

Glatfelter (NYSE:GLT)

2010 Second Quarter Financial Results

August 3, 2010

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



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Forward-Looking Statements and Use of non-GAAP Financial Measures



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Certain statements included in this presentation, which pertain to future financial and business matters, are “forward-looking statements” within the meaning of the safe harbor provisions 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 other countries in which Glatfelter does business, demand for or pricing of its products, changes in tax legislation, governmental laws, regulations and policies, initiatives of regulatory authorities, acquisition integration risks, technological changes and innovations, market growth rates, cost reduction initiatives, 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.

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

Q2'10 Financial Highlights



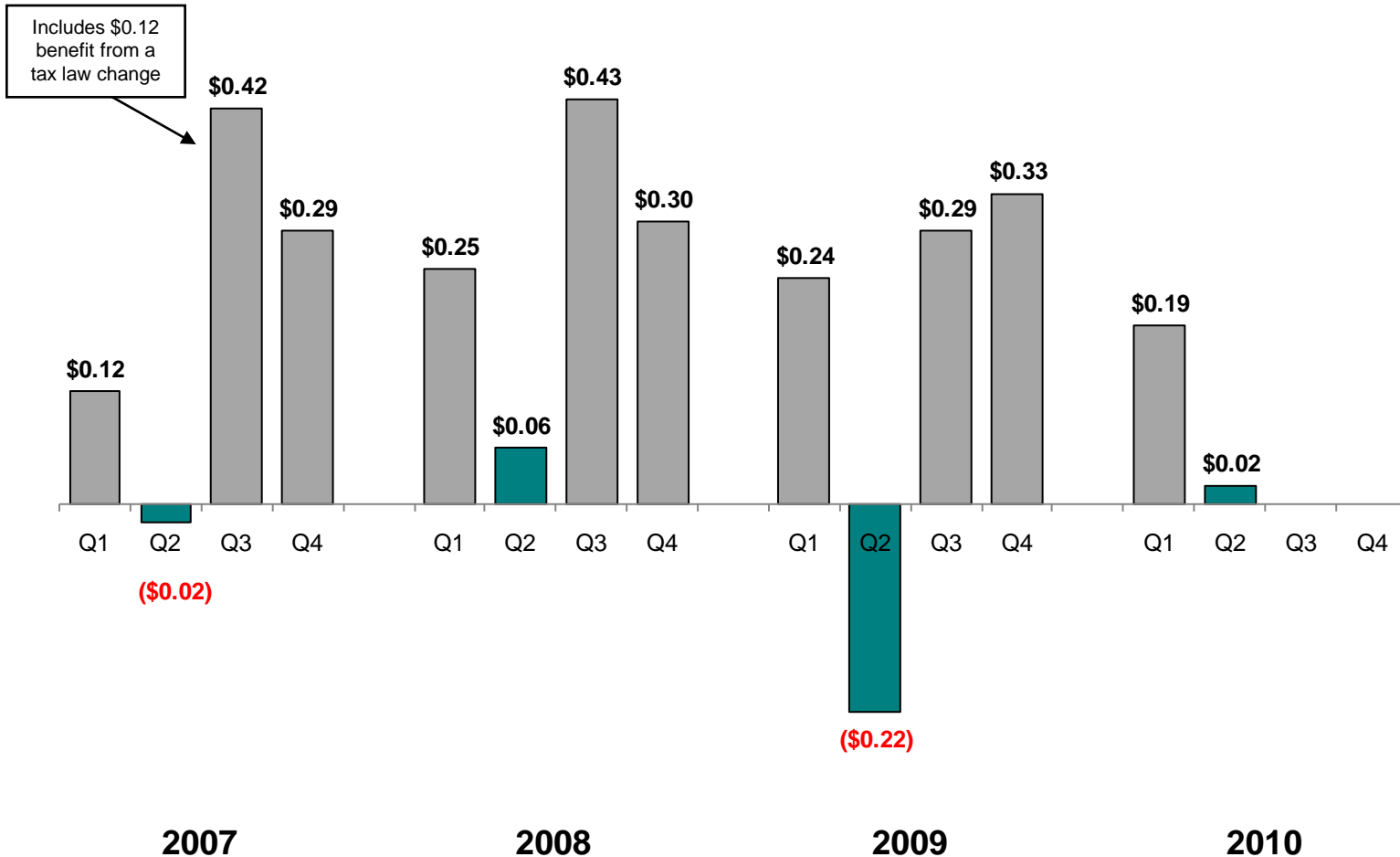
- **Net Sales increased 30% compared to Q2'09.**
 - › Includes Concert acquisition
 - › Organic sales growth of 11%
- **Significant earnings growth with Adjusted EPS of \$0.02 in Q2'10, compared to a loss of \$0.22 in Q2'09.**
 - › Specialty Papers operating income increased \$9.1 million.
 - › Composite Fibers operating income increased \$5.3 million or 149%.
- **Generated free cash flow of \$53.0 million in Q2'10, compared to \$59.8 million in Q2'09.**
 - › Includes \$54.9 million and \$29.7 million of cash from AFM credits in Q2'10 and Q2'09, respectively.
- **At June 30, 2010, GLT had \$42.6 million of cash and \$218.3 million of borrowing capacity under its revolving credit agreement.**

Adjusted EPS

(EPS Before Special Items)



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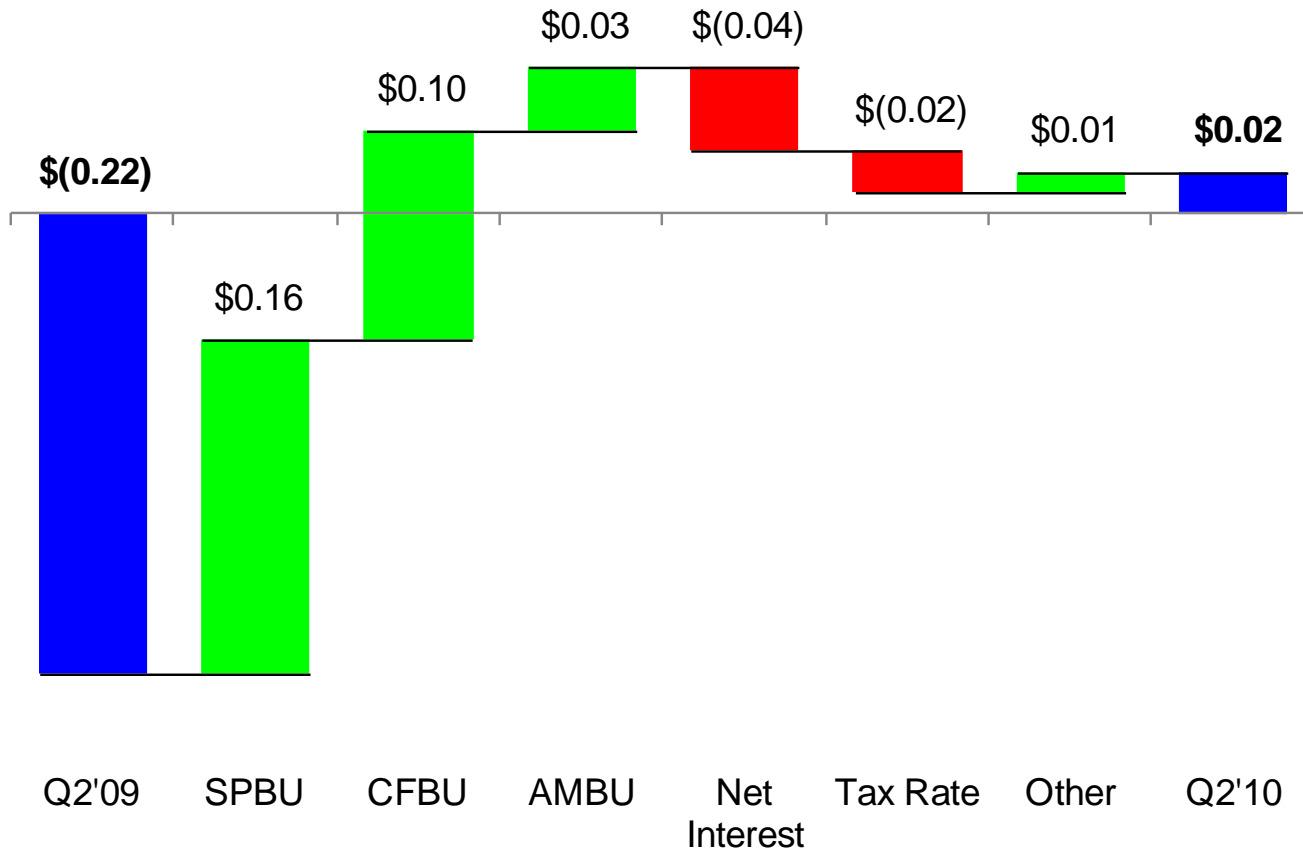


Note: See appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.

Adjusted EPS – Q2'10 vs. Q2'09



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

Specialty Papers Q2'10 Highlights



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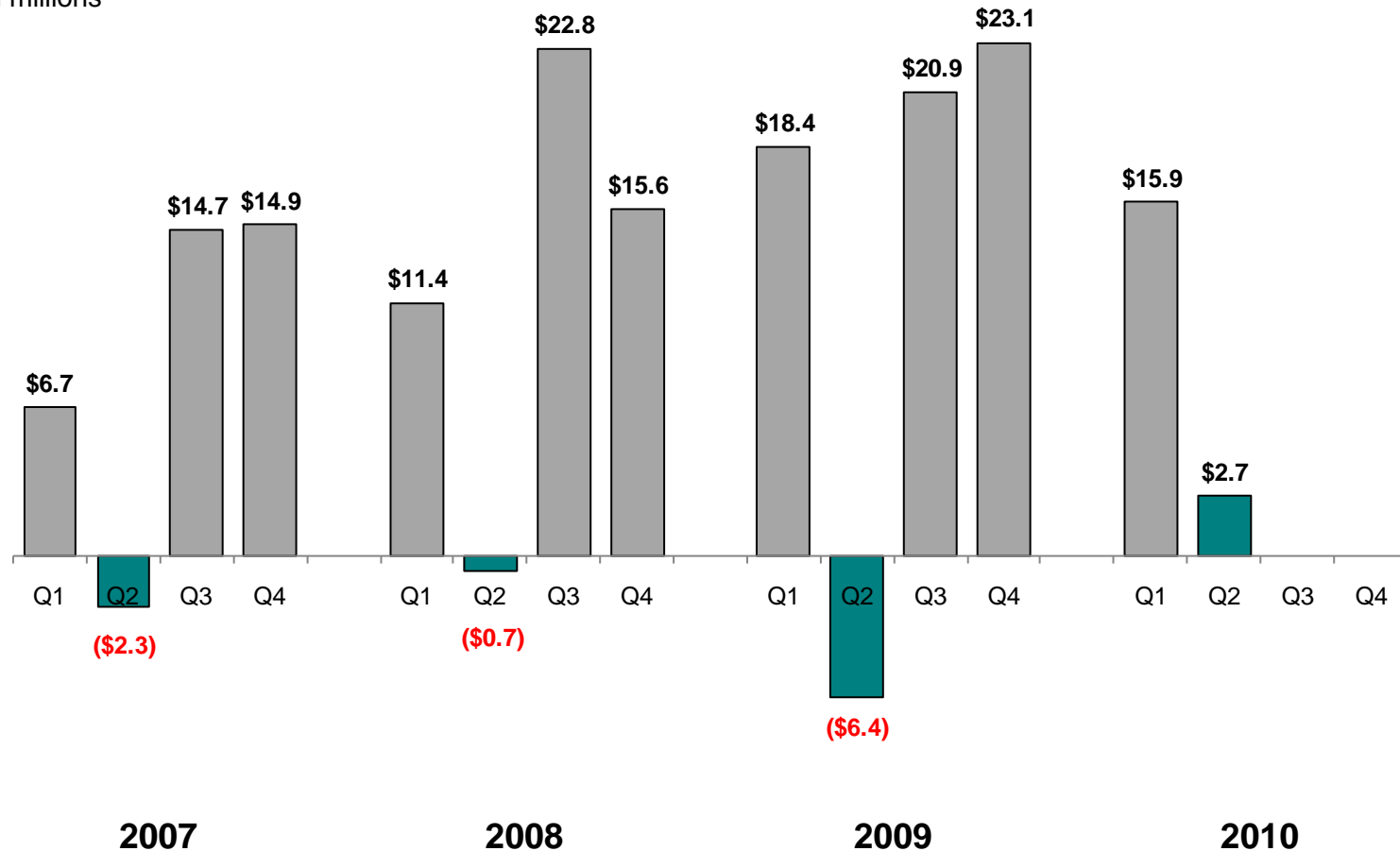
- **Net sales were up 13.2% and shipping volume was 9.7% higher in Q2'10 vs. Q2'09.**
 - Shipments were higher in Carbonless & Forms (+22.8%), Envelope (+13.8%), and Engineered Products (+5.0%), and down in Book Publishing (-9.5%).
 - The diversity of its product portfolio again resulted in Specialty Papers significantly outperforming the broader UFS market, which was down 0.6% year over year.
 - Average selling prices were higher across all product lines generating \$4.9 million.
- **Increased shipping volume and lower inventories eliminated machine downtime in Q2'10, which improved results by \$5.2 million**
- **Overall, input costs increased by \$4.9 million compared to Q2'09 primarily due to increased purchased pulp prices.**
- **Annual maintenance outages were completed at both facilities in line with expectations.**
 - As planned, the expanded scope impacted operating income by \$19.6 million in Q2'10 vs. \$16.1 million in Q2'09.
 - Continuous Improvement initiatives largely offset the increased maintenance spending.

Specialty Papers Operating Income



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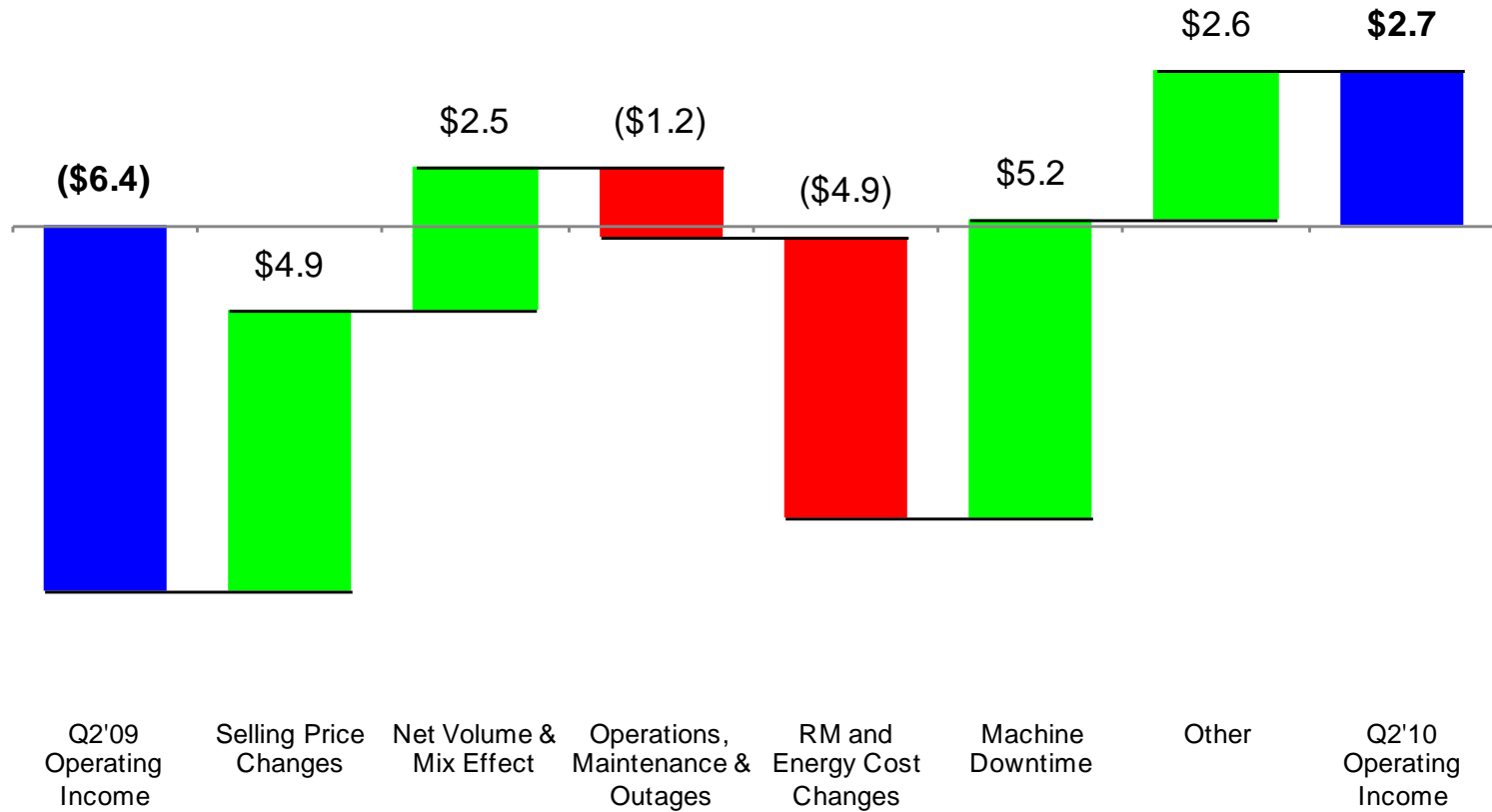
\$ in millions



Specialty Papers Q2'10 vs. Q2'09



\$ in millions



Composite Fibers Q2'10 Highlights



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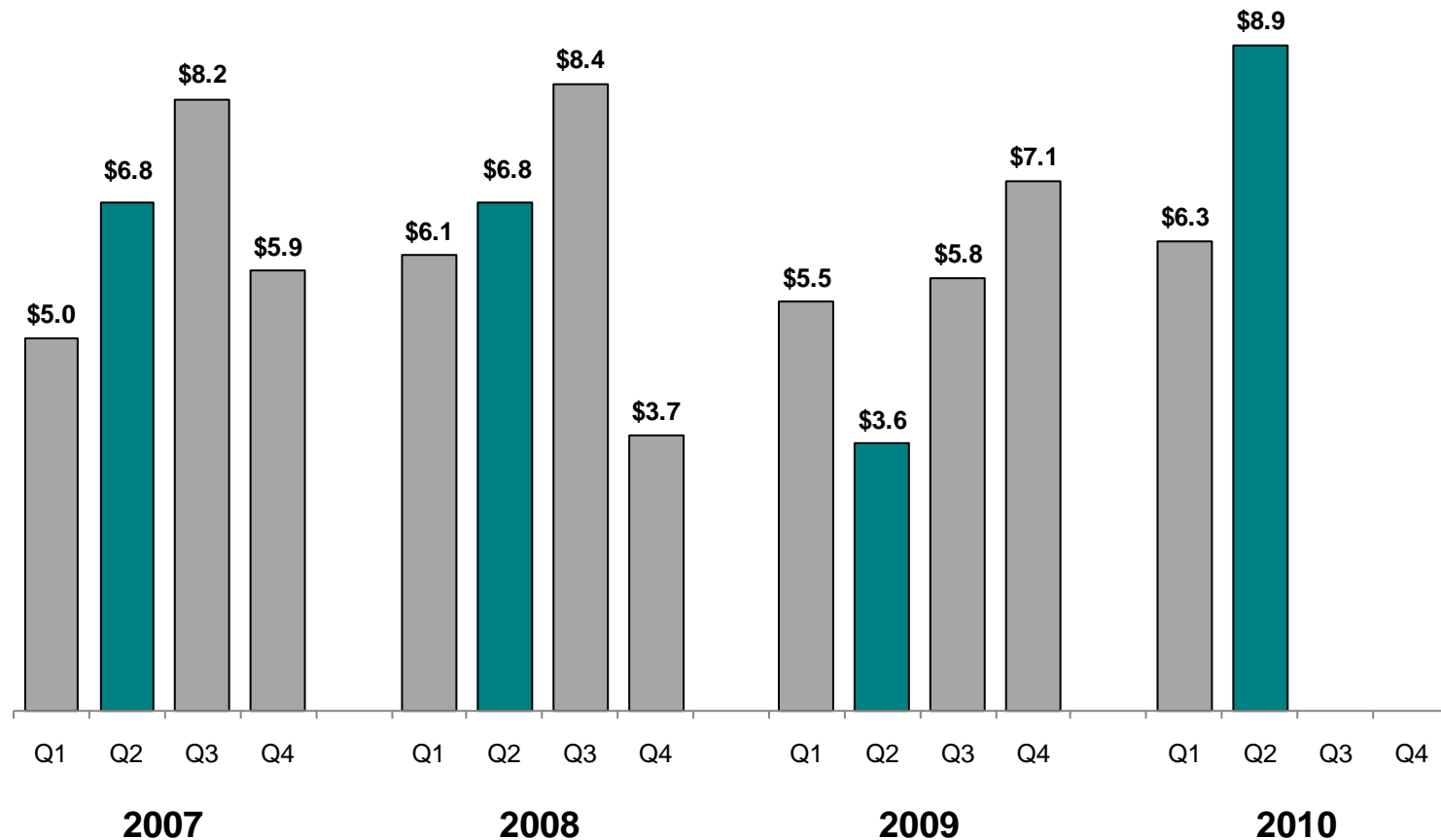
- **Net sales increased 13.4% on constant currency basis and shipping volume was up 14.4% in Q2'10 vs. Q2'09.**
 - › Shipments were higher in all segments: Food & Beverage (+13.1%), Composite Laminates (+25%), Technical Specialties (+55%), and Metallized Products (+4.3%).
 - › Unfavorable foreign currency translation decreased net sales by \$5.4 million.
 - › Increased volume and improved mix increased operating income by \$1.1 million.
- **Raw material and energy costs declined overall by \$1.0 million with lower energy and abaca pulp costs offsetting increased wood pulp prices.**
- **Continuous Improvement initiatives and the elimination of market driven downtime increased operating profit by \$5.4 million in Q2'10 vs. Q2'09.**

Composite Fibers Operating Income



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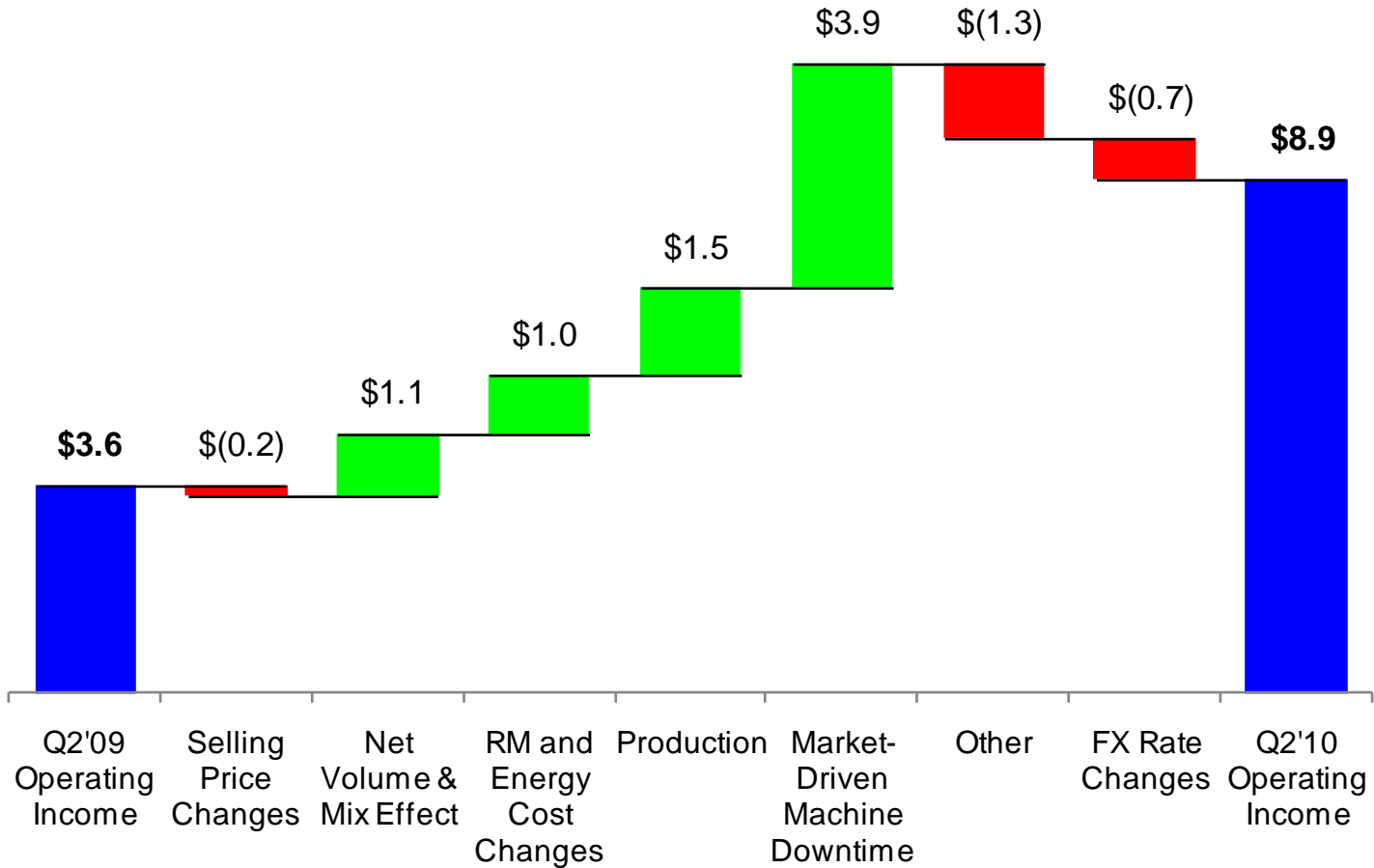
\$ in millions



Composite Fibers Q2'10 vs. Q2'09



\$ in millions



Advanced Airlaid Materials

Q2'10 Highlights



- **Generated revenue of \$52.0 million.**
 - Shipping volume was negatively impacted by customers managing inventory levels at quarter-end.
- **Operating income was \$1.9 million in Q2'10.**
 - Negatively impacted by approximately \$1.2 million due to lag in the contractual pass-through to customers of increased pulp costs.
 - Adversely impacted by \$0.2 million for charging cost of products sold for the write-up of acquired inventory to fair value.

Balance Sheet



(in millions)	30-Jun-10	31-Dec-09
Cash	\$42.6	\$135.4
Total Debt	\$337.8	\$254.6
Collateralized Debt	(\$36.7)	(\$36.7)
Net Debt	\$258.5	\$82.5
Shareholder's Equity	\$475.4	\$510.7
TTM Adj. EBITDA (excl. Pension) ¹	\$145.7	\$126.2
Leverage ²	1.8x	0.7x
Cash available under Bank facility	\$218.3	\$194.3

Note: The above calculation is not intended to be used for purposes of calculating debt covenant compliance.

Q3'10 Outlook



Specialty Papers

- Shipping volume in Q3'10 is expected to be approximately 8% higher than in Q2'10.
- Selling prices are expected to be higher in the same comparison.
- Input costs are expected to be in line with Q2'10.

Composite Fibers

- Shipping volume in Q3'10 is expected to be in line with Q2'10.
- Selling prices in Q3'10 are expected to be in line with Q2'10 prices.
- Input costs are expected to be in line with Q2'10.

Advance Airlaid Materials

- Shipping volumes in Q3'10 are expected to be approximately 10% higher than in Q2'10.
- Operating income is also expected to increase by \$1.2 million from the pass through to customers of past raw material cost increases.
- For the remainder of 2010, integration costs are expected to approximate \$1.0 million.
- The Company continues to expect the acquisition will be modestly accretive to 2010 earnings, excluding acquisition and integration costs.

Appendix



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Reconciliation of Non-GAAP Adjusted Earnings



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	2007				2008				2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income (loss)	\$0.07	\$0.04	\$0.17	\$1.11	\$0.43	\$0.07	\$0.47	\$0.29	\$0.25	\$0.43	\$1.00	\$1.00	(\$0.01)	\$0.00		
Alternative fuel mixture credits										(\$0.67)	(\$0.72)	(\$0.70)				
Gains from sales of timberland and related transaction costs	(\$0.04)	(\$0.08)	(\$0.03)	(\$0.82)	(\$0.19)		(\$0.05)	\$0.00	(\$0.01)	\$0.01		(\$0.00)				
Shutdown and restructuring charges						(\$0.01)		\$0.00								
Acquisition integration costs	\$0.01	\$0.02	\$0.01		\$0.01		\$0.01	\$0.00				\$0.04	\$0.15	\$0.03		
Foreign currency hedge on acquisition price	\$0.08		\$0.27										\$0.05	(\$0.01)		
Fox River reserve	\$0.08		\$0.27													
Adjusted earnings (loss)	\$ 0.20	\$ (0.02)	\$ 0.69	\$ 0.29	\$ 0.25	\$ 0.06	\$ 0.43	\$ 0.30	\$ 0.24	\$ (0.22)	\$ 0.29	\$ 0.33	\$ 0.19	\$ 0.02		

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

Reconciliation of Non-GAAP Adjusted EBITDA, Excluding Pension



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Adjusted EBITDA, excluding pension	Q2'10 TTM	FY 2009
<i>In millions</i>		
Income before Income Taxes	\$ 100.9	\$ 143.1
Net Pension Expenses (Income)	8.1	7.0
Depreciation and Amortization	64.4	61.3
Net Interest Expense	20.5	17.3
EBITDA, excluding pension	<u>193.8</u>	<u>228.8</u>
Adjustments / exclusions		
Gain on Timberland Sales and Transaction Related Costs	(0.4)	(0.5)
AFM	(65.1)	(105.5)
Acquisition and Integration Expenses	17.3	3.5
Adjusted EBITDA, excluding pension	<u>\$ 145.7</u>	<u>\$ 126.2</u>

Reconciliation of Non-GAAP Net Debt and Free Cash Flow



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Net debt excluding collateralized debt	June 30	December 31
<i>In thousands</i>	2010	2009
Short term debt	\$5,875	\$3,888
Long term debt	331,896	250,695
Total debt	337,771	254,583
(-) Cash	(42,627)	(135,420)
Total debt less cash	295,144	119,163
(-) Collateralized debt from Timberland note	(36,695)	(36,695)
Net debt excluding collateralized debt	<u>\$258,449</u>	<u>\$82,468</u>

Free Cash Flow	Three months ended June 30	
<i>In thousands</i>	2010	2009
Cash from operations	\$62,305	\$66,052
Less:		
Capital expenditures	(9,309)	(6,241)
Free cash flow	<u>\$52,996</u>	<u>\$59,811</u>