

ALBANY INTERNATIONAL CORP /DE/
Form 8-K
July 19, 2010

**U.S. SECURITIES AND EXCHANGE
COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report: July 16, 2010
(Date of earliest event reported)

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

| | | |
|--|-----------------------------|---|
| Delaware | 1-10026 | 14-0462060 |
| _____ | _____ | _____ |
| State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

1373 Broadway, Albany, New York 12204
(518) 445-2200
(Address and telephone number of the registrant's principal executive offices)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13a-4(c))
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Item 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

Item 1.02 TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT

Item 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION

On July 16, 2010, Albany International Corp. ("the Registrant") entered into a \$390 million, unsecured Five-Year Revolving Credit Facility Agreement (the "New Agreement") with JPMorgan Chase Bank, N.A., as Administrative Agent; JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Agent; J.P. Morgan Europe Limited, as London Agent; and other lenders. J.P. Morgan Securities Inc. and Banc of America Securities LLC acted as Co-Lead Arrangers and Joint Bookrunners for the syndication of the New Agreement. The other lenders participating in the new Agreement are Bank of America, N.A., (who acted as Syndication Agent); Bank of Tokyo - Mitsubishi UFJ Trust Company and Wells Fargo Bank, National Association, (who acted as Documentation Agents); and First Niagara Bank, N.A., HSBC Bank USA National Association, M&T Bank, Nordea Bank Finland, PLC, and RBS Citizens, National Association. The New Agreement replaced a \$460 million five-year facility agreement (the "Old Agreement") with the same Agents and all of the lenders (or their predecessors) listed above, as well as Sumitomo Mitsui Banking Corporation and TD Banknorth N.A.

The New Agreement contains customary terms, as well as affirmative covenants, negative covenants and events of default comparable to those in the Old Agreement. The Borrowings are guaranteed by certain of the Registrant's subsidiaries, including all significant U.S. subsidiaries, as were borrowings under the Old Agreement.

The applicable interest rate for borrowings under the New Agreement, as well as under the Old Agreement, is LIBOR plus a spread, based on the Registrant's leverage ratio at the time of borrowing. Spreads under the New Agreement are higher than under the Old Agreement, reflecting changes in market spreads. The applicable interest rate for borrowings on July 16 was LIBOR plus 250 basis points (or 2.85% for a one-month borrowing), compared to LIBOR plus 85 basis points (or 1.20% for a one-month borrowing) under the Old Agreement.

Also on July 16, 2010, the Registrant entered into interest rate hedging transactions that have the effect of fixing the LIBOR portion of the effective interest rate (before addition of the spread) on \$105 million of the indebtedness drawn under the New Agreement at the rate of 2.04% for the next five years. Under the terms of these transactions, the Company pays the fixed rate of 2.04% and the counterparties pay a floating rate based on the three-month LIBOR rate at each quarterly calculation date, which on July 16 was 0.53%. The net effect is to fix the effective interest rate on \$105 million of indebtedness at 2.04%, plus the applicable spread, until these swap agreements expire on July 16, 2015. On July 16, 2010, the applicable spread was 250 basis points, yielding an effective annual rate of 4.54%.

The Agents and certain of the Lenders or their affiliates have from time to time performed, and may in the future perform, various investment banking, financial advisory and other lending services for the Company and its affiliates, for which they have received and will receive customary fees.

A copy of the Agreement is being filed as an exhibit. A copy of the Old Agreement was previously filed as an exhibit to the Company's Current Report on Form 8-K filed April 20, 2006.

Item 9.01. Financial Statements and Exhibits.

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

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10(k)(x) \$390,000,000 Five-Year Revolving Credit Facility Agreement among Albany International Corp., the other Borrowers named therein, the Lenders Party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Agent and J.P.Morgan Europe Limited, as London Agent, dated as of July 16, 2010.

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Signature

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

ALBANY INTERNATIONAL CORP.

By: /s/ Michael K. Burke

Name: Michael K. Burke

Title: Senior Vice President and
Chief Financial Officer

Date: July 19, 2010

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Index to Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
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