

Glatfelter (NYSE:GLT)

***2010 Fourth Quarter & Full Year Earnings
Conference Call***

February 11, 2011

Dante C. Parrini – President & Chief Executive Officer

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G L A T F E L T E R

Beyond Paper

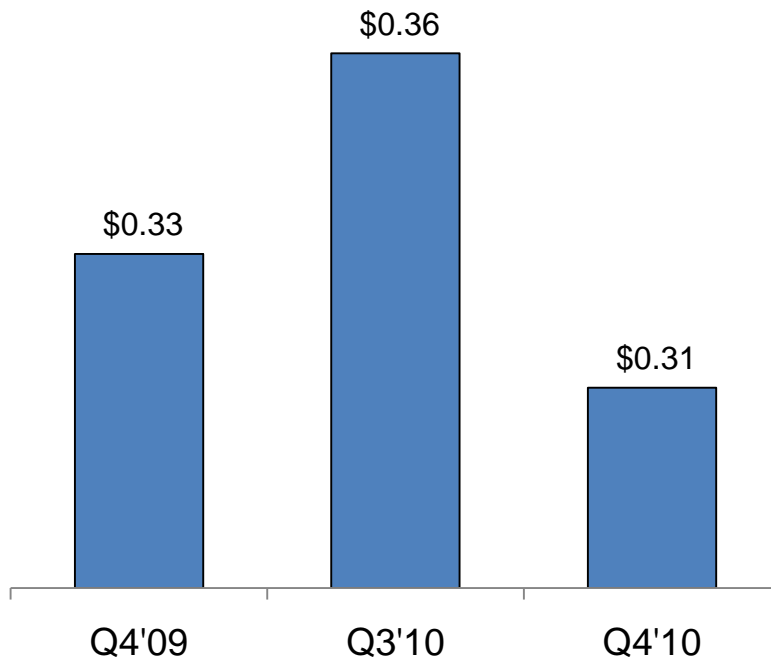
Forward-Looking Statements and Use of non-GAAP Financial Measures

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.

Q4 2010 Highlights

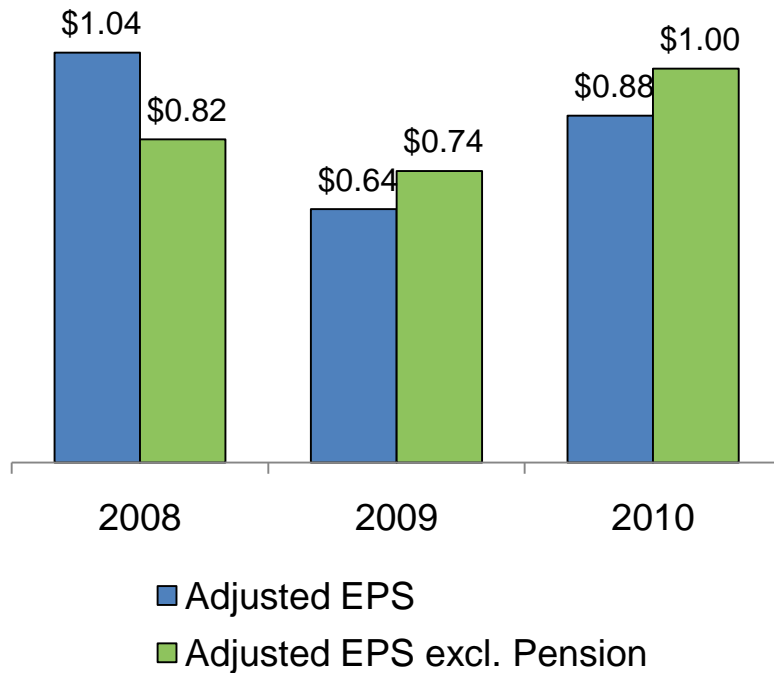
Adjusted EPS (EPS Before Special Items)



- Solid earnings performance
 - One-time items added \$0.13/share in Q4 2009
 - Lower tax rate contributed \$0.09/share in Q4 2010
- 25% increase in net sales, which totaled \$376 million in 2010, with 9% organic growth
- Composite Fibers operating profit up 14%
- Specialty Papers showed solid performance, after excluding one-time benefits from Q4 2009
- Advanced Airlaid Materials impacted by low market demand
- Strong free cash flow generation of \$31 million

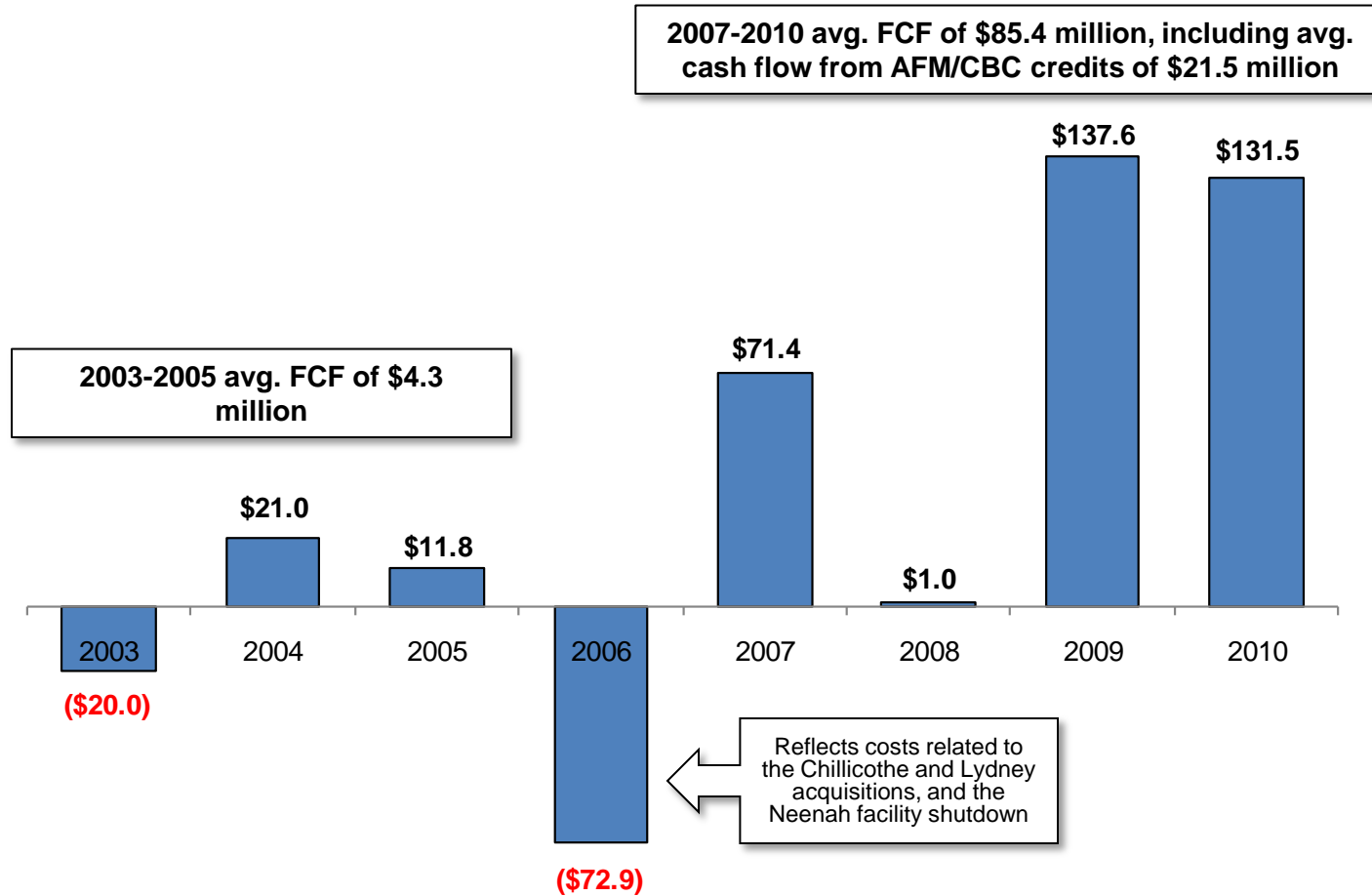
2010 Full Year Highlights

Adjusted EPS (EPS Before Special Items)

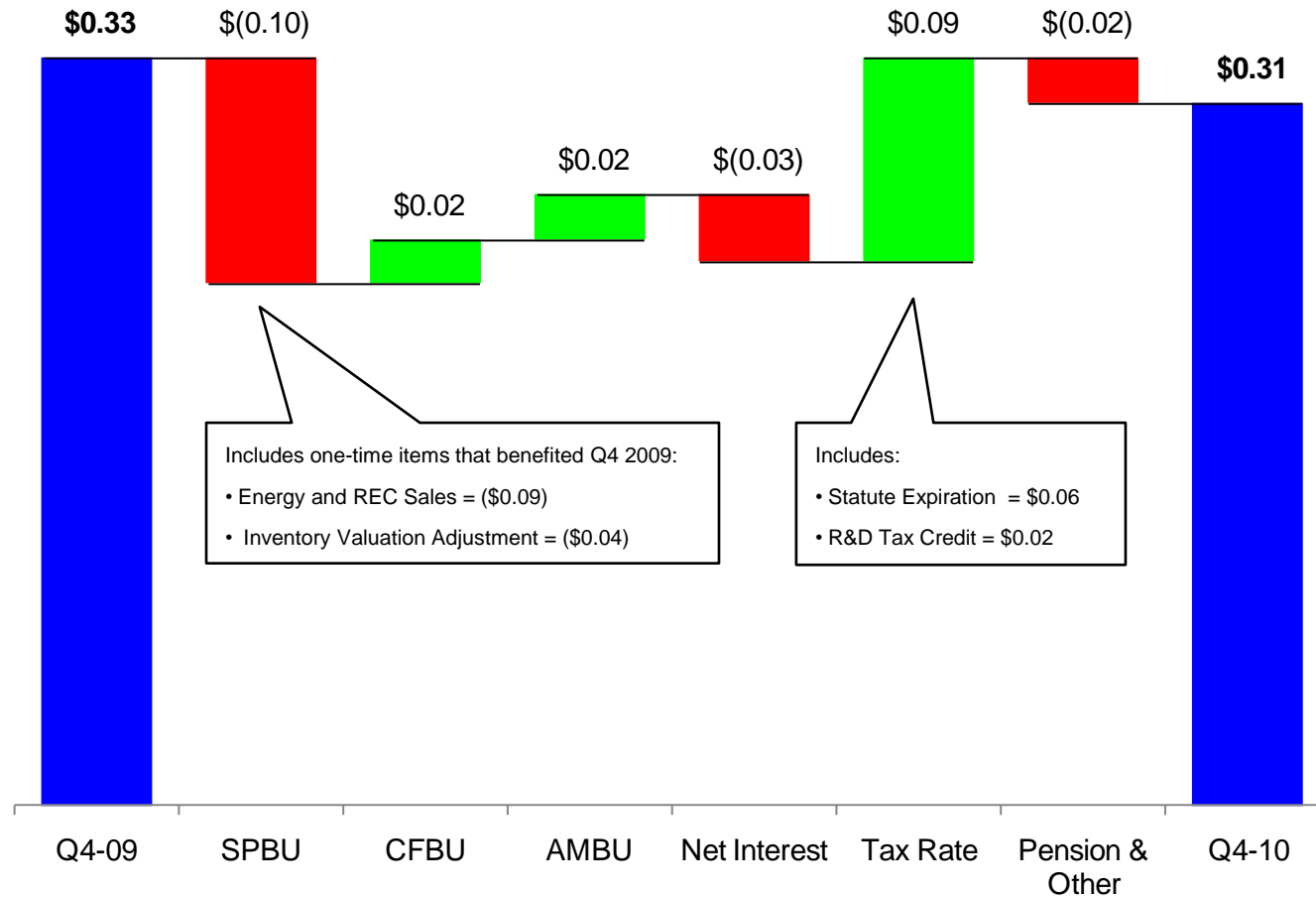


- 38% increase in adjusted earnings per share compared with 2009
 - Higher pension expense of \$0.03/share
 - Lower tax rate contributed \$0.05/share
- 23% increase in net sales which totaled \$1.5 billion in 2010, with 8% organic growth
- 23% increase in business unit operating income compared with 2009
 - Composite Fibers up 50%
 - Specialty Papers posted sixth consecutive year of operating profit growth
- \$132 million of free cash flow and \$96 million of cash on hand at December 31, 2010

Substantial Improvement in Free Cash Flow

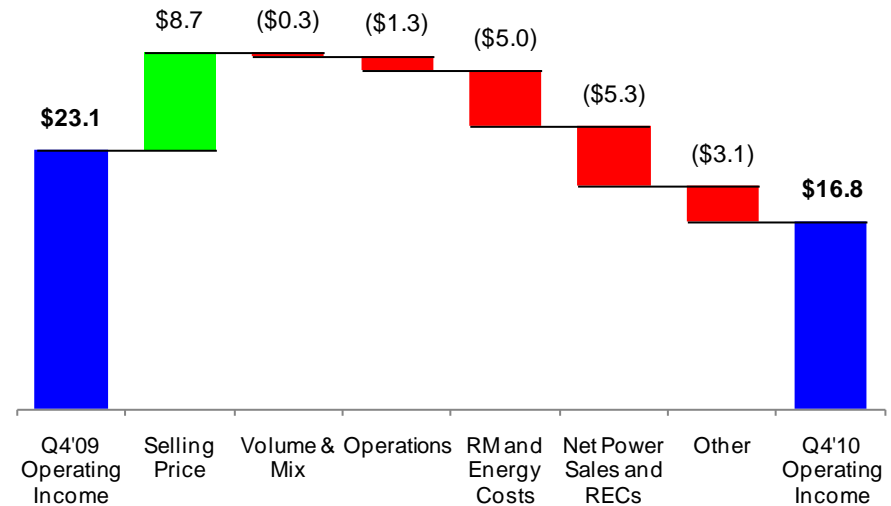


Adjusted EPS – Q4 2010 vs. Q4 2009



Specialty Papers Q4 2010 Highlights

<i>Dollars in Thousands</i>	Q4 2009	Q3 2010	Q4 2010
Tons shipped	182,627	195,350	188,321
Net sales	\$196,309	\$217,334	\$208,837
Energy and related sales, net	\$7,139	\$3,313	\$1,819
Operating income	\$23,075	\$22,978	\$16,826
Operating margin	11.8%	10.6%	8.1%

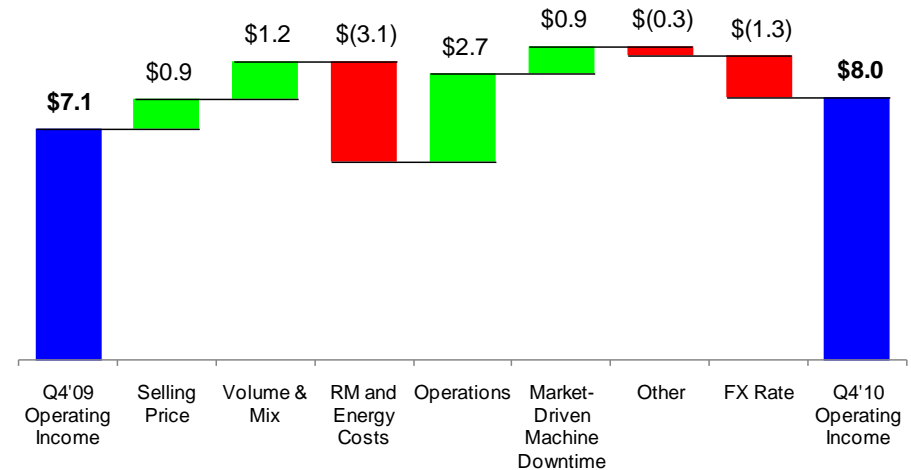


- **Net sales were up 6.4% y/y, driven by 3.1% higher shipping volume and higher realized selling prices**
- **Increase in shipments driven by Uncoated Specialties and Book Publishing**
- **Volumes shipped by Specialty Papers outperformed the broader UFS market, which was down 5.3% year over year**
- **Changes in shipping volume and operating profit from Q3 2010 primarily reflect seasonality**

- **Selling prices were higher across all market segments, generating \$8.7 million**
- **Input costs increased by \$5.0 million, driven by higher pulp prices and energy costs**
- **Sales of energy and renewable energy credits were lower by \$5.3 million**
- **Change in inventory valuation adjustment impacted results by \$2.7 million**

Composite Fibers Q4 2010 Highlights

<i>Dollars in Thousands</i>	Q4 2009	Q3 2010	Q4 2010
Tons shipped	20,619	22,846	23,254
Net sales	\$104,812	\$103,727	\$111,981
Operating income	\$7,075	\$9,700	\$8,044
Operating margin	6.8%	9.4%	7.2%



- **Net sales increased 13.3% y/y, on a constant currency basis**
- **Shipments were higher in all segments: Food & Beverage (+16.1%), Composite Laminates (+18.3%), Technical Specialties (+6.5%), and Metallized Products (+3.9%)**

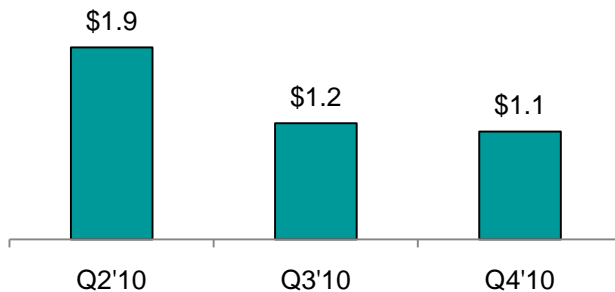
- **Selling prices were up in all segments, except Food & Beverage, which was flat**
- **Input costs increased by \$3.1 million, driven by higher prices for wood pulp and synthetic fiber**
- **Operations benefited from no market-driven machine downtime and the impact of continuous improvement initiatives**

Advanced Airlaid Materials Q4 2010 Highlights

— Business Acquired Feb 12, 2010 —

<i>Dollars in Thousands</i>	Q3 2010	Q4 2010
Tons shipped	22,053	19,827
Net sales	\$58,036	\$55,360
Operating income	\$1,164	\$1,081
Operating margin	2.0%	2.0%

Operating Income

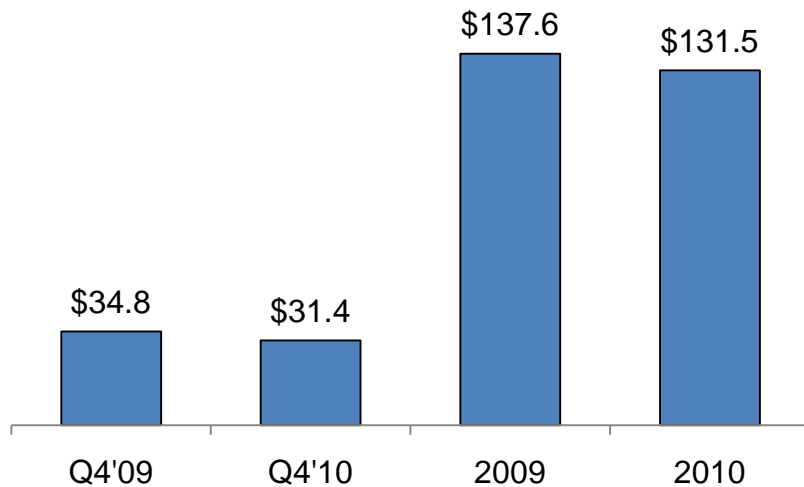


- **Operating income of \$1.1 million was slightly lower than the 2010 third quarter**
- **Higher selling prices benefited results by \$1.3 million**
- **Shipping volume fell 10.1% and necessitated market-driven downtime, which negatively impacted the sequential quarter comparison by approximately \$1.1 million**
- **The rapid rise in input costs and currency fluctuations significantly impacted results during 2010**
- **Gatineau results have been impacted by inconsistent operating performance and below expected capacity utilization.**
- **New line in Falkenhagen that was started up in Q4 2009 is meeting output and efficiency expectations**
- **Profit improvement initiatives are focused on:**
 - **Execution of Continuous Improvement projects to reduce waste and improve efficiency**
 - **Innovation and new business development to improve capacity utilization**
 - **Aggressive cost control**

Q4 2010 Other Financial Highlights

- Interest expense increased \$2.1 million primarily due to the issuance of \$100.0 million in bonds in February 2010, used to fund, in part, the Concert acquisition.
- Other expenses during Q4 2010 includes a \$2.5 million charge
 - Write-off of a tax indemnification receivable
 - Established in purchase accounting for tax position reserve
 - Tax benefit of \$2.5 million directly offsets charge
 - Net zero impact to Net Income
- Recognized \$3.8 million income tax benefit during Q4 2010 that includes:
 - \$1.5 million for full year R&D credit due to legislation enacted during the quarter
 - \$2.5 million related to indemnified tax risk noted in the comment above
 - \$3.5 million from the expiration of statutes on uncertain tax positions and other factors
 - Expect effective tax rate of 30% in 2011

Free Cash Flow



(in millions)	Q4'09	Q4'10	2009	2010
Cash Flow from Operations	\$44.4	\$44.6	\$163.9	\$168.0
Less: Capital Expenditures	(9.6)	(13.2)	(26.3)	(36.5)
Free Cash Flow	\$34.8	\$31.4	\$137.6	\$131.5

- Disciplined use of capital
 - Capital expenditures
 - Working capital
- Alternative Fuel Mixture and Cellulosic Bio-Fuel credits constituted \$29.7 million and \$56.2 million of cash flow in 2009 and 2010 respectively
- Expect continued strong free cash flow in 2011, including \$24 million from Cellulosic Bio-Fuel credit
- Capital Expenditures expected to be \$60 million to \$65 million in 2011

Balance Sheet

(in millions)	31-Dec-09	31-Dec-10
Cash	\$135.4	\$95.8
Total Debt	254.6	333.0
Collateralized Debt	<u>(36.7)</u>	<u>(36.7)</u>
Net Debt	<u><u>\$82.5</u></u>	<u><u>\$200.5</u></u>
Shareholder's Equity	<u><u>\$510.7</u></u>	<u><u>\$552.4</u></u>
TTM Adj. EBITDA (excl. Pension)	\$126.2	\$150.9
<i>Leverage</i> *	<i>0.7x</i>	<i>1.3x</i>
Cash available under Bank facility	\$194.3	\$218.3

Pension Expense and Funded Status

(in millions)	2008	2009	2010	2011
Service and interest costs	\$31.4	\$32.0	\$33.4	\$34.5
Expected return on plan assets	(50.1)	(39.8)	(40.3)	(41.6)
Amortization of prior service and actuarial costs	2.6	14.8	16.1	18.9
Pension (Income) / Expense	\$(16.1)	\$7.0	\$9.2	\$11.8
Funded status	\$14.3	\$79.6	\$92.1	N/A
Cash contributions*	\$0	\$0	\$0	\$0

* Qualified plans only

Qualified plans are fully funded with no cash contribution expected for the foreseeable future.

Q1 2011 Outlook

Specialty Papers

- Shipping volume in Q1 2011 is expected to be approximately 5% higher than in Q4 2010, reflecting normal seasonality.
- Selling prices are expected to be in line with Q4 2010.
- Input costs are expected to be slightly higher than Q4 2010.
- No seasonal downtime expected in Q1 2011.

Composite Fibers

- Shipping volume in Q1 2011 is expected to be in line with Q4 2010.
- Selling prices and input costs in Q1 2011 are expected to be slightly higher than in Q4 2010.
- The Company expects this business's results in the first quarter to benefit from the elimination of seasonal downtime and from ongoing benefits associated with its continuous improvement initiatives.

Advanced Airlaid Materials

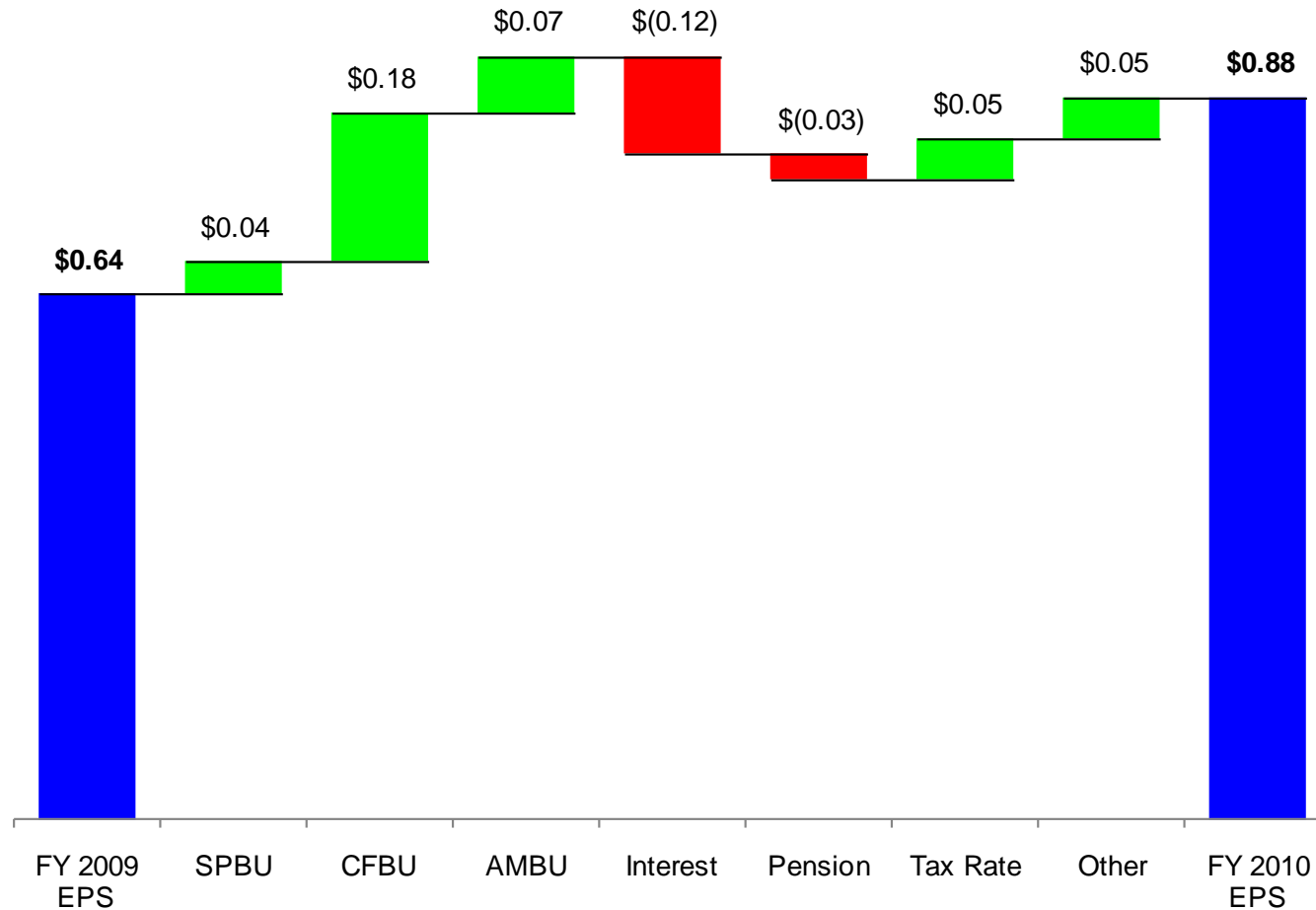
- Shipping volumes in Q1 2011 are expected to be approximately 10% higher than in Q4 2010.
- Selling prices are expected to increase slightly and input costs are expected to be in line with Q4 2010.

Appendix



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

Adjusted EPS – FY 2010 vs. FY 2009



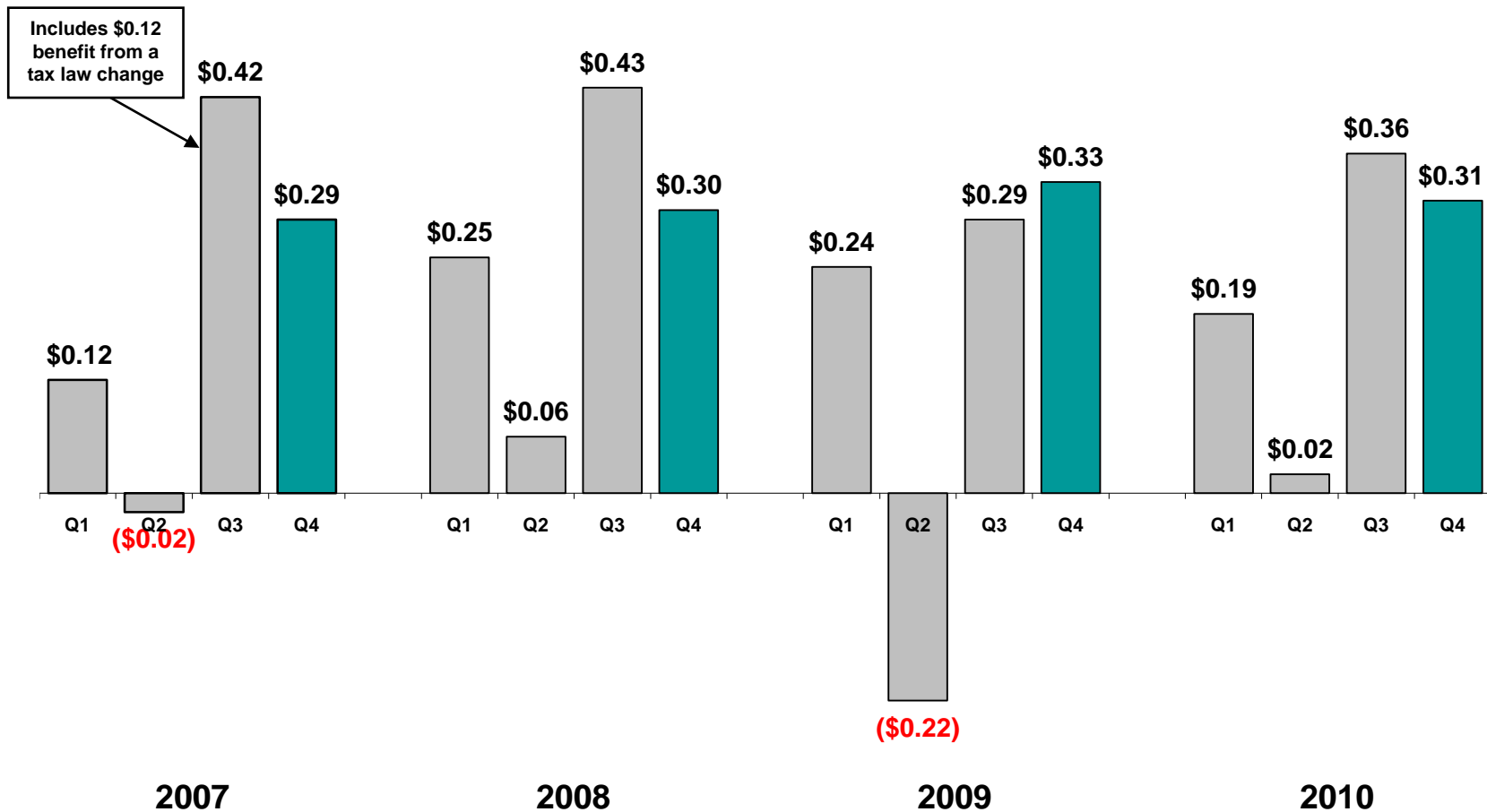
Note: See appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.

Financial Overview

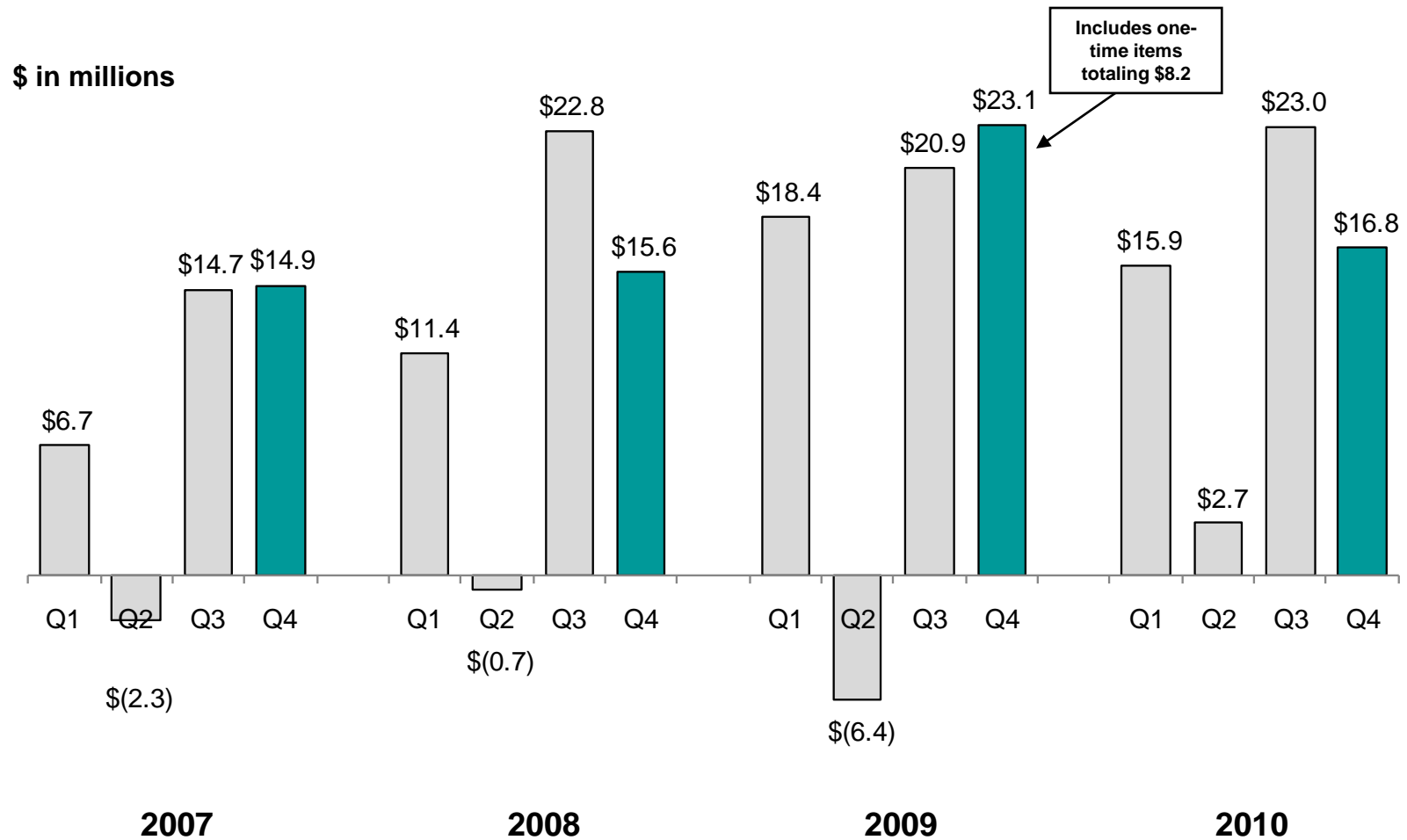
(in millions)	Q4 2010		Full Year	
	2009	2010	2009	2010
Net Sales	\$301.1	\$376.2	\$1,184.0	\$1,455.3
Adjusted Operating Profit	\$26.1	\$22.8	\$94.6	\$85.3
Adjusted EBITDA	\$41.5	\$39.8	\$126.2	\$150.9
Free Cash Flow	\$34.8	\$31.4	\$137.6	\$131.5
Net Debt			\$82.5	\$200.5
Cash Balance			\$135.4	\$95.8

Adjusted EPS

(EPS Before Special Items)

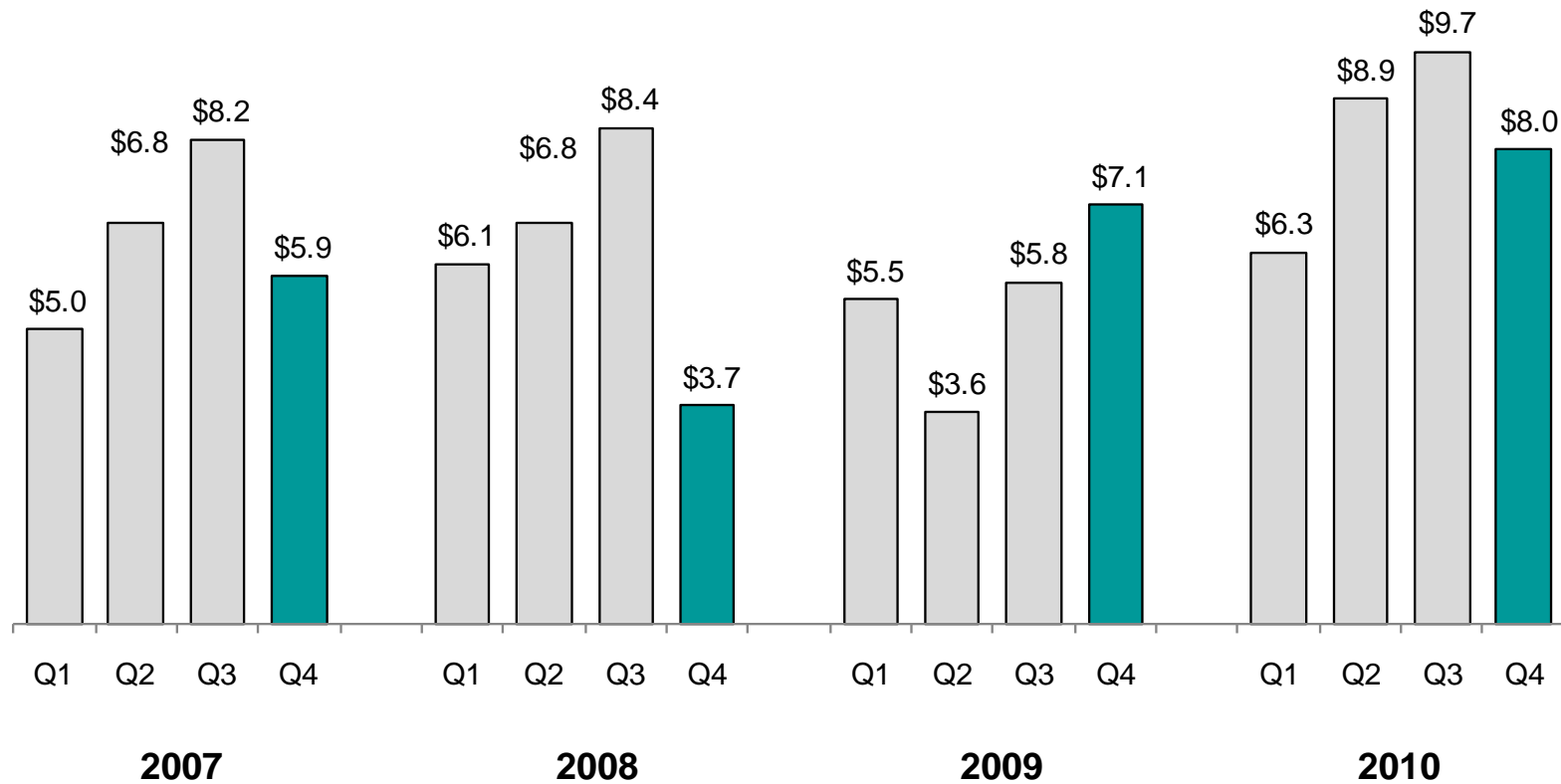


Specialty Papers Operating Income



Composite Fibers Operating Income

\$ in millions



Details of Other and Unallocated

The following sets forth details of 'Other and Unallocated' amounts presented in the Company's Business Unit Financial Information included in the earnings release.

(in millions)	Q4'09	Q4'10	2009	2010
Cellulosic Bio-Fuel and Alternative Fuel Mixture Credits	\$32.3	(0.0)	\$105.5	(\$0.1)
Acquisition and Integration Expenses	(1.8)	(0.4)	(3.5)	(11.9)
Net Pension Expense	(1.5)	(2.3)	(7.0)	(9.2)
Other Costs*	(3.9)	(3.0)	(12.4)	(10.0)
Operating Income (Loss)	\$25.2	(\$5.8)	\$82.6	(\$31.2)

* Decline in other costs for Q4 2010 vs. Q4 2009 driven by lower expenses related to legal fees.

Reconciliation of Non-GAAP Adjusted Earnings

	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	\$0.33
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)	-	(0.01)	0.01		(0.00)				(0.02)
Shutdown and restructuring charges						(0.01)		-								
Acquisition and integration related costs	0.01	0.02	0.01		0.01		0.01	-				0.04	0.15	0.03	0.01	0.01
Foreign currency hedge on acquisition price													0.05	(0.01)		
Fox River reserve	0.08		0.27													
Adjusted earnings (loss)	<u>\$ 0.12</u>	<u>\$ (0.02)</u>	<u>\$ 0.42</u>	<u>\$ 0.29</u>	<u>\$ 0.25</u>	<u>\$ 0.06</u>	<u>\$ 0.43</u>	<u>\$ 0.30</u>	<u>\$ 0.24</u>	<u>\$ (0.22)</u>	<u>\$ 0.29</u>	<u>\$ 0.33</u>	<u>\$ 0.19</u>	<u>\$ 0.02</u>	<u>\$ 0.36</u>	<u>\$ 0.31</u>

Reconciliation of Non-GAAP Measures Adjusted EBITDA, Excluding Pension Adjusted Operating Income, Excluding Pension

<i>In millions</i>	Q4 2009	Q4 2010	FY 2009	FY 2010
Income before Income Taxes	\$ 51.2	\$ 11.4	\$ 143.1	\$ 33.5
Net Pension Expenses	1.5	2.3	7.0	9.2
Depreciation and Amortization	15.4	17.0	61.3	65.8
Net Interest Expense	<u>4.1</u>	<u>6.3</u>	<u>17.3</u>	<u>24.7</u>
EBITDA, excluding pension	\$ 72.2	\$ 37.0	\$ 228.8	\$ 133.4
Adjustments / exclusions				
Gains on Timberland Sales and Transaction Related Costs	(0.2)	(0.2)	(0.5)	(0.4)
Cellulosic Bio-fuel and Alternative Fuel Mixture Credits	(32.3)	0.0	(105.5)	0.1
Acquisition and Integration Expenses	1.8	0.4	3.5	11.9
Write-off of Concert Indemnification Receivable	-	2.5	-	2.5
Foreign Currency Hedge on Acquisition Price	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.4</u>
Adjusted EBITDA, excluding pension	<u>\$ 41.5</u>	<u>\$ 39.8</u>	<u>\$ 126.2</u>	<u>\$ 150.9</u>
Less: Depreciation and Amortization	(15.4)	(17.0)	(61.3)	(65.8)
Less: Other Income / (Deductions)	<u>(0.0)</u>	<u>0.0</u>	<u>(0.3)</u>	<u>0.3</u>
Adjusted Operating Income, excluding pension	<u>\$ 26.1</u>	<u>\$ 22.8</u>	<u>\$ 64.6</u>	<u>\$ 85.3</u>

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

Net debt excluding collateralized debt	December 31	December 31
<i>In thousands</i>	2009	2010
Short term debt	\$3.9	\$0.8
Long term debt	250.7	332.2
Total debt	254.6	333.0
(-) Cash	(135.4)	(95.8)
Total debt less cash	119.2	237.2
(-) Collateralized debt from Timberland note	(36.7)	(36.7)
Net debt excluding collateralized debt	<u>\$82.5</u>	<u>\$200.5</u>

Free Cash Flow	Year ended	
<i>In thousands</i>	2009	2010
Cash from operations	\$163.9	\$168.0
Less:		
Capital expenditures	(26.3)	(36.5)
Free cash flow	<u>\$137.6</u>	<u>\$131.5</u>

Free Cash Flow	Three months ended December 30	
<i>In thousands</i>	2009	2010
Cash from operations	\$44.4	\$44.6
Less:		
Capital expenditures	(9.6)	(13.2)
Free cash flow	<u>\$34.8</u>	<u>\$31.4</u>