

AGREEMENT
ON THE SETTLEMENT OF INTELLECTUAL PROPERTY CONFLICTS

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between Albany International Corp.
1373 Broadway, Albany, NY 12204
USA
(hereinafter called ALBANY)

and Voith Paper Holding GmbH & Co. KG
St. Poeltener Str. 43
D-89522 Heidenheim

as well as Voith Fabrics GmbH & Co. KG
Marktstr. 185
D-72753 Pfullingen
(hereinafter collectively called VOITH)

PREAMBLE

Whereas, the Parties in their own name and through their affiliated companies are engaged in the development, design, manufacture and sale of machinery, equipment, engineered fabrics, process belts and other products to be used for pulp, paper and paperboard production.

Whereas, the Parties possess valuable patents and related formally established and valid intellectual property rights (hereinafter called IPR) protecting their inventions and know-how as to said machinery, equipment and other products.

Whereas, the Parties agree that it is in the best interest of the parties and their customers to avoid open legal conflicts which may arise on account of any actual or alleged infringement by one Party of any IPR of the other Party.

Whereas, the Parties deem it advisable to agree upon a procedure to be followed when such IPR disputes arise in order to minimize the likelihood of any such open legal conflicts.

Now, therefore, it is agreed to as follows:

1. The Parties agree and undertake to use their best efforts to settle IPR conflicts amicably. In case an amicable solution of an IPR dispute has not been reached within 90 days of the issue first being raised by either party, the dispute shall by the

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Parties, prior to the initiation of any other actions foreseen by this Agreement, be referred to the respective CEO of each of the Parties. The CEOs of the Parties may meet in person or telephonically, or communicate by such other means as is satisfactory to each, in order to find such solution. If no solution is reached by the Parties within 90 days of initial referral to the CEO of either Party, either Party shall have the right to initiate a mediation procedure.

2. Mediation

Any IPR dispute, controversy or claim arising under, out of or relating to this Agreement or any subsequent amendment thereof, including without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-contractual claims, which dispute, controversy or claim the Parties have been unable to settle amicably as provided for by Clause 1 above, may by either Party be submitted to mediation in accordance with the WIPO Mediation Rules.

The Parties may by mutual written agreement appoint the mediator. If the Parties cannot agree on the person acting as a mediator within thirty (30) days from the date of the written Request for Mediation by either Party, the mediator shall be appointed in accordance with the WIPO Mediation Rules.

The mediator shall issue his proposal for a settlement of the dispute submitted to mediation not later than three (3) months from the date of his appointment. The mediation procedure shall be conducted in the English language.

Unless expressly otherwise agreed in writing in regard to any IPR dispute the mediation shall take place in New York, New York if initiated by VOITH, and in Munich if initiated by ALBANY. The costs of the mediator shall be shared between the Parties while the costs of each Party shall stay with such Party.

3. Arbitration

In the event that any IPR dispute remains unresolved thirty (30) days after issuance by the mediator of his proposal pursuant to Section 2 above, the parties may at that time agree to resolve such IPR dispute by arbitration. In such a case, unless the Parties shall otherwise agree, the arbitral tribunal shall consist of three (3) arbitrators of which each Party shall nominate one (1) arbitrator while the third arbitrator, acting as chairman of the tribunal, shall be elected by the aforesaid arbitrators appointed by the Parties. The formation of the arbitration tribunal shall be initiated by a written statement of claim accompanied by the appointment of an arbitrator by the claimant Party. Should the defendant Party fail to appoint an arbitrator within thirty (30) days from receipt of the above statement of claim and notice of appointment from the claimant Party, or should the arbitrators appointed by the Parties fail to reach agreement on the chairman of the tribunal within thirty (30) days from the date of appointment of the second arbitrator then the missing arbitrator shall be appointed by the WIPO Arbitration and Mediation Center. Unless otherwise expressly contained herein the arbitration shall be conducted in accordance with the WIPO Arbitration Rules. It is understood that rule 52 of the WIPO Rules of Arbitration shall not be applicable as to technical information which one party uses in the proceedings. Unless expressly otherwise agreed in writing in regard to any specific

dispute, the place of arbitration shall be London, England and the language of the arbitration procedure shall be English. The award of the arbitration shall be final and not subject to any review by a court.

4. Applicable law

The law applicable on the substance of any dispute referred to arbitration hereunder shall, unless separately agreed in writing upon between the Parties in regard to any specific dispute, be the law of Switzerland with the exception of any rules on the conflict of laws contained therein.

Without prejudice to the aforesaid the Parties agree that any issues relating to the validity, content, scope or legal significance of any IPR that may arise in connection with a dispute to be settled hereunder shall be resolved in accordance with the law under which such IPR has been awarded.

5. Scope and applicability of Agreement

The applicability of this Agreement on the Parties shall be limited to disputes, controversies or claims originating from or arising out of any IPR owned by a Party.

Without prejudice to anything aforesaid the Parties expressly acknowledge that this Agreement shall not block, limit or otherwise affect any rights that either Party may have under any applicable law to take any action to contest any application for or the validity of any IPR filed or owned by the other Party.

Without prejudice to anything aforesaid, the Parties expressly acknowledge that this Agreement shall not block, limit or otherwise affect any rights that either Party may have under any applicable law to take any legal action or to initiate any legal proceeding either (a) after the procedures described in Sections 1 and 2 above have been exhausted, or (b) to the extent that any such action is deemed by such Party, in its sole discretion, to be necessary or desirable in order to preserve or protect any legal right, claim or remedy available to such Party relating to such IPR dispute.

6. Term of Agreement

This Agreement shall enter into force on the last date of execution by each of the Parties and shall thereafter remain in force for an indefinite period until terminated by either Party by written notice to the other Party given not less than six (6) months prior to the termination.

Any IPR dispute entered into Arbitration by either Party under Clause 3 of this Agreement prior to the termination of the Agreement shall be finally settled in accordance with the provisions of this Agreement regardless of whether such settlement may ensue after the termination of the Agreement, unless the Parties shall have otherwise agreed.

7. This Agreement may not be modified or amended, including this clause, except as by written agreement executed by duly authorized officer(s) of each of the Parties.

Albany, New York , on
Albany International Corp.


11/25/04

Heidenheim, on 2004-11-05
Voith Paper Holding GmbH & Co. KG


i.V. Minder

Pfullingen, on 2004-11-05
Voith Fabrics GmbH & Co. KG


ppa. Minder