

Glatfelter (NYSE:GLT)
2010 Third Quarter Financial Results
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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.

Q3'10 Financial Highlights



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- **Adjusted EPS of \$0.36 in Q3'10 is an increase of 24%, compared to \$0.29 in Q3'09, driven by strong performance in Composite Fibers.**
 - › Composite Fibers' operating income increased \$3.9 million or 67%.
 - › Specialty Papers' operating income increased \$2.1 million or 10%.
 - › Newly acquired Advanced Airlaid Materials added \$1.2 million of operating profit.
- **Free cash flow generation was strong at \$32.9 million in Q3'10 and \$100.1 million YTD.**
- **At September 30, 2010, Company had \$63.3 million of cash and \$218.3 million of borrowing capacity under its revolving credit agreement.**
- **Recognized \$23.1 million tax benefit in the quarter related to cellulosic biofuel production credit generated in 2009. Approximately \$14.8 million of this amount is expected to be received in Q4'10.**

Adjusted EPS

(EPS Before Special Items)

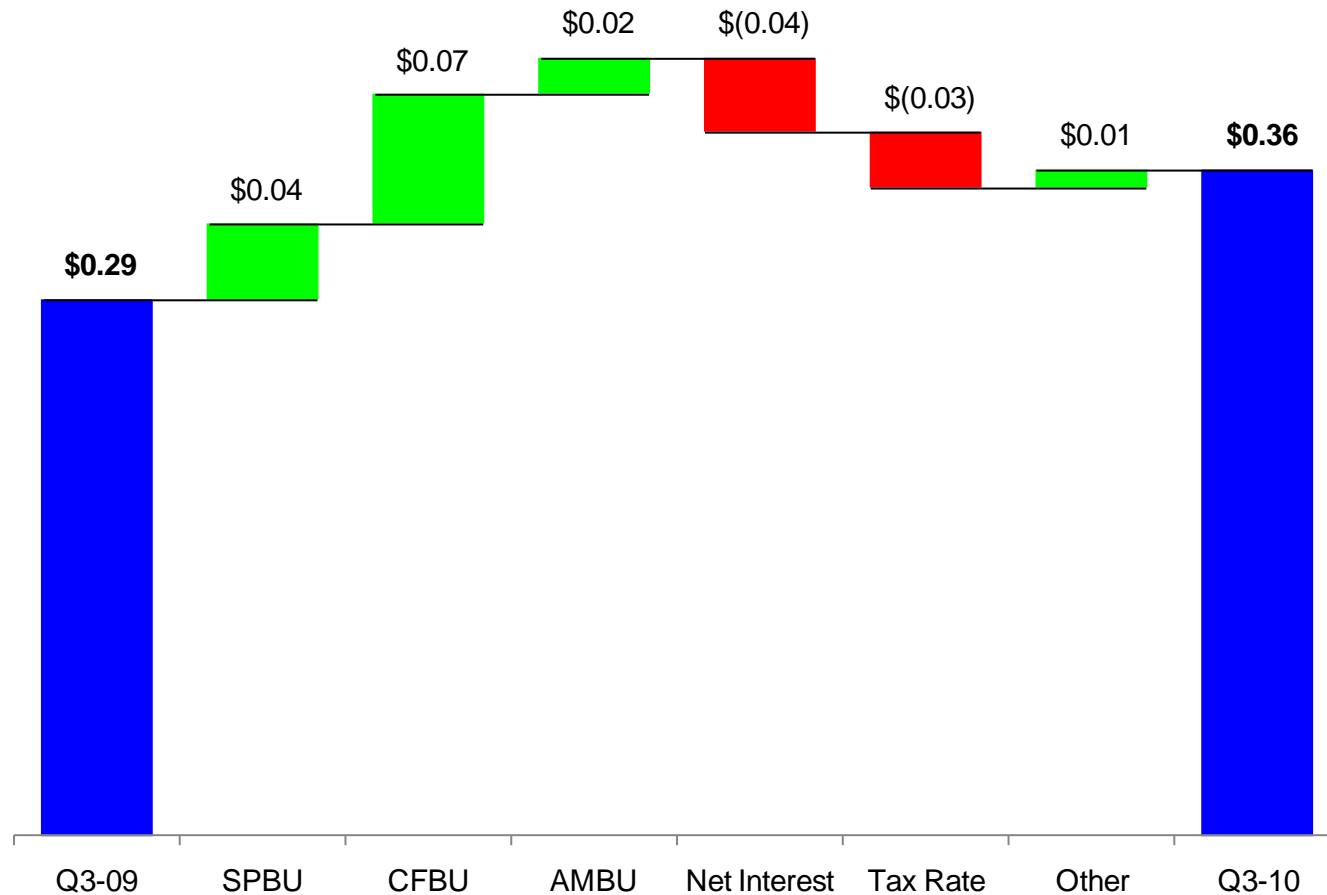


Note: See appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.

Adjusted EPS – Q3'10 vs. Q3'09



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

Specialty Papers Q3'10 Highlights



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- **Net sales were up 2.7% despite shipping volume being down 2.3% in Q3'10 vs. Q3'09.**
 - Average selling prices were higher across all product lines generating \$12.4 million more than offsetting significantly higher input costs.
 - Shipments were higher in Carbonless & Forms (+1.5%), Envelope & Converting (+5.6%), and down in Engineered Products (- 3.5%) and Book Publishing (-13.7%).
 - Volumes shipped by Specialty Papers outperformed the broader UFS market, which was down 5% year over year.
- **Input costs increased by \$5.8 million compared to Q3'09 primarily due to increased pulp prices.**
- **Specialty Papers incurred \$5.6 million of excess operational costs primarily related to a press roll failure and associated production interruption at its Chillicothe, Ohio facility**
- **Operating profit from energy sales and related activities contributed \$1.2 million more in 2010.**

Specialty Papers Operating Income



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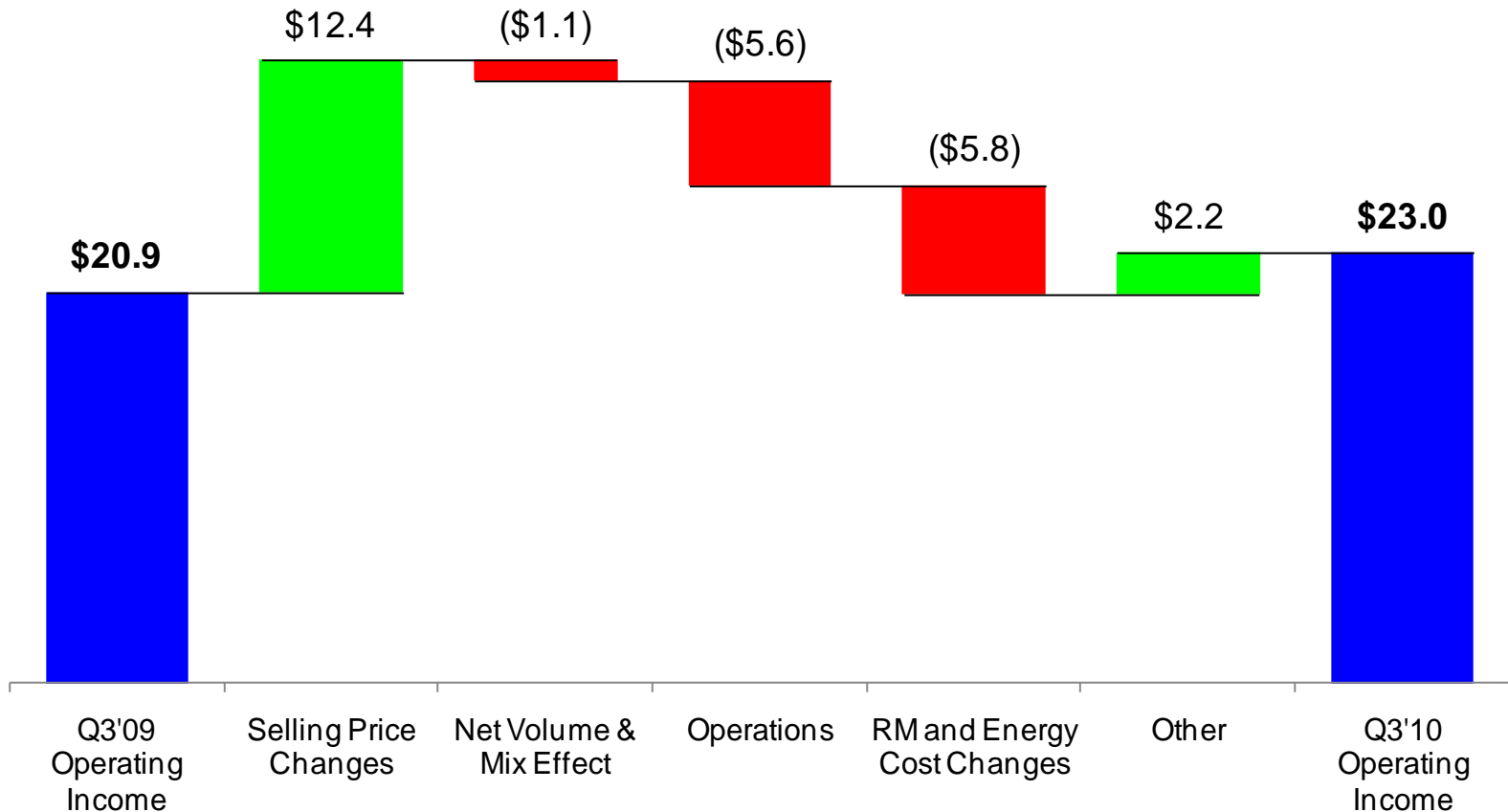
\$ in millions



Specialty Papers Q3'10 vs. Q3'09



\$ in millions



Composite Fibers Q3'10 Highlights



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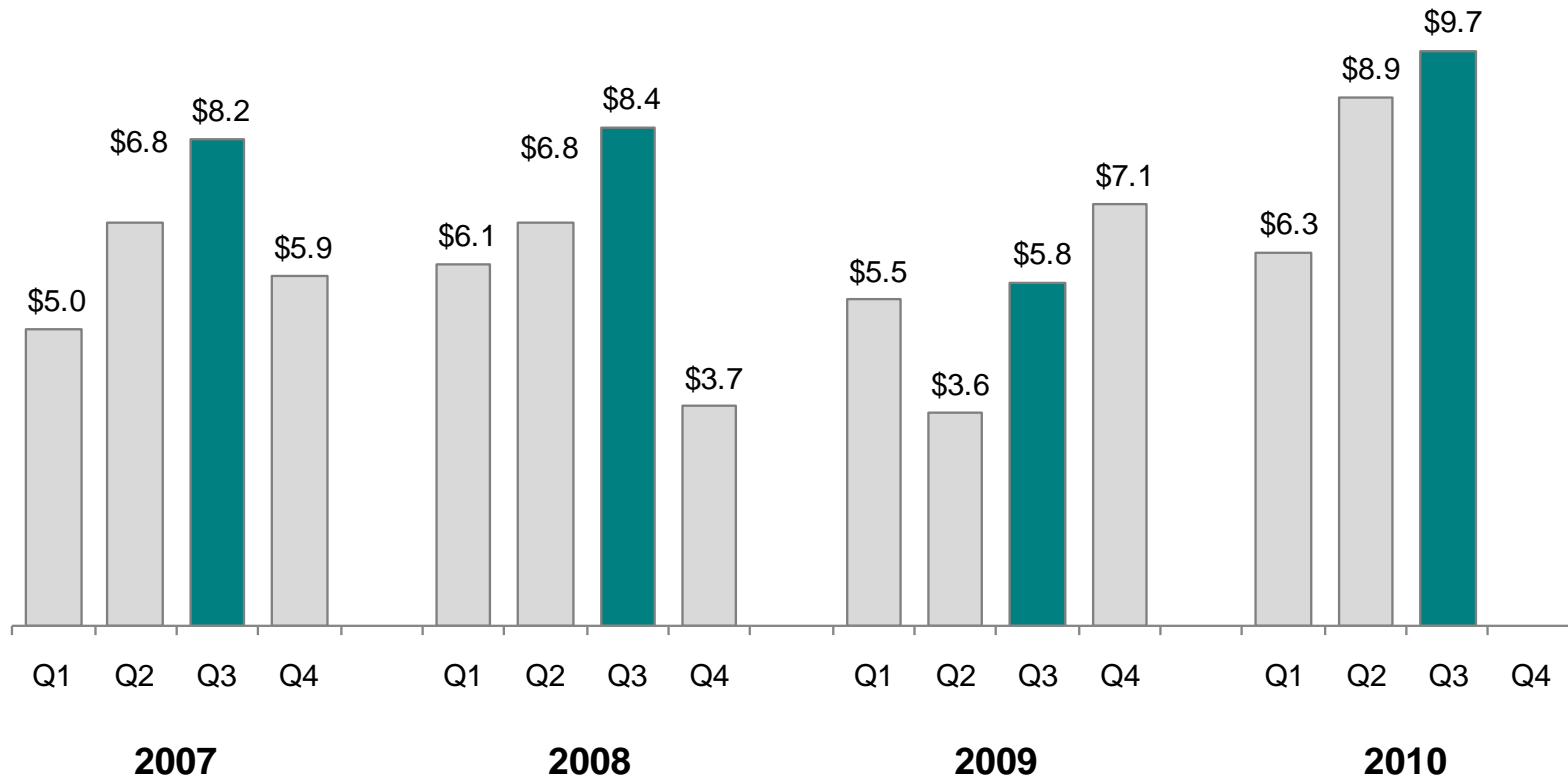
- **Operating income increased 67% to \$9.7 million in Q3'10 - a new single quarter record for this business unit.**
- **Net sales increased 3.0% on shipping volume growth of 13.2% in Q3'10 vs. Q3'09.**
 - Unfavorable foreign currency translation decreased net sales by \$8.5 million. On a constant currency basis, net sales increased 11.5%.
 - Shipments were higher in all segments: Food & Beverage (+12.9%), Composite Laminates (+11.6%), Technical Specialties (+17%), and Metallized Products (+14.1%).
 - Increased volume and improved mix increased operating income by \$1.2 million.
- **Raw material and energy costs increased \$0.4 million.**
- **Production efficiency improvements and the elimination of market driven downtime increased operating profit by \$3.6 million and \$1.3 million, respectively, in Q3'10 vs. Q3'09.**

Composite Fibers Operating Income



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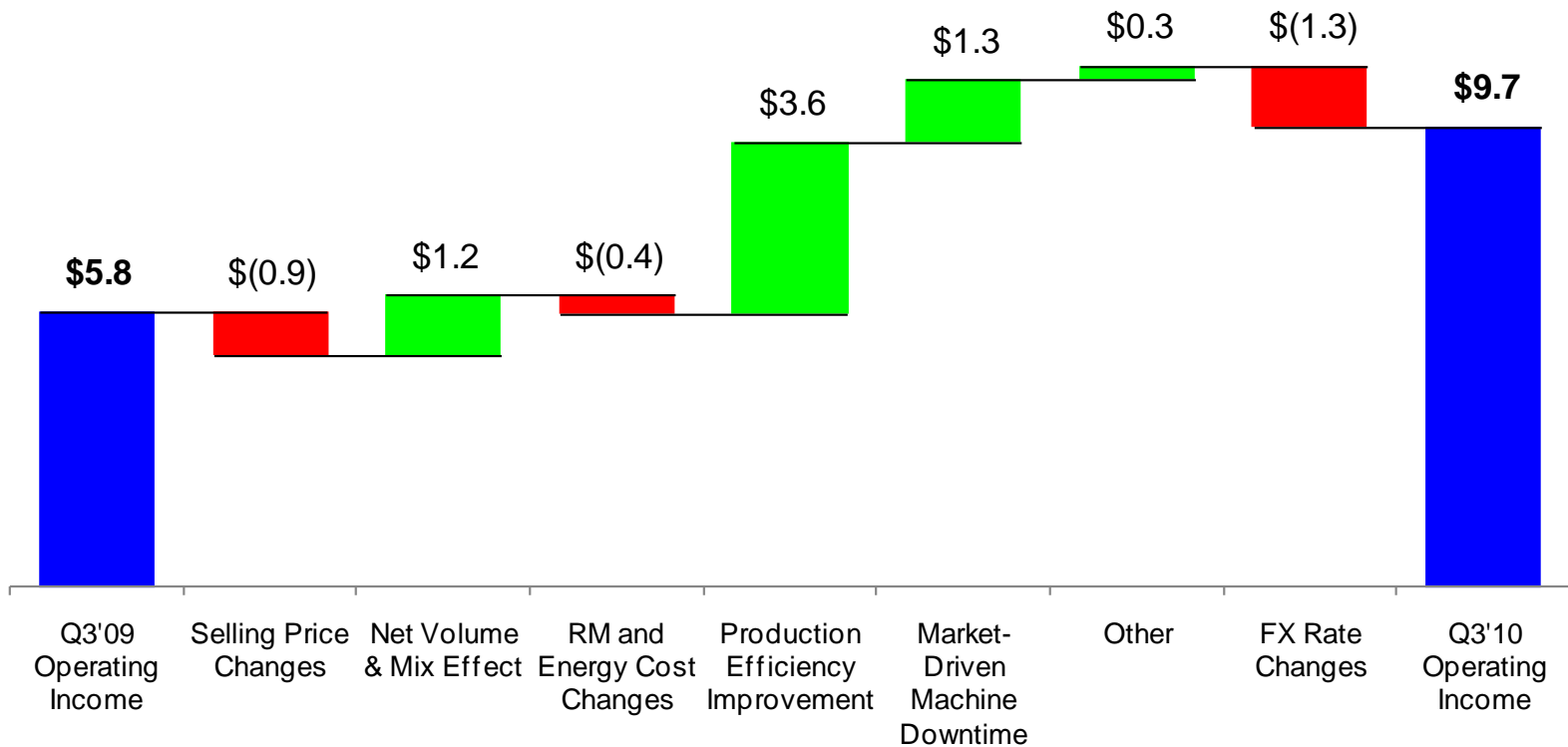
\$ in millions



Composite Fibers Q3'10 vs. Q3'09



\$ in millions



Advanced Airlaid Materials

Q3'10 Highlights



- **Advanced Airlaid generated revenue of \$58.0 million on 22,053 tons shipped.**
 - Q3'10 revenue was \$6.0 million higher than Q2'10.
 - Price increases contributed \$1.3 million to sales.
- **Operating income was \$1.2 million in Q3'10.**
 - Q3'10 operating income was \$0.8 million lower than Q2'10.
 - Higher input costs detracted \$1.2 million of operating profit compared to Q2'10 as the prices for key raw materials increased and foreign currency exchange rate changes negatively impacted raw material costs in the pass through calculation.
 - Operating results were also adversely impacted by downtime and operating inefficiencies.

Balance Sheet



(in millions)	30-Sep-10	31-Dec-09
Cash	\$63.3	\$135.4
Total Debt	333.1	254.6
Collateralized Debt	(36.7)	(36.7)
Net Debt	\$233.1	\$82.5
Shareholder's Equity	\$537.3	\$510.7
TTM Adj. EBITDA (excl. Pension)	\$152.5	\$126.2
<i>Leverage</i> *	1.5x	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.

Q4'10 Outlook



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Specialty Papers

- Shipping volume in Q4'10 is expected to be approximately 5% lower than in Q3'10, reflecting normal seasonality.
- Selling prices and input costs are expected to be in line with Q3'10.
- Compared to Q3'10, Q4'10 results are expected to be adversely impacted by normal seasonal downtime, lower energy revenue approximating \$1 million, and an additional LIFO related charge of approximating \$1 million.

Composite Fibers

- Shipping volume, selling prices and input costs in Q4'10 are expected to be in line with Q3'10.
- Contracted energy prices in Q4'10 are expected to be higher than in Q3'10, along with a slightly extended normal seasonal outage in December for maintenance work and inventory alignment as this business unit enters 2011.

Advanced Airlaid Materials

- Shipping volumes in Q4'10 are expected to be approximately 5% lower than in Q3'10.
- Selling prices are expected to increase net sales by \$1.4 million in Q4'10 vs. Q3'10 from the pass through to customers of past raw material cost increases, while input costs are expected to be in line with Q3'10.
- Anticipate this business to be approximately \$0.15 accretive to earnings per share in 2011.
 - › Expect a 10% increase in sales volume in 2011.
 - › Anticipate fluff pulp costs to modestly soften in the first half of 2011 and all other raw material costs to be flat to higher.
 - › Expect benefits from continuous improvement activities.

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	\$0.85	
Cellulosic bio-fuel and alternative fuel mixture credits											(\$0.67)	(\$0.72)	(\$0.70)		(\$0.50)	
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 and integration related costs	\$0.01	\$0.02	\$0.01		\$0.01		\$0.01	\$0.00				\$0.04	\$0.15	\$0.03	\$0.01	
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	\$ 0.36	

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 Measures Adjusted EBITDA, Excluding Pension



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Adjusted EBITDA, excluding pension <i>In millions</i>	Q3'10 TTM	FY 2009
Income before Income Taxes	\$ 73.3	\$ 143.1
Net Pension Expenses	8.4	7.0
Depreciation and Amortization	62.5	61.3
Net Interest Expense	<u>22.6</u>	<u>17.3</u>
EBITDA, excluding pension	\$ 166.7	\$ 228.8
Adjustments / exclusions		
Gain on Timberland Sales and Transaction Related Costs	(0.4)	(0.5)
Cellulosic Bio-fuel and Alternative Fuel Mixture Credits	(32.2)	(105.5)
Acquisition and Integration Expenses	<u>16.6</u>	<u>3.5</u>
Adjusted EBITDA, excluding pension	<u><u>\$ 150.8</u></u>	<u><u>\$ 126.2</u></u>

Reconciliation of Non-GAAP Measure Net Debt and Free Cash Flow



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Net debt excluding collateralized debt	September 30	December 31
<i>In thousands</i>	2010	2009
Short term debt	\$1.0	\$3.9
Long term debt	\$332.1	\$250.7
Total debt	\$333.1	\$254.6
(-) Cash	(\$63.3)	(\$135.4)
Total debt less cash	\$269.8	\$119.2
(-) Collateralized debt from Timberland note	(\$36.7)	(\$36.7)
Net debt excluding collateralized debt	\$233.1	\$82.5

Free Cash Flow	Three months ended September 30	
<i>In thousands</i>	2010	2009
Cash from operations	\$40.7	\$54.6
Less:		
Capital expenditures	(\$7.8)	(\$5.2)
Free cash flow	\$32.9	\$49.4