

Investor Meeting



August 2009



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Forward-Looking Statement



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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 numerous risks, uncertainties and other unpredictable or uncontrollable factors which may cause actual results or performance to differ materially from the Company’s expectations. Various risks and factors that could cause future results to differ materially from those expressed in the forward-looking statements include, but are not limited to: changes in industry, business, market, political and economic conditions in the U.S. and in other countries in which Glatfelter currently does business, demand for or pricing of its products; changes in tax legislation, governmental laws, regulations and policies and actions of regulatory bodies; orderly execution of regularly scheduled maintenance outages; technological changes and innovations and other factors. In light of these risks, uncertainties and other factors, the forward-looking events discussed in this presentation may not occur and readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements speak only as of the date of this presentation and Glatfelter undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after the date of this presentation. More information about these factors is contained in Glatfelter’s filings with the U.S. Securities and Exchange Commission, which are available at www.glatfelter.com.

Agenda



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- **Our Story**
- Business Unit Review
- Financial Review
- Summary

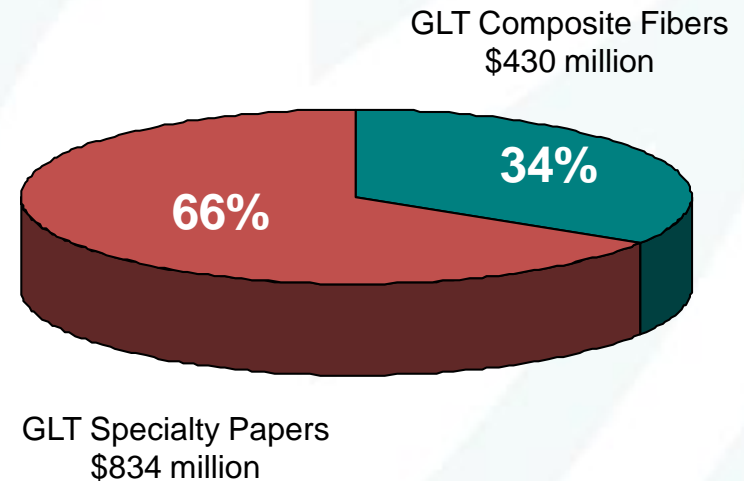
Glatfelter Company Overview



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- Two business units: Composite Fibers and Specialty Papers
- 2008 Net sales ~ \$1.3 billion
- Production capacity ~ 782k short tons per annum
- 8 production facilities located in the U.S., Europe, and the Philippines
- ~ 33,500 acres of timberlands located in Pennsylvania, Delaware and Virginia
- 3,562 employees worldwide

2008 Segment Breakdown



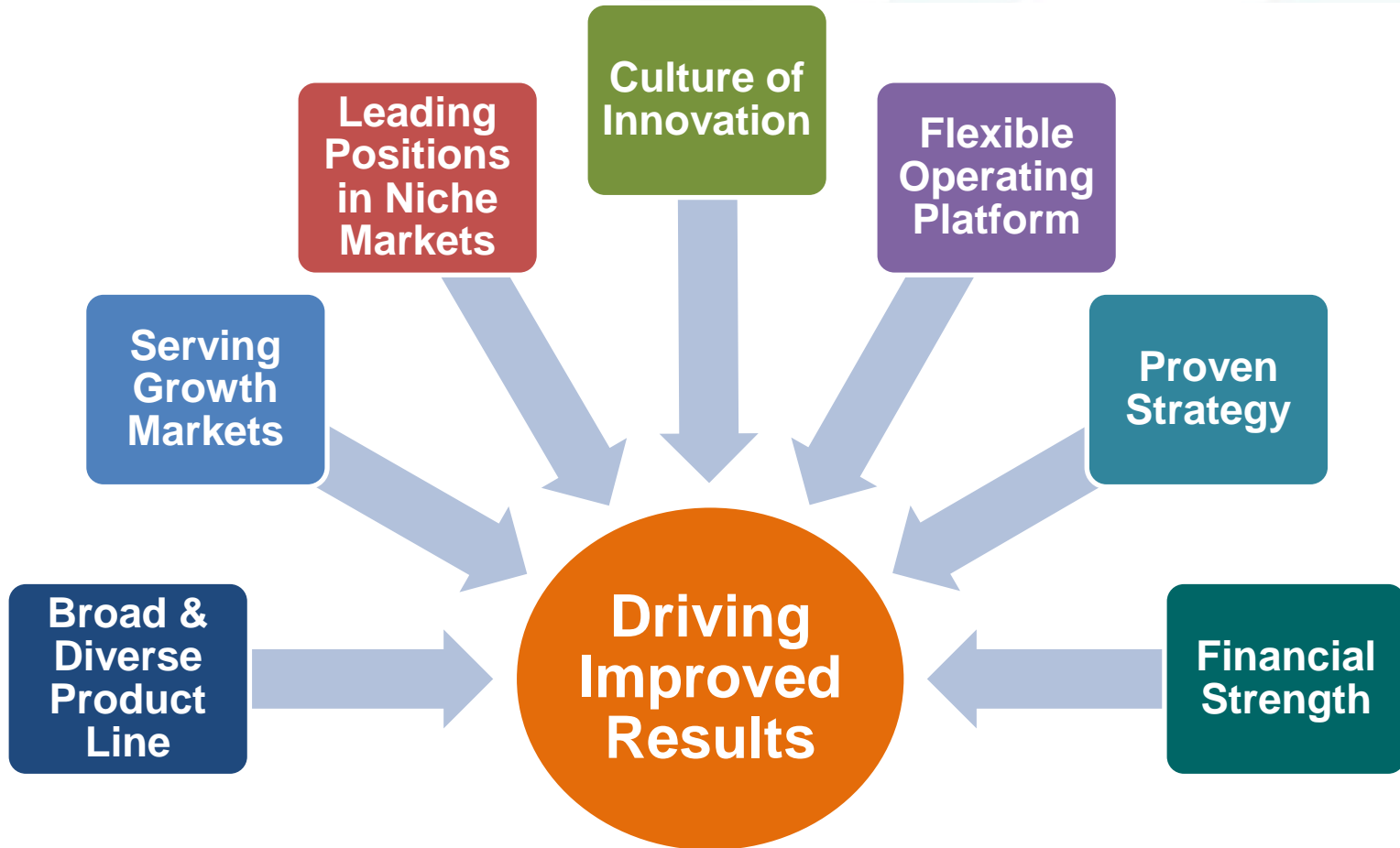
Total Sales: \$1.3 Billion

Glatfelter is a global manufacturer of highly specialized papers

GLT Sustained Value Creation



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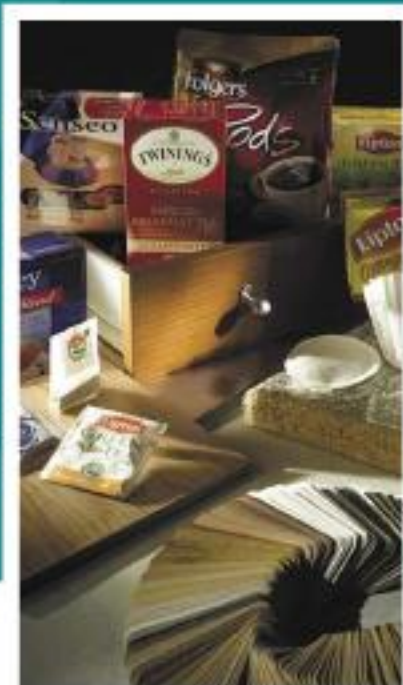
The Company's financial strength and proven strategy drive our ability to capitalize on our competitive advantages in the marketplace.

Broad and Diverse Product Line...



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Our products are found in a wide array of consumer and industrial products used every day around the world





- **Markets and Applications**

- › Filtration Papers for the tea and coffee industry
- › Book Publishing papers
- › Papers for Carbonless products and specialized Envelopes
- › Metallized papers for packaging and bottled beverage labels
- › Overlay papers for decorative laminate applications
- › Digital Imaging papers
- › Papers for a wide variety of specialty products including postage stamps, playing cards, greeting cards and FDA grades

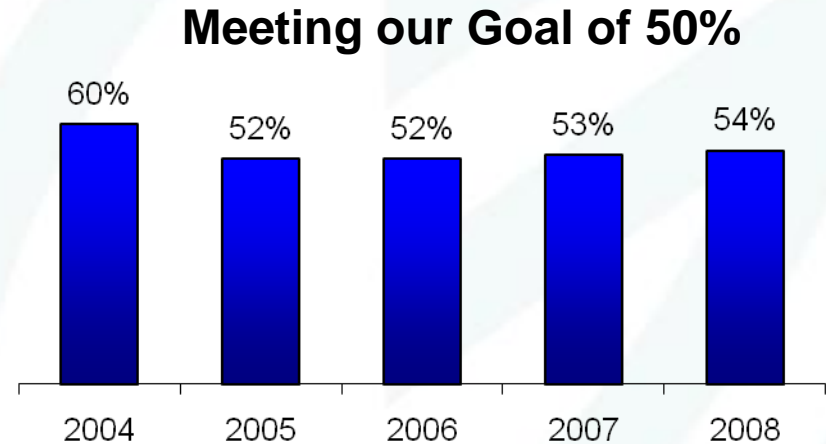


- Innovation as Business Driver

- ▶ Volume growth
- ▶ Mix and margin improvement
- ▶ Market share gains
- ▶ Geographic expansion

- Keys to Success

- ▶ Speed to market
- ▶ Focus on best opportunities
- ▶ Extensive customer involvement



New Product Development as % of Gross Revenue

Note: New product revenue includes products developed, enhanced, or improved within the five previous years.

Flexible Operating Platforms



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- Provide capability to manufacture a broad and diverse product portfolio
- Offer ability to shift manufacturing capacity among product lines
- Maximize manufacturing efficiencies in response to changing market dynamics
- Support New Product Development initiatives

Nimble manufacturing operations enable us to optimize product mix and operational efficiency.

Glatfelter's Proven Business Strategy



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Specialty Papers

Manage Product Mix & Volume

- Aggressive mix management
- New product development
- Superior customer service
- Leverage asset flexibility

Composite Fibers

Generate Top Line Growth

- Expand positions in growth markets
- Support new product development
- Pursue opportunistic acquisitions

Corporate Wide

- Drive cost reduction through improved productivity, asset utilization, and deployment of continuous improvement methodology
- Strong balance sheet
- Experienced management team with track record of success

Execution of strategy is driving strong results.

Strong Financial Results and Resources

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- Revenue has more than doubled over the past five years
- EBITDA is up 51% over last two years
- Adjusted earnings per share have grown at a compounded annual rate of 33% over past five years
- Balance sheet and liquidity remain strong

Glatfelter has a consistent record of producing profitable growth, and manages the business for sustainable growth and expansion.

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*SPECIALTY
PAPERS*



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*The paper
specialists*



Specialty Papers At a Glance



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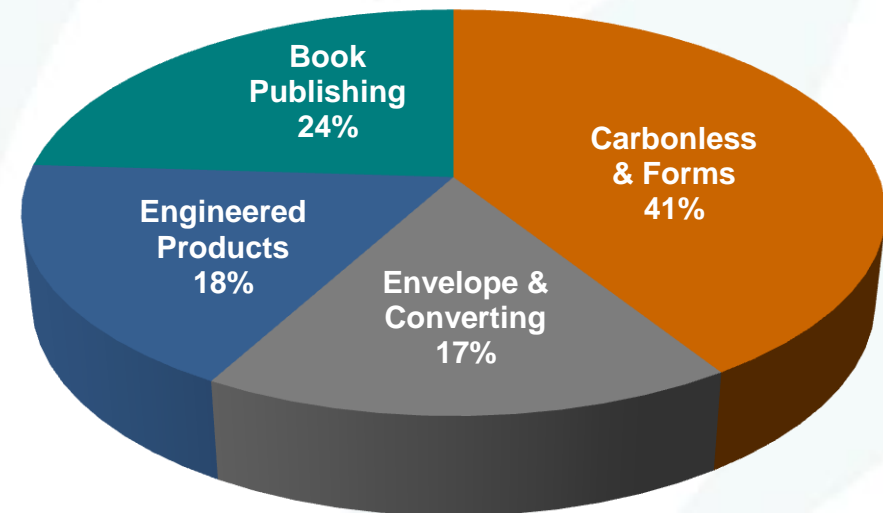
Key Facts

- ▶ Specialty Papers 66% of Sales
- ▶ 2008 Net Sales: \$834 million
- ▶ 2008 Tons Sold: ~748k tons
- ▶ 2008 Avg. Price: ~\$1,114 / ton

Estimated Segment Position (U.S)

- ▶ #1 in Trade Book Publishing
- ▶ #1 in Postal Applications
- ▶ #1 in Playing Cards
- ▶ #2 in Greeting Cards
- ▶ #2 in Carbonless Products

Key Product Sales Mix

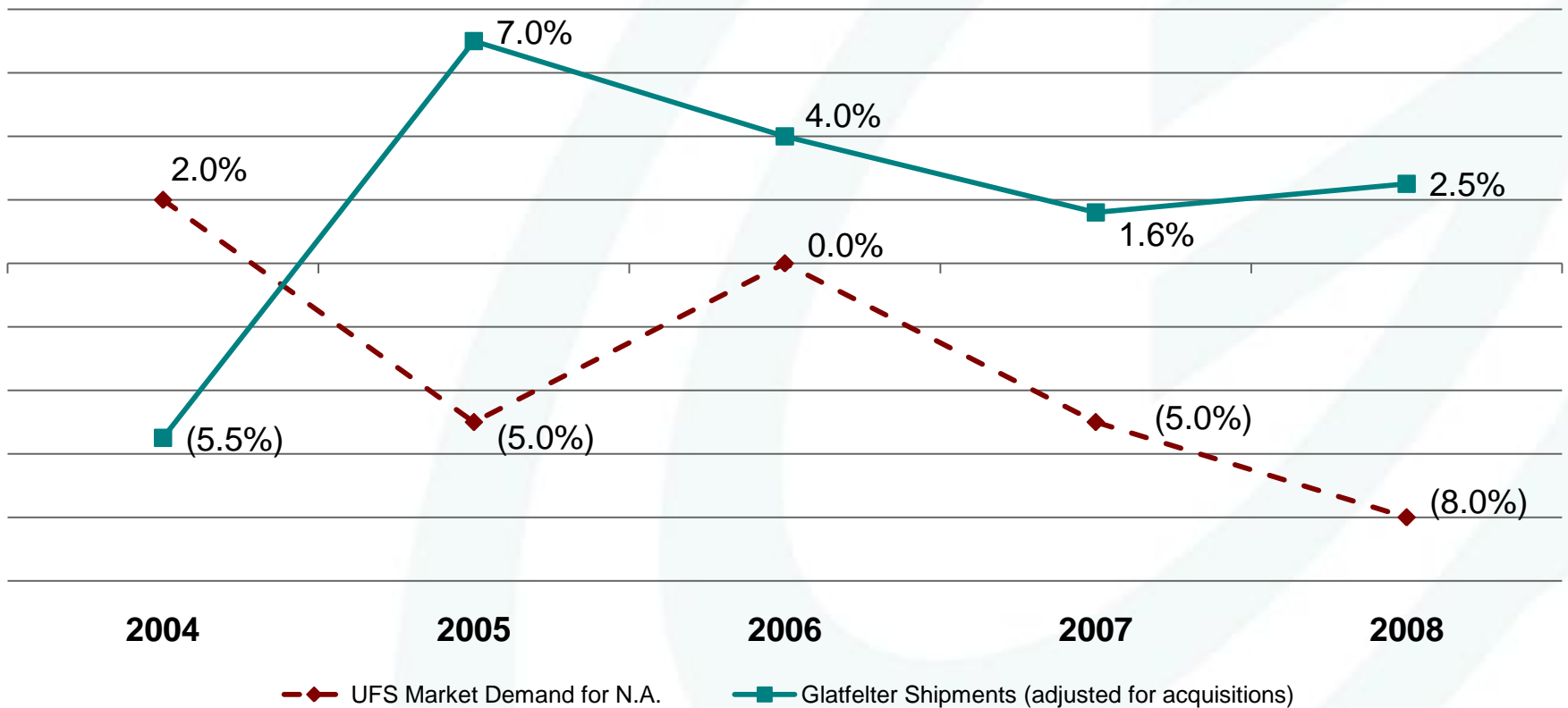


Leading positions in high-value niche markets.

Specialty Papers Shipments Substantially Outperformed the UFS Market



Year Over Year Change in Shipments



Specialty Papers Operational Enhancements in 2008



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- **Chillicothe Improvements**

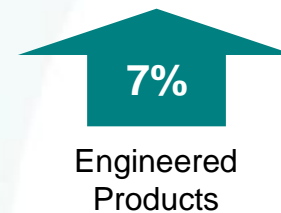
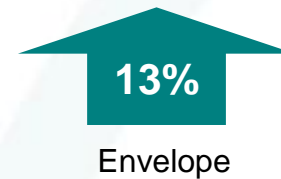
- ▶ 4% increase in productivity
- ▶ Equipment streamlined
- ▶ 11.5% reduction in staffing levels

- **Spring Grove Continuous Improvement Program**

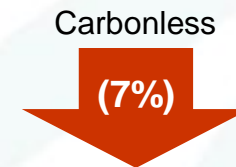
- ▶ \$9 million benefit in 2008

- **New Product Development (NPD) Initiatives**

- ▶ Substantial pipeline of new products



NPD capabilities and market leadership position combined to offset Carbonless decline (2008 volume changes)



Specialty Papers 2009 Priorities



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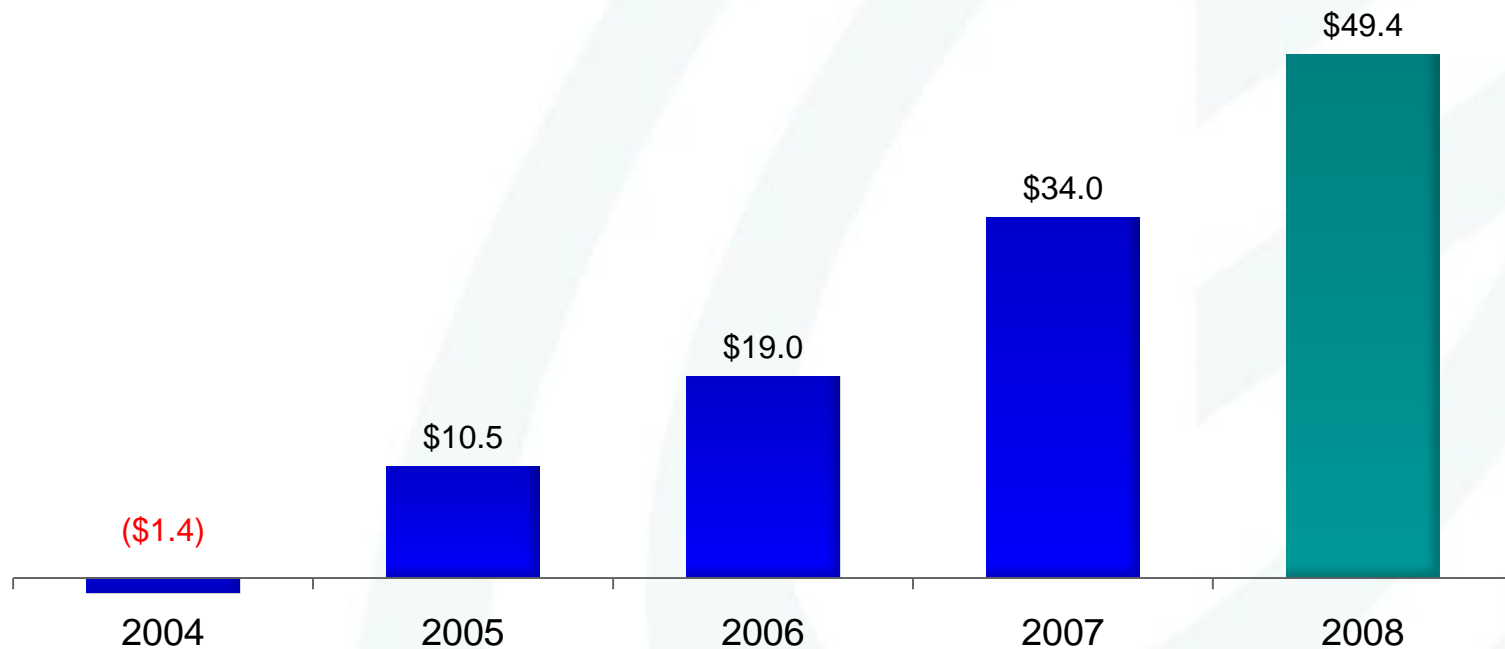
- Continue to...
 - Enhance manufacturing efficiency
 - Improve asset utilization
 - Execute continuous improvement and cost reduction initiatives
- Address increasing demand for sustainable products
- Grow market share through service, quality and customer intimacy
- New product engine will drive growth

Specialty Papers is well-positioned to capitalize on changing market dynamics – through aggressive cost control and new products.

Specialty Papers Operating Income 5-Year Trend



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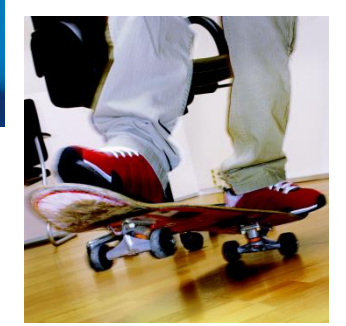


Results due to improving industry fundamentals, strategic positioning and focus on cost reduction.

COMPOSITE
FIBERS



*Building
global brand
identity*



Composite Fibers At a Glance



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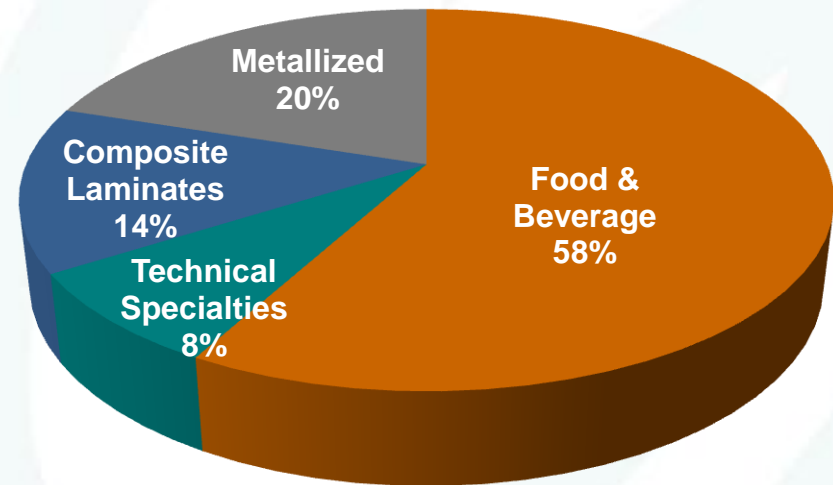
• Key Facts

- ▶ Composite Fibers 34% of sales
- ▶ 2008 Net Sales: \$430 million (highest ever)
- ▶ 2008 Tons Sold: ~86k tons
- ▶ 2008 Avg. Price: ~\$5,023/ton

• Estimated Segment Position (Worldwide)

- ▶ #1 in Tea Bags & Coffee Filters
- ▶ #1 in Composite Laminates
- ▶ #2 in Metallized Products

Key Product Sales Mix



Composite Fibers' leading positions in growth markets utilize an array of specialty fibers to create highly specialized papers.

Composite Fibers Market Expansion in 2008

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- **Caerphilly Acquisition** Doubled metallized products revenue
- **Operating Initiatives**
 - Completed two machine upgrades in 2008 to expand capacity to serve Food & Beverage and Technical Specialties markets
 - Continue to target 1% - 2% productivity improvement per year
- **New Product Development (NPD) Initiatives**
 - Continuing to ramp up new technical specialty products
 - Enhancing market leadership position and unique value proposition
- **Shipping volumes increased in key market segments in 2008**
 - Food & Beverage up 4% and Technical Specialties up 12%

Composite Fibers 2009 Priorities

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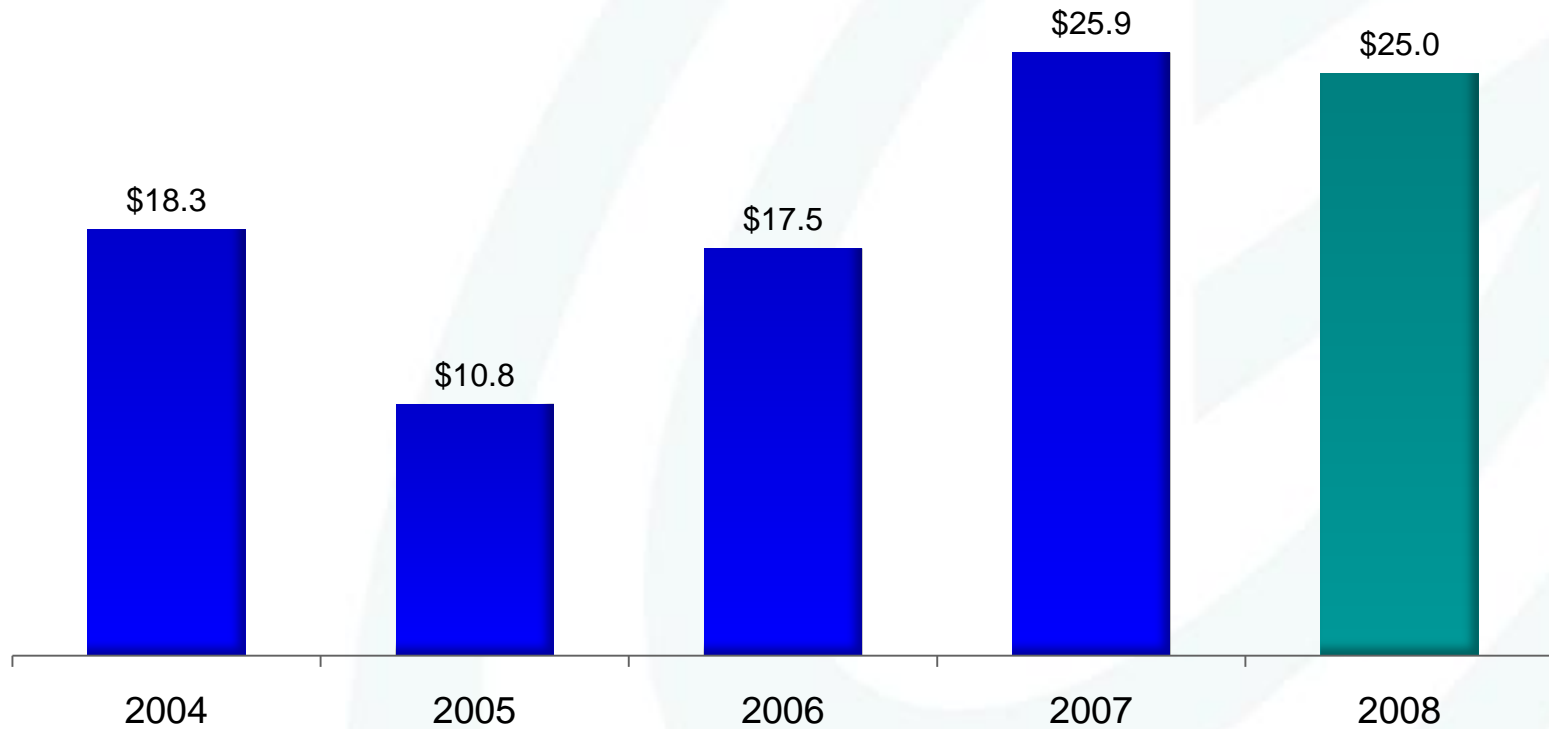
- Meet demand in markets with long-term growth and stability such as food and beverage, and metallized products
 - Market growth rates of approximately 5%
- Focus on cost containment and new product development
- Protect and increase market share through outstanding value delivery
- Capitalize on opportunities to expand in core markets, adjacent markets and new geographies

Composite Fibers is well-positioned to capitalize on growing demand – through capacity expansion, aggressive cost management and new products.

Composite Fibers Operating Income 5-Year Trend



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Results are due to strategic acquisitions and operational excellence initiatives.

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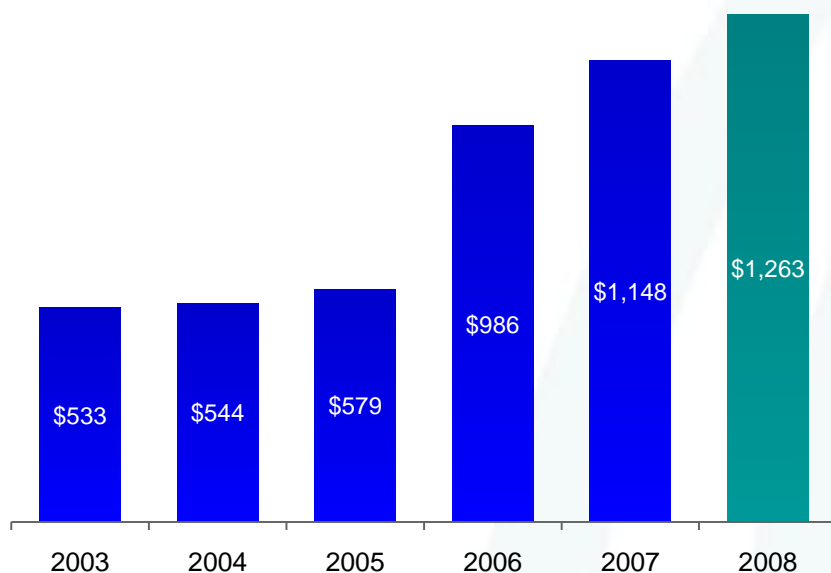
Financial Highlights



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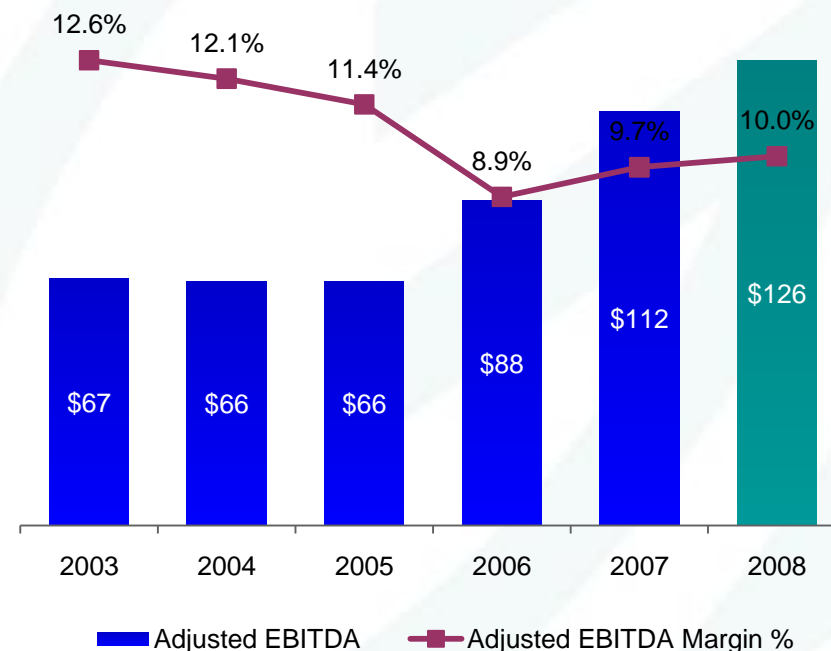
Net Sales

(\$ in millions)



Adj. EBITDA / % Margin

(\$ in millions)



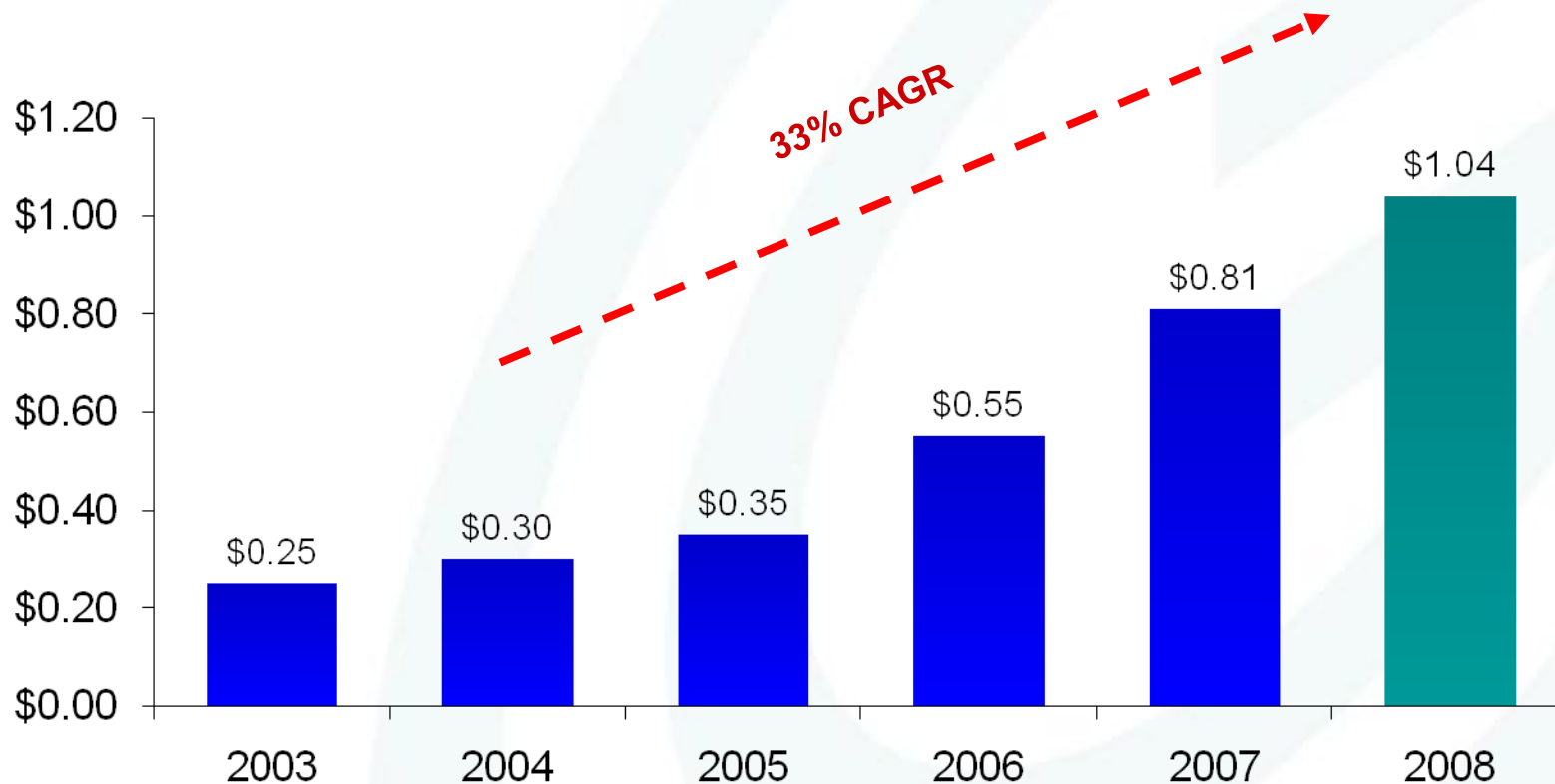
* Note: Adjusted EBITDA excludes pension income and is calculated by deducting one-time income & expenses that do not form a part of the company's core business. Some of these one-time items include (1) gains from timberland sales (2) insurance recoveries (3) reserves for environmental matters (4) debt redemption charges (5) acquisition & integration costs and (6) shutdown & restructuring charges.

Strategic acquisitions and execution of profit improvement initiatives drove EBITDA increase of 91% over the last three years.

Solid EPS Performance Reflects Improving Profitability



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Effective execution of our strategies drove adjusted earnings increase of 28% in 2008 with a five-year CAGR of 33%.

Q2'09 Highlights

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- Adjusted EPS of (\$0.22) vs. \$0.06 in Q2'08
 - Machine downtime due to aggressive inventory reduction initiative and lower shipping levels reduced EPS by \$0.15
 - Change to pension expense reduced EPS by \$0.08
- Generated strong free cash flow of \$60 million
 - Focus on inventory reduction generated \$27 million of cash flow during Q2
 - Received \$30 million from use of alternative fuel mixtures
- Significant improvement expected in Q3
 - Shipping volumes expected to be 10% higher in Specialty Papers and 5% higher in Composite Fibers vs. Q2'09
 - Selling prices and input costs expected to be in-line with Q2
 - Machine downtime expected to be significantly less than Q2

Strong Balance Sheet



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(in millions)	30-Jun-09	31-Dec-08	31-Dec-07
Cash	\$78.2	\$32.2	\$29.8
Total Debt	\$275.6	\$313.3	\$313.2
Collateralized Debt	<u>(\$36.7)</u>	<u>(\$70.7)</u>	<u>(\$34.0)</u>
Net Debt	<u><u>\$160.7</u></u>	<u><u>\$210.4</u></u>	<u><u>\$249.4</u></u>
Shareholders' Equity	<u><u>\$380.7</u></u>	<u><u>\$342.7</u></u>	<u><u>\$476.1</u></u>
Adjusted EBITDA (exc. Pension Inc.)	\$118.8	\$125.7	\$112.0
Leverage	1.4x	1.7x	2.2x

Strong balance sheet provides financial flexibility to support growth investments.

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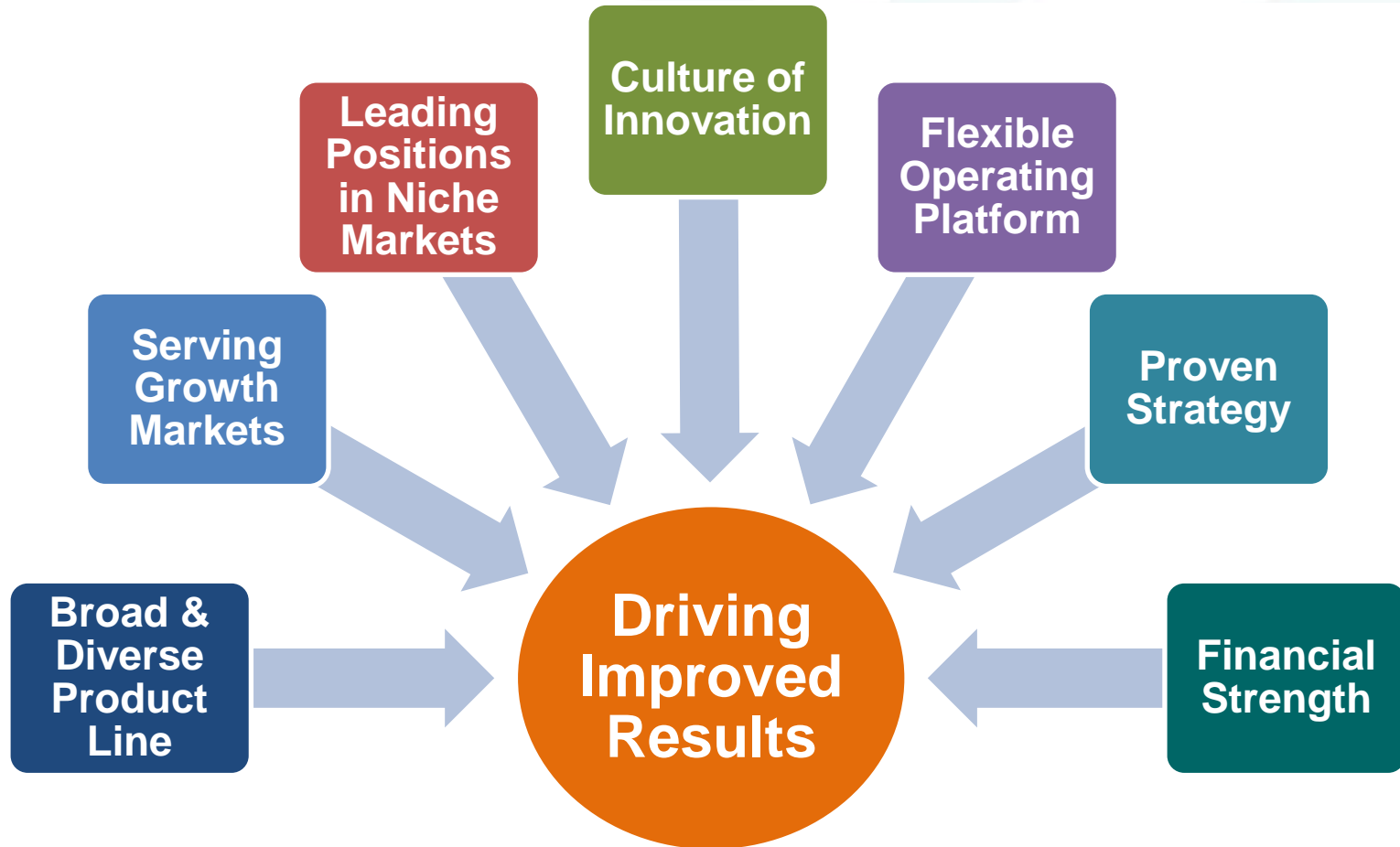
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GLT Sustained Value Creation



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Appendix

Reconciliation of GAAP Earnings with Adjusted Earnings



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	2003	2004	2005	2006	2007	2008
Net income	\$0.30	\$1.27	\$0.87	(\$0.27)	\$1.40	\$1.27
Shutdow n and restructuring	\$0.20	\$0.29	\$0.02	\$0.79	\$0.00	(\$0.01)
Acquisition & Integration costs				\$0.19	\$0.03	\$0.02
Fox River Reserve					\$0.35	\$0.00
Ecusta related reserve	\$0.16					\$0.00
Debt redemption premium				\$0.04	\$0.00	\$0.00
Timberland sales	(\$0.46)	(\$0.78)	(\$0.25)	(\$0.20)	(\$0.97)	(\$0.24)
Insurance recoveries		(\$0.48)	(\$0.29)	\$0.00	\$0.00	\$0.00
Asset w rite dow ns	\$0.05					
Total Adjustments to Income	(\$0.05)	(\$0.97)	(\$0.52)	\$0.82	(\$0.59)	(\$0.23)
Adjusted income	\$0.25	\$0.30	\$0.35	\$0.55	\$0.81	\$1.04



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Adjusted EBITDA, Excluding Pension

(in millions)	31-Dec-08	31-Dec-07
Income before Income Taxes	\$ 81,026	\$ 93,934
Net Pension Income	(16,062)	(12,896)
Depreciation and Amortization	60,611	56,001
Net Interest Expense	<u>18,185</u>	<u>25,089</u>
EBITDA, excluding pension	143,760	162,128
Adjusted / exclusions		
Gain on Sales of Timberlands and Other Assets	(18,468)	(78,685)
Charge for Environmental Remediation	-	26,000
Acquisition Integration Costs	1,243	2,482
Shutdown and Restructuring Costs	<u>(856)</u>	<u>35</u>
Adjusted EBITDA, excluding pension	<u>\$ 125,679</u>	<u>\$ 111,960</u>

Net Sales by Market Segment



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SPBU	2003	2004	2005	2006	2007	2008
Book Publishing	\$170	\$143	\$157	\$167	\$185	\$201
Carbonless & Forms	\$0	\$0	\$0	\$267	\$346	\$338
Envelope & Converting	\$74	\$82	\$92	\$103	\$117	\$138
Engineered Products	\$107	\$113	\$130	\$137	\$137	\$149
Other	\$7	\$0	\$2	\$20	\$18	\$7
Total	\$358	\$338	\$381	\$694	\$803	\$833

CFBU	2003	2004	2005	2006	2007	2008
Food & Beverage	\$97	\$107	\$103	\$180	\$219	\$253
Composite Laminates	\$38	\$47	\$43	\$51	\$53	\$59
Metallized	\$29	\$33	\$36	\$40	\$45	\$86
Technical Specialties & Other	\$1	\$17	\$17	\$22	\$29	\$33
Total	\$165	\$204	\$199	\$293	\$346	\$431