

# **Glatfelter (NYSE:GLT)**

## **2007 Fourth Quarter Performance**

### **February 19, 2008**

*George H. Glatfelter – Chairman & Chief Executive Officer*

*John P. Jacunski – Senior Vice President & Chief Financial Officer*

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# Forward-Looking Statements

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*This document includes certain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. Although the Company makes such statements based on assumptions that it believes to be reasonable, there can be no assurance that actual results will not differ materially from the Company’s expectations. Actual results may differ materially from these expectations due to changes in, among others, industry conditions, demand for or pricing of its products; risks associated with integrating acquisitions; global political, economic, business, competitive and market conditions; tax legislation; growth strategies and cost reduction initiatives; circumstances surrounding the Neenah facility and former Ecusta Division; successful execution of the Timberland Strategy with acceptable market conditions; and other factors. More information about these factors is contained in Glatfelter’s filings with the U.S. Securities and Exchange Commission.*

# Use of non-GAAP Financial Measure

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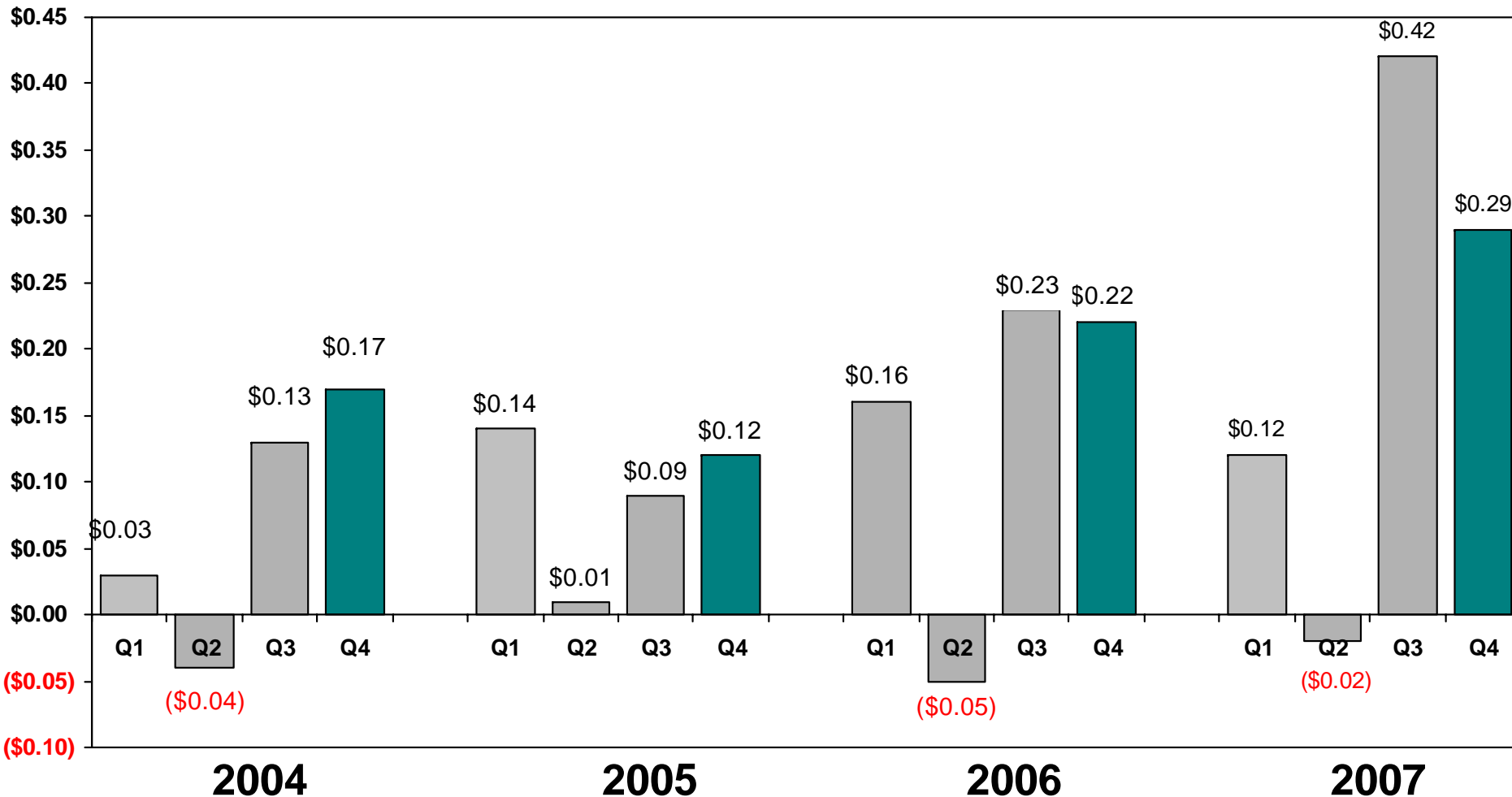
**During the course of this presentation, certain non-U.S. GAAP financial measures will be presented. A reconciliation of those numbers to U.S. GAAP financial measures is attached in the appendix of this presentation.**

# Adjusted EPS

(EPS from Continuing Operations and Before Special Items)

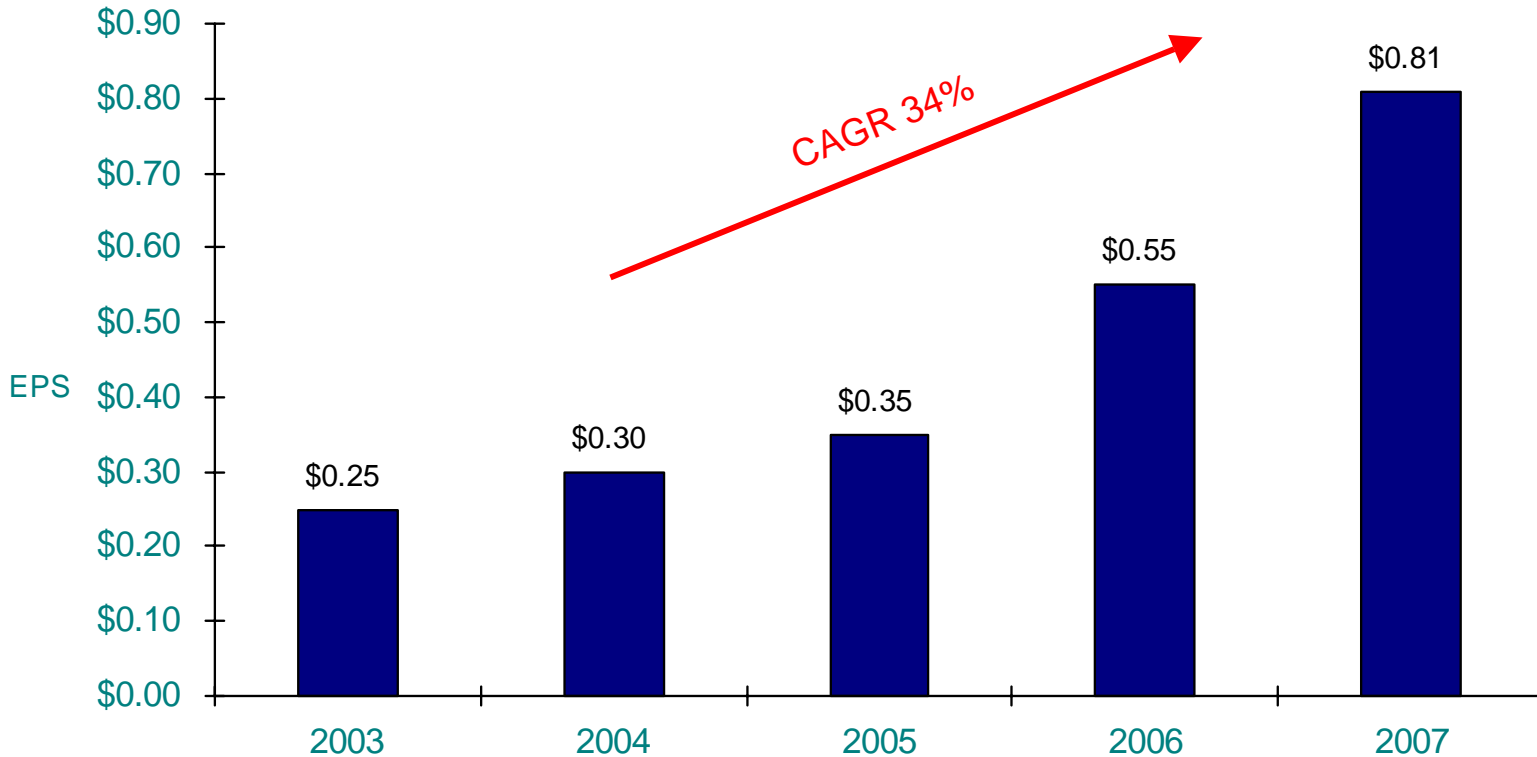


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• See attached appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.

# Adjusted EPS 2003 - 2007



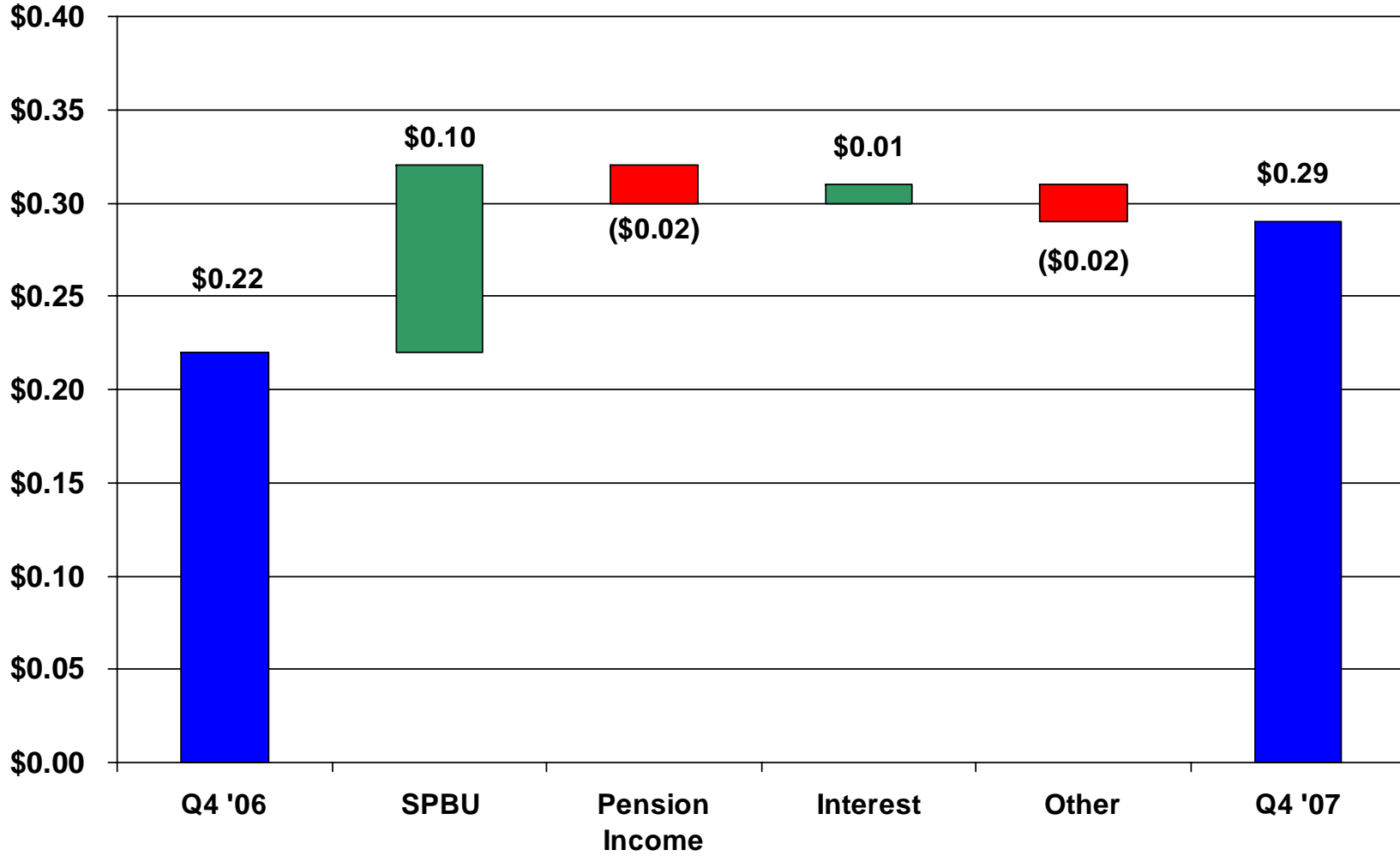
Adjusted earnings increased 47% in 2007 vs. 2006 with a five year CAGR of 34%.

# Q4'06 vs. Q4'07

(EPS from Continuing Operations and Before Special Items)



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• See attached appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.

# Q4'07 Financial Highlights

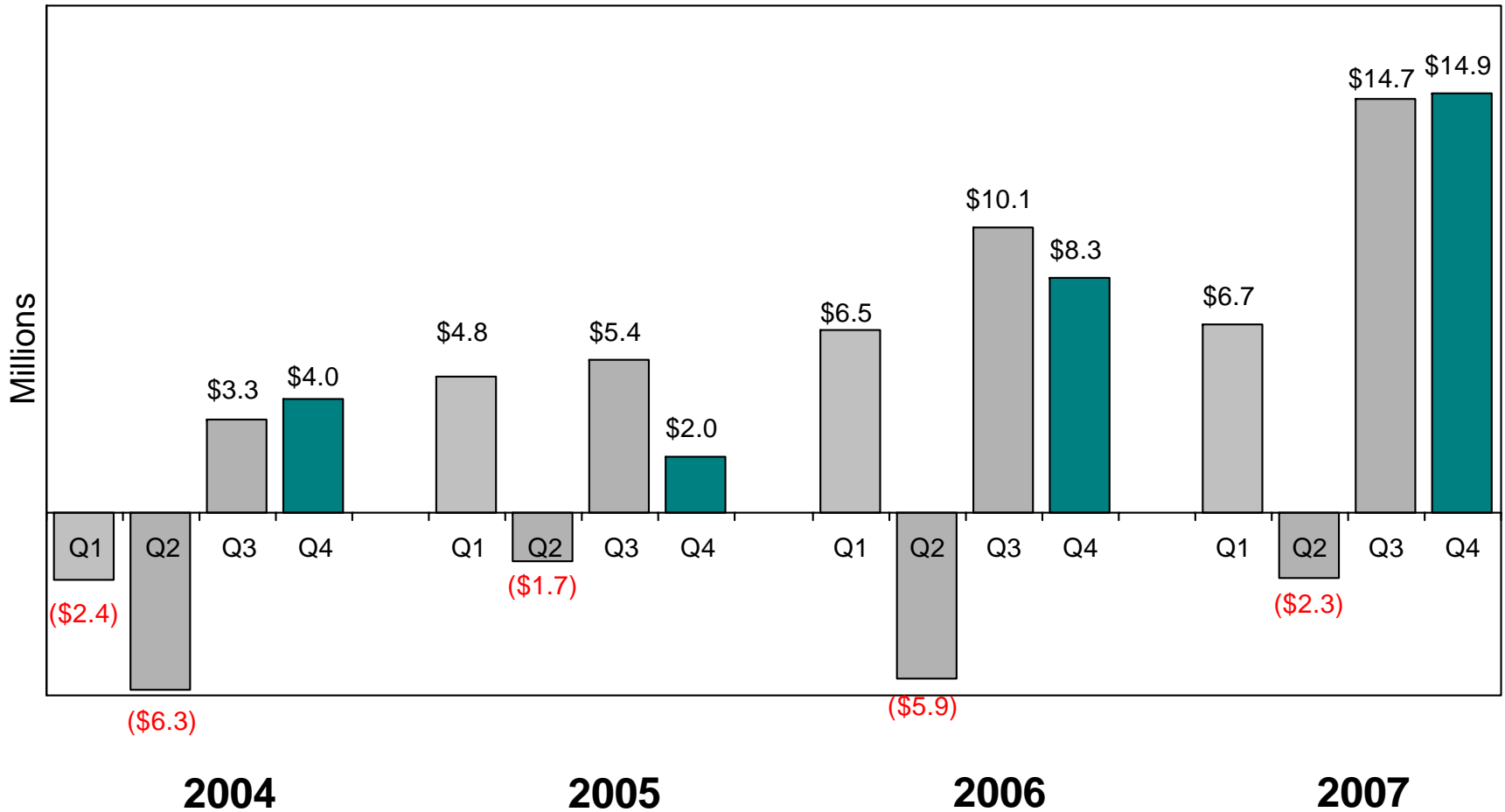
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- **Specialty Papers operating income improved 81% compared to Q4'06**
  - Chillicothe improvement initiatives progressed during the quarter
  - Rising input costs more than offset higher average selling prices
- **Composite Fibers operating income declined marginally by \$0.2 million compared to Q4'06**
  - Production interrupted by small fire at Lydney
  - Caerphilly was slightly dilutive
- **Closed \$74.1 million of timberland sales during the quarter**
- **Net debt decreased \$92.3 million during the year to \$283.4 million**

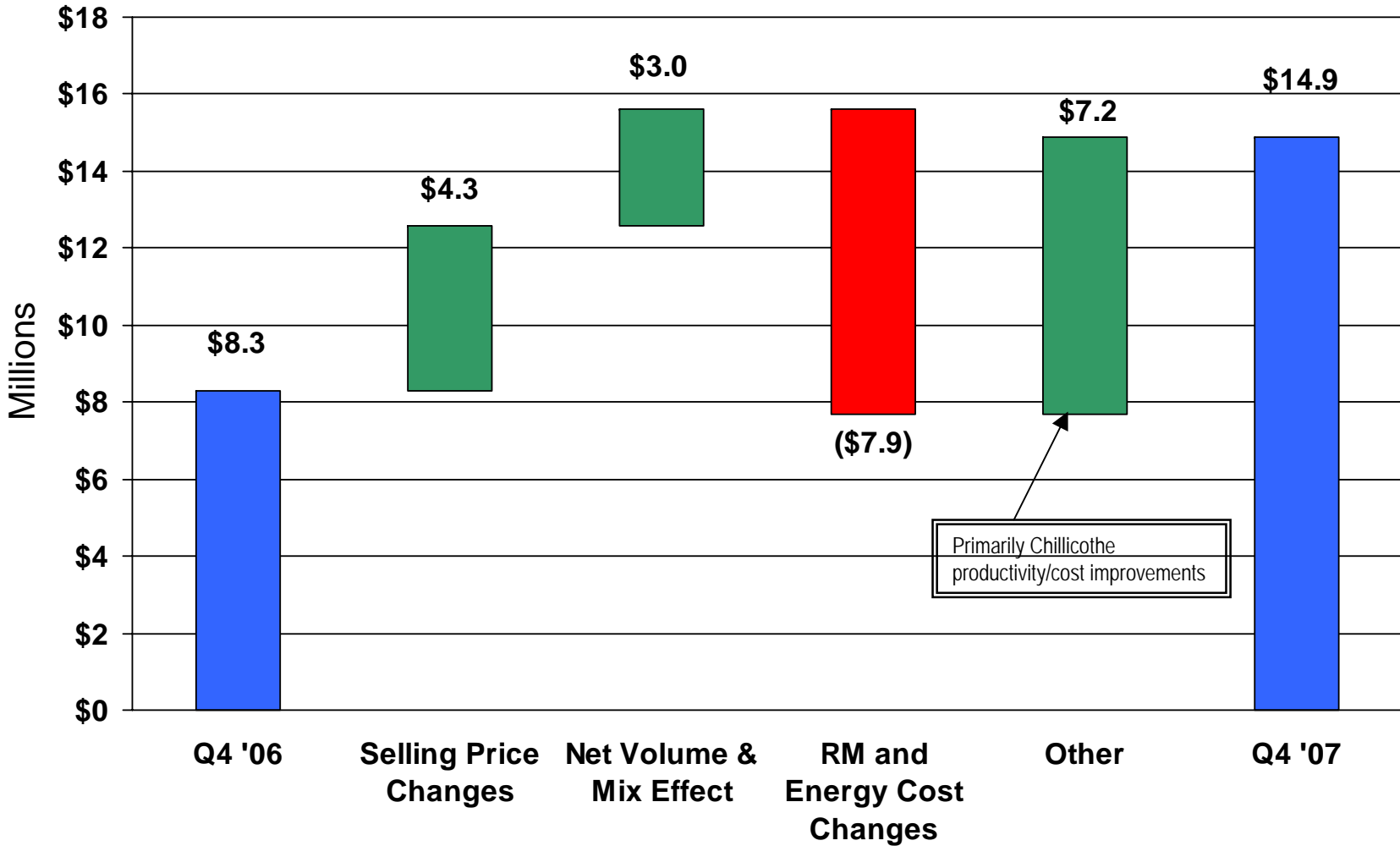
# Specialty Papers Operating Income



# Specialty Papers Q4'07 vs. Q4'06



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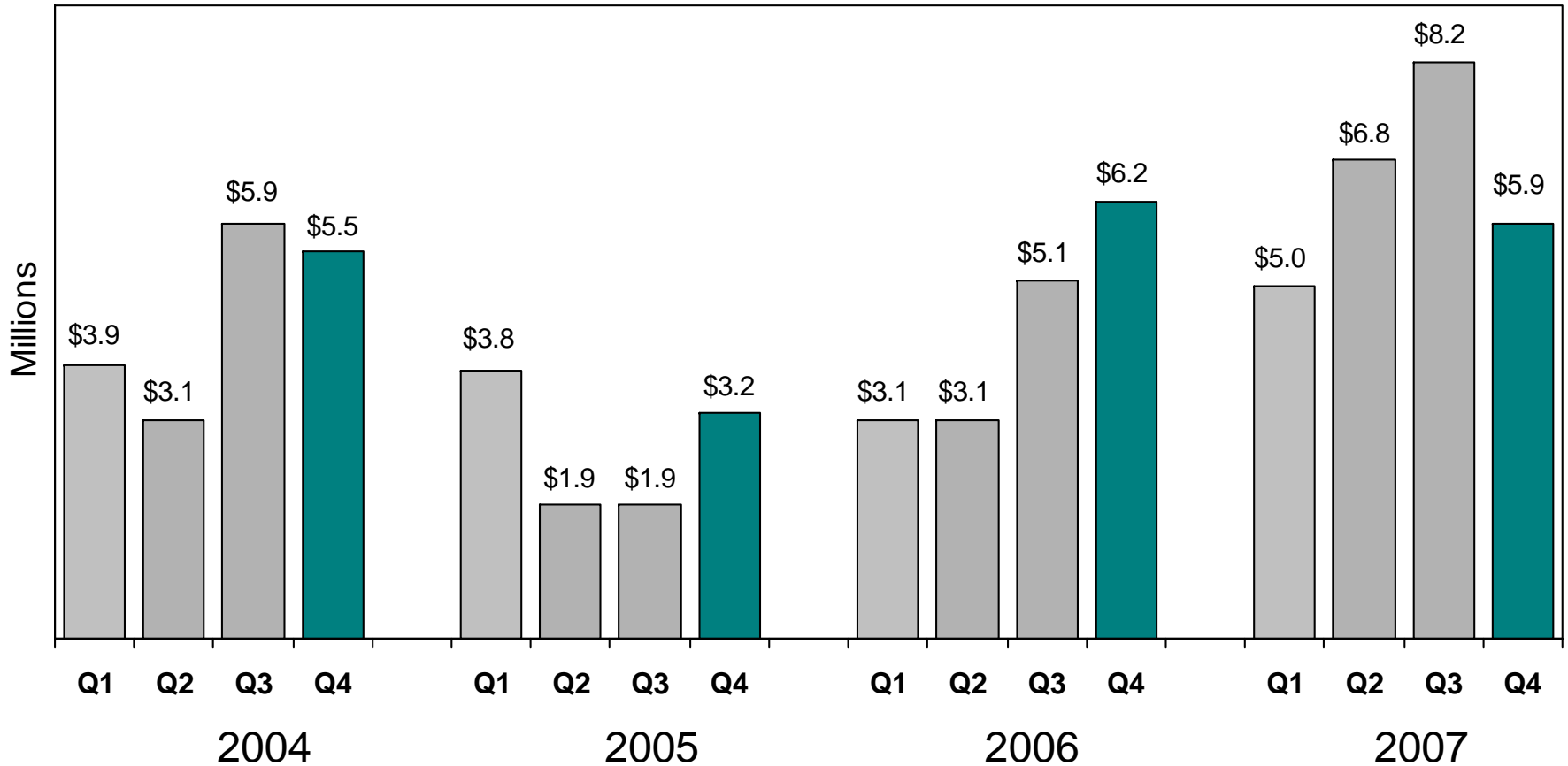
# Specialty Papers Q4'07 Highlights

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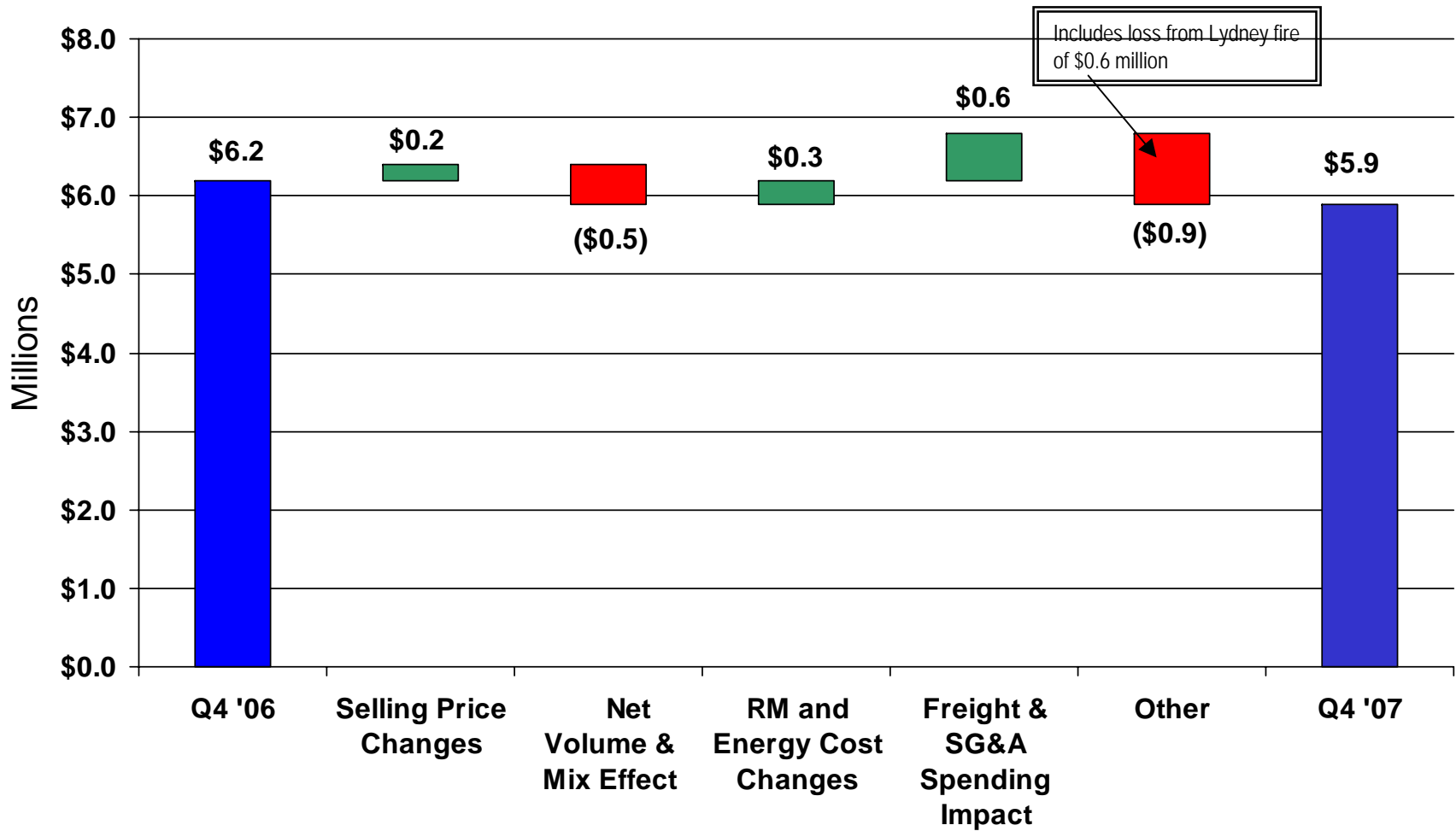


- **Solid operating performance during quarter**
  - Significant benefits achieved from Chillicothe profit improvement initiatives
- **Raw Material costs increased in Q4'07 vs. Q4'06 primarily driven by energy, wood and pulp price increases**
  - Raw material cost increases outpaced selling price increases
- **Favorable pricing environment generated \$4.3 million benefit in Q4'07 vs. Q4'06**
  - Prices were higher across all market segments compared to Q4'06
- **Shipping volume increased by 7.6% compared to Q4'06**

# Composite Fibers Operating Income



# Composite Fibers Q4'07 vs. Q4'06



# Composite Fibers Q4'07 Highlights

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- **Revenue increased 11.7% in Q4'07 vs. Q4'06**
  - › Continued strong shipments of Food & Beverage Products
  - › Caerphilly acquisition drove 4.8% increase in shipping volume
  - › Foreign currency changes increased revenue
- **Completed acquisition of Metallised Products Limited in Caerphilly, Wales**
  - › Significantly expands our growth platform in metallized products
  - › Operation was slightly dilutive to earnings in Q4'07
- **Lydney**
  - › Small fire interrupted production

# Timberland Q4'07 Update

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- **Company's Timberland Strategy was initiated in early 2006**
  - Sold \$74.1 million of timberland in the Q4'07
  - Sold \$87.3 million in 2007
  - Sold \$17 million in 2006
- **Expect to achieve \$15 million to \$20 million of timberland sales in 2008**

# Outlook

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- **Expect volume and pricing to improve slightly in Q1'08 vs. Q1'07 for both Specialty Papers and Composite Fibers.**
- **Expect wood, pulp & energy costs to continue increasing in 2008.**
  - Expect raw material cost increase to outpace selling price increase during Q1'08
- **Machine upgrade in Lydney during December 2007 will impact Q1'08 results.**
  - Start-up difficulties reduced facility production volume by 25% in January 2008
  - Production back to expected levels in February
  - Will have negative impact to Q1 operating income of approximately \$1.7 million
- **Caerphilly operations expected to be slightly dilutive by \$.01 - \$.02 per share during Q1'08. Expect to be neutral to earnings for full year.**
- **Cap Ex estimated at \$52 million to \$57 million for 2008 compared to depreciation and amortization of \$61 million.**

# Appendix

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# Reconciliation of Non-GAAP Financial Measures



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	2004				2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Income (loss) from continuing operations	\$0.83	(\$0.04)	\$0.05	\$0.44	\$0.14	\$0.04	\$0.08	\$0.61	(\$0.27)	(\$0.46)	\$0.12	\$0.33	\$0.07	\$0.04	\$0.17	\$1.11
Gains from sales of Timberland	(0.41)		(0.02)	(0.31)			0.01	(0.26)		(0.01)	(0.01)	(0.17)	(0.04)	(0.08)	(0.03)	(0.82)
Insurance recoveries	(0.35)		(0.13)			(0.03)		(0.25)								
Corporate aircraft sale	(0.04)															
Shutdown and restructuring charges			0.23	0.04				0.02	0.40	0.33	0.04	0.02				
Acquisition integration costs									0.02	0.05	0.08	0.04	0.01	0.02	0.01	
Debt redemption costs										0.04						
Fox River Reserve										0.04			0.08		0.27	
Adjusted earnings (loss)	\$0.03	(\$0.04)	\$0.13	\$0.17	\$0.14	\$0.01	\$0.09	\$0.12	\$0.16	(\$0.01)	\$0.23	\$0.22	\$0.12	(\$0.02)	\$0.42	\$0.29

	For the year ended December 31				
	2003	2004	2005	2006	2007
Income (loss) from continuing operations	\$0.30	\$1.27	\$0.87	(\$0.27)	\$1.40
Gains from sales of timberland					
and in 2003, corporate aircraft	(0.46)	(0.78)	(0.25)	(0.20)	(0.97)
Insurance recoveries		(0.48)	(0.29)		
Fox River reserve	0.17				0.35
Asset write-downs	0.05				
Shutdown and restructuring charges	0.20	0.29	0.02	0.79	
Acquisition integration costs				0.19	0.03
Debt redemption costs				0.04	
Adjusted earnings (loss)	\$0.25	\$0.30	\$0.35	\$0.55	\$0.81

NOTE: The sum of individual per share amounts set forth above may not agree to adjusted income per share due to rounding.