



GLATFELTER
Beyond Paper



Glatfelter (NYSE: GLT)

2011 Fourth Quarter Earnings Conference Call
February 7, 2012

Dante C. Parrini – Chairman & Chief Executive Officer

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

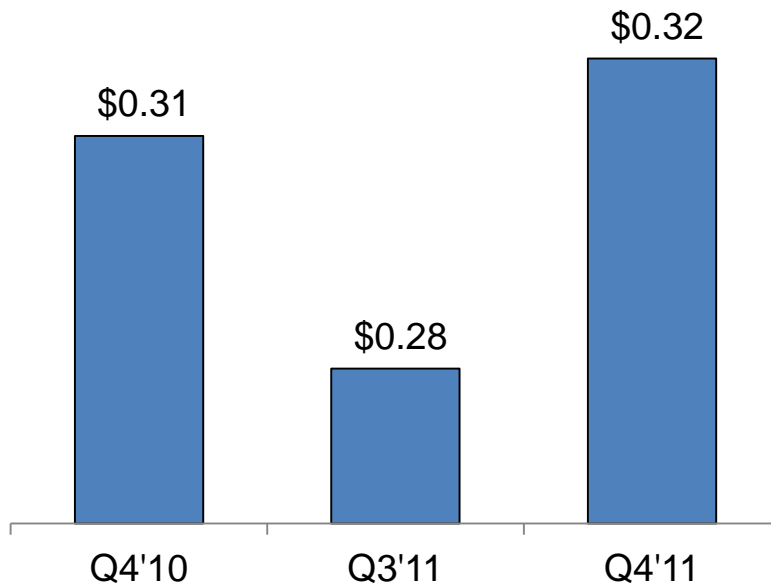
Forward-Looking Statements and Use of non-GAAP Financial Measures

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; the cost, and successful design and construction, of the Composite Fibers capacity expansion project, and other factors. In light of these risks, uncertainties and other factors, the forward-looking matters 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 2011 Highlights

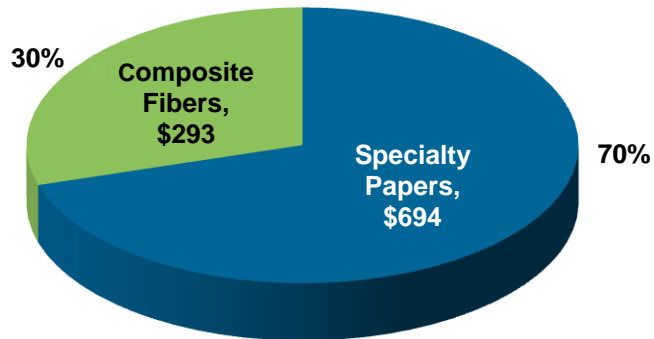
Adjusted EPS
(EPS Before Special Items)



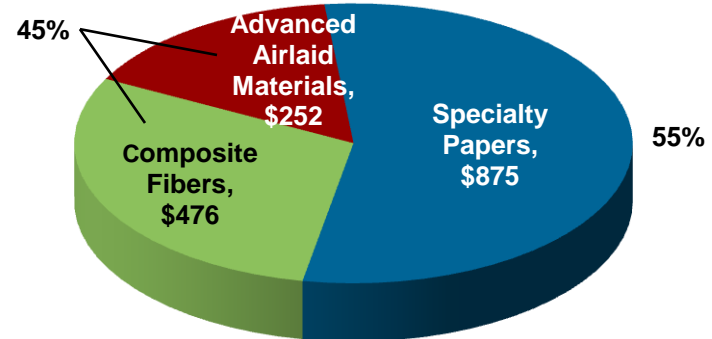
- Quarterly sales of \$392 million
 - 4.2% increase in net sales from Q4 2010
 - Led by growth in single-serve coffee and feminine hygiene products
- Strong profit growth in each business
 - Advanced Airlaid Materials (+253%)
 - Composite Fibers (+13%)
 - Specialty Papers (+8%)
- Generated \$39 million in free cash flow for the quarter

Increasing Exposure to Growth Markets

2006 Net Sales: \$986 million

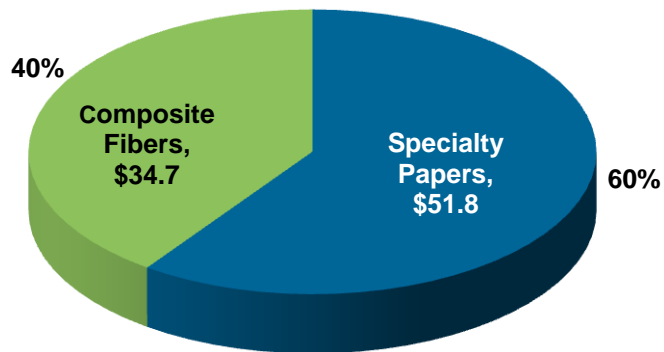


2011 Net Sales: \$1,603 million



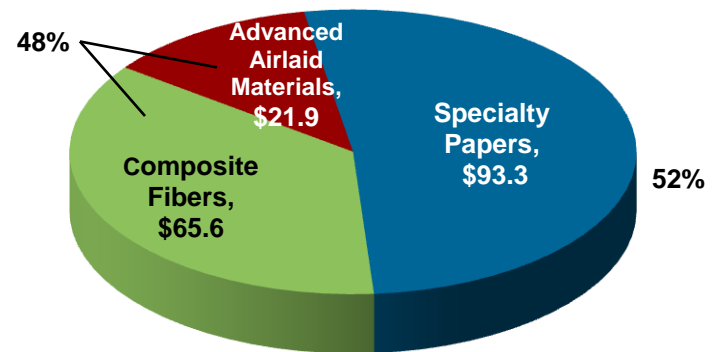
2006 Adj. EBITDA: \$88.4 million

*includes Other and Unallocated of \$1.9



2011 Adj. EBITDA: \$164.0 million

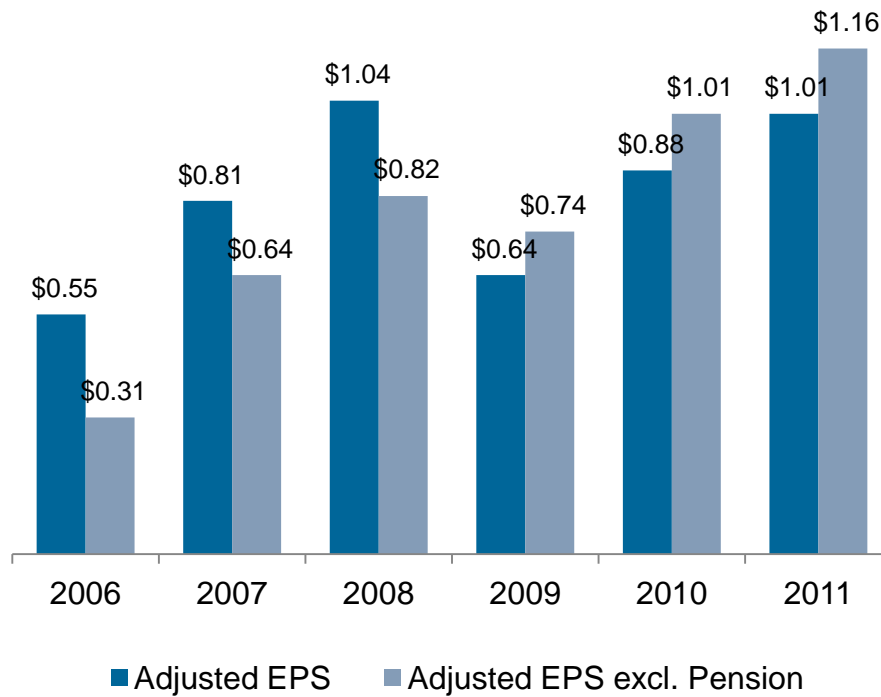
*includes Other and Unallocated of (\$16.8)



Glatfelter has significantly changed its exposure to growth markets with approximately 45% of net sales and 48% of EBITDA now coming from growth businesses.

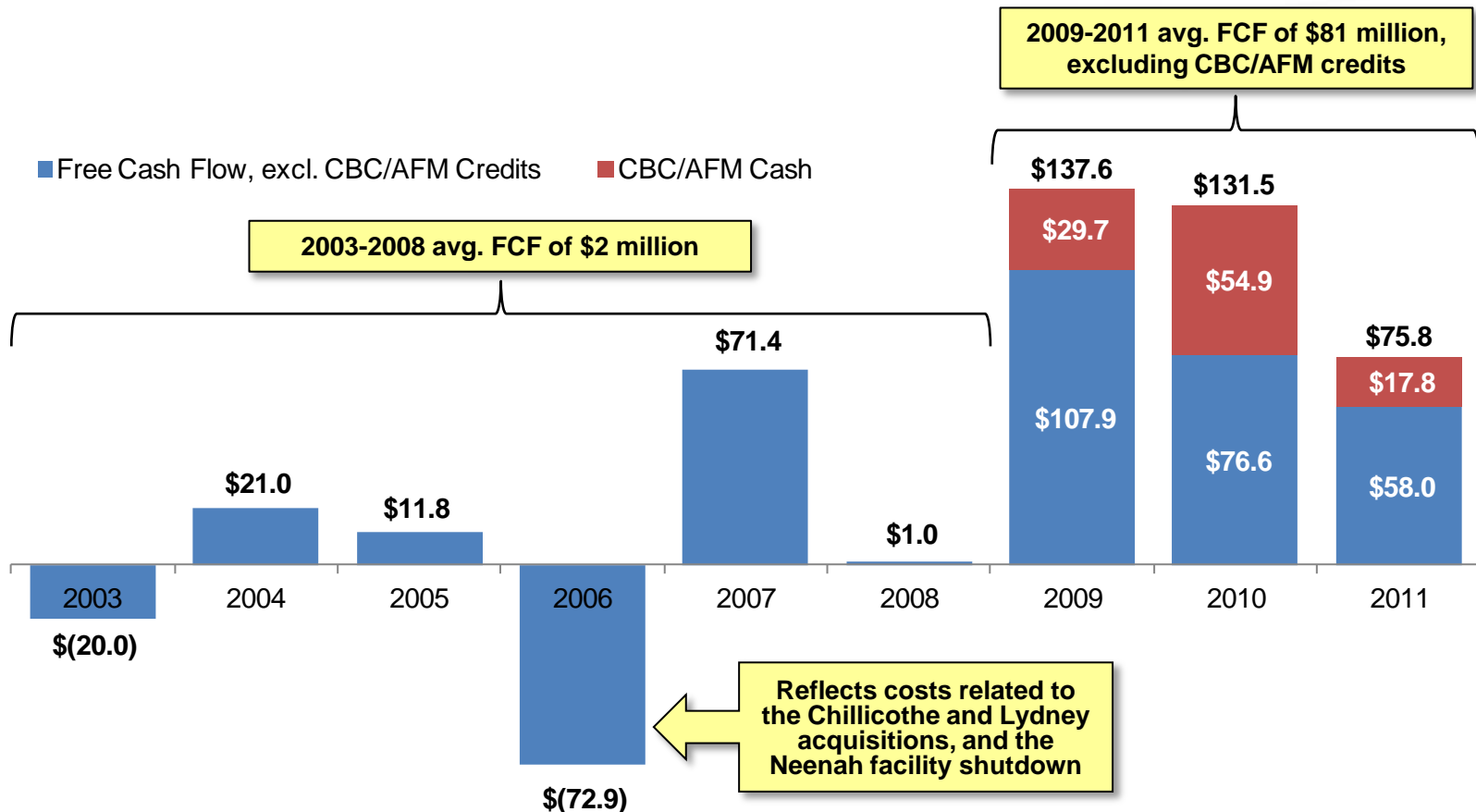
2011 Full Year Highlights

Adjusted EPS
(EPS Before Special Items)



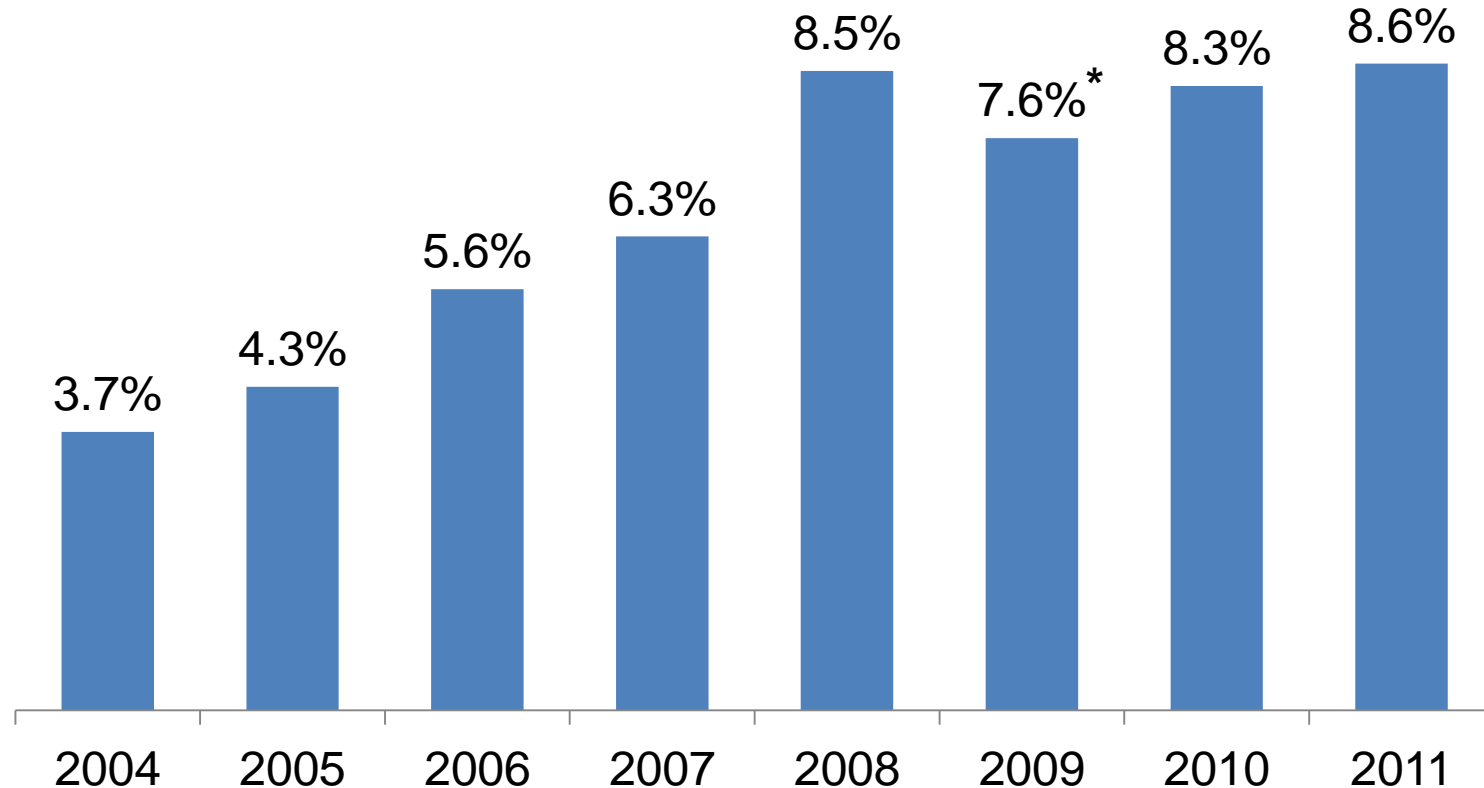
- Record full-year sales of \$1.6 billion, up 10% from 2010
 - Led by growth in single-serve coffee, tea, and feminine hygiene products
 - 54% of net sales generated from new products, the eighth consecutive year exceeding goal of 50%
- Adjusted EPS up 15% in 2011
 - Growth driven by Composite Fibers (+24%) and Advanced Airlaid Materials (+205%)
 - Margin expansion in growth businesses driven by Continuous Improvement initiatives
- 5-year CAGR in adjusted EPS, excluding pension expense, of 30%
- Completed \$50 million share repurchase program in January 2012
- Refinanced debt to significantly reduced interest expense

Substantial Improvement in Free Cash Flow



Consistently strong free cash flow allowed GLT to complete a \$50 million share repurchase program, refinance its debt, and maintain financial flexibility.

Improving Returns on Invested Capital

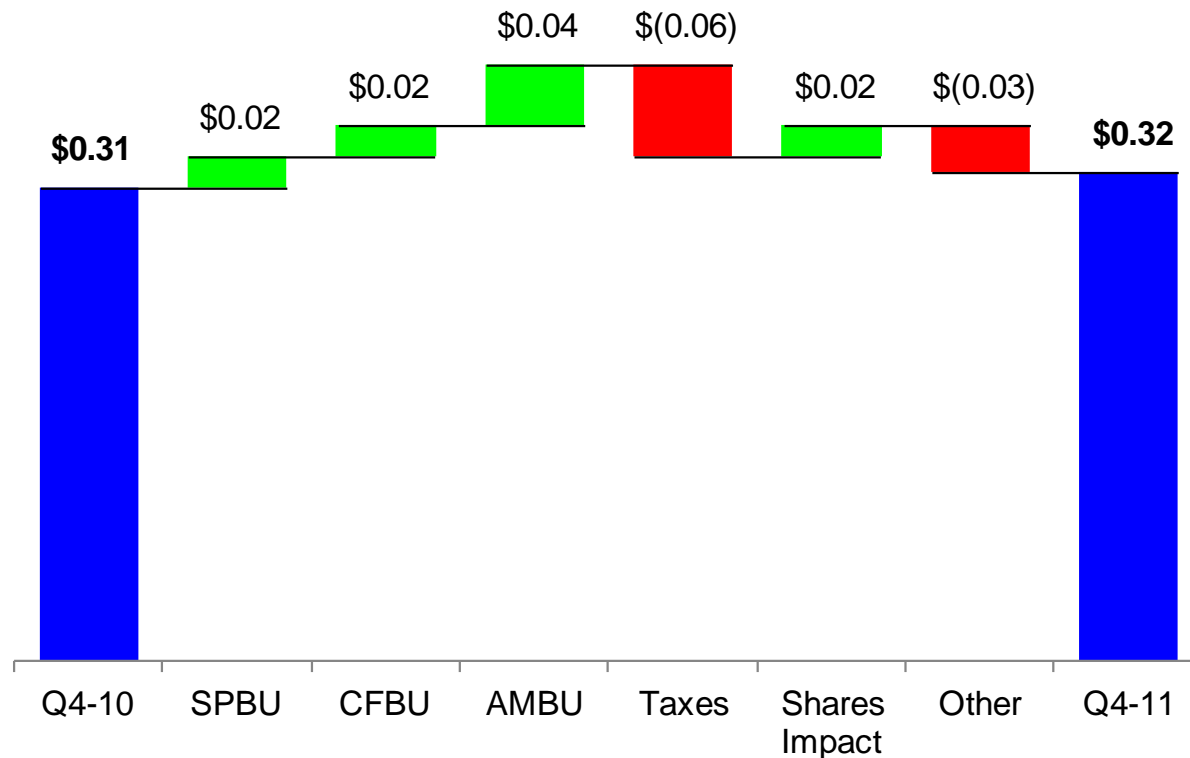


Return on invested capital has improved dramatically since 2004. GLT is committed to achieving returns that exceed its cost of capital.

Notes: * 2009 impacted by global recession and transition from net pension income (2004-2008) to net pension expense (2009-2011).

Return on invested capital based on after-tax earnings from operations excluding unusual items.

Adjusted EPS – Q4 2011 vs. Q4 2010

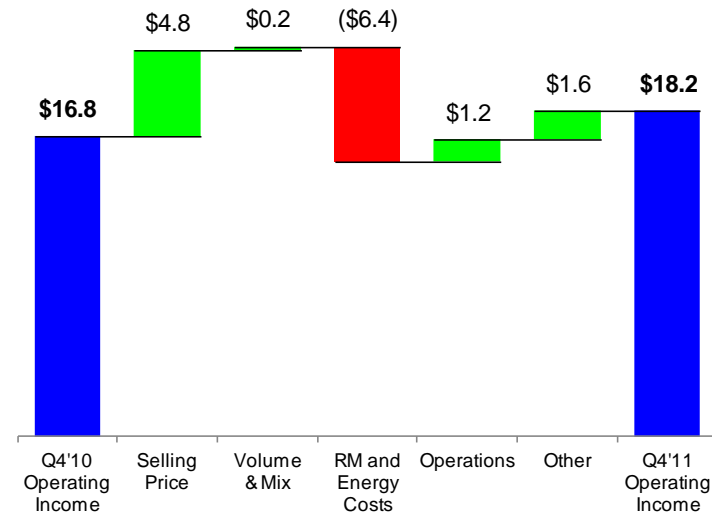


On a GAAP basis, net income was \$9.7 million or \$0.22 per diluted share in Q4 2011 compared to \$15.3 million or \$0.33 per diluted share in Q4 2010.

Specialty Papers Q4 2011 Highlights

<i>Dollars in Thousands</i>	Q4 2010	Q3 2011	Q4 2011
Tons shipped	188,321	199,583	189,544
Net sales	\$208,837	\$225,410	\$212,506
Energy and related sales, net	\$1,819	\$2,840	\$1,457
Operating income	\$16,826	\$16,965	\$18,228
Operating margin	8.1%	7.5%	8.6%

- Shipments outperformed broader UFS market, continuing a 7-year track record
 - Specialty Papers up 0.6%, UFS market down 3.4%
- Net sales increased from higher selling prices
- Shipments increased in Forms, Envelope and Engineered Products, offsetting decline in other products

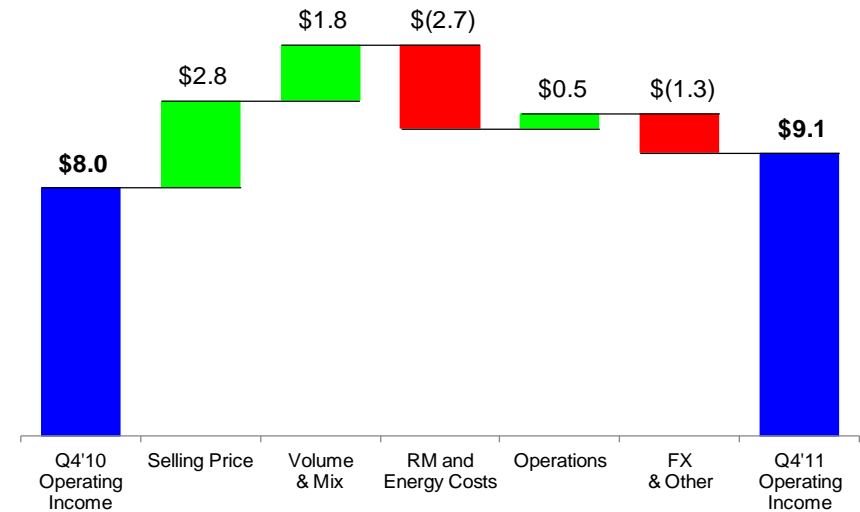


- Selling prices were higher across all market segments, generating \$4.8 million
- Input cost inflation of \$6.4 million, driven by higher wood costs, outpaced selling price increases
- Operating efficiencies and lower spending contributed \$2.8 million to the y/y profit improvement

Composite Fibers Q4 2011 Highlights

<i>Dollars in Thousands</i>	Q4 2010	Q3 2011	Q4 2011
Tons shipped	23,254	24,105	23,363
Net sales	\$111,981	\$124,852	\$119,571
Operating income	\$8,044	\$10,057	\$9,058
Operating margin	7.2%	8.1%	7.6%

- **Net sales increased 7% y/y, on a constant currency basis**
- **Growth driven by continued strong demand for single-serve coffee products**

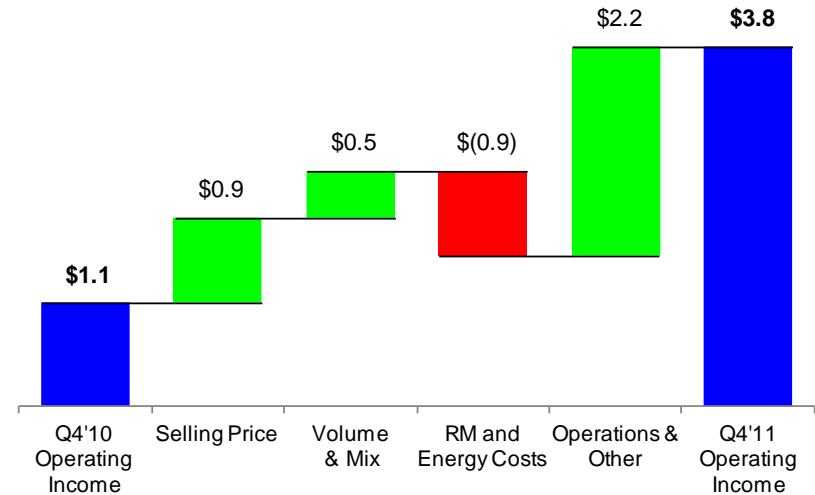
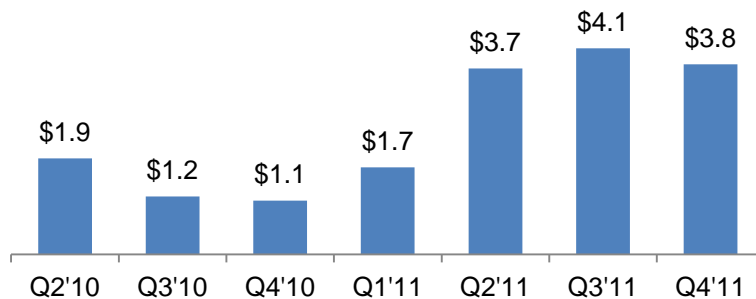


- **Selling prices were higher in all segments, adding \$2.8 million to operating income**
- **Mix was favorable due to continued growth in single-serve coffee, up 45% from Q4 2010, and better mix within Composite Laminates and Metalized products**
- **Input cost inflation of \$2.7 million, driven by abaca and synthetic fiber**
- **Other inflation driven by higher labor costs**

Advanced Airlaid Materials Q4 2011 Highlights

<i>Dollars in Thousands</i>	Q4 2010	Q3 2011	Q4 2011
Tons shipped	19,827	23,052	21,075
Net sales	\$55,360	\$66,232	\$59,828
Operating income	\$1,081	\$4,133	\$3,812
Operating margin	2.0%	6.2%	6.4%

Operating Income



- **Another quarter of significant y/y improvement driven by Continuous Improvement initiatives**
 - Higher capacity utilization
 - Waste reduction
 - Supply-chain synergies
- **Shipping volume increased 6.3% over Q4 2010**
- **Higher selling prices were offset by input cost inflation**

Q4 2011 Other Financial Highlights

- Unwound 2007 timberland installment sale
 - Collected \$43 million note receivable and paid \$37 million on related note payable
 - Minimal cash tax cost
- Tax reserves totaling \$2.5 million released in fourth quarter 2011 due to change in estimates and expiration of statutes of limitation related to gains on sales of timberlands – excluded from adjusted earnings
- Effective tax rate on adjusted earnings was 25.8% in Q4 2011, compared to a benefit of 2.5% in Q4 2010

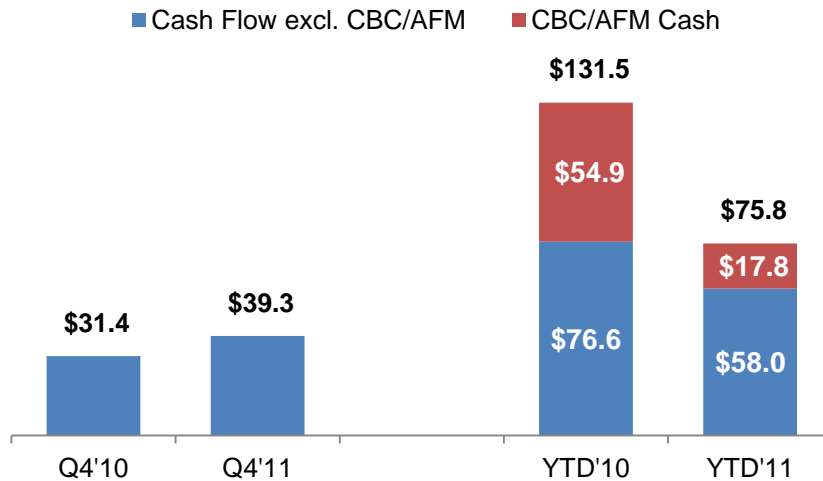
Q4 2011 Other Financial Highlights

- Completed the \$50 million share repurchase program in January 2012

<i>Shares in thousands</i>	Sep'11 YTD	Q4 2011	Q1 2012	TOTAL
# of shares repurchased	1,999	1,506	83	3,588
Avg. price/share	\$13.74	\$14.20	\$14.56	\$13.94
Total purchase price (\$ millions)	\$27.5	\$21.3	\$1.2	\$50.0
Impact on diluted shares outstanding	333	2,761*	n/a	n/a

* The impact on diluted shares outstanding for 2011 full year is 945

Free Cash Flow



(in millions)	Q4'10	Q4'11	2010	2011
Cash Flow from Operations	\$44.6	\$59.2	\$168.0	\$140.3
Less: Capital Expenditures	(13.2)	(19.8)	(36.5)	(64.5)
Free Cash Flow	\$31.4	\$39.3	\$131.5	\$75.8

- Alternative Fuel Mixture and Cellulosic Bio-fuel credits impacted cash flow in both years
 - \$17.8 million in 2011 and \$54.9 million in 2010
 - No impact to Q4 2011 vs. Q4 2010
- 2011 Capital expenditures were \$28 million higher than in 2010
 - 2012 capital expenditures are estimated at \$95 million to \$105 million
 - Including \$30 million to \$35 million for Composite Fibers capacity expansion
- Generated \$10.1 million in cash from working capital reduction, while growing sales in 2011
 - Overall working capital days declined 7% compared to December 2010

(in millions)	Q4'10	Q4'11	2010	2011
Working Capital Impact	\$9.4	\$28.6	\$12.9	\$10.1

Notes: The sum of individual amounts set forth above may not agree to the column totals due to rounding.
Working capital is defined as accounts receivable plus inventories less accounts payable

Pension Plan Remains Overfunded

(in millions)	2008	2009	2010	2011	2012 Estimate
Service and interest costs	\$31.4	\$32.0	\$33.4	\$34.3	\$34.9
Expected return on plan assets	(50.1)	(39.8)	(40.3)	(41.8)	(42.3)
Amortization of prior service and actuarial costs	2.6	14.8	16.1	15.9	19.8
One-time charge	—	—	—	2.0	—
Pension (Income) / Expense	\$(16.1)	\$7.0	\$9.2	\$10.4	\$12.4
Funded status	\$14.3	\$79.6	\$92.1	\$28.0	N/A
Cash contributions*	\$0	\$0	\$0	\$0	\$0
Discount Rate for Expense	6.25%	6.25%	6.10%	5.80%	5.09%
Return on Asset Assumption	8.5%	8.5%	8.5%	8.5%	8.5%

* Qualified plans only

**Qualified plan remains overfunded.
No cash contribution required in 2012 or expected for the foreseeable future.**

Strong Balance Sheet

(in millions)	31-Dec-10	30-Sep-11	31-Dec-11
Cash	\$95.8	\$98.3	\$38.3
Short-Term Debt	0.8	—	—
7 ¹ / ₈ % Notes, due May 2016	200.0	200.0	200.0
7 ¹ / ₈ % Notes, due May 2016, net of original issue discount	96.5	96.0	—
Term Loan, due January 2013	36.7	36.7	—
Revolving credit agreement	—	—	27.0
Total Debt	333.0	332.7	227.0
Collateralized Debt	(36.7)	(36.7)	—
Net Debt	\$200.5	\$197.8	\$188.7
Shareholder's Equity	\$552.4	\$558.6	\$490.4
TTM Adj. EBITDA (excl. Pension)	\$150.9	\$158.8	\$164.0
Leverage*	1.3x	1.2x	1.2x
Cash available under bank facility	\$218.3	\$220.5	\$318.4

- Amended revolving credit facility in November
 - Increased by \$125 million to \$350 million
 - Extended maturity to Nov. 2016
 - Improved pricing – lower interest rates and fees
- Redeemed 7 ¹/₈ % \$100 million Notes
 - After-tax charge of \$6.1 million
 - Net incremental cash cost of \$3.2 million
 - Substantially reduced interest costs – 9 month payback
- Unwound 2007 timberland installment sale in Q4 and paid off collateralized debt

Glatfelter has ample liquidity to continue to fund growth initiatives and strategic investments as well as dividends.

Note: *The above calculation is not intended to be used for purposes of calculating debt covenant compliance. The sum of individual amounts set forth above may not agree to the column totals due to rounding.

Q1 2012 Outlook

Specialty Papers

- Shipping volume in Q1 2012 is expected to be slightly higher than in Q4 2011, reflecting normal seasonality
- Selling prices and overall input costs are expected to be in-line with Q4 2011

Composite Fibers

- Shipping volume in Q1 2012 is expected to be slightly higher than in Q4 2011, reflecting normal seasonality
- Selling prices for Q1 2012 are expected to be in-line with the Q4 2011
- Input costs are expected to decline modestly from Q4 2011
- Expect benefit from no Metalized downtime and Continuous Improvement efforts
- Machine upgrades in Lydney and Scaer to reduce output impacting earnings by \$0.7 million

Advanced Airlaid Materials

- Shipping volume in Q1 2012 is expected to be slightly higher than Q4 2011
- Selling prices are expected to decline slightly faster than input cost declines due to certain contractual pricing provisions

Other

- The Company expects pension expense in 2012 to increase to approximately \$12.4 million compared with \$10.4 million in 2011
- The Company expects interest expense to be approximately \$4.3 million in the first quarter of 2012 as a result of the redemption of \$100 million of bonds in December 2011
- The Company expects its effective tax rate will approximate 34 percent reflecting the expiration of the research and development tax credits at the end of 2011

Appendix

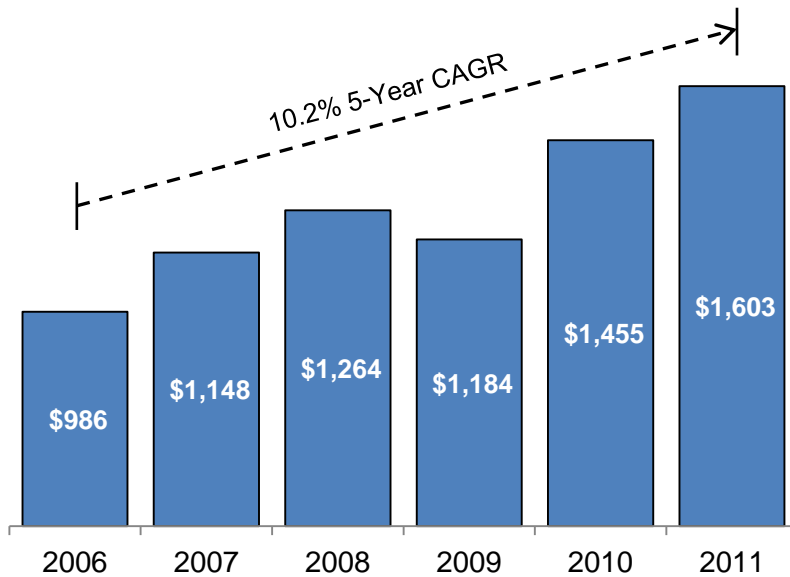


G L A T F E L T E R

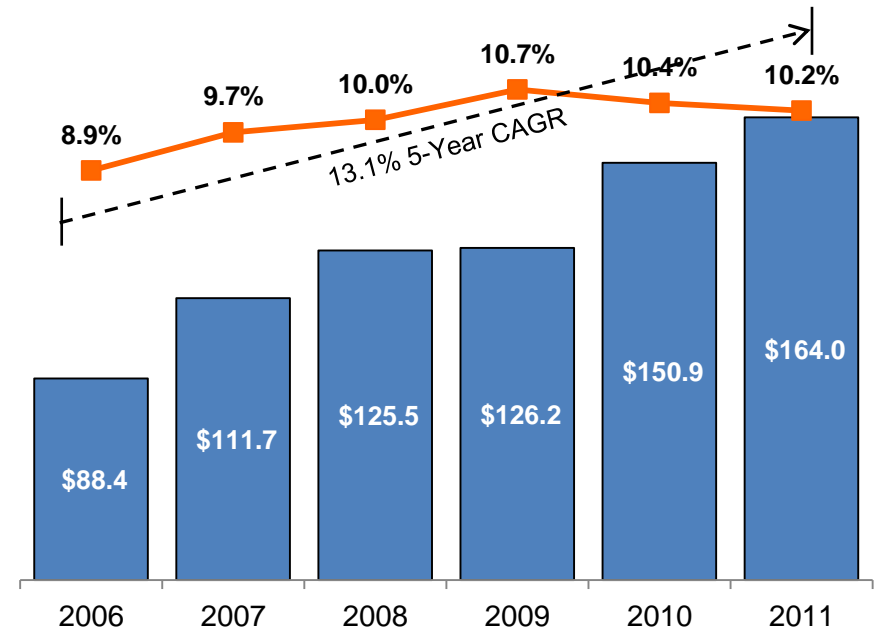
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Financial Highlights

Net Sales
(in millions)



Adj. EBITDA / Margin %
(in millions)



■ Adj. EBITDA ■ Adj. EBITDA % of Net Sales

GLT net sales exceeded \$1.6 billion in 2011. EBITDA continues to grow, driven by organic growth, execution of continuous improvement initiatives and strategic acquisitions.

Financial Overview

(in millions)	Q4'10	Q4'11	2010	2011
Net Sales	\$376.2	\$391.9	\$1,455.3	\$1,603.2
Adjusted Operating Income, excl. Pension	\$22.8	\$26.7	\$85.3	\$94.2
Adjusted EBITDA, excl. Pension	\$39.8	\$44.9	\$150.9	\$164.0
Free Cash Flow	\$31.4	\$39.3	\$131.5	\$75.8
Net Debt			\$200.5	\$188.7
Cash Balance			\$95.8	\$38.3

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)	Q4'10	Q4'11	2010	2011
Gains on dispositions of plant, equipment and timberlands	\$0.1	\$0.0	\$0.5	\$4.0
Acquisition and integration expenses	(0.4)	0.0	(11.9)	(1.1)
Workforce efficiency charge	(0.0)	(1.0)	—	(1.0)
Net pension expense	(2.3)	(2.3)	(9.2)	(10.4)
Other costs*	(3.2)	(4.6)	(10.5)	(17.7)
Operating income (loss)	(\$5.8)	(\$7.8)	(\$31.2)	(\$26.2)

* Increase in other costs is primarily due to higher legal fees, professional services fees, and incentive compensation

Adjusted EPS

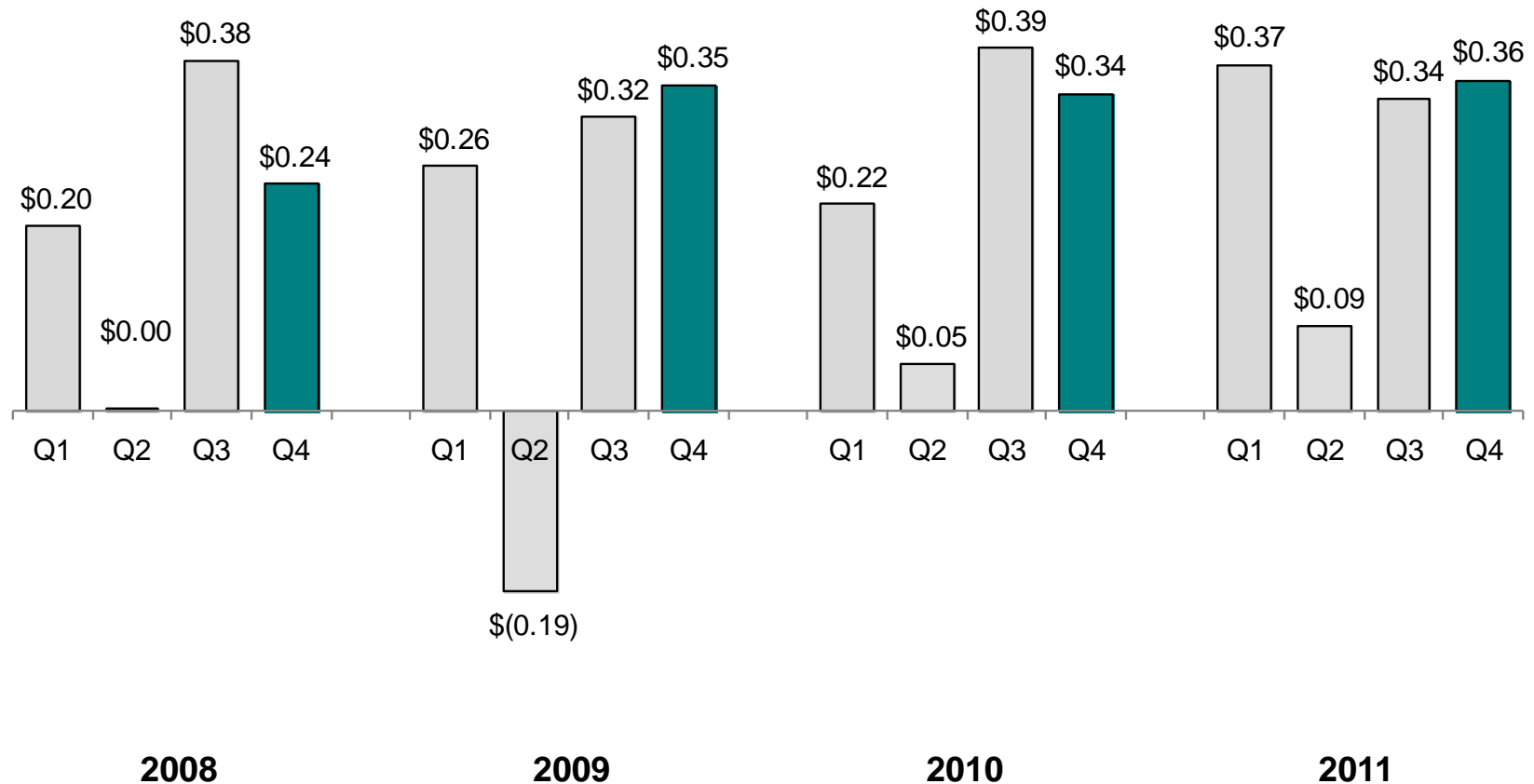
(EPS Before Special Items)



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

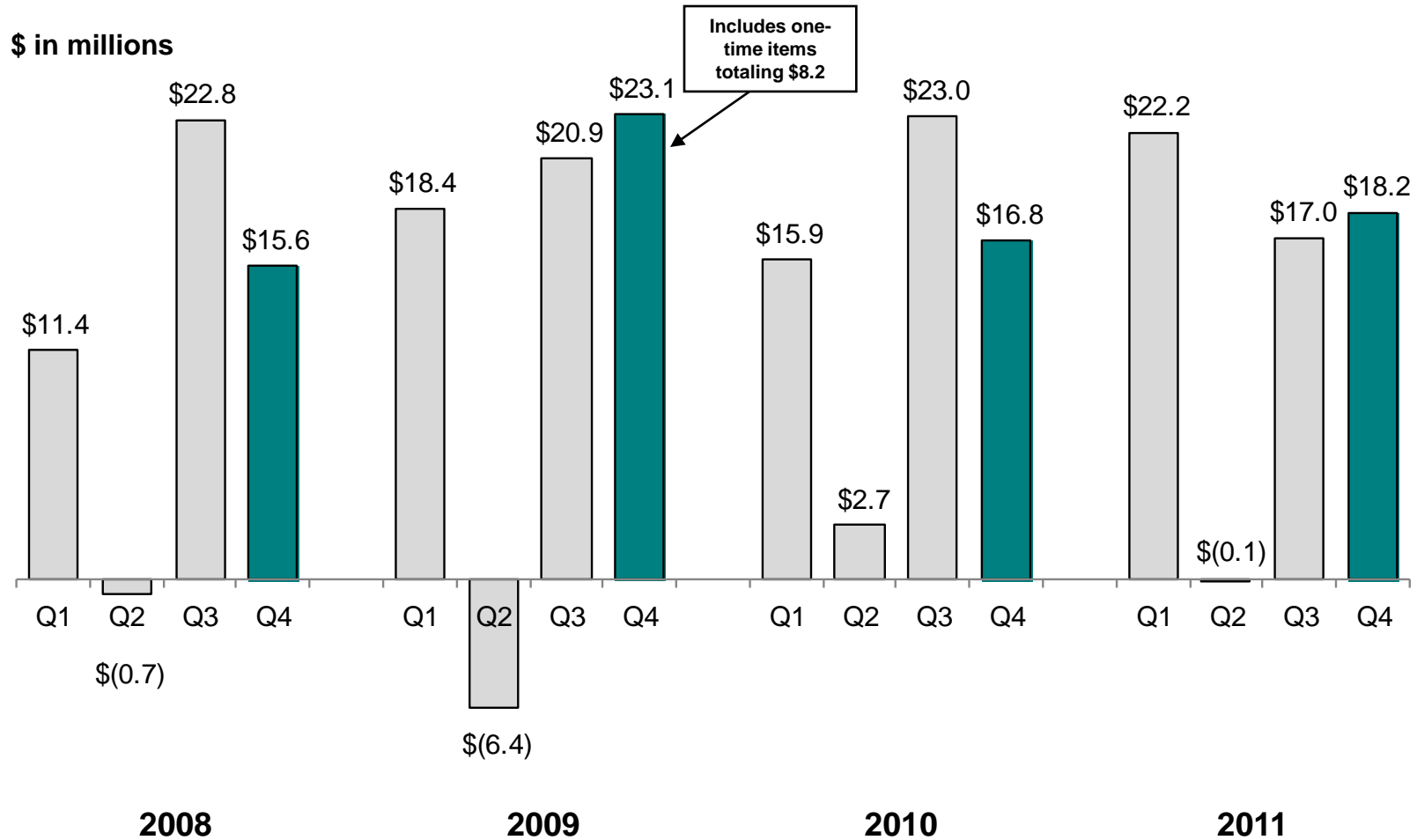
Adjusted EPS excluding Pension

(EPS Before Special Items and Net Pension Expenses)



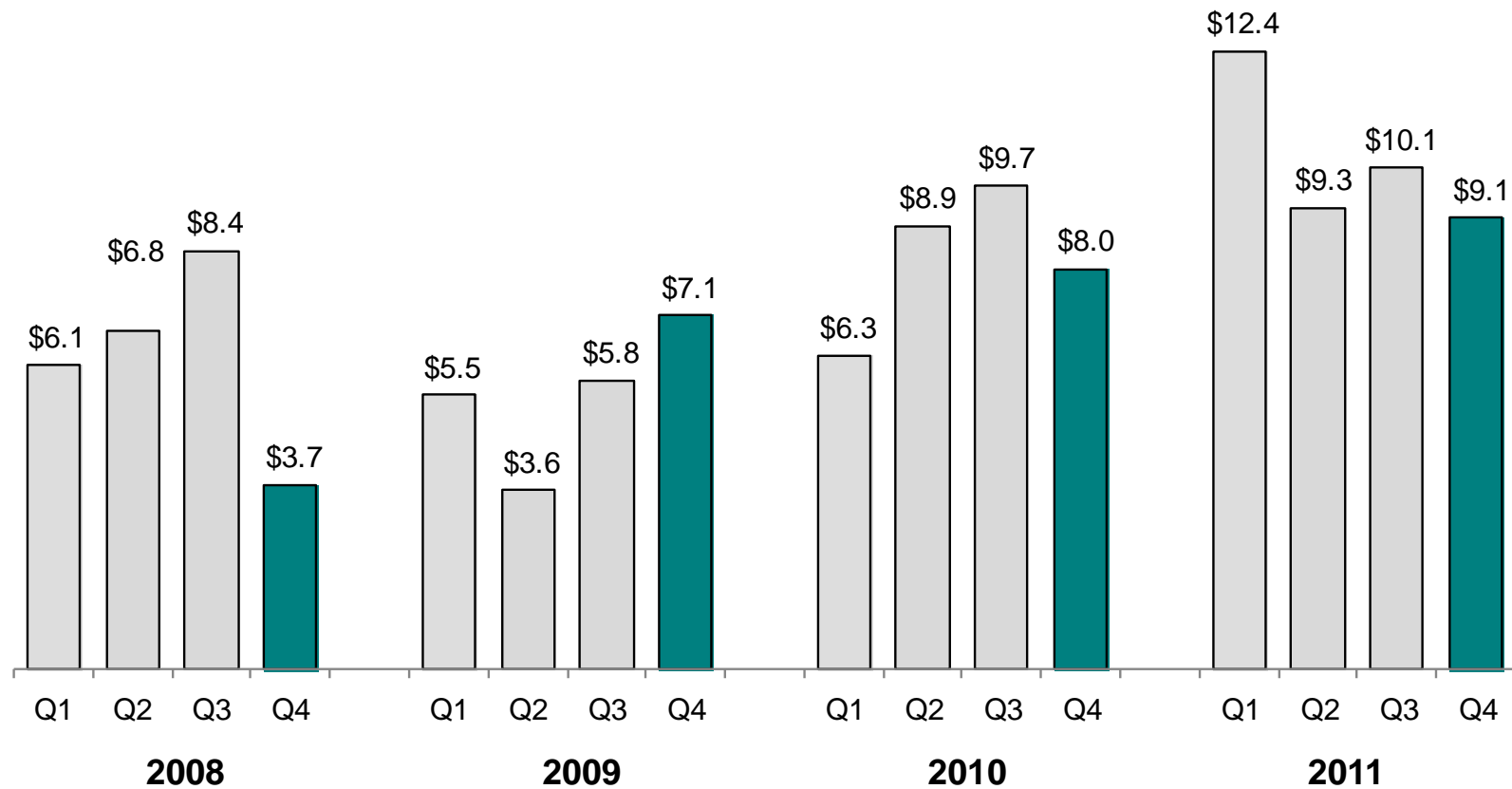
Note: See appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.

Specialty Papers Operating Income



Composite Fibers Operating Income

\$ in millions



Reconciliation of Non-GAAP Adjusted Earnings Per Share

	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income (loss)	\$0.25	\$0.43	\$1.00	\$1.00	(\$0.01)	\$0.00	\$0.85	\$0.33	\$0.38	\$0.05	\$0.28	\$ 0.22
Early redemption of \$100 million 7 ^{1/8} % bonds	-	-	-	-	-	-	-	-	-	-	-	\$ 0.14
Charge for workforce efficiencies	-	-	-	-	-	-	-	-	-	-	-	\$ 0.01
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	(0.01)	0.01	-	(0.00)	-	-	-	(0.02)	(0.04)	-	(0.01)	(0.05)
Acquisition and integration related costs	-	-	-	0.04	0.15	0.03	0.01	0.01	0.01	0.01	-	-
Foreign currency hedge on acquisition price	-	-	-	-	0.05	(0.01)	-	-	-	-	-	-
Adjusted earnings (loss)	\$ 0.24	\$ (0.22)	\$ 0.29	\$ 0.33	\$ 0.19	\$ 0.02	\$ 0.36	\$ 0.31	\$ 0.34	\$ 0.07	\$ 0.28	\$ 0.32
Pension Impact on Adjusted EPS	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.02	\$ 0.06	\$ 0.03
Adjusted earnings (loss) excl. pension	\$ 0.26	\$ (0.19)	\$ 0.32	\$ 0.35	\$ 0.22	\$ 0.05	\$ 0.39	\$ 0.34	\$ 0.37	\$ 0.09	\$ 0.34	\$ 0.35

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

Adjusted Operating Income, Excluding Pension

<i>In millions</i>	Q4 2010	Q4 2011
Income before Income Taxes	\$ 11.4	8.2
Net Pension Expenses	2.3	2.3
Depreciation and Amortization	17.0	17.5
Net Interest Expense	<u>6.3</u>	<u>12.2</u>
EBITDA, excluding pension	\$ 37.0	\$ 40.2
Adjustments / exclusions		
Gains on Timberland Sales and Transaction Related Costs	(0.2)	0.1
Cellulosic Bio-fuel and Alternative Fuel Mixture Credits	0.0	-
Debt Redemption Costs	-	3.6
Acquisition and Integration Related Costs	0.4	-
Workforce Efficiency Charge	-	1.0
Write-off of Concert Indemnification Receivable	<u>2.5</u>	<u>-</u>
Adjusted EBITDA, excluding pension	<u>\$ 39.8</u>	<u>\$ 44.9</u>
Less: Depreciation and Amortization	(17.0)	(17.5)
Less: Other Income / (Deductions)	<u>0.0</u>	<u>(0.7)</u>
Adjusted Operating Income, excluding pension	<u>\$ 22.8</u>	<u>\$ 26.7</u>

Note: The sum of individual amounts set forth above may not agree to the column totals due to rounding.

Reconciliation of Non-GAAP Measures

Adjusted EBITDA, Excluding Pension

<i>In millions</i>	2006	2007	2008	2009	2010	2011
Income before Income Taxes	\$ (22.2)	\$ 93.9	\$ 81.0	\$ 143.1	\$ 33.5	\$ 50.8
Net Pension Expenses	(17.0)	(12.9)	(16.1)	7.0	9.2	10.4
Depreciation and Amortization	50.0	56.0	60.6	61.3	65.8	69.3
Net Interest Expense	21.3	25.1	18.2	17.3	24.7	31.1
EBITDA, excluding Pension	\$ 32.1	\$ 162.1	\$ 143.8	\$ 228.8	\$ 133.4	\$ 161.7
Adjustments / exclusions						
Gains on Timberland Sales and Transaction Related Costs	(15.7)	(79.0)	(18.6)	(0.5)	(0.4)	(3.4)
Gains from Insurance Recoveries	(0.2)	-	-	-	-	-
Environmental Remediation	-	26.0	-	-	-	-
Debt Redemption Costs	2.9	-	-	-	-	3.6
Cellulosic Bio-fuel and Alternative Fuel Mixture Credits	-	-	-	(105.5)	0.1	-
Acquisition and Integration Related Costs	69.3	2.5	0.4	3.5	11.9	1.1
Workforce Efficiency Charge	-	-	-	-	-	1.0
Write-off of Concert Indemnification Receivable	-	-	-	-	2.5	-
Foreign Currency Hedge on Acquisition Price	-	-	-	-	3.4	-
Adjusted EBITDA, excluding pension	<u>\$ 88.4</u>	<u>\$ 111.7</u>	<u>\$ 125.5</u>	<u>\$ 126.2</u>	<u>\$ 150.9</u>	<u>\$ 164.0</u>
Less: Depreciation and Amortization	(50.0)	(56.0)	(60.6)	(61.3)	(65.8)	(69.3)
Less: Other Income / (Deductions)	(3.6)	0.1	0.2	(0.3)	0.3	(0.5)
Adjusted Operating Profit, excluding Pension	<u>\$ 34.8</u>	<u>\$ 55.7</u>	<u>\$ 65.1</u>	<u>\$ 64.6</u>	<u>\$ 85.3</u>	<u>\$ 94.2</u>

Note: The sum of individual amounts set forth above may not agree to the column totals due to rounding.

Reconciliation of Non-GAAP Measures

Net Debt and Free Cash Flow

Net debt excluding collateralized debt	December 31	December 31
<i>In thousands</i>	2010	2011
Short term debt	\$798	\$0
Long term debt	\$332,224	\$227,000
Total debt	<u>\$333,022</u>	<u>\$227,000</u>
(-) Cash	<u>(\$95,788)</u>	<u>(\$38,277)</u>
Total debt less cash	\$237,234	\$188,723
(-) Collateralized debt from Timberland note	<u>(\$36,695)</u>	<u>\$0</u>
Net debt excluding collateralized debt	<u><u>\$200,539</u></u>	<u><u>\$188,723</u></u>

Free Cash Flow	Year ended December 31	
<i>In thousands</i>	2010	2011
Cash from operations	\$168,005	\$140,307
Less:		
Capital expenditures	<u>(36,491)</u>	<u>(64,491)</u>
Free cash flow	<u><u>\$131,514</u></u>	<u><u>\$75,816</u></u>

Note: The sum of individual amounts set forth above may not agree to the column totals due to rounding.