

Glatfelter (NYSE:GLT)
2006 Fourth Quarter Performance
February 15, 2007

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



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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 uncertainty and changes in circumstances. Although the Company makes such statements based on assumptions that it believes to be reasonable, there can be no assurance that actual results will not differ materially from the Company’s expectations. Actual results may differ materially from these expectations due to changes in, among others, industry conditions, demand for or pricing of its products; risks associated with integrating acquisitions; global political, economic, business, competitive and market conditions; tax legislation; successful execution of the EURO Program; growth strategies and cost reduction initiatives; circumstances surrounding the Neenah facility and former Ecusta Division; successful execution of the Timberland Strategy with acceptable market conditions; and other factors. More information about these factors is contained in Glatfelter’s filings with the U.S. Securities and Exchange Commission.

Use of non-GAAP Financial Information



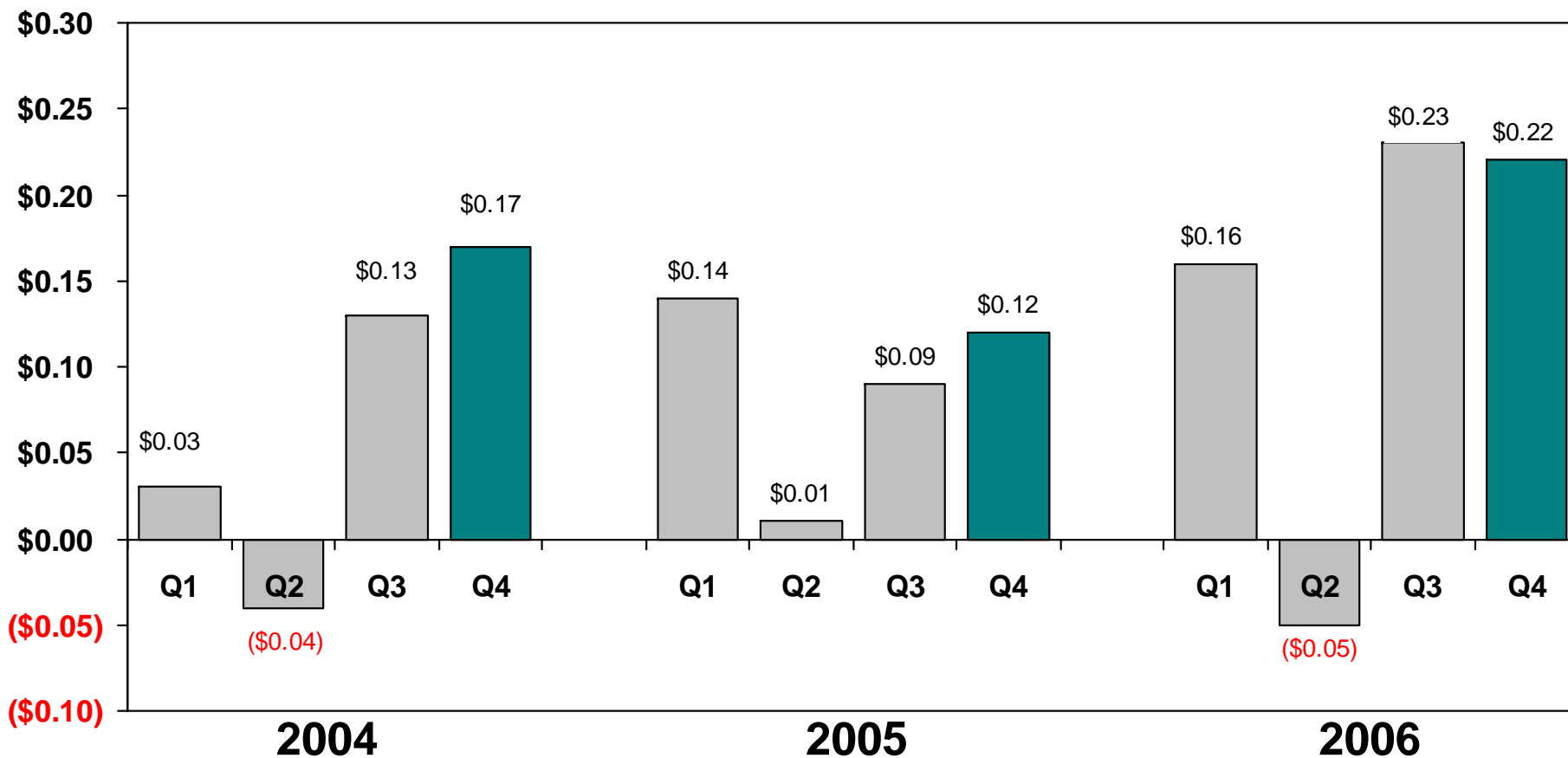
During the course of this presentation, certain non-U.S. GAAP financial information will be presented. A reconciliation of those numbers to U.S. GAAP financial measures is attached in the appendix of this presentation.

Adjusted EPS

(EPS from Continuing Operations and Before Special Items)



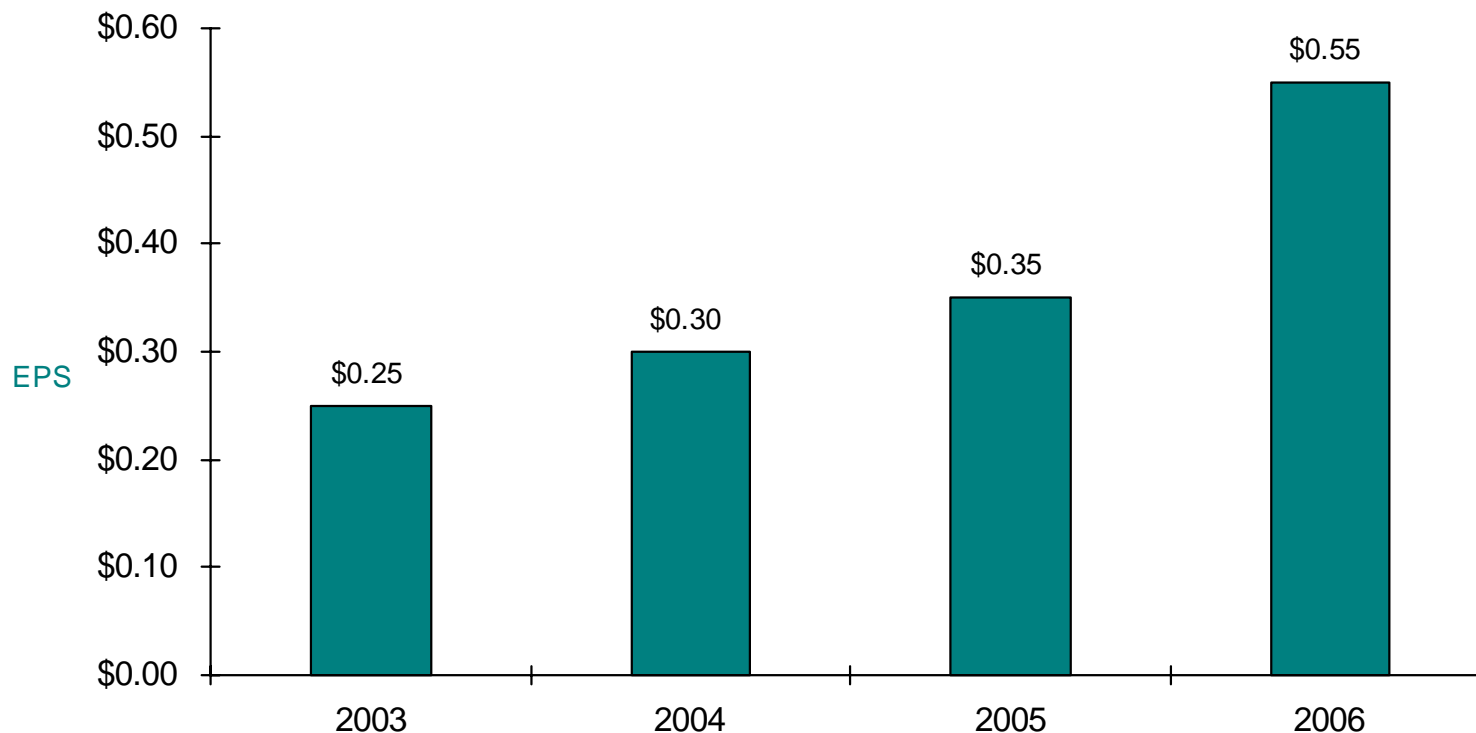
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• See attached appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.



Adjusted EPS 2003 - 2006

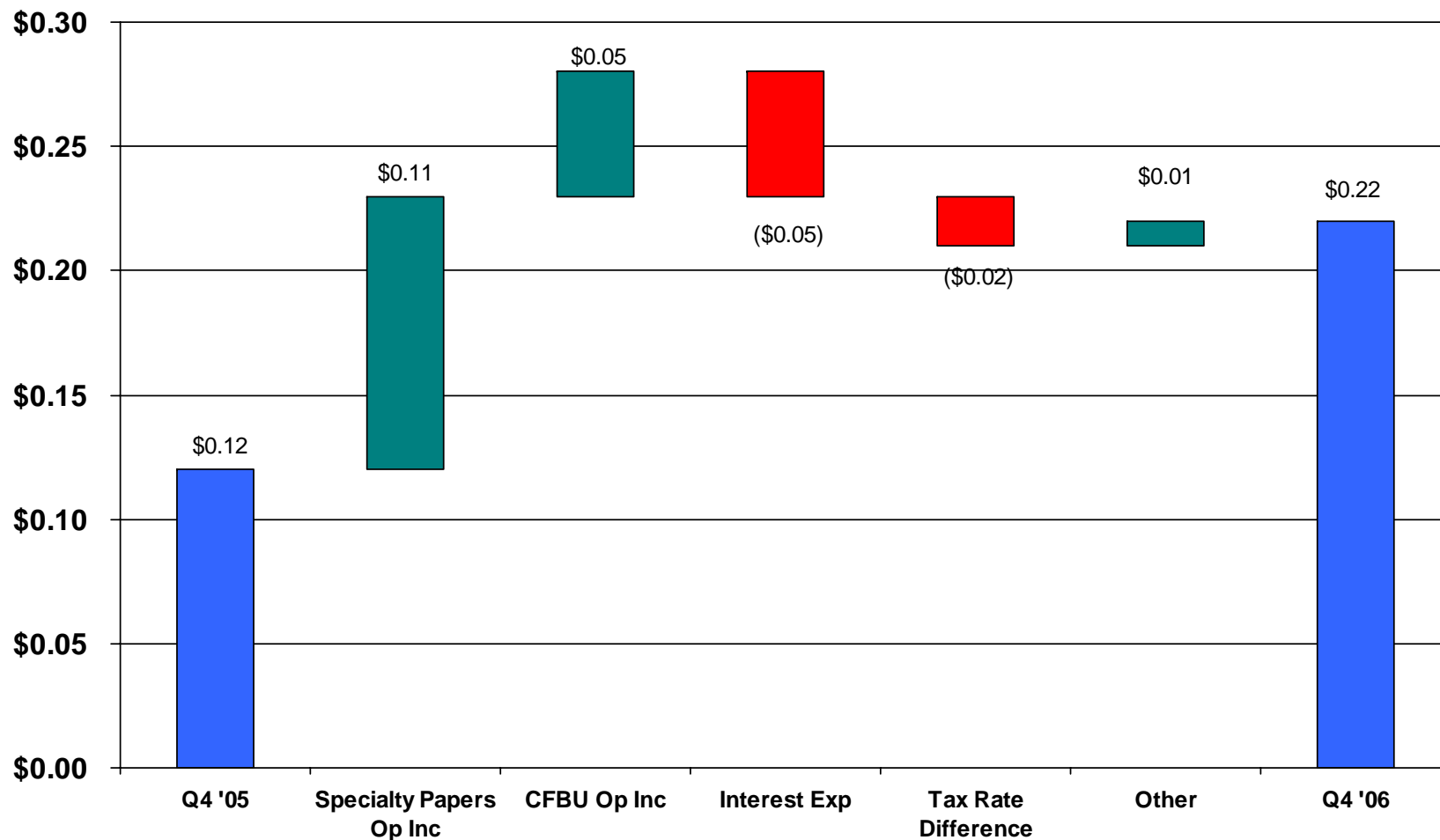


Adjusted earnings increased 57% in 2006 vs. 2005 with a three year CAGR of 30%.

Q4'05 vs. Q4'06 (EPS from Continuing Operations and Before Special Items)



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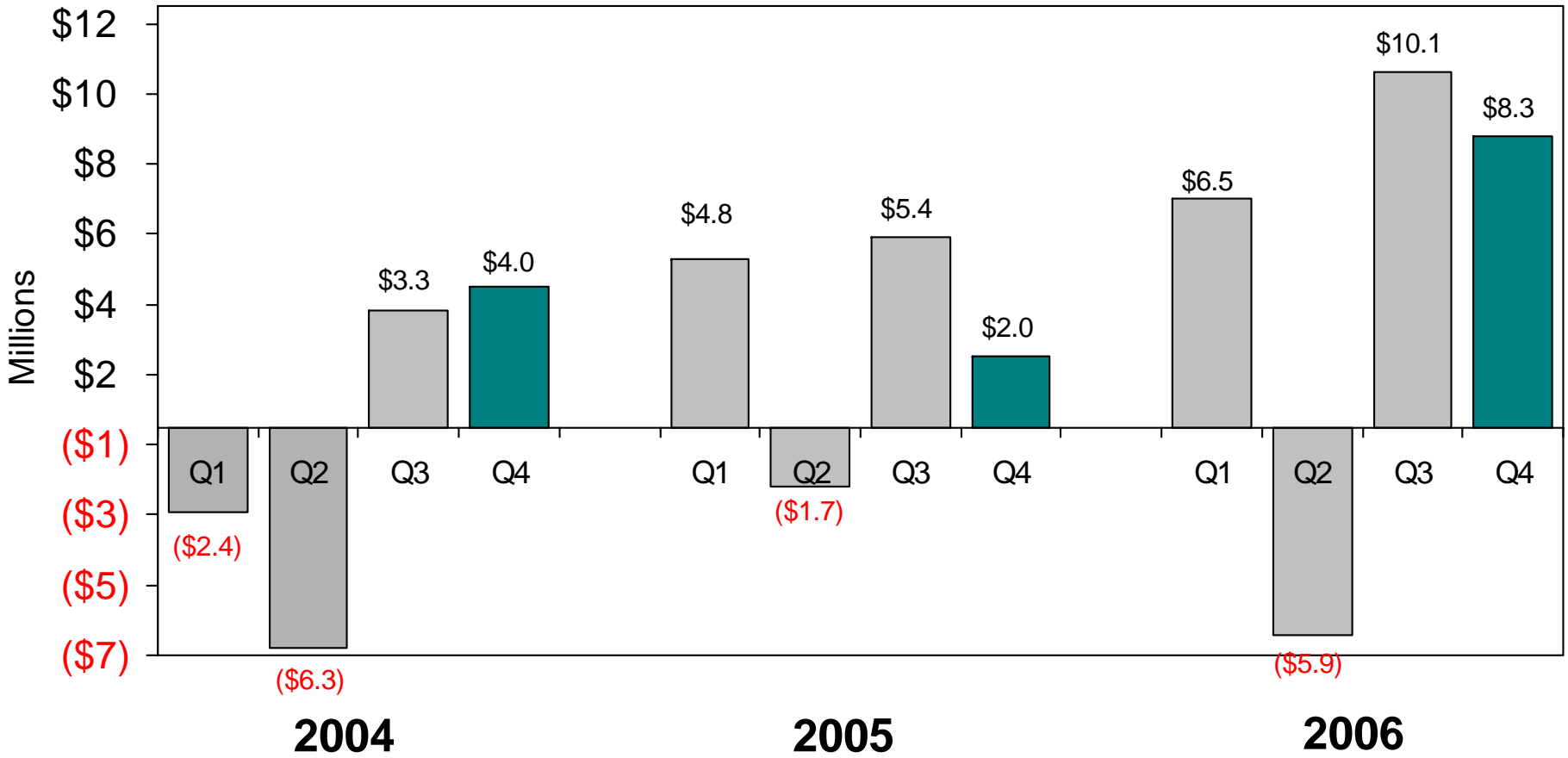
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Q4'06 Highlights

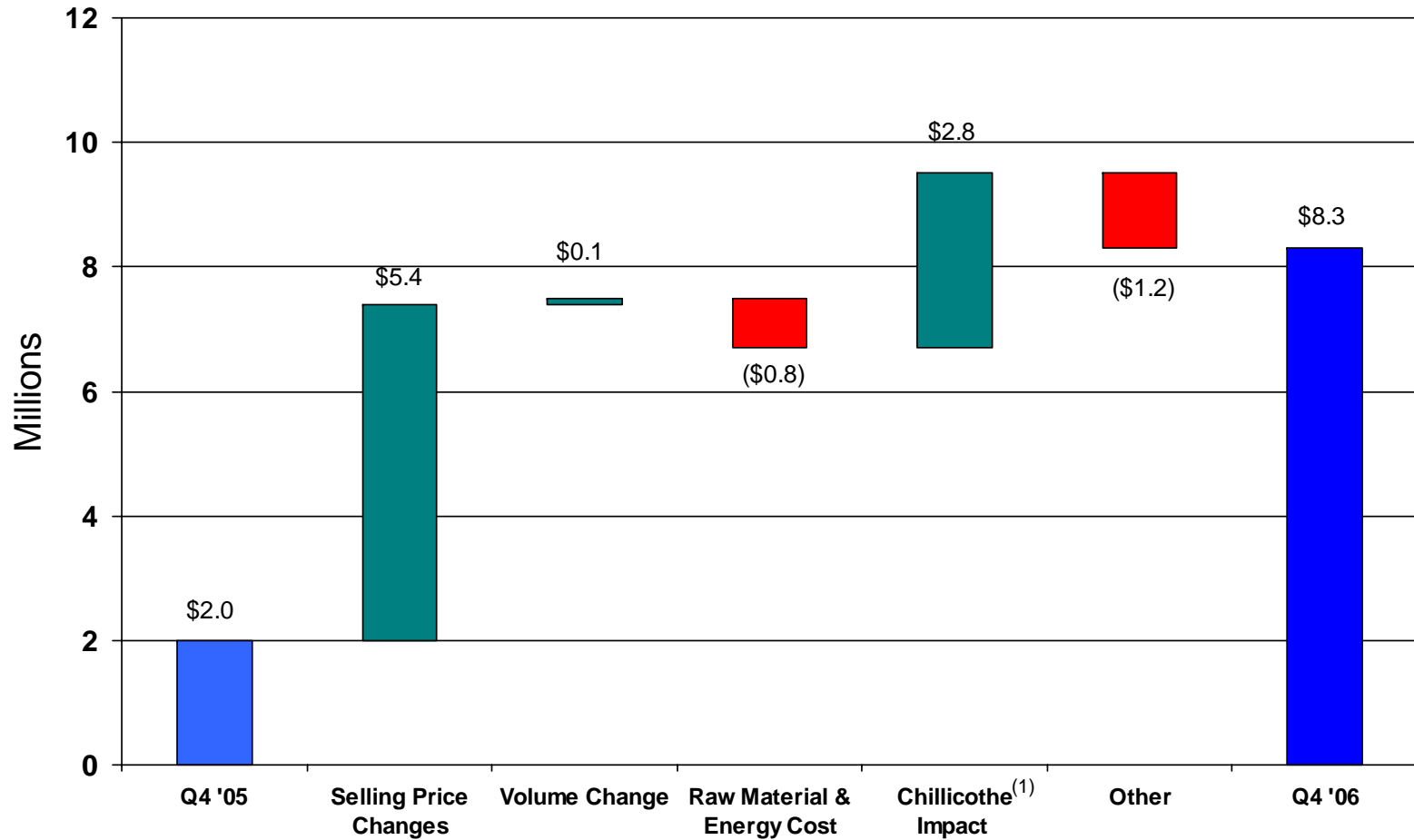


- **Adjusted earnings per share increased 83% to \$0.22**
 - Strong pricing environment for Specialty Papers
 - Significantly improved shipping volume for Composite Fibers
 - Solid operating performance
 - Energy and other raw material costs significantly higher than Q4'05
- **Chillicothe integration progresses**
 - Significant improvement in production volume
 - Accretive by \$0.03 during Q4'06
- **Net debt decreased to \$376 million**
- **Lydney acquisition cleared by European Commission**

Specialty Papers Operating Income



Specialty Papers Q4'06 vs. Q4'05



⁽¹⁾ Total operating income from Chillicothe operations for Q4'06 was \$3.3 million. Of this amount, \$0.5 million is included with price change related to Book Product transferred from Neenah.

Specialty Papers Q4'06 Highlights



- **Favorable pricing environment generated \$5.4 million benefit in Q4'06 vs. Q4'05**
 - Prices increased in Book, Envelope and EP segments
 - Carbonless prices increased \$1 million during Q4
- **Shipping volume for Book, Envelope, and Engineered Products was flat in Q4'06 vs. Q4'05**
- **Operating performance solid during quarter**
 - Chillicothe productivity increased 10.6% in Q4'06 compared to Q3'06
 - Spring Grove productivity improved 6.8% in Q4'06 vs. Q4'05
- **Production costs increased in Q4'06 vs. Q4'05 driven by raw material and energy**

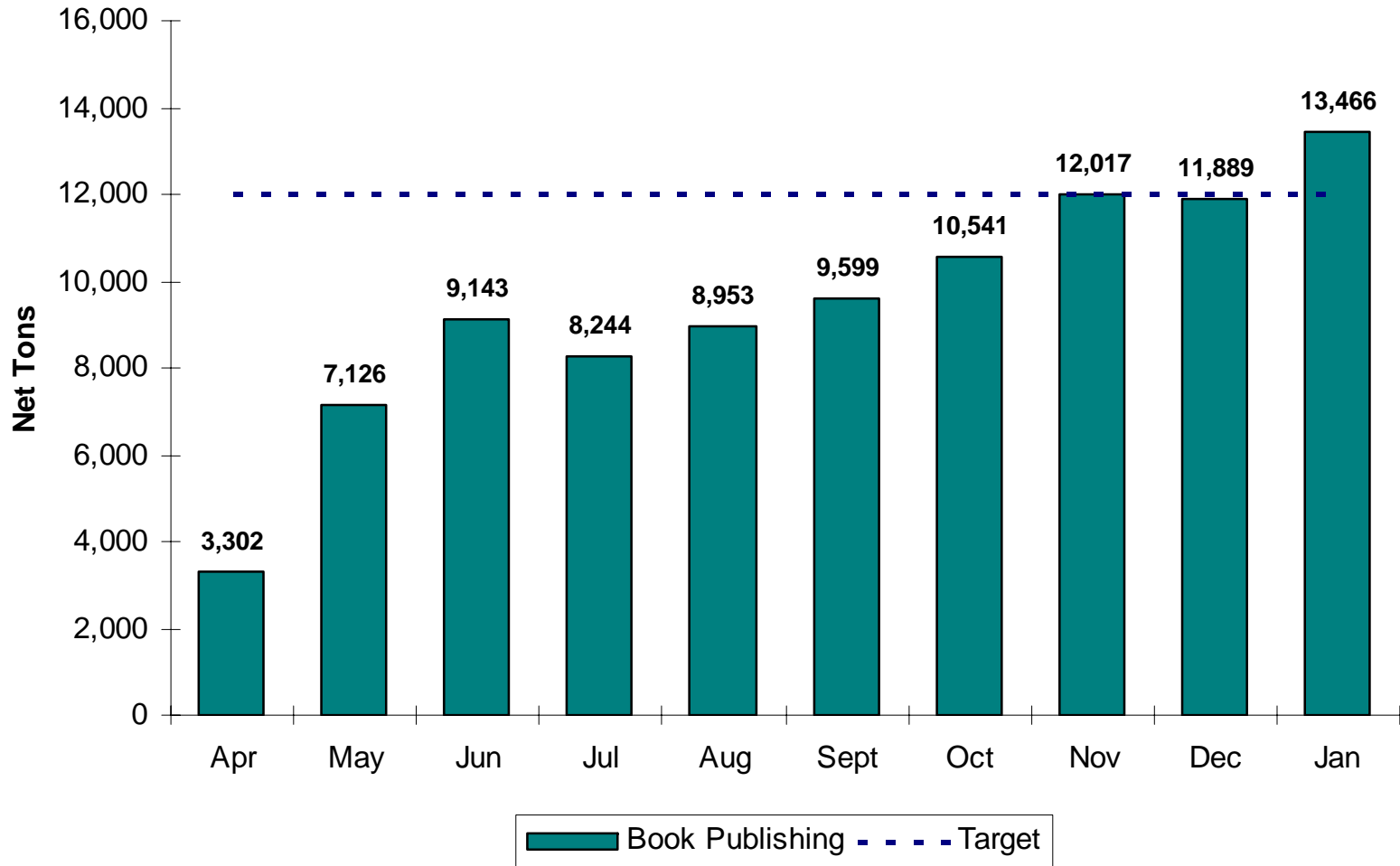
Chillicothe Integration Update

- **Book paper transfer to Chillicothe**
 - › Significant improvement in Book paper and total paper production during Q4
 - › Implementing more effective and efficient production scheduling tools and processes
 - › Focusing on improving cost efficiency of production
- **Enhanced preventative maintenance program improving performance**
 - › Paper machine uptime increased during Q4
 - › Off quality paper production was reduced during Q4
- **Completed planned capital investments to improve performance**
 - › Relocated winder and roll wrap station from Neenah to Chillicothe
 - › Installed color measurement system

Chillicothe Book Paper Production

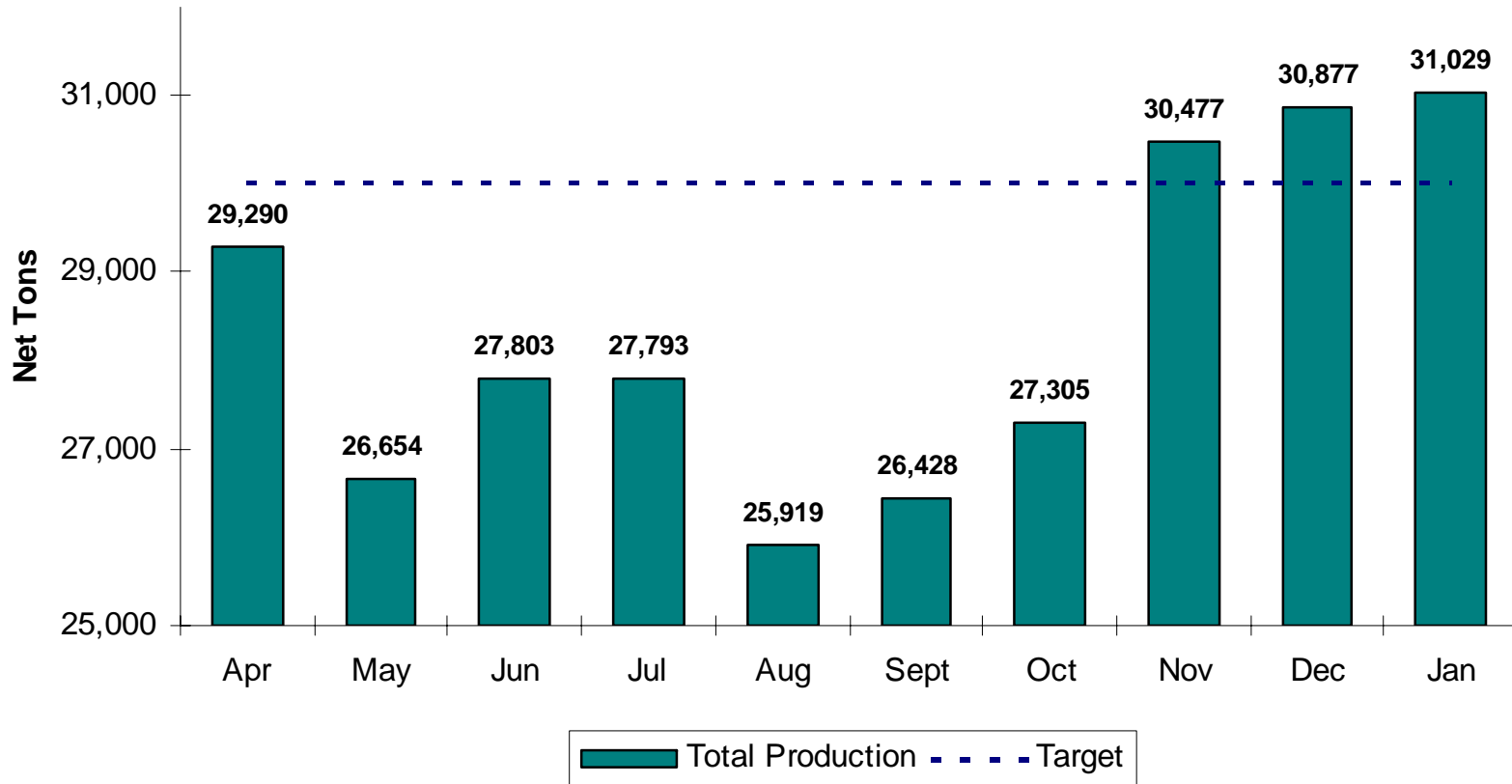


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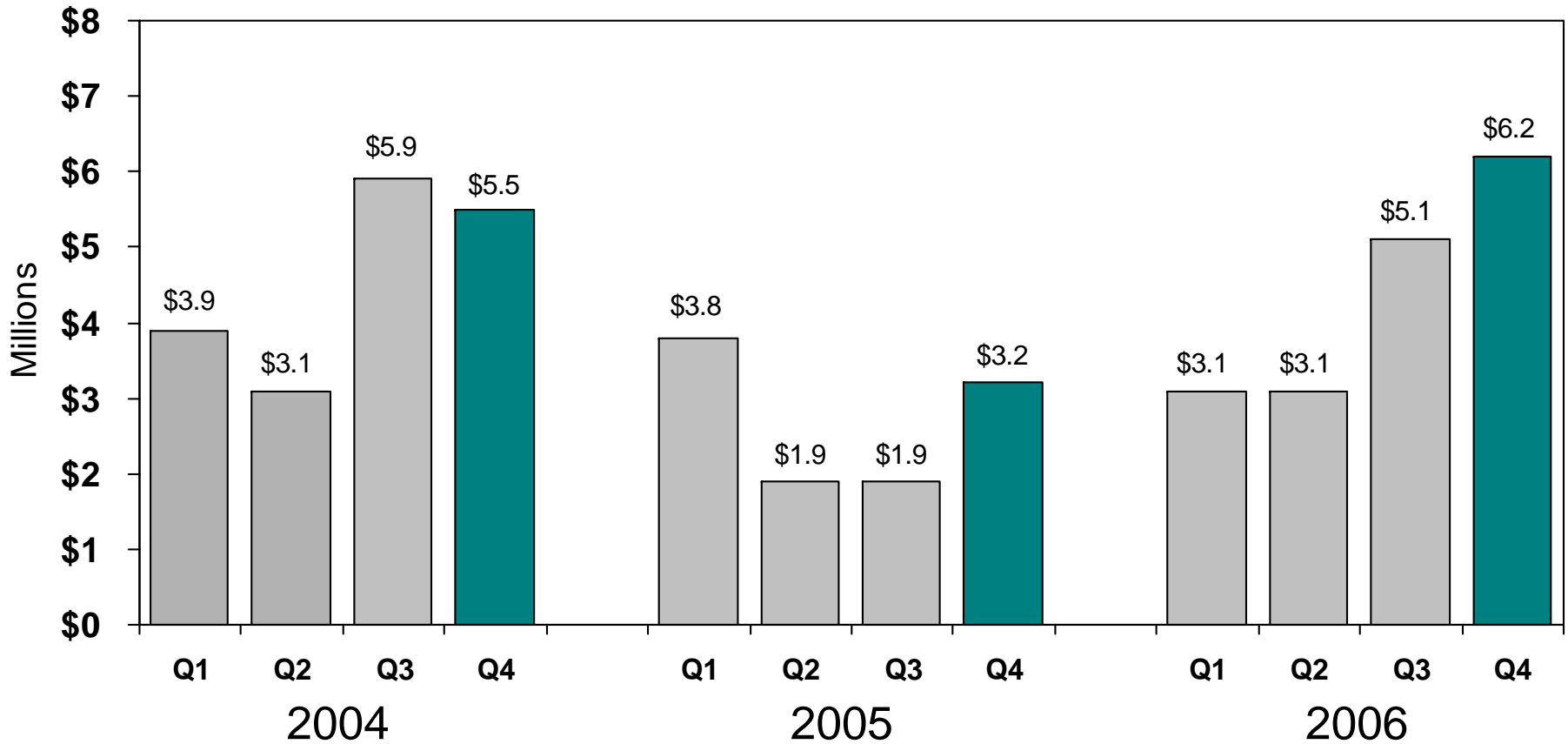
Book production increased 29% in Q4'06 vs. Q3'06.

Chillicothe Total Paper Production

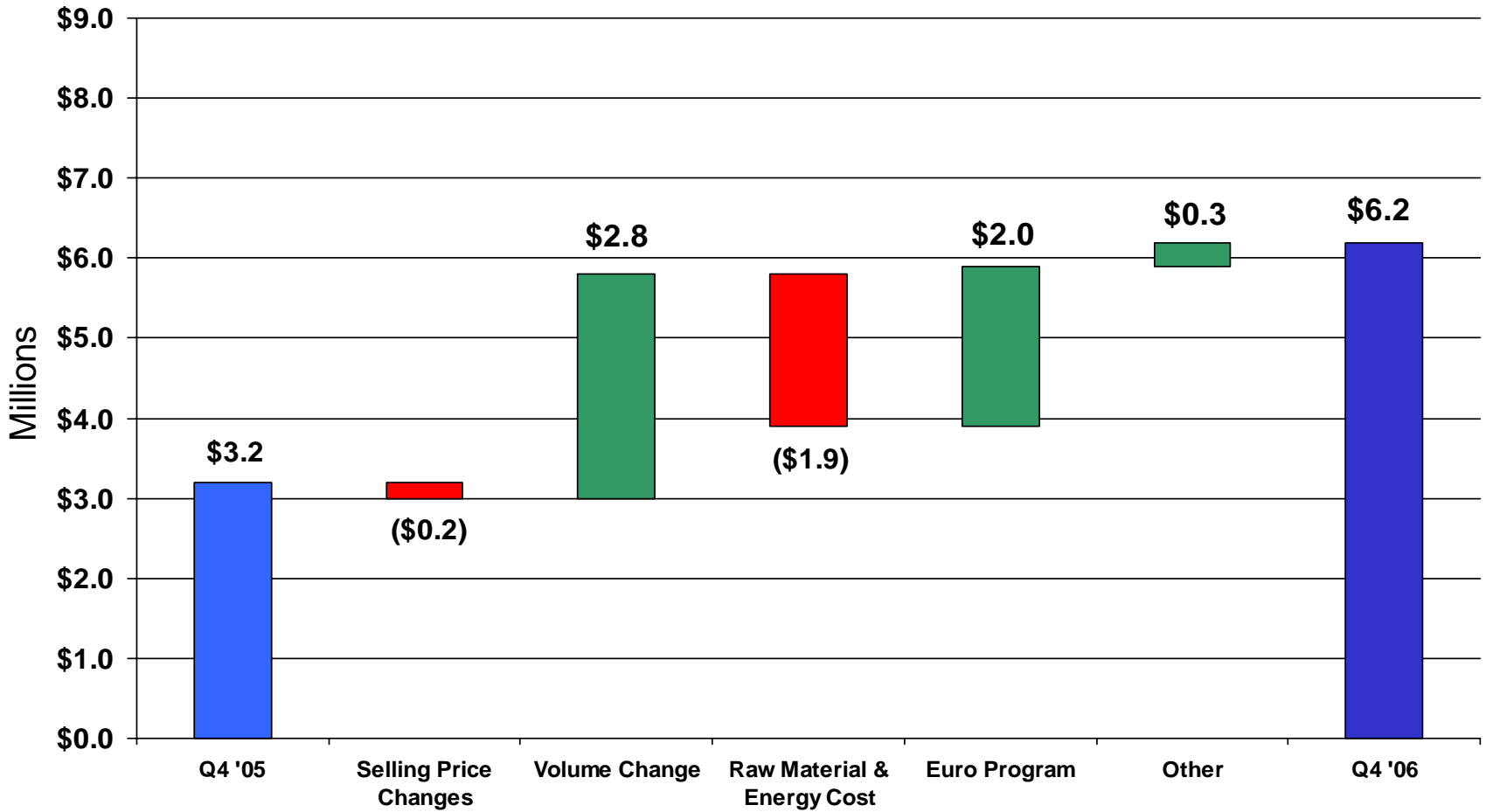


Total paper production increased 11% in Q4'06 vs. Q3'06.

Composite Fibers Operating Income



Composite Fibers Q4'06 vs. Q4'05



Composite Fibers Q4'06 Highlights



- **Significant improvement in shipping volume**
 - Volume increased 8% excluding Lydney
 - Volume increased across all market segments
- **Prices flat compared to Q4'05**
- **Energy and raw material costs significantly higher than Q4'05**
- **EURO program generating significant benefits**
- **Lydney transaction approved by European Commission**
 - Integration plan being executed
 - Expect to reach annual run rate of \$9 million of operating income, including \$2 million of depreciation, by Q4'07

Timberland Q4'06 Update



- **Company's Timberland Strategy was initiated in early 2006**
 - Added 20,000 acres in Pennsylvania to program in late 2006
- **Timberland sale process progressing**
 - Closed \$14 million in Q4'06
 - Targeting at least \$50 million of sales in 2007
- **Expect to generate proceeds in excess of \$150 million over next two to four years**
 - Assumes acceptable market conditions and carefully executed plan of disposition, among other factors

Outlook

- **Expect stable pricing environment in Specialty Papers and Composite Fibers for first half of 2007**
- **Shipping volumes for Q1'07 are expected to increase somewhat from seasonally slower Q4'06**
- **Annual maintenance shutdowns for Spring Grove and Chillicothe will take place during Q2'07 (EPS impact of \$0.22 - \$0.24)**
- **Additional charges expected**
 - Integration costs of \$3 million - \$4 million in 2007 including integration costs related to Lydney
- **Cap Ex estimated at \$35 million to \$40 million for 2007 compared to depreciation and amortization of \$50 million**

Appendix



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Reconciliation of Non-GAAP Financial Measures



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Reconciliation of Non-GAAP financial measures

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Income (loss) from continuing operations	\$0.83	(\$0.04)	\$0.05	\$0.44	\$0.14	\$0.04	\$0.08	\$0.61	(\$27.00)	(\$0.46)	\$0.12	\$0.33
Gains from sales of Timberland	(0.41)		(0.02)	(0.31)			0.01	(0.26)		(0.01)	(0.01)	(0.17)
Insurance recoveries	(0.35)		(0.13)			(0.03)		0.25		0.00		
Corporate aircraft sale	(0.04)											
Shutdown and restructuring charges			0.23	0.04				0.02	0.40	0.33	0.04	0.02
Acquisition integration costs									0.02	0.05	0.08	0.04
Debt redemption costs										0.04		
Adjusted earnings (loss)	<u>\$0.03</u>	<u>(\$0.04)</u>	<u>\$0.13</u>	<u>\$0.17</u>	<u>\$0.14</u>	<u>\$0.01</u>	<u>\$0.09</u>	<u>\$0.12</u>	<u>\$0.16</u>	<u>(\$0.05)</u>	<u>\$0.23</u>	<u>\$0.22</u>