

**Glatfelter (NYSE:GLT)**  
**2007 First Quarter Performance**  
**May 1, 2007**

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

*Dante C. Parrini – Executive Vice President & Chief Operating Officer*

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

---



**G L A T F E L T E R**

*Beyond Paper*

# Forward-Looking Statements

---



*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 Information

---



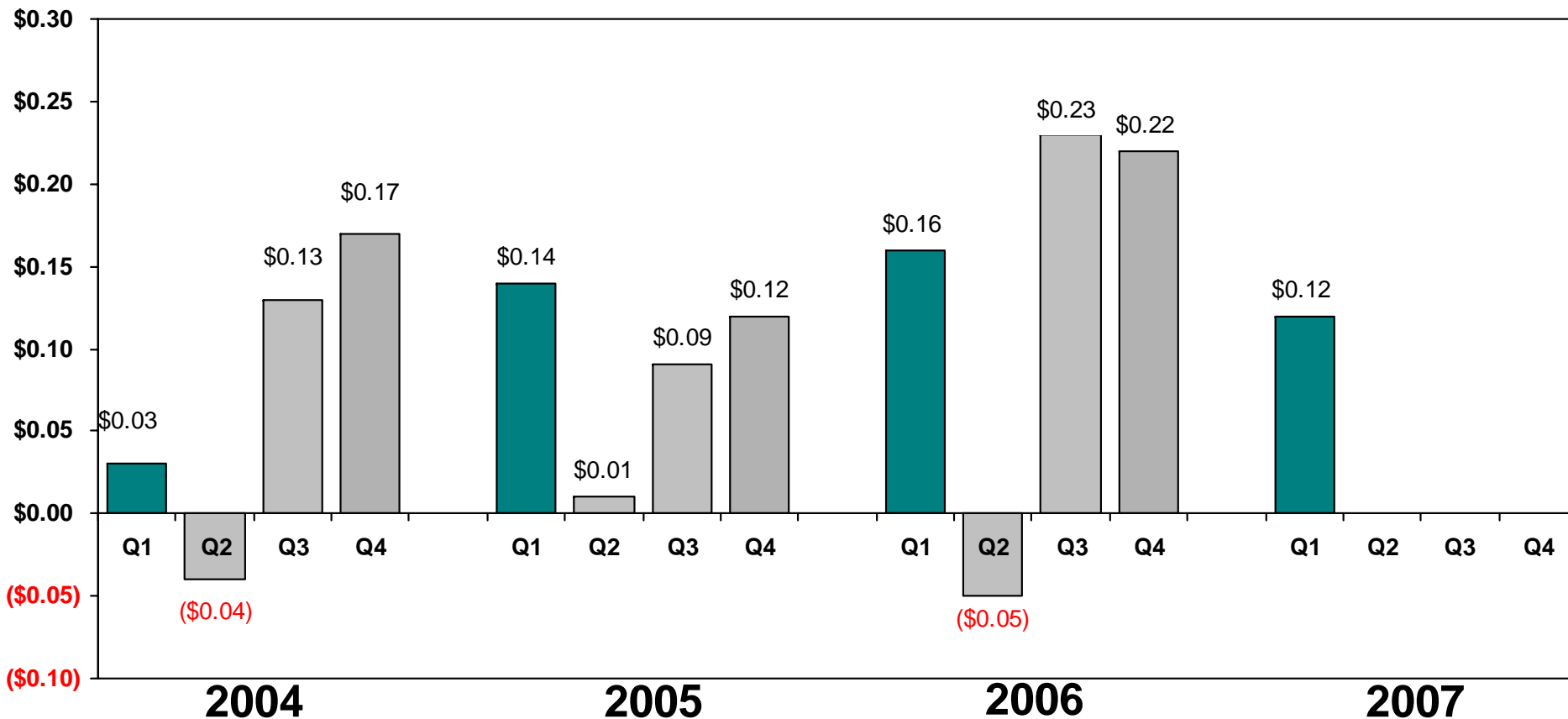
**During the course of this presentation, certain non-U.S. GAAP financial information will be presented. A reconciliation of those numbers to U.S. GAAP financial measures is attached in the appendix of this presentation.**

# Adjusted EPS

## (EPS from Continuing Operations and Before Special Items)



**GLATFELTER**  
Beyond Paper



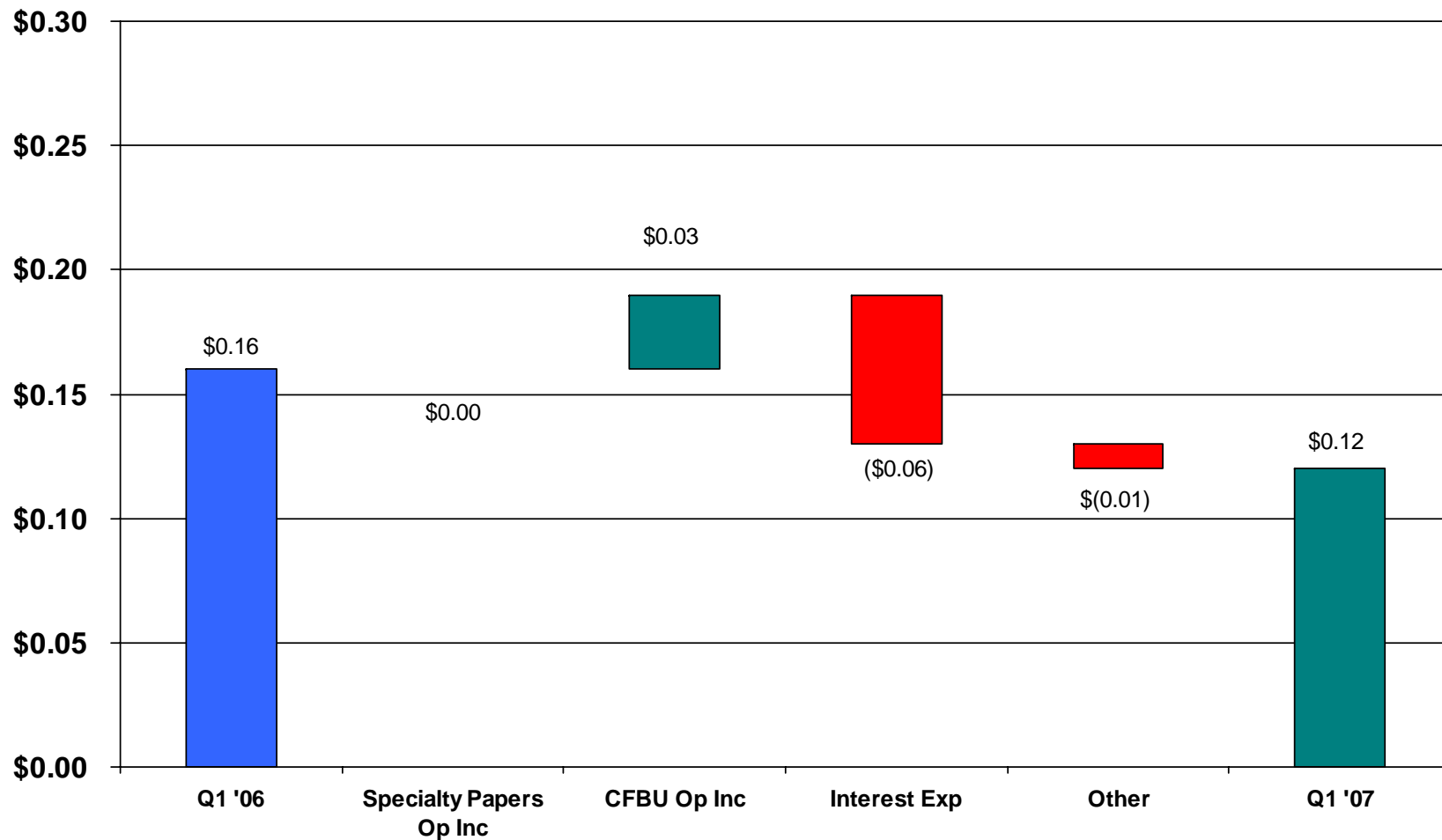
• See attached appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.

# Q1'06 vs. Q1'07

## (EPS from Continuing Operations and Before Special Items)



**GLATFELTER**  
Beyond Paper



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

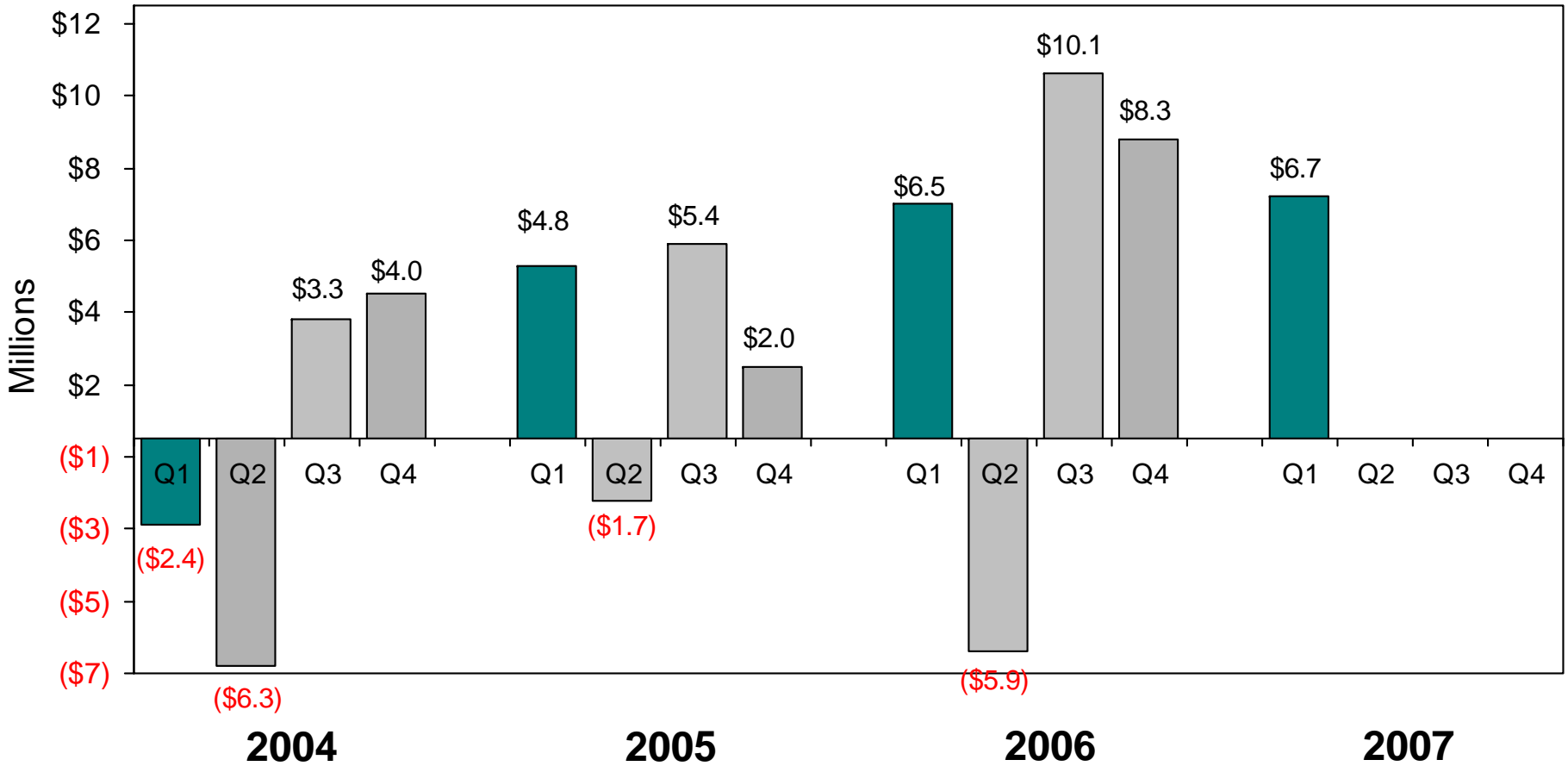
# Q1'07 Financial Highlights

---



- **Specialty Papers operating income increased slightly compared to Q1'06**
  - Selling prices improved from Q1'06 but generally flat to Q4'06
  - Strong operating performance in Spring Grove
  - Chillicothe operations behind expectations
- **Composite Fibers operating income increased 59% compared to Q1'06**
  - Continued growth in shipping volume
  - Solid operating performance
- **Closed \$3.8 million of timberland sales during quarter**
- **Net debt increased slightly during quarter to \$383 million**

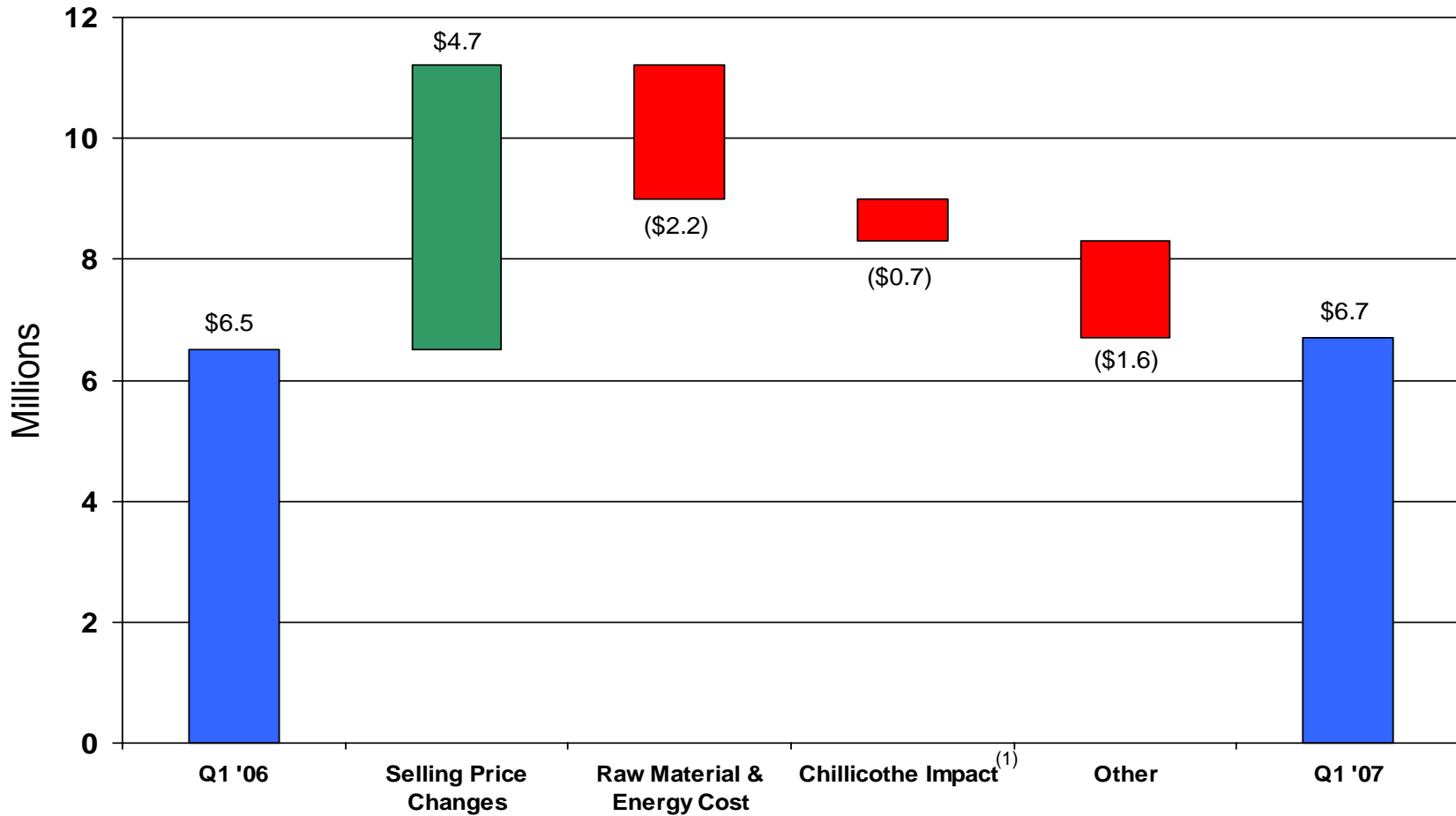
# Specialty Papers Operating Income



# Specialty Papers Q1'07 vs. Q1'06



**GLATFELTER**  
Beyond Paper



<sup>(1)</sup> Total operating income from Chillicothe operations for Q1'07 was \$0.2 million. Of this amount, \$0.9 million is included with price change related to Book Product transferred from Neenah.

# Specialty Papers Q1'07 Highlights

---



- **Favorable pricing environment generated \$4.7 million benefit in Q1'07 vs. Q1'06**
  - Prices higher in Book, Envelope and EP segments compared to Q1'06
  - Impact of 2006 Carbonless price increase was \$1.2 million during Q1
- **Shipping volume was flat compared to Q1'06 excluding Carbonless & Forms impact**
- **Operating performance mixed during quarter**
  - Spring Grove productivity improved 2.6% in Q1'07 compared to Q1'06
    - Pulp production increased 4.4% compared to Q1'06
  - Chillicothe productivity increased 2.9% in Q1'07 compared to Q4'06
  - Chillicothe incurred \$1.8 million of costs related to equipment failure and weather conditions
- **Production costs increased in Q1'07 vs. Q1'06 driven by fiber and coal price increases**

# Chillicothe Integration Update

---

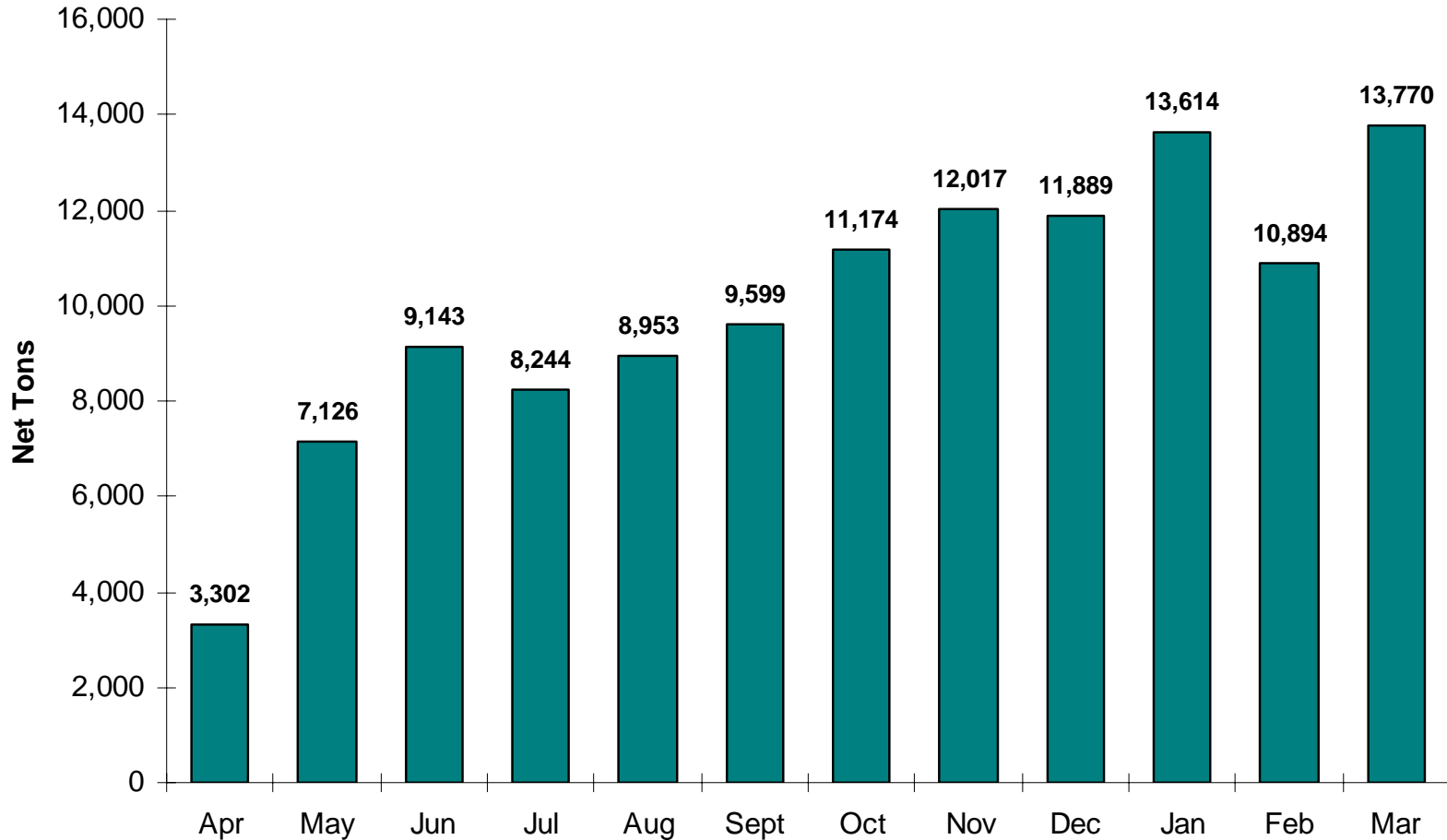


- **Continued improvement in Book paper and total paper production during Q1**
  - › Production levels now adequate to support market demand
- **Cost efficiency of production improving but at slower pace than expected**
  - › Paper machine yields behind plan
  - › Fiber and other raw material consumption in excess of plan
- **Focused efforts on improving Chillicothe's overall cost structure**
  - › Optimize paper machine scheduling
  - › Streamline paper production
  - › Implemented targeted investments and process changes to improve utilization of paper machine broke (scrap)
  - › Expand scope of yield and material usage improvement projects
  - › Expand previously initiated cost reduction efforts
- **Chillicothe was dilutive to earnings during Q1'07**
  - › Now expect to achieve accretion target of \$.45 to \$.50 EPS impact for 2008

# Chillicothe Book Paper Production

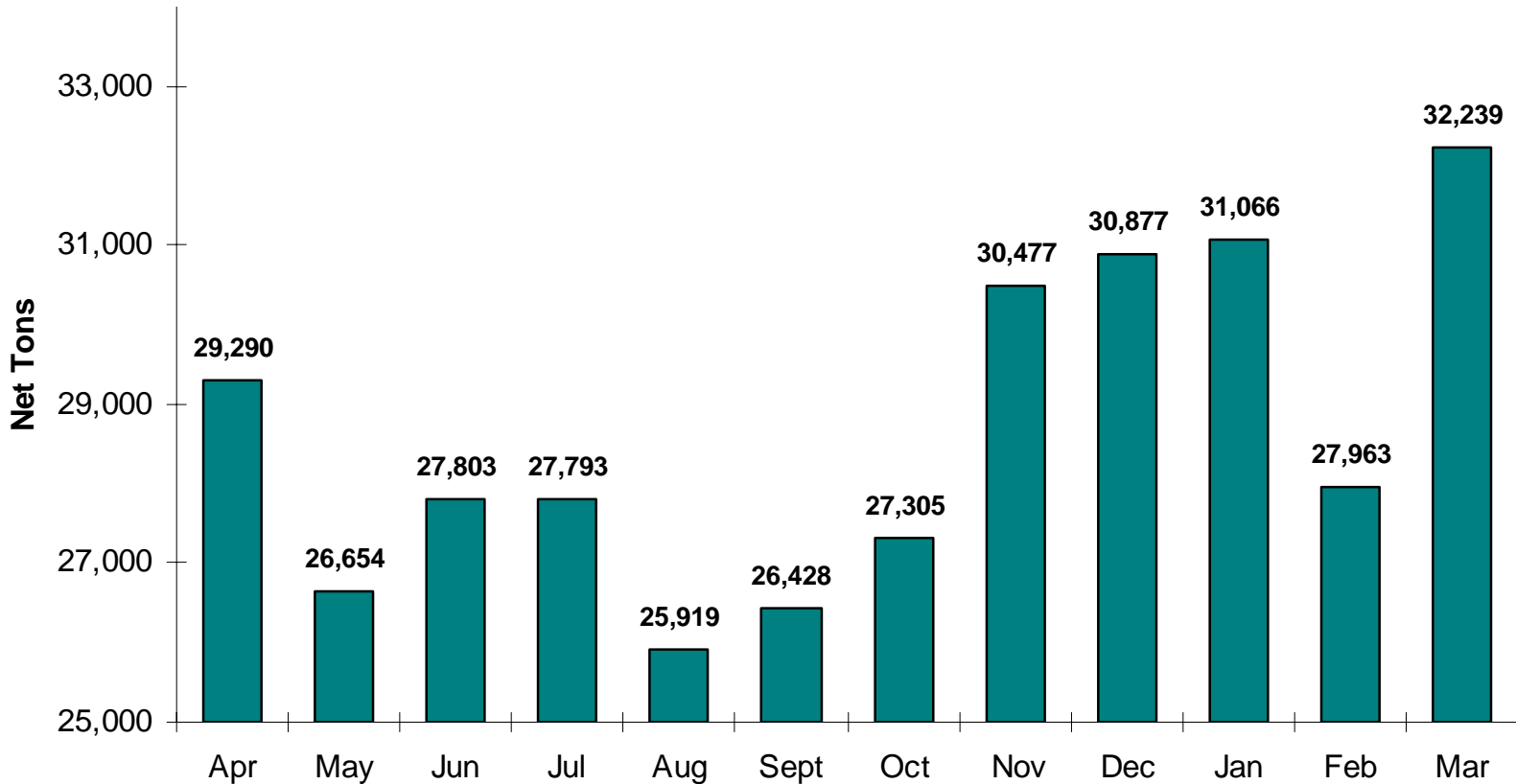


**GLATFELTER**  
Beyond Paper



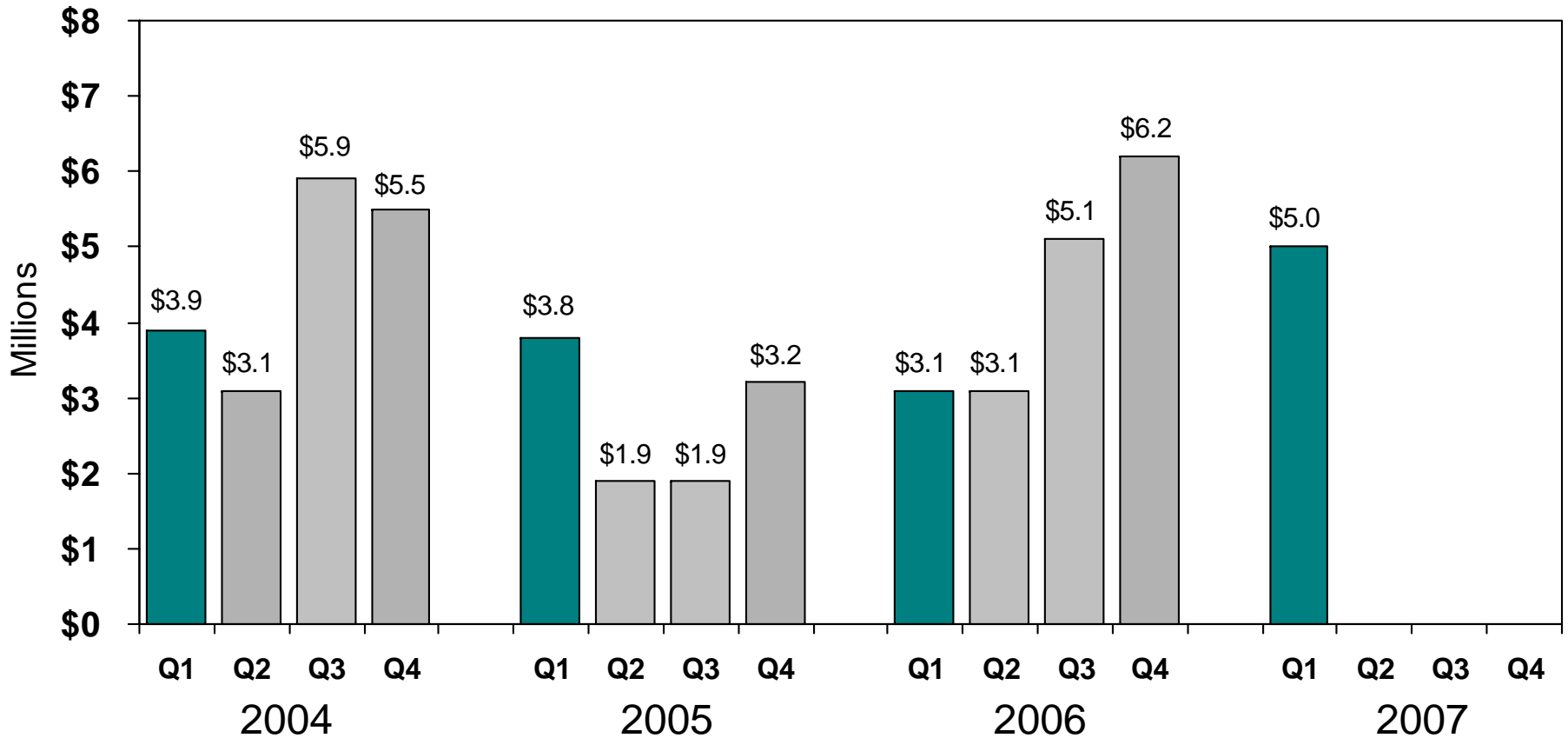
*Book production continued to improve during Q1'07*

# Chillicothe Total Paper Production

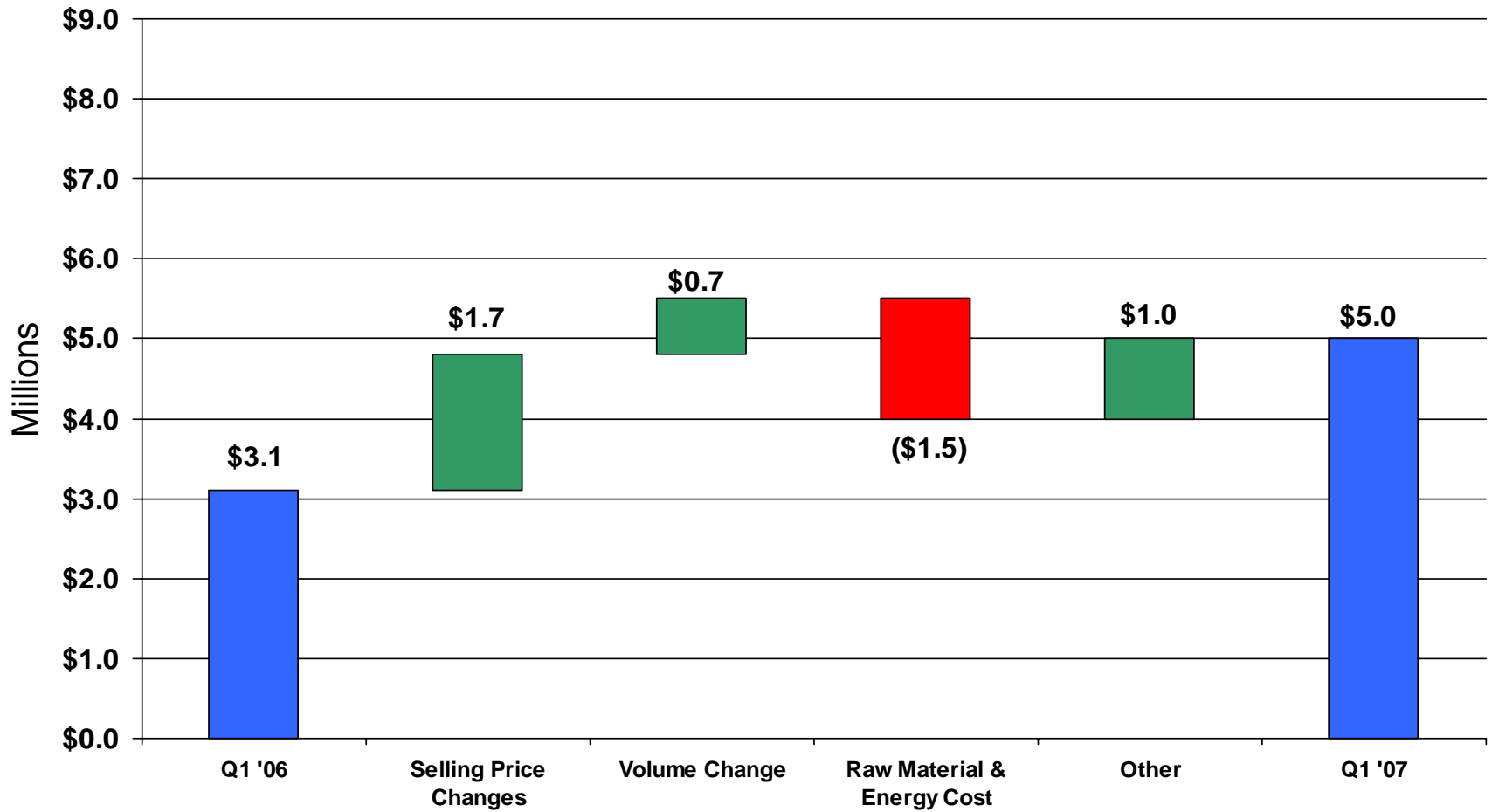


*Total paper production continued to increase during Q1'07*

# Composite Fibers Operating Income



# Composite Fibers Q1'07 vs. Q1'06



# Composite Fibers Q1'07 Highlights

---



- **Continued growth in shipping volume**
  - Volume increased 4% excluding Lydney
  - Food & Beverage shipments increased 7% excluding Lydney
- **Solid operating performance supporting shipping volume growth**
- **Selling prices improved compared to Q1'06**
- **Energy and raw material costs significantly higher than Q1'06**
- **Lydney integration plan progressing**
  - Expect to reach annual run rate of \$9 million of operating income, including \$2 million of depreciation, by Q4'07

# Timberland Q1'07 Update

---

- **Company's Timberland Strategy was initiated in early 2006**
  - Added 20,000 acres in Pennsylvania to program in late 2006
- **Timberland sale process progressing**
  - Sold \$17 million in 2006
  - Sold \$4 million in Q1'07
  - \$25 million under contract/agreement in principle to close in 2007
  - Targeting \$50 million of sales in 2007
- **Expect to generate proceeds in excess of \$150 million over next two to four years**
  - Assumes acceptable market conditions and carefully executed plan of disposition, among other factors
- **Proceeds currently required to be used to pay down term loan**

# Outlook

---



- **Expect stable to improving pricing environment in Specialty Papers and Composite Fibers for 2007**
- **Expect slight improvement in shipping volumes during Q2'07 compared to Q1'07**
  - Specialty Papers shipments in Q2'07 expected to be lower than Q2'06
  - Expect continued strong demand for Food & Beverage products
- **Annual maintenance shutdowns for Spring Grove (June) and Chillicothe (May) will take place during Q2'07 (EPS impact of \$0.22 - \$0.24)**
- **Additional charges expected**
  - Integration costs of \$3 million - \$4 million in 2007 including integration costs related to Lydney
- **Cap Ex estimated at \$35 million to \$40 million for 2007 compared to depreciation and amortization of \$50 million**

# Appendix

---



**G L A T F E L T E R**

*Beyond Paper*

# Reconciliation of Non-GAAP Financial Measures



**G L A T F E L T E R**  
Beyond Paper

	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			
Gains from sales of Timberland	(0.41)		(0.02)	(0.31)			0.01	(0.26)		(0.01)	(0.01)	(0.17)	(0.04)			
Environmental remediation charge													0.08			
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			
Debt redemption costs										0.04						
Adjusted earnings (loss)	\$0.03	(\$0.04)	\$0.13	\$0.17	\$0.14	\$0.01	\$0.09	\$0.12	\$0.16	(\$0.05)	\$0.23	\$0.22	\$0.12			

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