annual compensation used to calculate PensionPlus benefits. All plan participants affected by such limitations are eligible to receive benefits under the unfunded Supplemental Executive Retirement Plan. In other words, the pension formula described above is used to determine aggregate benefits under both plans — the portion that is not payable under the PensionPlus Plan due to the foregoing limits is payable under the Supplemental Executive Retirement Plan. The allocation is made on the basis of IRS regulations in effect on the valuation date. The Executive Retirement Plan was also amended effective February 28, 2009 to freeze the accrual of any new benefits.

Qualified Supplemental Retirement Benefits. Certain employees of the Company who were active on June 30, 2002, are entitled to receive additional qualified supplemental retirement ("QSR") benefits under the PensionPlus Plan. On June 30, 2002, each covered employee was credited with an initial account balance in a specified amount. Each such participant had participated in deferred compensation plans maintained by the Company on or before such time, pursuant to which he or she could defer the receipt of earned cash compensation until retirement or other events. Amounts deferred earned interest at rates approved from time to time by the Compensation Committee. In each case, the amount initially credited to such employee's QSR account was equal to an amount of deferred compensation (including interest) to which he or she was entitled but which he or she agreed to renounce. Each QSR account is credited with interest at 8.5% annually until retirement, at which time the QSR account value is payable in the form of an actuarially equivalent single life annuity or, at the election of the participant, in a single lump sum.

Nonqualified Deferred Compensation

There were no executive or Company contributions, or interest or other earnings, during 2016 under any defined contribution or other plan that provides for the deferral of compensation on a basis that is not tax-qualified, nor did any NEO receive any withdrawals or distributions during, or have any account as of the end of, 2016.

Plan-based Compensation

Stock Options. There were no unexercisable options as of December 31, 2016 that would become exercisable upon the involuntary termination or retirement of any NEO.

Phantom Stock and Performance-based Awards. The following chart indicates what the effect on Phantom Stock and earned performance-based incentive awards in the accounts of each NEO would have been upon the occurrence of (a) termination of employment involuntarily on December 31, 2016, without cause, or (b) in the case of any NEO who had attained age 62 at the time, a voluntary or involuntary termination of employment on such date, without cause. (All of these awards are reported in the table entitled “Outstanding Equity Awards at Fiscal Year-End” on page 29.)

Name	Number of Shares or Units of Stock That Have Not Vested (#)	Number of Shares or Units of Stock That Would Vest Upon Such Termination (#)	Value of Shares or Units of Stock That Would Vest Upon Such Termination ⁽¹⁾ (\$)
Joseph G. Morone	17,396 (2)	0	0
	20,888 (3)	6,962 (4)	322,339
	22,673 (5)	15,116 (6)	699,875
	20,535 (7)	20,535	950,771
John B. Cozzolino	5,786 (2)	0	0
	7,468 (3)	2,489 (4)	115,245
	7,527 (5)	5,018 (6)	232,345
	6,377 (7)	6,377	295,255
Daniel A. Halftermeyer	3,374 (2)	0	0
	6,134 (3)	2,044 (4)	94,659
	6,658 (5)	4,439 (6)	205,521
	6,368 (7)	6,368	294,838
Diane M. Loudon	2,697 (2)	0	0
	4,507 (3)	1,502 (4)	69,551
	2,930 (8)	1,465	67,830
Robert A. Hansen	3,723 (5)	2,482 (6)	114,916
	3,299 (7)	3,299	152,744
	8,433 (9)	4,217	195,224

(1) Based on the closing market price on December 30, 2016 of \$46.30.

Represents the number of shares earned pursuant to the APP Performance Award granted to the NEO in 2016 under the 2011 Incentive Plan based on 2016 performance. None of the balance reported was earned or vested as of (2) December 31, 2016. Pursuant to the terms of the award, this award would be canceled upon termination for any reason on or before December 31, 2016.

Represents the number of shares established as the target share opportunity in the NEO's MPP Performance Award (3) granted in 2016 under the 2011 Incentive Plan. This target share award is earned based on performance during 2016, 2017 and 2018, and paid in 2019. None of the balance reported was earned as of December 31, 2016.

Represents one-third of the target share award in the NEO's MPP Performance Award granted in 2016 under the 2011 Incentive Plan. Although not earned as of December 31, 2016, the award vests pro rata on a daily basis during the three-year performance period. Thus, in the event of termination for any reason other than for cause, this (4) award would not be canceled. Instead, the NEO would be entitled to a payout in 2019 of the shares that vested through the date of termination, adjusted to reflect the level of achievement of the performance goals. For the purpose of this disclosure, the Company has assumed 100% achievement of the three-year performance goal and termination as of December 31, 2016.

Represents the number of shares established as the target share opportunity in the NEO's MPP Performance Award (5) granted in 2015 under the 2011 Incentive Plan. This target share award is earned based on performance during 2015, 2016 and 2017, and paid in 2018. None of the balance reported was earned as of December 31, 2016.

Represents two-thirds of the target share award in the NEO's MPP Performance Award granted in 2015 under the 2011 Incentive Plan. Although not earned as of December 31, 2016, the award vests pro rata on a daily basis during the three-year performance period. Thus, in the event of termination for any reason other than for cause, this (6) award would not be canceled. Instead, the NEO would be entitled to a payout in 2018 of the share that vested through the date of termination, adjusted to reflect the level of achievement of the performance goals. For the purpose of this disclosure, the Company has assumed 100% achievement of the three-year performance goal and termination as of December 31, 2016.

Represents the number of shares actually earned pursuant to the MPP Performance Award granted to the NEO in 2014 under the 2011 Incentive Plan based on performance during 2014, 2015 and 2016. The award vested pro rata (7) on a daily basis during the three-year performance period. Thus, in the event the NEO had been terminated for any reason other than for cause on December 31, 2016, the NEO would nevertheless have been entitled to a payout in 2017 of the shares set forth.

(8) Performance Phantom Stock granted under the Performance Stock Plan prior to 2016. For these grants, amounts shown as vesting upon termination are payable at such time, in cash.

Represents the number of shares of Phantom Stock actually earned pursuant to a grant under the Performance (9) Stock Plan made in 2016. For these grants, amounts shown as vesting upon termination are payable at such time, in cash.

Potential Payments upon Termination or Change in Control

Termination/Severance

Dr. Morone

The Committee believes that under certain circumstances, severance agreements are appropriate for the attraction and retention of executive talent, consistent with the practices of peer companies. In the case of Dr. Morone particularly, the Committee felt a severance provision was warranted in order to entice Dr. Morone to leave the security of his prior position and become the Company's CEO. Thus, the Company's employment agreement with Dr. Morone (see page 21) provides that in the event his employment is terminated for any reason, he will be entitled to any (a) unpaid base salary accrued to the effective date of termination, (b) unpaid but earned and accrued annual cash bonus for the portion of the year in which the termination of employment occurs and for any completed prior year for which the annual cash bonus has not been paid, (c) pay for accrued but unused vacation to which he is entitled calculated in accordance with the Company's vacation policy, (d) benefits or compensation required to be provided after termination pursuant to, and in accordance with the terms of, any employee benefit plans, policies, or arrangements applicable to him, (e) unreimbursed business expenses incurred prior to termination and required to be reimbursed pursuant to the Company's policy, and (f) any rights to indemnification to which he may be entitled under the Company's Articles of Incorporation or By Laws. In addition, if the termination is by the Company without cause, he is entitled to receive an amount equal to twice his annual base salary at the time of termination, payable in 24 equal monthly installments. His right to receive these additional severance payments is contingent upon his continuing compliance with confidentiality and non-disparagement provisions in the agreement, and upon his having executed and delivered to the Company a release of any and all claims relating to his termination. For purposes of the agreement, "cause" is deemed to exist if a majority of the members of the Company's Board of Directors determines that he has (i) caused substantial harm to the Company with intent to do so or as a result of gross negligence in the performance of his duties, (ii) not made a good faith effort to carry out his duties, (iii) wrongfully and substantially enriched himself at the expense of the Company, or (iv) been convicted of a felony. There was no sunset included in the severance provision of Dr. Morone's contract when it was drafted and executed. The Committee is aware of this fact but no action has been contemplated to incorporate such a provision. The industries in which the Company competes are undergoing significant changes to which the Company must respond. The Company believes that it is important to shareholder value that Dr. Morone leads the Company's response to those changes without concern for the impact on his specific position. Nor has the fact that Dr. Morone's contract contains a severance provision had any impact on the Committee's deliberations and actions regarding his compensation.

Other Executive Officers

As of January 1, 2016, the Company entered into Severance Agreements with each of the Company's executive officers, other than the CEO, and several other senior managers. These agreements were meant to replace similar agreements expiring December 31, 2015 and were revised and updated to conform to current best practices. The

material terms of the Severance Agreements provide that in the event an officer's employment is terminated by the Company at any time before the expiration of the applicable Severance Agreement for any reason other than Cause, or if the officer's employment is terminated by the officer for Good Cause (as those terms are defined in the Severance Agreement, and in either case, a "Qualifying Termination"), the officer would be entitled to receive his or her gross monthly base salary in effect at the time of the Qualifying Termination, less applicable withholdings and deductions, for a period of 24 months. In the event the Qualifying Termination occurs within 12 months of a Change in Control (as defined in the Severance Agreement) the officer would be entitled to receive

his or her gross monthly base salary in effect at the time of the Qualifying Termination, less applicable withholdings and deductions, for a period of 36 months, although in that case some of the monthly payments would be accelerated and paid as a lump sum to comply with applicable tax laws. The officer would also remain eligible for a prorated payment of any bonus earned, if any, during the year in which the Qualifying Termination occurs, and 12 months of executive outplacement services. In addition, if elected, the Company would pay the required premium to continue healthcare coverage under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”). In order to receive the severance benefits, the officer would be obligated to execute a release in favor of the Company at the time of termination which would also bind the officer to a restrictive covenant for the period during which the severance benefits are being paid. The initial term of the Severance Agreement is for a period of three years, but it will thereafter automatically renew for one-year periods unless the Company timely notifies the Counterparty of its intent not to renew. In order to receive the severance benefits, the officer is obligated to execute a release in favor of the Company at the time of termination and comply with the confidentiality and non-disparagement provisions of the Agreement. The officer is also bound by a restrictive non-competition covenant during the Severance Period. For the purposes of such agreements, cause is deemed to exist upon (i) the conviction of the officer for, or the entry of a plea of guilty or nolo contendere by the officer to, a felony charge or any crime involving moral turpitude; (ii) unlawful conduct on the part of the officer that may reasonably be considered to reflect negatively on the Company or compromise the effective performance of the officer’s duties as determined by the Company in its sole discretion; (iii) the officer’s willful misconduct in connection with his or her duties or willful failure to use reasonable effort to perform substantially his or her responsibilities in the best interest of the Company; (iv) the officer’s willful violation of the Company’s Business Ethics Policy or any other Company policy that may reasonably be considered to reflect negatively on the Company or compromise the effective performance of the officer’s duties as determined by the Company in its sole discretion; (v) fraud, material dishonesty, or gross misconduct in connection with the Company perpetrated by the officer; (vi) the officer undertaking a position in competition with the Company; (vii) the officer having caused substantial harm to the Company with intent to do so or as a result of gross negligence in the performance of his or her duties; or (viii) the officer having wrongfully and substantially enriched himself or herself at the expense of the Company. The Severance Agreements also contain a clawback provision which provides that an officer would forfeit any unpaid severance due pursuant to the agreement and would be required, upon demand, to repay any severance already paid if, after the officer’s termination: (i) there is a significant restatement of the Company’s financial results, caused or substantially caused by the fraud or intentional misconduct of the officer; (ii) the officer breaches any provision of the agreement, including, without limitation, the restrictive covenants, confidentiality and non-disparagement provisions; or (iii) the Company discovers conduct by the officer that would have permitted termination for cause, provided that such conduct occurred prior to the officer’s termination.

The Committee considers severance to serve as a bridge in the event employment is involuntarily terminated without cause. Therefore, the foregoing Severance Periods were deemed to be appropriate in light of the perceived length of time it could take for the NEO to find an equivalent position. At the time the agreements were approved, the Committee determined that individual officer agreements were superior to an all-inclusive policy because they provided more flexibility to address each officer’s situation, and his or her individual perceived importance to the Company and its strategies. It was further determined that the provision of severance agreement would allow each officer to focus on the needs of the business without concern for his or her own position.

Except as set forth above, the Company has not entered into any other agreement, contract, plan, or arrangement, written or unwritten, to provide payment to any NEO in connection with his retirement, severance, termination or separation.

Change in Control

Other than the provisions found in the RSU and Phantom Stock Plan, which are applicable to all employees who receive an award under those plans, and the severance agreements described above, the Company has no contract,

agreement, plan, or arrangement, whether written or unwritten, that would provide for payment to an NEO at, following, or in connection with a change in control of the Company. The provisions of the RSU and Phantom Stock Plans provide that in the event of termination following a change of control, 100% of an award recipient's unvested grant shall become immediately payable in full.

ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with the Dodd-Frank Act, and the related “say-on-pay” rules adopted by the Securities and Exchange Commission, the Company is asking stockholders to vote on the compensation provided to our NEOs, as described in the preceding sections of this proxy statement.

Accordingly, the Board of Directors recommends that stockholders approve such compensation by approving the following advisory resolution:

RESOLVED, that the stockholders of the Company approve, on an advisory basis, the compensation of the Company’s Named Executive Officers as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure in this Proxy Statement.

This vote is nonbinding. Although it may not be possible to discern the specific concerns of stockholders that may cause them to cast a negative vote, the Board and the Compensation Committee have in prior years considered the vote, and communications received from holders explaining their voting decisions, as meaningful to the process of determining how Company’s executive officers should be compensated.

As described in detail under “Compensation Discussion and Analysis” above, our compensation programs are designed to motivate our NEOs, and other members of management, to manage the Company so that it achieves superior performance and delivers value to our stockholders. We believe that our compensation program, with its balance of short-term cash incentives and long-term incentives (including equity-based awards that vest over multiple years), rewards sustained performance that is aligned with delivering consistent value to our stockholders. Stockholders are encouraged to read the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure.

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE “FOR”

THE ADVISORY RESOLUTION APPROVING EXECUTIVE COMPENSATION

**ADVISORY VOTE ON THE FREQUENCY OF
AN ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Also in accordance with the Dodd-Frank Act and “say-on-pay” rules, the Company this year is asking stockholders to cast an advisory vote on whether the advisory vote on executive compensation should be held every one, two, or three years.

The Board believes that most investors currently prefer the ability to cast an annual advisory vote on executive compensation each year. Under the current rules, the Board does not feel that an annual vote will have any adverse effect on the Company, or limit the ability of the Compensation Committee to discharge its responsibilities with respect to executive compensation. For this reason, the Board recommends that stockholders select “one year” as the frequency for such votes.

The proxy card provides stockholders with the opportunity to choose among four options (holding the vote every one, two or three years, or abstaining) and, therefore, stockholders will not be voting to approve or disapprove the Board’s recommendation.

Although this advisory vote on the frequency of the “say-on-pay” vote is nonbinding, the Board and the Compensation Committee expect to take the outcome of the vote into consideration when determining the frequency of future advisory votes on executive compensation.

**THE BOARD OF DIRECTORS RECOMMENDS
THAT STOCKHOLDERS SELECT “ONE YEAR”
AS THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION**

APPROVAL OF THE 2017 INCENTIVE PLAN

General

The Board of Directors has adopted, subject to stockholder approval, the 2017 Incentive Plan (also referred to as the “Plan”). The purpose of the Plan is to enable the Company to promote the interests of the Company and its stockholders by providing key employees of the Company and its subsidiaries, who are largely responsible for the management, growth and protection of the business of the Company, with incentives and rewards to encourage them to continue in the service of the Company. The 2017 Incentive Plan is designed to meet this goal by providing such employees with a proprietary interest in pursuing the long-term growth, profitability and financial success of the Company.

The Plan is similar in structure and substance to the Albany International Corp. Amended and Restated 2005 Plan, as amended and restated and approved by the stockholders of the Company at the 2011 Annual Shareholder Meeting (as amended, the “2011 Plan”) that it will replace. The 2011 Plan was initially approved by stockholders in 2011 and re-approved in 2016 for purposes of section 162(m) of the Internal Revenue Code. Key changes reflected in the Plan over the 2011 Plan are as follows:

The 2011 Plan initially authorized the issuance of 500,000 shares of the Company’s Class A Common Stock, but permitted the Board of Directors to increase the amount from time to time, provided that it could not be increased by more than 500,000 in any calendar year and that no increase could cause the total number of shares then available for issuance in respect of new awards to exceed 1,000,000. The Plan eliminates the Board’s ability to increase the number of authorized shares without shareholder consent.

The 2011 Plan provided that only the shares actually issued, net of the shares withheld, would be deemed delivered for the purposes of determining the number of shares of Common Stock available for issuance under the plan. The Plan expressly changes the treatment of shares withheld to satisfy applicable taxes and the exercise price and provides that (i) shares of stock not issued or delivered as a result of the net settlement of an outstanding SAR or Option; (ii) shares of stock used to pay the exercise price or withholding taxes related to an outstanding Incentive Award; or (iii) shares of stock repurchased on the open market with the proceeds of an Option exercise price shall count as used under the plan and shall not again be made available for issuance under the plan.

The 2017 Incentive Plan provides for awards that may be payable in cash, stock, or a combination of cash and stock. For stock-based awards, the Plan authorizes the issuance of an aggregate number of shares of the Company’s Class A Common Stock equal to 1,000,000.

The material terms of the 2017 Incentive Plan are summarized below. This summary is not intended to be a complete description of the terms of the 2017 Incentive Plan. The full text of the 2017 Incentive Plan is attached hereto as Exhibit B. In the event of any inconsistency between the summary set forth below and the terms of the 2017 Incentive Plan, the terms of the 2017 Incentive Plan will govern.

Eligible Participants and Types of Awards

The 2017 Incentive Plan provides for the grant to officers and key employees of the Company and its subsidiaries of non-qualified stock options and incentive stock options (“Options”), tandem and stand-alone stock appreciation rights (“SARs”) and other share-based or cash-based awards (collectively referred to herein as “Incentive Awards”). Incentive Awards may be settled in cash or in shares. Some Incentive Awards may be intended to qualify as “performance based” compensation within the meaning of Section 162(m) of the Internal Revenue Code. While all key employees responsible for the management of the Company and its subsidiaries would be potentially eligible to receive Incentive Awards under the Plan (approximately 260 employees at the present time), the Company expects initially to limit Incentive Awards to between four and eight key employees of the Company. As of the date hereof, no Incentive

Awards have been granted under the Incentive Plan for 2017. Instead, in February 2017 the Company made what it expects to be the final grants of Incentive Awards under the 2011 Plan. The first grants under the 2017 Incentive Plan are currently anticipated to be made in 2018.

Shares Available for Awards and Individual Award Limit

Shares issued under the 2017 Incentive Plan may be either newly issued shares or treasury shares. In addition to the limit on the aggregate number of shares that are authorized to be issued pursuant to the Plan, the maximum number of shares that may be covered by Incentive Awards granted to any single participant (a “Participant”) in any twelve-month period shall not exceed 200,000 shares.

Shares of stock covered by Incentive Awards shall be counted as used to the extent they are actually earned and issued and delivered to a Participant (or a Participant’s permitted transferees). In addition, the following shares of stock shall be counted as used and may not again be made available for issuance as Incentive Awards: (i) shares of stock not issued or delivered as a result of the net settlement of an outstanding SAR or Option; (ii) shares of stock used to pay the exercise price or withholding taxes related to an outstanding Incentive Award; or (iii) shares of stock repurchased on the open market with the proceeds of an Option exercise price. If shares are issued subject to conditions that may result in the forfeiture, cancellation or return of such shares to the Company, any portion of the shares forfeited, cancelled or returned shall be treated as not issued pursuant to the Plan.

Shares covered by Incentive Awards in connection with the settlement, assumption or substitution of outstanding equity-based awards or through obligations to grant future awards in the context of a corporate acquisition or merger will not count as used under the Plan for these purposes.

Prohibition on Substitutions and Repricings

In no event will any new Incentive Awards be issued in substitution for outstanding Incentive Awards previously granted to Participants, and no repricings of Incentive Awards are permitted at any time under any circumstances, unless the stockholders of the Company expressly approve such substitution or repricing.

Administration

The 2017 Incentive Plan will be administered by the Compensation Committee of the Company’s Board of Directors, or such other committee as the Board of Directors shall appoint from time to time (the “Committee”). The Committee shall from time to time designate those persons who shall be granted Incentive Awards and the amount, type and other terms and conditions of such Incentive Awards.

Except to the extent described below with respect to “performance based” compensation, the Committee will have full authority to administer the Plan, including authority to interpret and construe any of its terms or the terms of any Incentive Award issued under it, and to adopt such rules and regulations for administering the Plan as it may deem necessary. On or after the date of grant of an Incentive Award, the Committee may (i) accelerate the date on which any Incentive Award becomes vested, exercisable or transferable, (ii) extend the term of any Incentive Award, including, without limitation, extending the period following a termination of a Participant’s employment during which any Incentive Award may remain outstanding, (iii) waive any conditions to the vesting, exercisability or transferability of any Incentive Award, or (iv) provide for the payment of dividends or dividend equivalents with respect to any Incentive Award. Decisions of the Committee shall be final and binding on all Participants.

With respect to Incentive Awards that are intended to satisfy the requirements of “performance based” compensation within the meaning of Section 162(m) of the Internal Revenue Code, the exercise of the foregoing powers may be limited to a special committee of the Board composed solely of two or more directors who are “outside” directors within the meaning of Section 162(m) (a “Performance Committee”).

Incentive Awards to Be Granted

The total number and type of Incentive Awards that will be granted in the future under the Plan, including to our executive officers, are not determinable. Non-employee directors are not eligible to participate in the Plan.

Significant Features of Incentive Awards

Significant features of the potential forms of Incentive Awards permitted under the Plan are as follows:

Options. Each Option shall entitle the holder thereof to purchase a specified number of shares. The exercise price of each Option will be at least equal to 100% of the fair market value of a share on the date on which the Option is granted. Options will have terms that do not exceed twenty years and will have vesting periods of at least one year.

Tandem Stock Appreciation Rights. The Committee may grant, in connection with any Option, a tandem SAR (“Tandem SAR”). The exercise price per share of any Tandem SAR will be at least 100% of the fair market value of a share on the date on which the Tandem SAR is granted. In general, the exercise of a Tandem SAR by a Participant entitles the Participant to an amount (in cash, shares or a combination of cash and shares), with respect to each share subject thereto, equal to the excess of the fair market value of a share on the exercise date over the exercise price of the Tandem SAR. The exercise of a Tandem SAR with respect to a number of shares causes the cancellation of its related Option with respect to an equal number of shares, and the exercise, cancellation or expiration of an Option with respect to a number of shares causes the cancellation of its related Tandem SAR with respect to an equal number of shares.

Stand-Alone Stock Appreciation Rights. The Committee may grant SARs that do not relate to Options (“Stand-Alone SARs”). The exercise price per share of any Stand-Alone SAR will be at least 100% of the fair market value of a share on the date on which the Stand-Alone SAR is granted. In general, the exercise of a Stand-Alone SAR by a Participant entitles the Participant to an amount (in cash, shares or a combination of cash and shares), with respect to each share subject thereto, equal to the excess of the fair market value of a share on the exercise date over the exercise price of the Stand-Alone SAR.

Other Stock-based Awards. The Committee may grant equity-based or equity-related Incentive Awards other than Options and SARs in such amounts and subject to such terms and conditions as the Committee determines. Each such Incentive Award may (i) involve the transfer of actual shares, either at the time of grant or thereafter, or payment in cash or otherwise of amounts based on the value of shares, (ii) be subject to performance-based and/or service-based conditions, and (iii) be in the form of phantom stock, restricted stock, restricted stock units, performance shares, or share-denominated performance units. Incentive Awards may vest or otherwise become payable as determined by the Committee at the time of grant.

Consequences upon a Change in Control. The effect of the occurrence of a Change in Control of the Company on any Option, SAR or other Incentive Award shall be determined by the Committee in its discretion.

Performance-based Compensation. The Performance Committee may grant Incentive Awards that are intended to qualify under the requirements of Section 162(m) of the Tax Code as “qualified performance-based compensation.”

The performance goals upon which the payment or vesting of any Incentive Award (other than Options and SARs) that is intended to qualify as performance-based compensation depends shall relate to one or more of the following performance measures, each of which may be applied with respect to the Company, any subsidiary or any business unit of the Company, or if applicable, any Participant, and which may be measured on an absolute basis, or relative to a peer group or other market measure basis: revenues; revenue growth; operating income; cash flow (including operating cash flow, free cash flow, discounted cash flow, return on investment, and cash flow in excess of costs of capital); net income; marginal contribution; interest expense; earnings per share; return on sales; return on assets; return on equity; return on invested capital; working capital; market share; stock price; stock price growth; costs of goods sold; expenses (including selling and general expenses and technical and research expenses); income before income taxes; total shareholder return; EBIT (earnings before interest and taxes); consolidated EBITDA (earnings before interest, taxes, depreciation and amortization); EBITDA growth; EBITDA per share; EBITDA Margin (EBITDA as a percentage of sales); Adjusted EBITDA (as defined in the Company’s Exchange Act filings); consolidated interest expense; consolidated net income; consolidated tangible net worth and leverage ratio; ongoing earnings; EVA (economic value added); economic profit (net operating profit after tax, less a cost of capital charge); SVA (shareholder value added); pre-tax profit margin; performance against business plan; customer service; corporate governance quotient or rating; employee satisfaction; safety; employee engagement; supplier diversity; workforce diversity; operating margins; credit rating; dividend payments; retained earnings; completion of acquisitions; divestitures and corporate restructurings; and individual goals based on objective business criteria underlying the

goals listed above and which pertain to individual effort as to achievement of those goals or to one or more business criteria in the areas of litigation, human resources, information services, production, inventory, support services, site development, plant development, building development, facility development, government relations, product market share, management or non-financial strategic goals.

In the event that the requirements of Section 162(m) and the regulations thereunder change to permit Performance Committee discretion to alter the performance measures without obtaining stockholder approval, a Performance Committee of the Board will have discretion to make such changes. Performance periods may be less than, equal to, or longer than one fiscal year of the Company and may be overlapping. Within 90 days after the beginning of a performance period, and in any case before 25% of the performance period has elapsed, the

Performance Committee shall establish (a) performance goals and objectives for the Company for such performance period, (b) target awards for each Participant, and (c) schedules or other objective methods for determining the applicable performance percentage to be applied to each such target award.

The measurement of any performance measure may exclude the impact of charges for restructurings, discontinued operations, acquisitions or divestitures, extraordinary items, the cumulative effects of accounting changes, currency revaluation gains or losses, gains or losses from the sale of real estate or investments, insurance recoveries, pension settlement income or expense, income attributable to non-controlling interest in ASC, severance charges, equipment relocation costs or charges, equipment write-offs or write-downs, and any other unusual or non-recurring items, in each case as defined by generally accepted accounting principles or as identified in the Company's audited financial statements, including the notes thereto, or Exchange Act filings. Any performance measures may be used to measure the performance of the Company or a subsidiary as a whole or any business unit of the Company or any subsidiary or any combination thereof, as the Performance Committee may deem appropriate, or any of the above performance measures as compared to the performance of a group of comparator companies, or a published or special index that the Performance Committee, in its sole discretion, deems appropriate.

General Plan Provisions

Adjustments Upon Changes in Capitalization. The 2017 Incentive Plan provides for an adjustment in the number of shares available to be issued under the 2017 Incentive Plan, the number of shares subject to Incentive Awards and the exercise prices of certain Incentive Awards upon a change in the capitalization of the Company, a stock dividend or split, an extraordinary cash dividend, a merger or combination of shares and certain other similar events.

Tax Withholding; Net Settlement. The 2017 Incentive Plan provides that the Company has the right to permit or require Participants to satisfy certain federal income tax withholding requirements by remitting to the Company cash or, subject to certain conditions, allowing the Company to withhold shares payable to the Participant to satisfy any such withholding obligations or the applicable exercise price.

Assignment and Transfer. Nonqualified Stock Options and SARs may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution, except as permitted by the Committee on a general or specific basis. Incentive Stock Options are generally not transferable, except by will or the laws of descent and distribution.

Amendment. The Board of Directors may at any time suspend or discontinue the 2017 Incentive Plan or revise or amend it in any respect whatsoever, except that, in general, no revision or amendment may, without the approval of stockholders of the Company, (i) increase the number of shares that may be issued under the Plan or (ii) materially modify the requirements as to eligibility for participation in the Plan.

Term of the Plan. No grants may be made under the 2017 Incentive Plan after February 24, 2027.

U.S. Federal Income Tax Consequences

Following is a brief summary of the U.S. federal income tax consequences of the issuance and exercise of Stock-based Incentive Awards, as well as Options and SARs generally.

Incentive Awards. The Company will generally be entitled to a compensation deduction for U.S. federal income tax purposes in the amount of cash compensation distributed to the Participant or, in the case of that portion of an Awards that is settled in shares, in an amount equal to the fair market value of the shares when delivered to the Participant. The Participant will be required to recognize compensation income for U.S. federal income tax purposes

upon payment of cash or delivery of shares.

Nonqualified Stock Options. A Participant will not be deemed to receive any income at the time an Option is granted, nor will the Company be entitled to a deduction at that time. However, when any part of an Option is exercised, the Participant will generally be deemed to have received ordinary income in an amount equal to the difference between the exercise price of the Option and the fair market value of the shares received on the exercise of the Option. The Company will be entitled to a U.S. federal income tax deduction in an amount equal to the amount of ordinary income realized by the Participant.

Incentive Stock Options. A Participant will not be deemed to receive any income at the time an Option is granted, nor when it is exercised. After exercise, provided the Participant satisfies certain holding period and other requirements, the profit (if any) made on sale of the shares received upon exercise would generally be taxable as long-term capital gain. The Company generally would not be entitled to a U.S. federal income tax deduction in any

amount related to the grant or exercise of an Incentive Stock Option, or upon the sale of the shares received upon exercise, except that certain deductions may be available to the Company if the Participant fails to satisfy certain holding period and other requirements.

SARs. A Participant will not be deemed to receive any income at the time an SAR is granted, nor will the Company be entitled to a deduction at that time. However, when any part of the SAR is exercised, the Participant will be deemed to have received compensation taxable as ordinary income in an amount equal to the amount of cash received, and the Company will be entitled to a tax deduction in an equal amount.

THE BOARD OF DIRECTORS RECOMMENDS
A VOTE “FOR”
THE APPROVAL OF THE 2017 INCENTIVE PLAN.

DIRECTOR COMPENSATION

Directors who are not employees of the Company are compensated for their services by fees in cash and stock. All directors are reimbursed for expenses incurred in connection with such services. In addition, the Company provides travel and liability insurance to all directors. It is the goal of the Committee to set directors’ fees at a competitive level that will enable the Company to attract and retain talented, well-qualified directors. The payment of a portion of each director’s fee in shares of Class A Common Stock of the Company is intended to align the interests of the director with the interests of our stockholders, consistent with delivering shareholder value.

Annual Retainer. During 2016, directors were entitled to an annual retainer of \$110,000, \$70,000 of which was payable in shares of Class A Common Stock of the Company pursuant to the Directors’ Annual Retainer Plan. Directors serving for only a portion of the year received a pro-rated portion of the annual retainer. The Standish Directors, who each hold shares well in excess of the Board’s share ownership guidelines (described below), may elect to receive cash in lieu of the stock portion of the annual retainer. Any director may also elect to receive all or any part of his or her unpaid cash portion of the annual retainer in shares of Class A Common Stock.

Meeting Fees. In lieu of cash fees for regularly scheduled meetings, directors received an additional cash fee of \$30,000, and members of the Audit Committee also received an additional annual cash amount of \$5,000. These amounts were paid in four equal quarterly installments and were also pro-rated in the case of service for only a portion of the year. Directors received cash fees of \$750 for each special meeting of the Board or any Board Committee during 2016 that was designated as a telephone meeting. During 2016, three Board meetings and two Governance Committee meetings were so designated. Directors were also entitled to receive cash fees of \$1,500 for each special meeting of the Board, and \$1,000 for each special meeting of a Committee they attended in person or by telephone. There were no such meetings during 2016.

Other Fees. The Chairman of each standing committee of the Board received an annual fee during 2016 for such service: \$7,500 for the Chairman of the Governance Committee, \$10,000 for the Chairman of the Compensation Committee, and \$15,000 for the Chairman of the Audit Committee. (These fees were also pro-rated in the case of any director serving in such capacity for a portion of the year.) The Chairman of the Board received an annual fee of \$60,000 for such service, and the Vice Chairman of the Board received an annual fee of \$35,000 for such service. Directors receive \$1,500 for each day that they are engaged in Company business (other than attendance at Board or Committee meetings) at the request of the Chairman of the Board or the Chief Executive Officer. Annual fees are paid in four equal quarterly installments. All amounts are paid in cash.

Director Pension. Each person who was a member of the Board of Directors on January 12, 2005, who was elected as a director prior to August 9, 2000, and who is not eligible to receive a pension under any other Company retirement program is, following (i) the termination of his or her service as a director and (ii) the attainment by such director of the age of 65, entitled to receive an annual pension in the amount of \$20,000, payable in quarterly installments until the earlier of (a) the expiration of a period equal to the number of full years that such person served as a director prior to May 31, 2001, or (b) the death of such person. Directors Christine Standish, Kailbourne, and Morone are the only current directors so eligible.

Share Ownership Guidelines. The Board has adopted share ownership guidelines for its members. Under these guidelines, directors are generally expected to retain ownership of shares of Common Stock awarded or acquired until an ownership equal to three (3) times the annual cash and stock retainer is attained.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$)	Stock Awards ⁽¹⁾ (\$)	Option Awards (\$)	Nonequity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation	Total (\$)
Christine L. Standish	151,250	—	—	—	800 ⁽²⁾	—	152,050
Erland E. Kailbourne	115,033	99,967	—	—	—	—	215,000
John C. Standish	179,500	—	—	—	33,000 ⁽³⁾	—	212,500
John F. Cassidy, Jr.	87,784	69,966	—	—	—	—	157,750
Edgar G. Hotard	93,784	69,966	—	—	—	—	163,750
John R. Scannell	72,284	69,966	—	—	—	—	142,250
Katherine L. Plourde	86,284	69,966	—	—	—	—	156,250
Joseph G. Morone	—	—	—	—	3,100 ⁽²⁾	—	3,100
A. William Higgins	16,035	54,965	—	—	—	—	71,000
Kenneth W. Krueger	18,768	17,482	—	—	—	—	36,250

(1) As these are payments of shares, and not stock “awards,” there are no amounts deemed “outstanding” at the end of 2016.

(2) Increase during 2016 in the actuarial present value of the director’s accumulated benefit under the director pension plan described in the narrative preceding this table.

(3) Increase during 2016 in the actuarial percent value of Mr. Standish’s accumulated benefit under the Company’s U.S. defined benefit plan.

RATIFICATION OF INDEPENDENT AUDITORS

The Audit Committee has appointed KPMG LLP (“KPMG”) as auditors of the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016, and to perform the reviews of the financial statements to be included in our quarterly reports on Form 10-Q with respect to the first three quarters of 2017.

As stated in the Audit Committee Report on page 9, the Audit Committee has received the communications related to KPMG’s independence required by applicable PCAOB rules, has discussed with KPMG its independence, and has considered whether the provision of the services referred to below under “All Other Fees” is compatible with maintaining the independence of KPMG. In accordance with its charter, the Committee has also reviewed KPMG’s report describing (1) its internal quality-control procedures, (2) any material issues raised in any recent internal review, peer review, or review by any government or professional authorities (such as the PCAOB) of one or more independent audits conducted by KPMG, and (3) any steps taken by KPMG to deal with any issues raised in such reviews.

Although current law, rules, and regulations, as well as the charter of the Audit Committee, require the Audit Committee to appoint, terminate, oversee and evaluate the performance of the Company’s independent auditor, the Board considers the selection of the independent auditor to be an important matter of stockholder concern and is submitting the selection of KPMG for ratification by stockholders as a matter of good corporate practice. The affirmative vote of holders of a majority of the votes entitled to be cast at the meeting by the shares present in

person or by proxy is required to approve the ratification of the selection of KPMG as the Company's independent auditor. A representative from KPMG is expected to be present at the meeting and to be available to respond to appropriate questions.

The Audit Committee does not expect to take action with respect to the appointment of auditors to audit the financial statements to be included in our Annual Report on Form 10-K for the year ended December 31, 2017 until the second half of this year, and may issue requests to KPMG and other audit firms for proposals, which the Committee will review before making any appointment. The Audit Committee also reserves the right to appoint, reappoint, retain, or replace our auditors at any time, even after an appointment has been ratified by the stockholders. The stockholder vote on this proposal is advisory and nonbinding, and serves only as a recommendation to the Board of Directors. If the shareholders do not ratify the appointment of our auditors, the Audit Committee will consider such voting results with respect to any appointment.

Audit Fees

The aggregate fees billed by or agreed to with KPMG for the audit of the Company's annual financial statements, reviews of the financial statements included in the Company's Forms 10-Q, and services in connection with statutory and regulatory filings or engagements were \$2,262,700 in 2016 and \$1,978,000 in 2015.

Audit-related Fees

The aggregate fees billed by KPMG for assurance or related services reasonably related to the performance of the audit or review of the Company's annual financial statements, including benefit plans, were \$85,000 in 2016 and \$85,000 in 2015.

Tax Fees

The aggregate fees billed by KPMG for tax compliance, tax advice, and tax planning were \$137,744 in 2016 and \$98,000 in 2015. Billings were primarily for assistance in the preparation of tax returns and filings, assistance in connection with tax audits, tax advice in connection with corporate and business restructuring activities, and general tax advice.

All Other Fees

KPMG did not bill for any other products or services not described above in 2016 or 2015.

Preapproval Policy

It is the responsibility of the Company's Audit Committee to approve all audit and nonaudit 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 Chairman of the Audit Committee is permitted to preapprove any engagement of the independent auditor for services that could be properly preapproved by the Committee, provided that the anticipated fees with respect to the services so preapproved do not exceed \$100,000. The Chairman is required to report such preapprovals to the next regular meeting of the Committee.

The Audit Committee is required to preapprove each engagement of the independent auditor not preapproved by the Chairman of the Committee. Each such preapproval must describe the particular service to be rendered. No

preapproval may be given for any service that would cause the independent auditor to be considered not independent under applicable laws and regulations, and the independent auditor is requested to confirm that such service will not compromise its independence as part of the preapproval process.

With respect to the engagement of the independent auditor to provide routine and recurring audit-related tax and other nonaudit services, preapproval of the Audit Committee may take the form of approval of a schedule describing such services in reasonable detail and specifying an annual monetary limit. Each audit or nonaudit service (excluding tax services provided in the ordinary course) shall be reflected in a written engagement or other writing. In connection with the provision of permitted tax services, the independent auditor is required to, among other things, provide a written description of the services and discuss their impact on the auditor's independence.

None of the 2015 or 2016 services described above was approved by the Audit Committee or its Chairman pursuant to 17 CFR 210.2-01(c)(7)(i)(C), which permits the waiver of preapproval requirements in connection with the provision of certain nonaudit services.

**THE BOARD OF DIRECTORS RECOMMENDS
A VOTE “FOR”
THE RATIFICATION OF THE APPOINTMENT OF
KPMG LLP**

STOCKHOLDER PROPOSALS

The Company’s By Laws provide that proposals of stockholders, including nominations of persons for election to the Board of Directors of the Company, shall not be presented, considered, or voted upon at an annual meeting of stockholders, or at any adjournment thereof, unless (i) notice of the proposal has been received by mail directed to the Secretary of the Company at the address set forth in the Notice of Meeting 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 Company’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 Company’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.

Proposals of stockholders that are intended to be presented at the Company’s 2018 Annual Meeting of Stockholders must be received by the Company at its principal executive offices at 216 Airport Drive, Rochester, New Hampshire 03867, not later than November 29, 2017 in order to be considered for inclusion in the Company’s proxy statement and form of proxy. In addition, to be so included, a proposal must otherwise comply with all applicable proxy rules of the Securities and Exchange Commission.

In addition, management proxies for the 2018 Annual Meeting may confer discretionary authority to vote on a stockholder proposal that is not included in the Company’s proxy statement and form of proxy if the Company does not receive notice of such proposal by February 12, 2018, or if such proposal has been properly excluded from such proxy statement and form of proxy.

OTHER MATTERS

The Board knows of no other matters to be presented for consideration at the Annual Meeting. Should any other matters properly come before the meeting, the persons named in the accompanying proxy will vote such proxy thereon in accordance with their best judgment.

The cost of soliciting proxies in the accompanying form will be borne by the Company. In addition to solicitation of proxies by use of the mails, regular employees of the Company, without additional compensation, may solicit proxies personally or by telephone.

Charles J. Silva, Jr.
Secretary

March 29, 2017

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Exhibit A**Supplement to Compensation Discussion and Analysis**

The following information supplements the disclosures in the Compensation Discussion and Analysis section of the Company's Proxy Statement under the heading "Performance Award Metrics and Goals" beginning on page 22.

"2016 Global MC Cash Flow" — the amount reported as "Net Income" for the Global Machine Clothing business segment for 2016 in the Company's Consolidated Statement of Income for 2016, less any income, or plus any expense, derived from the revaluation of non-functional currency assets and liabilities, adjusted by adding back, to the extent that such item reduced Net Income, or subtracting, to the extent that such item increased Net Income: (A) depreciation and amortization expense; (B) restructuring costs, provided however, that the Committee may, in its sole discretion, choose to omit certain restructuring costs from this provision so long as the failure to add back those restructuring costs does not result in a higher Metric Percentage or reduced target goal; (C) any goodwill and intangible impairment; (D) income tax expenses; (E) net interest expense; (in each case, as determined in accordance with GAAP and the Company's accounting policies, consistently applied) **provided** that the amount so determined shall then be further adjusted (1) to exclude the effect of any adjustments to the Company's financial statements required to reflect the effect of (a) discontinued operations, or (b) newly effective accounting pronouncements, the effect of which were not incorporated into the Board approved operating plan (in each case, without duplication, as defined by GAAP and as included in the Company's audited financial statements whether or not reflected as a separate line item in such audited financial statements); (2) to exclude (i) any gain or loss attributable to the sale of any business segment, or any real estate, during 2016, net of any expenses incurred in connection with the transaction, or (ii) reallocated overhead costs which were otherwise attributable to any discontinued operations divested during the Performance Period; (3) to exclude any income (or loss) attributable to any business operation acquired during the Performance Period; (4) to exclude the effect on income of any charges incurred in the connection of the settlement of pension benefit funding obligations; (5) to exclude the effect on income of any deferred bank fee write-offs or interest rate swap buyouts related to any new financing facility established during 2016 or any non-cash charges associated with the redemption of convertible notes; (6) to exclude the effect on income of any expenses, including consulting or professional fees, incurred in connection with any activities undertaken by management at the direction of the Board of Directors to investigate or pursue any strategic acquisitions, combinations, joint ventures or divestitures, regardless of whether such efforts result in the completion of such acquisition, combination, joint venture or divestiture during the Performance Period; and (7) to exclude the cost of any lease expense incurred in connection with the sale and leaseback of any real estate (the foregoing hereinafter collectively referred to as the "Adjustments") as the same may be applied to such business segment **then further adjusting the resulting amount by:** (X) deducting therefrom the aggregate sum of all approved Machine Clothing capital expenditures released during 2016, plus any over-budget capital expenditures costs or less any under budget capital expenditure costs budgeted regardless of the year in which released; (Y) adding back any expense related to machinery and equipment relocations, or other capital expenditures associated with plant closings or consolidation of manufacturing capacity; and (Z) by increasing, or decreasing as the case may be, the amount by a sum equal to the net decrease (or increase) in the aggregate sum of Machine Clothing Accounts Receivable and Inventories during the Performance Period. Accounts Receivable and Inventories shall in each case mean the amounts set forth in the Company's financial accounting systems and reported in the Company's year-end consolidated financial statements for the applicable year in accordance with GAAP, adjusted to exclude (1) any Accounts Receivable or Inventories attributable to any business operations acquired during the applicable year and (2) the effect of currency fluctuations. For the purposes of this definition, any funds released for the Company's equipment contingency budget shall not reduce cash flow. For the purposes of determining the Metric Percentage achieved, the following goals are established:

Performance Metric	Metric Percentage				
	0%	50%	100%	150%	200%

2016 Global MC Cash Flow < \$118.8M ≥ \$118.8M ~~\$169.7M~~ ~~\$203.7M~~ \$237.6M

“2016 Adjusted Global AEC EBITDA excluding R&D” — the amount reported as “Net Income” from the Albany Engineered Composites business segment as reported in the Company’s 2016 Consolidated Statement of Income, exclusive of research and development costs and any amount recorded for the non-controlling interest in Albany Safran Composites (ASC), less any income, or plus any expense, derived from the revaluation of nonfunctional currency assets and liabilities, adjusted according to the Adjustments as the same may be applied to

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such business segment, and further adjusted to exclude the effect on income of any fixed-asset write-offs related to specific discontinued programs within the AEC business segment (including ASC), plus adding back charges related to any write-offs of previously capitalized costs or charges for recognized future losses, in both cases only as related to the long term agreement for the supply of parts for the Rolls Royce BR725 engine. For the purposes of determining the Metric Percentage achieved, the following goals are established:

Performance Metric	Metric Percentage				
	0%	50%	100%	150%	200%
Adjusted Global AEC EBITDA excluding R&D	<\$10.1M	≥ \$10.1M	≥ \$22.1M	≥ \$32.1M	≥ \$42.1M

“**2016 Other Cash Flow**” shall be equal to that portion of “Net Income” for 2016 as reported in the Company’s Consolidated Statement of Income for 2016, which is in the aggregate attributable to the Global Information Systems (GIS) and Corporate cost centers and items reported as other income/expense, net, less any income, or plus any expense, derived from the revaluation of non-functional currency assets and liabilities, adjusted according to the Adjustments as the same may be applied to such cost centers, **then further adjusting the resulting amount by:** (X) deducting therefrom the aggregate sum of any GIS or Corporate approved capital expenditures released during 2016, plus any over-budget capital expenditures costs or less any under budget capital expenditure costs budgeted regardless of the year in which released; (Y) adding back any cash outflows related the purchase of the Company’s headquarters building and the buyout of the underlying lease agreement; and (Z) by increasing, or decreasing as the case may be, the amount by a sum equal to the net increase (or decrease) in Accounts Payable during the Performance Period. Accounts Payable shall in each case mean the amounts set forth in the Company’s financial accounting systems and reported in the Company’s year-end consolidated financial statements for the applicable year in accordance with GAAP, adjusted to exclude (1) any Accounts Payable attributable to the Company’s Albany Engineered Composites business segment, (2) any Accounts Payable attributable to any business operations acquired during the applicable year and (3) the effect of currency fluctuations.

For the purposes of determining the Metric Percentage achieved, the following goals are established:

Performance Metric	Metric Percentage				
	0%	50%	100%	150%	200%
2015 Other Cash Flow	< -\$53.4M	≥ -\$53.4M	≥ -41.1M	≥ -\$32.9M	≥ -\$24.7M

“**Aggregate Global MC Cash Flow**” — the aggregate amount reported as Global MC Cash Flow in 2014, 2015, and 2016.

“**The Weighted Average of Three AEC Performance Metrics**” — determined by the Committee in its sole discretion and equal to (50% x Metric Percentage achieved for the Aggregate Adjusted Global ASC EBITDA Metric) + (20% x Metric Percentage achieved for the Aggregate Adjusted Global AEC EBITDA excluding ASC and R&D Metric) + (30% x Metric Percentage achieved for the Success in Achieving Long Term AEC Research and Technology Development Projects Metric below), where the goals for such metrics are as follows:

Performance Metrics	Weight Measurement	Metric Percentage				
		0%	50%	100%	150%	200%

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|---|-----|----------------------|------------|------------|-----------|-----------|-----------|
| 1. Aggregate Adjusted Global ASC EBITDA | 50% | Financial Statements | < \$24.3M | ≥ \$24.3M | ≥ \$41.3M | ≥ \$58.3M | ≥ \$75.3M |
| 2. Aggregate Adjusted Global AEC EBITDA excluding ASC and R&D | 20% | Financial Statements | < -\$18.4M | ≥ -\$18.4M | ≥ -\$6.4M | ≥ \$6.6M | ≥ \$19.6M |
| 3. Success in Achieving Long Term AEC Research and Technology Development Goals | 30% | Program Progress | | | | | |
- Performance Percentage Scale set forth below

and where such metrics are defined as follows:

“Aggregate Adjusted Global ASC EBITDA” — Adjusted Global ASC EBITDA in 2014, plus Adjusted Global ASC EBITDA in 2015, plus Adjusted Global ASC EBITDA in 2016. For the purposes of this metric, Adjusted Global ASC EBITDA for each year shall be equal to the amount reported as “Net Income” from the Albany Safran

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Composites (“ASC”) business segment for the applicable year, as reported in the Company’s Consolidated Statement of Income, exclusive of research and development costs and any amount recorded for the non-controlling interest in ASC, less any income, or plus any expense, derived from the revaluation of non-functional currency assets and liabilities, adjusted according to the Adjustments as the same may be applied to such business segment.

“Aggregate Adjusted Global AEC EBITDA excluding ASC and R&D” — Adjusted Global AEC EBITDA excluding ASC and R&D in 2014, plus Adjusted Global AEC EBITDA excluding ASC and R&D in 2015, plus Adjusted Global AEC EBITDA excluding ASC and R&D in 2016. For the purposes of this metric, Adjusted Global AEC EBITDA excluding ASC and R&D for each year is simply Adjusted Global AEC EBITDA excluding R&D **further adjusted by** deducting therefrom the amount determined to be the Adjusted Global ASC EBITDA for the year calculated according to the definition set forth above.

“Success in Achieving Long Term AEC Research and Technology Development Goals” For the purposes of this performance metric, applicable AEC Research and Technology projects were (1) any new project or new phase of an existing project involving customer participation on projects having a technical readiness levels of between 1 and 4 and annual revenue potential of at least \$5 million per product or product family and (2) new commercial collaborations on existing development projects having a technical readiness level of 5 or greater and annual potential of at least \$5 million per product or product family. The targeted performance goal was at least twelve (12) new initiatives commenced **AND** at least six (6) new commercial collaborations entered into during the Performance Period, with performance measured as follows:

Performance Metric Percentage

50%	100%	150%	200%
6 New Initiatives	12 New Initiatives	18 New Initiatives	24 New Initiatives
AND	AND	AND	AND
3 New Collaborations	6 New Collaborations	9 New Collaborations	12 New Collaborations

“Success in Achieving Long Term Development Project Goals” shall mean the establishment of a defined trial plan, with a specific customer’s machine targeted, coupled with the shipment of at least one trial fabric to the customer for during the Performance Period and, where applicable, a minimum number of reorders to different machine positions, from a list of seven (7) currently existing development projects identified on the Corporate Research & Development Priority List provided, however that for each of these seven development projects only one new product trial shall may be considered a “New Product Trial” and any additional “New Product Trial” must be from within one of the other development projects.

Exhibit B

ALBANY INTERNATIONAL CORP.

2017 INCENTIVE PLAN

(As approved by the Board of Directors on February 24, 2017)

(For approval by Shareholders on May 12, 2017)

1. Purpose of the Plan

This Albany International Corp. 2017 Incentive Plan (the “Plan”) is intended to promote the interests of Albany International Corp. (including any successor thereto by way of merger, consolidation or reorganization, the “Company”) and its shareholders by providing the employees of the Company and its subsidiaries, who are largely responsible for the management, growth and protection of the business of the Company, with incentives and rewards to encourage them to continue in the service of the Company. The Plan is designed to meet this goal by providing such employees with a proprietary interest in pursuing the long-term growth, profitability and financial success of the Company.

2. Definitions

As used in the Plan, the following definitions apply to the terms indicated below:

(a) “Board of Directors” means the Board of Directors of the Company.

(b) “Business Day” means any day other than a Saturday, a Sunday or a day on which banks in the City of New York are authorized or obligated by Law to close.

(c) “Change in Control” shall, unless otherwise provided in an Incentive Award, be deemed to have occurred if (i) there is a change of ownership of the Company as a result of one person, or more than one person acting as a group (as defined under Treasury Regulation § 1.409A-3(i)(5)(v)(B)), acquiring ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company, provided, however, that the acquisition of additional stock by a person or group who already owns 50% of the total fair market value or total voting power of the stock of the Company shall not be considered a Change in Control; (ii) notwithstanding that the Company has not undergone a change in ownership as described in subsection (i) above, there is a change in the effective control of the Company as a result of either (a) one person, or more than one person, acting as a group, acquiring (or having acquired during the 12 month period ending on the date of the most recent acquisition) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Common, or (b) a majority of the members of the Board is replaced during any 12 month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, provided, however, that in either case the acquisition of additional control by a person or group who already is considered to effectively control the Company shall not be considered to a Change in Control; or (iii) there is a change in ownership of a substantial portion of the Company’s assets as a result of one person, or more than one person acting as a group, acquiring (or having acquired during the 12 month period ending on the date of the most recent acquisition) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all the assets of the Company immediately before such acquisition or acquisitions, provided, however, that there is no Change in Control if the transfer of assets is to the shareholders of the Company or an entity controlled by the shareholders of the Company.

Any definition of Change in Control that may be set forth in any Incentive Award shall conform to the requirements of Section 409A of the Code, to the extent such Incentive Award is subject thereto.

(d) “Code” means the Internal Revenue Code of 1986, as amended from time to time.

(e) “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

(f) “Committee” means the Compensation Committee of the Board of Directors.

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(g) “Common Stock” means the Company’s Class A Common Stock, \$.001 par value per share, or any other security into which such stock shall be changed pursuant to the adjustment provisions of Section 10 of the Plan.

(h) “Company” means Albany International Corp. and any successor thereto by way of merger, consolidation or reorganization.

(i) “Covered Employee” means a Participant who at the time of reference is a “covered employee” as defined in Section 162(m) of the Code and the regulations promulgated under Section 162(m) of the Code, or any successor statute.

(j) “Date of Grant” means the date on which an Incentive Award under the Plan is made by the Committee (which date shall not be earlier than the date on which the Committee takes action with respect thereto), or such later date as the Committee may specify that the Incentive Award becomes effective.

(k) “Director” means a member of the Board of Directors who is not at the time of reference an employee of the Company.

(l) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(m) “Fair Market Value” means, with respect to a share of Common Stock, the closing price of such share as reported in “New York Stock Exchange Composite Transactions” in “The Wall Street Journal” for the relevant date or, if no quotation shall have been made on such relevant date, on the next preceding day on which there were quotations or, if the Company’s shares of Common Stock are not traded on such exchange, such price as reported on such other securities market or exchange on which such shares are traded as the Committee shall determine.

(n) “Incentive Award” means an Option, SAR, Other Stock-Based Award or Other Incentive Award granted to a Participant pursuant to the terms of the Plan.

(o) “Incentive Stock Option” means an option to purchase Common Stock that is intended to qualify as an incentive stock option under Section 422 of the Code and the Treasury Regulations thereunder.

(p) “Nonqualified Stock Option” means an option to purchase Common Stock that is not an Incentive Stock Option.

(q) “Option” means a stock option to purchase shares of Common Stock granted to a Participant pursuant to Section 6.

(r) “Other Incentive Award” means other Incentive Awards that are not equity-based or equity related granted to a Participant pursuant to Section 8. An Other Incentive Award may or may not be Performance-Based Compensation.

(s) “Other Stock-Based Award” means an equity or equity-related award granted to a Participant pursuant to Section 8. An Other Stock-Based Award may or may not be Performance-Based Compensation.

(t) “Participant” means an employee of the Company or a Subsidiary of the Company who is eligible to participate in the Plan and to whom one or more Incentive Awards have been granted pursuant to the Plan and, following the death of any such employee, his or her successors, heirs, executors and administrators, as the case may be.

(u) “Performance-Based Compensation” means compensation that satisfies the requirements of Section 162(m) of the Code for deductibility of remuneration paid to Covered Employees.

(v) “Performance Committee” means such committee or subcommittee of the Board of Directors as shall be designated by the Board of Directors or the Committee to administer the Plan and exercise such discretion and authority under the Plan as is necessary to satisfy the requirements of Section 162(m) of the Code for Performance-Based Compensation.

(w) “Performance Measures” means such measures as are described in Section 9 on which performance goals are based in order to qualify certain Incentive Awards granted hereunder as Performance-Based Compensation.

(x) “Performance Period” means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Incentive Award that is intended to qualify as Performance-Based Compensation.

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(y) “Person” means a “person” as such term is used in Section 13(d) and 14(d) of the Exchange Act.

(z) “Plan” means the Albany International Corp. 2017 Incentive Plan, as it may be amended from time to time.

(aa) “SAR” means a stock appreciation right granted to a Participant pursuant to Section 7.

(bb) “Securities Act” means the Securities Act of 1933, as amended.

(cc) “Specified Employee” means a Participant who is a “specified employee” (as defined in Section 409A(2)(B)(i) of the Code) of the Company (or an entity which is considered to be a single employer with the Company under Section 414(b) or 414(c) of the Code), as determined under Section 409A of the Code at any time during the twelve (12) month period ending on December 31, but only if the Company has any stock that is publicly traded on an established securities market or otherwise.

(dd) “Subsidiary” means as to any Person, any other Person (i) of which such Person directly or indirectly owns, securities or other equity interests representing 50% or more of the aggregate voting power or (ii) of which such Person possesses the right to designate or elect, or has designated, 50% or more of the directors or Persons holding similar positions.

3. *Stock Subject to the Plan*

(a) Shares of Common Stock Available.

Subject to adjustment in accordance with Section 10, the total number of shares of Common Stock available for the grant of Incentive Awards under the Plan shall be 1,000,000 shares of Common Stock. Such number of shares of Common Stock shall be increased by the number of Shares made available as a result of any awards that are forfeited, cancelled, terminated, or that expire or lapse for any reason, after the effective date of this Plan. No more than a maximum aggregate of 200,000 shares of Common Stock may be granted as Incentive Stock Options. Options, SARs, Other Stock-Based Awards or Other Incentive Awards settled in shares of Common Stock awarded shall reduce the number of shares of Common Stock available for Incentive Awards by one share of Common Stock for every one share of Common Stock subject to such Award. Shares of Common Stock issued under this Plan may be authorized and unissued shares or issued shares held as treasury shares. Any shares of Common Stock that again become available for future grants pursuant to Section 3 shall be added back as one shares of Common Stock. The following shares of Common Stock may not again be made available for issuance as Incentive Awards: (i) shares of Common Stock not issued or delivered as a result of the net settlement of an outstanding SAR or Option; (ii) shares of Common Stock used to pay the exercise price or withholding taxes related to an outstanding Incentive Award; or (iii) shares of Common Stock repurchased on the open market with the proceeds of an Option exercise price.

(b) Shares of Common Stock Not Applied to Limitations.

The following will not be applied to the limitations of subsection 3(a) above: (i) any shares of Common Stock subject to an Incentive Award under the Plan to the extent to which Incentive Award is forfeited, cancelled, terminated, expires or lapses for any reason; and (ii) shares of Common Stock and any Incentive Awards that are granted through the settlement, assumption or substitution of outstanding awards previously granted (subject to applicable repricing restrictions herein), or through obligations to grant future awards, as a result of a merger, consolidation or acquisition of the employing company with or by the Company. If an Incentive Award is settled in cash, the number of shares of Common Stock on which the Incentive Award is based shall not be applied to the

limitations of subsection 3(a).

(c) Incentive Award Limitations.

No Participant shall be granted (A) Options to purchase shares of Common Stock and SARs with respect to more than 200,000 shares of Common Stock in the aggregate, (B) any other Incentive Awards with respect to more than 200,000 shares of Common Stock in the aggregate (or, in the event such Incentive Award denominated or expressed in terms of number of shares of Common Stock is paid in cash, the equivalent cash value thereof) or (C) any cash bonus Incentive Awards not denominated or expressed in terms of number of shares of Common Stock with a value that exceeds 4,000,000 dollars in the aggregate, in each case, in any twelve-month period under this Plan (such share limits being subject to adjustment under Section 10 hereof).

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(d) No Fractional Shares.

No fractional shares of Common Stock may be issued under this Plan; fractional shares of Common Stock will be rounded down to the nearest whole shares of Common Stock.

(e) Prohibition on Substitutions and Repricings.

In no event shall any repricing (within the meaning of US generally accepted accounting practices or any applicable stock exchange rule) of Incentive Awards issued under the Plan be permitted at any time under any circumstances, in each case unless the shareholders of the Company expressly approve such substitution or repricing.

4. Administration of the Plan

The Plan shall be administered by a Committee of the Board of Directors and, to the extent necessary to satisfy the requirements of Section 162(m) of the Code for Performance-Based Compensation, the Performance Committee. The Performance Committee shall consist of two or more persons, all of whom qualify as “outside directors” within the meaning of Section 162(m) of the Code. As used in the Plan, references to the “Committee” shall be deemed to refer to the Performance Committee to the extent that the action contemplated by the provision in which such reference occurs would be required to be taken by the Performance Committee in order to satisfy the requirements of Section 162(m) of the Code for Performance-Based Compensation.

The Committee shall, consistent with the terms of the Plan, from time to time designate those who shall be granted Incentive Awards under the Plan and the amount, type and other terms and conditions of such Incentive Awards. All of the powers and responsibilities of the Committee under the Plan may be delegated by the Committee, in writing, to any subcommittee thereof.

The Committee shall have full discretionary authority to administer the Plan, including discretionary authority to interpret and construe any and all provisions of the Plan and the terms of any Incentive Award (and any Award Agreement) granted thereunder and to adopt and amend from time to time such rules and regulations for the administration of the Plan as the Committee may deem necessary or appropriate. Without limiting the generality of the foregoing, (i) the Committee shall determine whether an authorized leave of absence, or absence in military or government service, shall constitute termination of employment and (ii) the employment of a Participant with the Company shall be deemed to have terminated for all purposes of the Plan if such person is employed by or provides services to a Person that is a Subsidiary of the Company and such Person ceases to be a Subsidiary of the Company, unless the Committee determines otherwise. Decisions of the Committee shall be final, binding and conclusive on all parties.

On or after the date of grant of an Incentive Award under the Plan, the Committee may (i) accelerate the date on which any such Incentive Award becomes vested, exercisable or transferable, as the case may be, (ii) extend the term of any such Incentive Award, including, without limitation, extending the period following a termination of a Participant’s employment during which any such Incentive Award may remain outstanding, (iii) waive any conditions to the vesting, exercisability or transferability, as the case may be, of any such Incentive Award or (iv) provide for the payment of dividends or dividend equivalents with respect to any such Incentive Award, except as otherwise proscribed by applicable law.

In addition to such other rights of indemnification as they may have as directors, as members of the Committee or otherwise, the members of the Committee shall be indemnified by the Company against the reasonable expenses,

including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with an appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any Incentive Award granted hereunder and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee member is liable for negligence or misconduct in the performance of his or her duties; provided that within sixty days after institution of any such action, suit or proceeding, a Committee member shall in writing offer the Company the opportunity, at its own expense, to handle and defend the same.

The Committee intends to administer the Plan in accordance with Section 409A of the Code and shall construe the terms of the Plan or any Awards thereunder consistent with Section 409A of the Code.

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5. *Eligibility*

The Persons who shall be eligible to receive Incentive Awards pursuant to the Plan shall be those key employees responsible for the management, growth and protection of the business of the Company, as determined by the Committee from time to time in its sole discretion. All Incentive Awards granted under the Plan shall be evidenced by a separate written instrument or agreement (an "Award Agreement") entered into by the Company and the recipient of such Incentive Award that shall include the terms and conditions consistent with Plan as the Committee may determine.

6. *Options*

(a) The Committee may from time to time grant Options. Subject to the provisions of the Plan, the Committee shall have authority, within its absolute discretion:

(i) to determine which of the key employees of the Company and its Subsidiaries shall be granted Options;

(ii) to determine the time or times when Options shall be granted and the number of shares to be subject to each Option;

(iii) to determine the exercise price of the Common Stock subject to each Option, which shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant;

(iv) to determine the Fair Market Value of the Common Stock on the date of grant of an Option;

(v) to determine the term of each Option, which shall not continue for more than twenty years from the date of grant of the Option, and to accelerate the expiration of the term of an Option;

(vi) to determine the time or times when each Option shall be exercisable and to accelerate at any time the time or times when an outstanding Option shall be exercisable, provided that no Option may be exercisable before the first anniversary of its date of grant; to accept, as full or partial payment of the exercise price and/or any taxes to be withheld by the Company upon exercise of any Option, shares of Common Stock tendered by the Participant or requested by the Participant to be withheld from the shares to be delivered upon such exercise, and to determine the value of the shares so tendered or withheld;

(vii) to determine, to the extent permitted by law, the status under the Internal Revenue Code of any Option granted under the Plan, including, without limitation, whether the option shall be treated as an Incentive Stock Option;

(viii) to determine the effect on any Option of the termination of the employment of the Participant, of any conduct or activity of the Participant, or of any Change in Control;

(ix) to determine the extent to which Options granted under the Plan shall be assignable or transferable; and

(x) to prescribe from time to time the form or forms of the instruments evidencing Options granted under the Plan.

(b) Exercise Price.

The exercise price of the Option shall be determined by the Committee; provided, however, that the exercise price per share of an Option shall not be less than one hundred percent (100%) of the Fair Market Value per share of the Common Stock on the Date of Grant.

(c) Vesting; Term of Option.

The Committee, in its sole discretion, shall prescribe in the Award Agreement the time or times at which, or the conditions upon which, an Option or portion thereof shall become vested and exercisable, and may accelerate the exercisability of any Option at any time. An Option may become vested and exercisable upon a Participant's retirement, death, disability, Change in Control or other event, to the extent provided in an Award Agreement. The period during which a vested Option may be exercised shall be ten years from the Date of Grant, unless a shorter exercise period is specified by the Committee in an Award Agreement, and subject to such limitations as may apply under an Award Agreement relating to the termination of a Participant's employment or other service with the Company or any Subsidiary.

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(d) Option Exercise; Withholding.

Subject to such terms and conditions as shall be specified in an Award Agreement, an Option may be exercised in whole or in part at any time during the term thereof by notice to the Company together with payment of the aggregate exercise price therefor. Payment of the exercise price shall be made (i) in cash or by cash equivalent, (ii) at the discretion of the Committee, in shares of Common Stock acceptable to the Committee, valued at the Fair Market Value of such shares on the date of exercise, (iii) at the discretion of the Committee, by a delivery of a notice that the Participant has placed a market sell order (or similar instruction) with a broker with respect to shares of Common Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price (conditioned upon the payment of such net proceeds), (iv) at the discretion of the Committee, by withholding from delivery shares of Common Stock for which the Option is otherwise exercised, (v) at the discretion of the Committee, by a combination of the methods described above or (vi) by such other method as may be approved by the Committee and set forth in the Award Agreement. In addition to and at the time of payment of the exercise price, the Participant shall pay to the Company the full amount of any and all applicable income tax and employment tax amounts required to be withheld in connection with such exercise, payable under one or more of the methods described above for the payment of the exercise price of the Options or as otherwise may be approved by the Committee.

(e) Limited Transferability.

Solely to the extent permitted by the Committee in an Award Agreement and subject to such terms and conditions as the Committee shall specify, a Nonqualified Stock Option (but not an Incentive Stock Option) may be transferred to members of the Participant's immediate family (as determined by the Committee) or to trusts, partnerships or corporations whose beneficiaries, members or owners are members of the Participant's immediate family, and/or to such other persons or entities as may be approved by the Committee in advance and set forth in an Award Agreement, in each case subject to the condition that the Committee be satisfied that such transfer is being made for estate or tax planning purposes or for gratuitous or donative purposes, without consideration (other than nominal consideration) being received therefor. Except to the extent permitted by the Committee in accordance with the foregoing, an Option shall be nontransferable otherwise than by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by such Participant.

(f) Additional Rules for Incentive Stock Options.

(i) Annual Limits. No Incentive Stock Option shall be granted to a Participant as a result of which the aggregate fair market value (determined as of the Date of Grant) of the stock with respect to which Incentive Stock Options are exercisable for the first time in any calendar year under the Plan, and any other stock option plans of the Company, any Subsidiary or any parent corporation, would exceed \$100,000 (or such other amount provided under Section 422(d) of the Code), determined in accordance with Section 422(d) of the Code and Treasury Regulations thereunder. This limitation shall be applied by taking Options into account in the order in which granted.

(ii) Termination of Employment. An Award Agreement for an Incentive Stock Option may provide that such Option may be exercised not later than 3 months following termination of employment of the Participant with the Company and all Subsidiaries, subject to special rules relating to death and disability, as and to the extent determined by the Committee to be appropriate with regard to the requirements of Section 422 of the Code and Treasury Regulations thereunder.

(iii) Other Terms and Conditions; Nontransferability. Any Incentive Stock Option granted hereunder shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as are deemed necessary or desirable by the Committee, which terms, together with the terms of this Plan, shall be intended and interpreted to cause such Incentive Stock Option to qualify as an “incentive stock option” under Section 422 of the Code and Treasury Regulations thereunder. Such terms shall include, if applicable, limitations on Incentive Stock Options granted to ten-percent owners of the Company. An Award Agreement for an Incentive Stock Option may provide that such Option shall be treated as a Nonqualified Stock Option to the extent that certain requirements applicable to “incentive stock options” under the Code shall not be satisfied. An Incentive Stock Option shall by its terms be nontransferable otherwise than by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by such Participant.

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(iv) Disqualifying Dispositions. If shares of Common Stock acquired by exercise of an Incentive Stock Option are disposed of within two years following the Date of Grant or one year following the transfer of such shares to the Participant upon exercise, the Participant shall, promptly following such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Committee may reasonably require.

7. Stock Appreciation Rights

(a) Terms

The Committee may from time to time grant SARs. Subject to the provisions of the Plan, the Committee shall have authority, within its absolute discretion:

- (i) to determine which of the key employees of the Company and its Subsidiaries shall be granted SARs;
- (ii) to determine whether SARs are granted on a stand-alone basis or in tandem with an Option, whether contemporaneously with or after the grant of the Options to which they relate;
- (iii) to determine whether SARs may be settled in shares of Common Stock, in cash, or in some combination of Common Stock or cash;
- (iv) to determine the time or times when SARs shall be granted and the number of shares for which they are exercisable;
- (v) to determine the exercise price of each SAR, which shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant
- (vi) to determine the Fair Market Value of the Common Stock on the Date of Grant of a SAR;
- (vii) to determine the term of each SAR, which shall not continue for more than twenty years from the Date of Grant of the SAR, and to accelerate the expiration of the term of a SAR;
- (viii) to determine the time or times when each SAR shall be exercisable and to accelerate at any time the time or times when an outstanding SAR shall be exercisable, provided that no SAR may be exercisable before the first anniversary of its Date of Grant;
- (ix) to accept, as full or partial payment of any taxes to be withheld by the Company upon exercise of any SAR that is to be settled in shares of Common Stock, shares of Common Stock tendered by the Participant or requested by the Participant to be withheld from the shares to be delivered upon such exercise, and to determine the value of the shares so tendered or withheld;
- (x) to determine the effect on any SAR of the termination of the employment of the Participant, of any conduct or activity of the Participant, or of any Change in Control;
- (xi) to determine the extent to which SARs granted under the Plan shall be assignable or transferable; and
- (xii) to prescribe from time to time the form or forms of the instruments evidencing SARs granted under the Plan.

(b) Benefit Upon Exercise

Unless otherwise provided in the Award Agreement evidencing such SAR, the exercise of an SAR with respect to any number of shares of Common Stock shall entitle the Participant to (i) a cash payment, for each such share, equal to the excess of (A) the Fair Market Value of a share of Common Stock on the effective date of such exercise over (B) the per share exercise price of the SAR, (ii) the issuance or transfer to the Participant of the greatest number of whole shares of Common Stock which on the date of the exercise of the SAR have an aggregate Fair Market Value equal to such excess or (iii) a combination of cash and shares of Common Stock in amounts equal to such excess; in each case, as and to the extent provided in the Award Agreement evidencing such SAR.

(c) Exercise of Tandem SARs

The exercise with respect to a number of shares of Common Stock of an SAR granted in tandem with an Option shall cause the immediate cancellation of the Option with respect to the same number of shares. The exercise with respect to a number of shares of Common Stock of an Option to which a tandem SAR relates shall cause the immediate cancellation of the SAR with respect to an equal number of shares.

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8. *Other Awards*

(a) Other Stock-Based Awards

The Committee may grant equity-based or equity-related awards not otherwise described herein in such amounts and subject to such terms and conditions as the Committee shall determine. Without limiting the generality of the preceding sentence, each such Other Stock-Based Award may (i) involve the transfer of actual shares of Common Stock to Participants, either at the time of grant or thereafter, or payment in cash or otherwise of amounts based on the value of shares of Common Stock, (ii) be subject to performance-based and/or service-based conditions, (iii) be in the form of phantom stock, restricted stock, restricted stock units, performance shares, or share-denominated performance units and (iv) be designed to comply with applicable laws of jurisdictions other than the United States. Other Stock-Based Awards that are intended to qualify as Performance-Based Compensation shall also be subject to Section 9 of the Plan.

(b) Other Incentive Awards

The Committee may grant other Incentive Awards that are not equity-based or equity related, in such amounts as the Committee shall determine. Subject to the terms of the Plan, the Committee shall have the authority, within its absolute discretion, to determine the terms and conditions of such Incentive Awards, including, without limitation, the Performance Measures, if any, relating to such Incentive Awards and the length of any Performance Periods. Other Incentive Awards that are intended to qualify as Performance-Based Compensation shall also be subject to Section 9 of the Plan.

9. *Performance-Based Compensation*

(a) Performance Measures and Periods

The performance goals upon which the payment or vesting of any Incentive Award (other than Options and SARs) to a Covered Employee that is intended to qualify as Performance-Based Compensation depends shall relate to one or more of the following Performance Measures, each of which may be applied with respect to the Company, any Subsidiary or any business unit, or if applicable, any Participant, and which may be measured on an absolute or relative to a peer group or other market measure basis: revenues; revenue growth; operating income; cash flow (including operating cash flow, free cash flow, discounted cash flow, return on investment, and cash flow in excess of costs of capital); net income; marginal contribution; interest expense; earnings per share; return on sales; return on assets; return on equity; return on invested capital; working capital; market share; stock price; stock price growth; costs of goods sold; expenses (including selling and general expenses and technical and research expenses); income before income taxes; total shareholder return; EBIT (earnings before interest and taxes); consolidated EBITDA (earnings before interest, taxes, depreciation and amortization); EBITDA growth; EBITDA per share; EBITDA Margin (EBITDA as a percentage of sales); Adjusted EBITDA (as defined in the Company's Exchange Act filings); consolidated interest expense; consolidated net income; consolidated tangible net worth and leverage ratio; ongoing earnings; EVA (economic value added); economic profit (net operating profit after tax, less a cost of capital charge); SVA (shareholder value added); pre-tax profit margin; performance against business plan; customer service; corporate governance quotient or rating; employee satisfaction; safety; employee engagement; supplier diversity; workforce diversity; operating margins; credit rating; dividend payments; retained earnings; completion of acquisitions; divestitures and corporate restructurings; and individual goals based on objective business criteria underlying the goals listed above and which pertain to individual effort as to achievement of those goals or to one or more business criteria in the areas of litigation, human resources, information services, production, inventory, support services, site

development, plant development, building development, facility development, government relations, product market share, management or non-financial strategic goals.

Performance Periods may be equal to or longer than, but not less than, one fiscal year of the Company and may be overlapping. Within 90 days after the beginning of a Performance Period, and in any case before 25% of the Performance Period has elapsed, the Committee shall establish (a) performance goals and objectives for the Company for such Performance Period, (b) target awards for each Participant, and (c) schedules or other objective methods for determining the applicable performance percentage to be applied to each such target award.

The measurement of any Performance Measure(s) may exclude the impact of charges for restructurings, discontinued operations, extraordinary items, the cumulative effects of accounting changes, currency revaluation gains or losses, gains or losses from the sale of real estate or investments, insurance recoveries, pension settlement income or expense, income attributable to non-controlling interest in ASC, severance charges, equipment relocation costs or charges, equipment write-offs or write-downs, and any other unusual or non-recurring items, in

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each case as defined by generally accepted accounting principles or as identified in the Company's audited financial statements, including the notes thereto, or Exchange Act filings. Any Performance Measure(s) may be used to measure the performance of the Company or a Subsidiary as a whole or any business unit of the Company or any Subsidiary or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Measures as compared to the performance of a group of comparator companies, or a published or special index that the Committee, in its sole discretion, deems appropriate.

Nothing in this Section 9 is intended to limit the Committee's discretion to adopt conditions or goals that relate to performance other than the Performance Measures with respect to any Incentive Award (x) that is not intended to qualify as Performance-Based Compensation, or (y) in the case of an Incentive Award that is intended to qualify as Performance-Based Compensation, where such goals, measures or conditions are used only to decrease the amount payable pursuant to such Incentive Award. In addition, the Committee may, subject to the terms of the Plan, amend previously granted Incentive Awards in a way that disqualifies them as Performance-Based Compensation.

(b) Committee Discretion

With respect to any Performance Period, the Committee shall not have discretion to change the performance goals, increase the amount of a potential award, or modify any other provision after the time permitted to set such goals under the requirements of Section 162(m) in any way that would cause such compensation to be not Performance-Based Compensation, unless the Committee intends that such compensation be disqualified as Performance-Based Compensation. The Committee shall have discretion to reduce the amount payable pursuant to an Award at any time prior to the payment. The Committee may, but shall not be required to, set forth the criteria (which may be subjective) to be used as the basis by the Committee to make any such reduction.

In the event that the requirements of Section 162(m) and the regulations thereunder change to permit Committee discretion to alter the Performance Measures without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval.

10. *Adjustment Upon Changes in Common Stock*

Notwithstanding any other provision of the Plan, in the event of any change in the outstanding shares of

Common Stock by reason of a stock dividend, recapitalization, merger, consolidation, split-up, extraordinary cash dividend, combination or exchange of shares or the like, the aggregate number and class of shares for which options may be granted under the Plan, the number and class of shares covered by or issuable pursuant to Incentive Awards granted under the Plan, the exercise price of Options granted under the Plan and the value of any outstanding Incentive Awards may be (but are not required to be) appropriately adjusted by the Committee, whose determination shall be conclusive. No fractional shares shall be issued under the Plan and any fractional shares resulting from computations pursuant to this Section shall be eliminated from the Incentive Award.

11. *Rights as a Stockholder*

No person shall have any rights as a stockholder with respect to any shares of Common Stock covered by or relating to any Incentive Award granted pursuant to the Plan until the date of the issuance of a stock certificate with respect to such shares. Except as otherwise expressly provided in Section 10 hereof, no adjustment of any Incentive Award shall be made for dividends or other rights for which the record date occurs prior to the date such stock certificate is issued.

12. *No Special Employment Rights; No Right to Incentive Award*

(a) Nothing contained in the Plan or any Incentive Award shall confer upon any Participant any right with respect to the continuation of his or her employment by or service to the Company or interfere in any way with the right of the Company at any time to terminate such employment or to increase or decrease the compensation of the Participant from the rate in existence at the time of the grant of an Incentive Award.

(b) No person shall have any claim or right to receive an Incentive Award hereunder. The Committee's granting of an Incentive Award to a Participant at any time shall neither require the Committee to grant an Incentive Award to such Participant or any other Participant or other person at any time nor preclude the Committee from making subsequent grants to such Participant or any other Participant or other person.

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13. *Securities Matters*

(a) The Company shall be under no obligation to effect the registration pursuant to the Securities Act of any shares of Common Stock to be issued hereunder or to effect similar compliance under any state laws. Notwithstanding anything herein to the contrary, the Company shall not be obligated to cause to be issued or delivered any certificates evidencing shares of Common Stock pursuant to the Plan unless and until it is advised by its counsel that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authority and the requirements of any securities exchange on which shares of Common Stock are traded. The Committee may require, as a condition to the issuance and delivery of certificates evidencing shares of Common Stock pursuant to the terms hereof, that the recipient of such shares make such covenants, agreements and representations, and that such certificates bear such legends, as the Committee deems necessary or desirable.

(b) The exercise of any Option granted hereunder shall only be effective at such time as counsel to the Company shall have determined that the issuance and delivery of shares of Common Stock pursuant to such exercise is in compliance with all applicable laws, regulations of governmental authority and the requirements of any securities exchange on which shares of Common Stock are traded. The Company may, in its sole discretion, defer the effectiveness of an exercise of an Option hereunder or the issuance or transfer of shares of Common Stock pursuant to any Incentive Award to ensure compliance under federal or state securities laws. The Company shall inform the Participant in writing of its decision to defer the effectiveness of the exercise of an Option or the issuance or transfer of shares of Common Stock pursuant to any Incentive Award. During the period that the effectiveness of the exercise of an Option has been deferred, the Participant may, by written notice, withdraw such exercise and obtain the refund of any amount paid with respect thereto.

14. *Withholding Taxes*

(a) Cash Remittance

Whenever shares of Common Stock are to be issued upon the exercise of an Option or the grant or vesting of an Incentive Award, the Company shall have the right to require the Participant to remit to the Company in cash an amount sufficient to satisfy federal, state and local withholding tax requirements, if any, attributable to such exercise, grant or vesting prior to the delivery of any certificate or certificates for such shares or the effectiveness of the lapse of such restrictions. In addition, upon the exercise or settlement of any Incentive Award in cash, the Company shall have the right to withhold from any cash payment required to be made pursuant thereto an amount sufficient to satisfy the federal, state and local withholding tax requirements, if any, attributable to such exercise or settlement.

(b) Net-Physical Settlement

Notwithstanding the foregoing, the Committee shall have discretion to permit or require net-physical settlement of Incentive Awards solely to the extent necessary to satisfy the federal, state and/or local withholding tax requirements by withholding from delivery upon settlement of Incentive Awards shares of Common Stock having a value equal to the amount of tax. Such shares of Common Stock shall be valued at their Fair Market Value on the date on which the amount of tax to be withheld is determined. To the extent such settlement would otherwise require delivery of a fractional share, such amounts will be settled in cash.

15. *Amendment or Termination of the Plan*

The Board of Directors may at any time suspend or discontinue the Plan or revise or amend it in any respect whatsoever; provided, however, that without approval of the shareholders no revision or amendment shall, except as provided in Section 10 hereof, (i) increase the number of shares of Common Stock that may be issued under the Plan or (ii) materially modify the requirements as to eligibility for participation in the Plan. Nothing herein shall restrict the Committee's ability to exercise its discretionary authority hereunder pursuant to Section 4 hereof, which discretion may be exercised without amendment to the Plan. No action hereunder may, without the consent of a Participant, reduce the Participant's rights under any previously granted and outstanding Incentive Award. Nothing herein shall limit the right of the Company to pay compensation of any kind outside the terms of the Plan.

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16. No Obligation to Exercise

The grant to a Participant of an Option, SAR or other Incentive Award that requires exercise before benefits are distributed or paid, shall impose no obligation upon such Participant to exercise such Option, SAR or other Incentive Award.

17. Transfers Upon Death

Except as otherwise provided in the instrument evidencing such award, upon the death of a Participant, or upon the transfer of an Incentive Award in the manner (if any) permitted pursuant to the instrument evidencing such award, outstanding Incentive Awards granted to such Participant may be exercised by the executors or administrators of the Participant's estate or by any person or persons who shall have acquired such right to exercise by will, by the laws of descent and distribution, or by such permitted transfer. No transfer of any Incentive Award, or the right to exercise any Incentive Award, shall be effective to bind the Company unless the Committee shall have been furnished with (a) written notice thereof and with a copy of any will, deed of transfer and/or such evidence as the Committee may deem necessary to establish the validity of the transfer and (b) an agreement by the transferee to comply with all the terms and conditions of the Incentive Award that are or would have been applicable to the Participant and to be bound by the acknowledgements made by the Participant in connection with the grant of the Incentive Award.

18. Expenses and Receipts

The expenses of the Plan shall be paid by the Company. Any proceeds received by the Company in connection with any Incentive Award will be used for general corporate purposes.

19. Governing Law

The Plan and the rights of all persons under the Plan shall be construed and administered in accordance with the laws of the State of New York without regard to its conflict of law principles.

20. Compliance with Section 409A of the Code

The Plan is intended to comply and shall be administered in a manner that is intended to comply with Section 409A of the Code and shall be construed and interpreted in accordance with such intent. To the extent that an Incentive Award, issuance and/or payment is subject to Section 409A the Code, it shall be awarded and/or issued or paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. To the extent any terms of the Plan or Award Agreements are ambiguous, such terms shall be interpreted as necessary to comply with Section 409A the Code.

21. Six Month Delay

Notwithstanding any provision in the Plan to the contrary, if the payment of any benefit herein would be subject to additional taxes and interest under Section 409A of the Code because the timing of such payment is not delayed as required under Section 409A of the Code for a Specified Employee, then any such payment that the Participant would otherwise be entitled to receive during the first six months following the date of Participant's separation from service shall be accumulated and paid within fifteen (15) business days after the date that is six months following the date of the participant's separation from service, or such earlier date upon which such amount can be paid under Section 409A

of the Code without being subject to such additional taxes and interest.

22. Effective Date and Term of Plan

The Plan was adopted by the Board of Directors on February 24, 2017, subject to the approval of the shareholders of the Company. No grants may be made under the Plan after February 24, 2027.

B-1-11

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of shareholders. The Proxy Statement and the 2016 Annual Report to Shareholders are available at: www.envisionreports.com/AIN • IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. • Proxy — Albany International Corp. + Proxy solicited on behalf of the Board of Directors for Annual Meeting of Stockholders to be held May 12, 2017. The undersigned hereby constitutes and appoints Erland E. Kailbourne and Joseph G. Morone, and each of them, the true and lawful agents and proxies of the undersigned, with full power of substitution in each, to vote as indicated herein, all of the shares of Common Stock which the undersigned would be entitled to vote if present in person, at the Annual Meeting of Stockholders of ALBANY INTERNATIONAL CORP. to be held at The One Hundred Club, 100 Market Street, Suite 500, Portsmouth, New Hampshire, on Friday, May 12, 2017 at 9:00 a.m. local time, and any adjournment or adjournments thereof, on matters coming before said meeting. The shares represented by this proxy, when properly executed, will be voted in the manner directed herein. If no direction is made, the shares will be voted FOR all the nominees listed, FOR Proposals 2 and 3, every 1 YEAR on Proposal 4 and FOR Proposal 5, and in the discretion of the proxies on any other business as may properly come before the meeting. Participants in the Company's ProsperityPlus 401(k) Savings Plan have the right to direct Vanguard Fiduciary Trust Company, as Plan Trustee, how to vote shares of Common Stock allocated to their 401(k) plan accounts. If no such direction is given to Vanguard, Vanguard shall interpret this as a direction not to vote any such shares. If properly executed, this proxy shall give the proxies appointed above authority to direct Vanguard to vote the shares in the undersigned's 401(k) account in the manner directed. If this proxy is properly executed but no direction is given, the proxies appointed above shall direct Vanguard to vote such shares FOR all the nominees listed, FOR Proposals 2 and 3, every 1 YEAR on Proposal 4 and FOR Proposal 5, and in the discretion of the proxies on any other business as may properly come before the meeting. In order for the Plan Trustee to vote 401(k) plan account shares, instructions must be received no later than 11:59 PM Eastern Time on May 8, 2017. Please mark, sign, date and return this proxy card promptly using the enclosed envelope Non-Voting Items Change of Address — Please print your new address below. Comments — Please print your comments below. Meeting Attendance Mark the box to the right if you plan to attend the Annual Meeting. IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD. +

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of shareholders. The Proxy Statement and the 2016 Annual Report to Shareholders are available at: www.edocumentview.com/AIN• PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. •Proxy — Albany International Corp.Proxy solicited on behalf of the Board of Directors for Annual Meeting of Stockholders to be held May 12, 2017. The undersigned hereby constitutes and appoints Erland E. Kailbourne and Joseph G. Morone, and each of them, the true and lawful agents and proxies of the undersigned, with full power of substitution in each, to vote as indicated herein, all of the shares of Common Stock which the undersigned would be entitled to vote if present in person, at the Annual Meeting of Stockholders of ALBANY INTERNATIONAL CORP. to be held at The One Hundred Club, 100 Market Street, Suite 500, Portsmouth, New Hampshire, on Friday, May 12, 2017 at 9:00 a.m. local time, and any adjournment or adjournments thereof, on matters coming before said meeting. The shares represented by this proxy, when properly executed, will be voted in the manner directed herein. If no direction is made, the shares will be voted FOR all the nominees listed, FOR Proposals 2 and 3, every 1 YEAR on Proposal 4 and FOR Proposal 5, and in the discretion of the proxies on any other business as may properly come before the meeting. Participants in the Company's ProsperityPlus 401(k) Savings Plan have the right to direct Vanguard Fiduciary Trust Company, as Plan Trustee, how to vote shares of Common Stock allocated to their 401(k) plan accounts. If no such direction is given to Vanguard, Vanguard shall interpret this as a direction not to vote any such shares. If properly executed, this proxy shall give the proxies appointed above authority to direct Vanguard to vote the shares in the undersigned's 401(k) account in the manner directed. If this proxy is properly executed but no direction is given, the proxies appointed above shall direct Vanguard to vote such shares FOR all the nominees listed, FOR Proposals 2 and 3, every 1 YEAR on Proposal 4 and FOR Proposal 5, and in the discretion of the proxies on any other business as may properly come before the meeting. In order for the Plan Trustee to vote 401(k) plan account shares, instructions must be received no later than 11:59 PM Eastern Time on May 8, 2017. Please mark, sign, date and return this proxy card promptly using the enclosed envelope

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DESIGNATION (IF ANY) ADD 1 ADD 2 ADD 3 ADD 4 ADD 5 ADD 6Vote by Internet • Go to
www.envisionreports.com/AIN• Or scan the QR code with your smartphone• Follow the steps outlined on the secure
websiteStockholder Meeting Notice 1234 5678 9012 345Important Notice Regarding the Availability of Proxy
Materials for the Albany International Corp. Stockholder Meeting to be Held on May 12, 2017.Under Securities and
Exchange Commission rules, you are receiving this notice that the proxy materials for the annual stockholders'
meeting are available on the Internet. Follow the instructions below to view the materials and vote online or request a
copy. The items to be voted on and location of the annual meeting are on the reverse side. Your vote is important!
This communication presents only an overview of the more complete proxy materials that are available to you on the
Internet. We encourage you to access and review all of the important information contained in the proxy materials
before voting. The proxy statement and annual report to shareholders are available at: When you go online to view
materials, you can also vote your shares. Step 1: Go to www.envisionreports.com/AIN to view the materials. Step 2:
Click on Cast Your Vote or Request Materials. Step 3: Follow the instructions on the screen to log in. Step 4: Make
your selection as instructed on each screen to select delivery preferences and vote.When you go online, you can also
help the environment by consenting to receive electronic delivery of future materials.Obtaining a Copy of the Proxy
Materials – If you want to receive a copy of these documents, you must request one. There is no charge to you for
requesting a copy. Please make your request for a copy as instructed on the reverse side on or before April 28, 2017 to
facilitate timely delivery.2NOT COY + 02IKDC .

Stockholder Meeting NoticeDear Albany International Corp. Stockholder: The 2017 Annual Meeting of Stockholders of Albany International Corp. (the “Company”) will be held at The One Hundred Club, 100 Market Street, Suite 500, Portsmouth, New Hampshire, on Friday, May 12, 2017, at 9:00 a.m. (local time). Proposals to be considered at the Annual Meeting: (1) Election of Directors;(2) to ratify the appointment of KPMG LLP as the Company’s independent auditors;(3) to approve, by non-binding vote, executive compensation;(4) to recommend, by non-binding vote, the frequency of stockholder voting on executive compensation;(5) to approve the Company’s 2017 Incentive Compensation Plan; and(6) to consider and act upon any other business that may properly come before the meeting or any adjournment(s) thereof.The Board of Directors recommends a vote FOR all the nominees listed, FOR Proposals 2 and 3, every 1 YEAR on Proposal 4 and FOR Proposal 5. The Board of Directors has fixed the close of business on March 20, 2017 as the record date (the “Record Date”) for the determination of stockholders entitled to receive notice of and to vote at the Annual Meeting or any adjournment(s) thereof. Stockholders of record as of the Record Date are encouraged and cordially invited to attend the Annual Meeting. PLEASE NOTE – YOU CANNOT VOTE BY RETURNING THIS NOTICE. To vote your shares you must vote online or request a paper copy of the proxy materials to receive a proxy card. If you wish to attend and vote at the meeting, please bring this notice with you.Here’s how to order a copy of the proxy materials and select a future delivery preference: Paper copies: Current and future paper delivery requests can be submitted via the telephone, Internet or email options below. Email copies: Current and future email delivery requests must be submitted via the Internet following the instructions below.If you request an email copy of current materials you will receive an email with a link to the materials. PLEASE NOTE: You must use the number in the shaded bar on the reverse side when requesting a set of proxy materials. • Internet – Go to www.envisionreports.com/AIN. Click Cast Your Vote or Request Materials. Follow the instructions to log in and order a copy of the current meeting materials and submit your preference for email or paper delivery of future meeting materials. • Telephone – Call us free of charge at 1-866-641-4276 and follow the instructions to log in and order a paper copy of the materials by mail for the current meeting. You can also submit a preference to receive a paper copy for future meetings. • Email – Send email to investorvote@computershare.com with “Proxy Materials Albany International” in the subject line. Include in the message your full name and address, plus the number located in the shaded bar on the reverse, and state in the email that you want a paper copy of current meeting materials. You can also state your preference to receive a paper copy for future meetings.To facilitate timely delivery, all requests for a paper copy of the proxy materials must be received by April 28, 2017. 02IKDC