UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2019

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

GLATFELTER

96 South George Street, Suite 520
York, Pennsylvania 17401
(Address of principal executive offices)

(717) 850-0170
(Registrant's telephone number, including area code)

Commission file number	Exact name of registrant as specified in its charter	IRS Employer Identification No.	State or other jurisdiction of incorporation or organization
1-03560	**P. H. Glatfelter Company**	**23-0628360**	**Pennsylvania**

N/A
(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	**GLT**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a small reporting company or emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒.

Common Stock outstanding on October 21, 2019 totaled 44,171,151 shares.

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
REPORT ON FORM 10-Q
For the QUARTERLY PERIOD ENDED

September 30, 2019

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PART I

Item 1 – Financial Statements

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

In thousands, except per share	Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
Net sales	**$ 232,515**	$ 209,855	**$ 696,701**	$ 636,806
Costs of products sold	**194,494**	179,983	**585,563**	537,073
Gross profit	**38,021**	29,872	**111,138**	99,733
Selling, general and administrative expenses	**23,721**	25,799	**71,143**	81,915
Gains on dispositions of plant, equipment and timberlands, net	**(235)**	(249)	**(1,327)**	(1,939)
Operating income	**14,535**	4,322	**41,322**	19,757
Non-operating income (expense)				
Interest expense	**(1,902)**	(3,965)	**(8,513)**	(11,237)
Interest income	**185**	147	**931**	227
Other, net	**(1,034)**	2,253	**(3,547)**	1,131
Total non-operating expense	**(2,751)**	(1,565)	**(11,129)**	(9,879)
Income from continuing operations before income taxes	**11,784**	2,757	**30,193**	9,878
Income tax provision	**3,141**	3,462	**10,654**	7,037
Income (loss) from continuing operations	**8,643**	(705)	**19,539**	2,841
Discontinued operations:				
Income (loss) before income taxes	**1,062**	(114,656)	**1,291**	(128,714)
Income tax benefit	**(2,519)**	(19,530)	**(2,511)**	(28,361)
Income (loss) from discontinued operations	**3,581**	(95,126)	**3,802**	(100,353)
Net income (loss)	**$ 12,224**	$ (95,831)	**$ 23,341**	$ (97,512)
Basic earnings per share				
Income (loss) from continuing operations	**$ 0.19**	$ (0.02)	**$ 0.44**	$ 0.06
Income (loss) from discontinued operations	**0.09**	(2.17)	**0.09**	(2.29)
Basic earnings (loss) per share	**$ 0.28**	$ (2.19)	**$ 0.53**	$ (2.23)
Diluted earnings (loss) per share				
Income (loss) from continuing operations	**$ 0.19**	$ (0.02)	**$ 0.44**	$ 0.06
Income (loss) from discontinued operations	**0.09**	(2.17)	**0.09**	$ (2.29)
Diluted earnings (loss) per share	**$ 0.28**	$ (2.19)	**$ 0.53**	$ (2.23)
Cash dividends declared per common share	**$ 0.13**	$ 0.13	**$ 0.39**	$ 0.39
Weighted average shares outstanding				
Basic	**44,171**	43,792	**44,113**	43,754
Diluted	**44,442**	43,792	**44,405**	43,754

The accompanying notes are an integral part of these condensed consolidated financial statements.

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

In thousands	Three months ended September 30 **2019**	Three months ended September 30 2018	Nine months ended September 30 **2019**	Nine months ended September 30 2018
Net income (loss)	**$ 12,224**	$ (95,831)	**$ 23,341**	$ (97,512)
Foreign currency translation adjustments	**(17,073)**	(3,217)	**(20,452)**	(23,693)
Net change in:				
Deferred gains on cash flow hedges, net of taxes of $(873), $(582), $(1,629) and $(1,718), respectively	**2,365**	1,616	**4,608**	4,363
Unrecognized retirement obligations, net of taxes of $(220), $(1,932), $(1,606) and $(3,874), respectively	**2,817**	21,572	**7,657**	27,668
Other comprehensive income (loss)	**(11,891)**	19,971	**(8,187)**	8,338
Comprehensive income (loss)	**$ 333**	$ (75,860)	**$ 15,154**	$ (89,174)

The accompanying notes are an integral part of these condensed consolidated financial statements.

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

In thousands	**September 30 2019**	December 31 2018
Assets		
Cash and cash equivalents	**$ 57,046**	$ 142,685
Accounts receivable, net	**121,050**	119,772
Inventories	**190,574**	173,411
Prepaid expenses and other current assets	**40,637**	33,418
Total current assets	**409,307**	469,286
Plant, equipment and timberlands, net	**524,021**	556,044
Goodwill	**146,093**	153,463
Intangible assets, net	**83,129**	93,614
Other assets	**83,016**	67,347
Total assets	**$ 1,245,566**	$ 1,339,754
Liabilities and Shareholders' Equity		
Current portion of long-term debt	**$ 22,235**	$ 10,785
Accounts payable	**109,609**	120,701
Dividends payable	**5,742**	5,719
Environmental liabilities	**7,700**	23,000
Other current liabilities	**72,160**	72,597
Total current liabilities	**217,446**	232,802
Long-term debt	**329,771**	400,962
Deferred income taxes	**79,151**	78,651
Other long-term liabilities	**80,441**	88,441
Total liabilities	**706,809**	800,856
Commitments and contingencies	**—**	—
Shareholders' equity		
Common stock	**544**	544
Capital in excess of par value	**60,965**	62,239
Retained earnings	**776,424**	770,305
Accumulated other comprehensive loss	**(145,627)**	(137,440)
	692,306	695,648
Less cost of common stock in treasury	**(153,549)**	(156,750)
Total shareholders' equity	**538,757**	538,898
Total liabilities and shareholders' equity	**$ 1,245,566**	$ 1,339,754

The accompanying notes are an integral part of these condensed consolidated financial statements.

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

In thousands	Nine months ended September 30 2019	2018
Operating activities		
Net income (loss)	$ **23,341**	$ (97,512)
(Income) loss from discontinued operations, net of taxes	**(3,802)**	100,353
Adjustments to reconcile to net cash provided (used) by continuing operations:		
Depreciation, depletion and amortization	**38,114**	34,731
Amortization of debt issue costs and original issue discount	**1,525**	870
Deferred income tax benefit (provision)	**441**	(5,466)
Gains on dispositions of plant, equipment and timberlands, net	**(1,327)**	(1,939)
Share-based compensation	**2,683**	4,594
Change in operating assets and liabilities		
Accounts receivable	**(5,431)**	(10,421)
Inventories	**(23,728)**	(40,314)
Prepaid and other current assets	**(4,512)**	(2,935)
Accounts payable	**(5,347)**	(2,019)
Accruals and other current liabilities	**(5,891)**	3,768
Other	**(472)**	78
Net cash provided (used) by operating activities from continuing operations	**15,594**	(16,212)
Investing activities		
Expenditures for purchases of plant, equipment and timberlands	**(18,017)**	(32,155)
Proceeds from disposals of plant, equipment and timberlands, net	**1,363**	2,073
Acquisition, net of cash acquired	**(1,974)**	—
Other	**(163)**	(68)
Net cash used by investing activities from continuing operations	**(18,791)**	(30,150)
Financing activities		
Net (repayments) borrowings under revolving credit facility	**(30,183)**	174,761
Repayment of 5.375% Notes	**(250,000)**	—
Proceeds from term loans	**248,644**	—
Payments of borrowing costs	**(2,170)**	—
Repayment of term loans	**(11,020)**	(8,373)
Payments of dividends	**(17,194)**	(17,064)
Payments related to share-based compensation awards and other	**(755)**	(1,008)
Net cash provided (used) by financing activities from continuing operations	**(62,678)**	148,316
Effect of exchange rate changes on cash	**(1,794)**	(3,931)
Net increase (decrease) in cash and cash equivalents	**(67,669)**	98,023
Change in cash and cash equivalents from discontinued operations	**(17,970)**	19,828
Cash and cash equivalents at the beginning of period	**142,685**	116,219
Cash and cash equivalents at the end of period	$ **57,046**	$ 234,070
Supplemental cash flow information		
Cash paid for:		
Interest, net of amounts capitalized	$ **9,245**	$ 7,213
Income taxes, net	**10,741**	11,001

The accompanying notes are an integral part of these condensed consolidated financial statements.

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited)

In thousands	Common stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity
Balance at July 1, 2019	**$ 544**	**$ 59,920**	**$ 769,940**	**$ (133,736)**	**$ (153,549)**	**$ 543,119**
Net income			**12,224**			**12,224**
Other comprehensive loss				**(11,891)**		**(11,891)**
Comprehensive income						**333**
Cash dividends declared ($0.13 per share)			**(5,740)**			**(5,740)**
Share-based compensation expense		**1,045**				**1,045**
Balance at September 30, 2019	**$ 544**	**$ 60,965**	**$ 776,424**	**$ (145,627)**	**$ (153,549)**	**$ 538,757**
Balance at July 1, 2018	$ 544	$ 62,827	$ 957,643	$ (174,606)	$ (159,456)	$ 686,952
Net loss			(95,831)			(95,831)
Other comprehensive income				19,971		19,971
Comprehensive loss						(75,860)
Cash dividends declared ($0.13 per share)			(5,694)			(5,694)
Share-based compensation expense		890				890
Delivery of treasury shares						
RSUs and PSAs		(21)			14	(7)
Employee stock options exercised — net		(67)			32	(35)
Balance at September 30, 2018	$ 544	$ 63,629	$ 856,118	$ (154,635)	$ (159,410)	$ 606,246
Balance at January 1, 2019	**$ 544**	**$ 62,239**	**$ 770,305**	**$ (137,440)**	**$ (156,750)**	**$ 538,898**
Net income			**23,341**			**23,341**
Other comprehensive loss				**(8,187)**		**(8,187)**
Comprehensive income						**15,154**
Cash dividends declared ($0.39 per share)			**(17,222)**			**(17,222)**
Share-based compensation expense		**2,683**				**2,683**
Delivery of treasury shares						
RSUs and PSAs		**(2,421)**			**2,097**	**(324)**
Employee stock options exercised — net		**(1,536)**			**1,104**	**(432)**
Balance at September 30, 2019	**$ 544**	**$ 60,965**	**$ 776,424**	**$ (145,627)**	**$ (153,549)**	**$ 538,757**
Balance at January 1, 2018	$ 544	$ 62,594	$ 948,411	$ (140,675)	$ (161,946)	$ 708,928
Reclassification pursuant to ASU No. 2018-02			22,298	(22,298)		—
Net loss			(97,512)			(97,512)
Other comprehensive income				8,338		8,338
Comprehensive loss						(89,174)
Cash dividends declared ($0.39 per share)			(17,079)			(17,079)
Share-based compensation expense		4,594				4,594
Delivery of treasury shares						
RSUs and PSAs		(2,397)			1,914	(483)
Employee stock options exercised — net		(1,162)			622	(540)
Balance at September 30, 2018	$ 544	$ 63,629	$ 856,118	$ (154,635)	$ (159,410)	$ 606,246

The accompanying notes are an integral part of these condensed consolidated financial statements.

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION

P. H. Glatfelter Company and subsidiaries is a leading global supplier of high-quality, innovative and customizable solutions found in tea and single-serve coffee filtration, personal hygiene and packaging products, as well as home improvement and industrial applications. We are headquartered in York, Pennsylvania, and operate facilities in the United States, Canada, Germany, France, the United Kingdom and the Philippines. We have sales and distribution offices in the U.S., Europe, Russia and China and our products are marketed worldwide, either directly to customers or through brokers and agents. The terms "we," "us," "our," "the Company," or "Glatfelter," refer to P. H. Glatfelter Company and subsidiaries unless the context indicates otherwise.

2. ACCOUNTING POLICIES

Basis of Presentation The unaudited condensed consolidated financial statements ("financial statements") include the accounts of Glatfelter and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

We prepared these financial statements in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission pertaining to interim financial statements. In our opinion, the financial statements reflect all normal, recurring adjustments needed to present fairly our results for the interim periods. When preparing these financial statements, we have assumed you have read the audited consolidated financial statements included in our 2018 Annual Report on Form 10-K.

Discontinued Operations The results of operations for our former Specialty Papers business have been classified as discontinued operations for all periods presented in the condensed consolidated statements of income.

Accounting Estimates The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management believes the estimates and assumptions used in the preparation of these financial statements are reasonable, based upon currently available facts and known circumstances, but recognizes actual results may differ from those estimates and assumptions.

Recently Issued Accounting Pronouncements In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 842"). This ASU requires organizations to recognize on its balance sheet the assets and liabilities for the rights and obligations created by leases. We adopted ASU 842 as of January 1, 2019 and elected to follow a modified retrospective method which permitted us to adopt the standard without restating previously reported periods. As a result of adopting ASU 842, we recorded a right of use asset and corresponding lease obligation of approximately $14.1 million. Refer to Note 14 "Leases" for additional information.

In August 2017, the FASB issued ASU No. 2017-12, *"Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for Hedging Activities"* ("ASU No. 2017-12"), which simplifies the application of hedge accounting and more closely aligns hedge accounting with an entity's risk management strategies. ASU No. 2017-12 also amends the manner in which hedge effectiveness may be performed and changes the presentation of hedge ineffectiveness in the financial statements. We adopted ASU No. 2017-12 effective January 1, 2019 but it had an insignificant effect on our results of operations and financial position.

In June 2016, the FASB issued ASU No. 2016-13 "*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"* that changes the impairment model for most financial instruments, including trade receivables from an incurred loss method to a new forward-looking approach, based on expected losses. Under the new guidance, an allowance is recognized based on an estimate of expected credit losses. This standard is effective for us in the first quarter of 2020 and must be adopted using a modified retrospective approach. We expect the adoption of this standard will not have a material impact on our results of operations or financial position.

3. ACQUISITION

On October 1, 2018, we completed our acquisition of Georgia-Pacific's European nonwovens business (the "GP Business") for $186 million and a working capital adjustment and post-closing purchase price adjustments of $2.0 million.

The acquisition consisted of Georgia-Pacific's operations located in Steinfurt, Germany, along with sales offices located in France and Italy. The Steinfurt facility produces high-quality airlaid products for the table-top, wipes, hygiene, food pad, and other nonwoven materials markets, competing in the marketplace with nonwoven technologies and substrates, as well as other materials focused primarily on consumer based end-use applications. The facility is a state-of-the-art, 32,000-metric-ton-capacity manufacturing facility that employs approximately 220 people. Steinfurt's results were reported prospectively from the acquisition date as part of our Airlaid Materials operating segment.

We financed the transaction through a combination of cash on hand and borrowings under our revolving credit facility.

The allocation of the purchase price to assets acquired and liabilities assumed is as follows:

In thousands		Allocation
Assets		
Cash and cash equivalents	$	**7,540**
Accounts receivable		**13,277**
Inventory		**11,133**
Prepaid and other current assets		**869**
Plant, equipment and timberlands		**66,167**
Intangible assets		**43,573**
Goodwill		**74,770**
Total assets		**217,329**
Liabilities		
Accounts payable		**8,577**
Deferred tax liabilities		**19,119**
Other long term liabilities		**1,162**
Total liabilities		**28,858**
Total		**188,471**
less cash acquired		**(7,540)**
Total purchase price	$	**180,931**

For purposes of allocating the total purchase price, assets acquired and liabilities assumed are recorded at their estimated fair market value. The allocation set forth above is based on management's estimate of the fair value using valuation techniques such as discounted cash flow models, appraisals and similar methodologies. The amount allocated to intangible assets represents the estimated value of customer relationships, technological know-how and trade name.

In connection with the Steinfurt acquisition we recorded $74.8 million of goodwill and $43.6 million of intangible assets. The goodwill arising from the acquisition largely relates to strategic benefits, product and market diversification, assembled workforce, and similar factors. For tax purposes, none of the goodwill is deductible. Intangible assets consist of technology, customer relationships and tradename.

The following table summarizes unaudited pro forma financial information for the indicated periods of 2018 as if the acquisition occurred as of January 1, 2018:

In thousands, except per share		Three months ended September 30 (unaudited)		Nine months ended September 30 (unaudited)
Pro forma				
Net sales	$	233,043	$	707,563
Income from continuing operations		2,463		7,558
Income per share from continuing operations		0.06		0.17

4. REVENUE

The following tables set forth disaggregated information pertaining to our net sales:

In thousands	Three months ended September 30 **2019**	2018	Nine months ended September 30 **2019**	2018
Composite Fibers				
Food & beverage	**$ 66,637**	$ 68,534	**$ 208,480**	$ 209,117
Wallcovering	**20,673**	26,135	**62,181**	82,056
Technical specialties	**20,301**	20,615	**58,855**	63,182
Composite laminates	**8,859**	10,544	**26,552**	28,902
Metallized	**11,234**	13,348	**32,934**	40,450
	127,704	139,176	**389,002**	423,707
Airlaid Materials				
Feminine hygiene	**52,159**	46,054	**158,998**	141,464
Specialty wipes	**17,994**	11,104	**52,982**	29,366
Table top	**19,179**	2,091	**48,857**	6,335
Adult incontinence	**5,855**	5,036	**17,708**	14,658
Home care	**4,857**	4,009	**13,173**	11,911
Other	**4,767**	2,385	**15,981**	9,365
	104,811	70,679	**307,699**	213,099
Total	**$ 232,515**	$ 209,855	**$ 696,701**	$ 636,806

In thousands	Three months ended September 30 **2019**	2018	Nine months ended September 30 **2019**	2018
Composite Fibers				
Europe, Middle East and Africa	**$ 77,012**	$ 87,870	**$ 234,928**	$ 274,442
Americas	**33,179**	30,205	**98,783**	83,245
Asia Pacific	**17,513**	21,101	**55,291**	66,020
	127,704	139,176	**389,002**	423,707
Airlaid Materials				
Europe, Middle East and Africa	**58,279**	35,283	**167,924**	107,416
Americas	**45,039**	34,899	**134,634**	104,027
Asia Pacific	**1,493**	497	**5,141**	1,656
	104,811	70,679	**307,699**	213,099
Total	**$ 232,515**	$ 209,855	**$ 696,701**	$ 636,806

5. DISCONTINUED OPERATIONS

On October 31, 2018, we completed the previously announced sale of our Specialty Papers business on a cash free and debt free basis to Pixelle Specialty Solutions LLC, an affiliate of Lindsay Goldberg (the "Purchaser") for $360 million. Cash proceeds from the sale were approximately $323 million in cash reflecting estimated purchase price adjustments as of the closing date and the assumption by the Purchaser of approximately $38 million in retiree healthcare liabilities. In addition, the Purchaser assumed approximately $210 million of pension liabilities relating to Specialty Papers' employees and received approximately $274 million of related assets from the Company's existing pension plan.

In connection with the sale of Specialty Papers, we entered into a Transition Services Agreement with Purchaser pursuant to which we agreed to provide various back-office and information technology support until the business is fully separated from us, which was completed in the third quarter of 2019.

The following table sets forth a summary of discontinued operations included in the condensed consolidated statements of income:

In thousands	Three months ended September 30 **2019**	2018	Nine months ended September 30 **2019**	2018
Net sales	**$ —**	$ 201,288	**$ —**	$ 590,757
Energy and related sales, net	**—**	844	**—**	3,217
Total revenues	**—**	202,132	**—**	593,974
Costs of products sold	**—**	181,628	**—**	572,820
Gross profit	**—**	20,504	**—**	21,154
Selling, general and administrative expenses	**(2,455)**	6,058	**(2,684)**	18,566
Gains on dispositions of plant, equipment and timberlands, net	**—**	3	**—**	(440)
Operating income	**2,455**	14,443	**2,684**	3,028
Non-operating income (expense)				
Interest expense	**—**	(2,281)	**—**	(6,017)
Other, net	**(1,393)**	(1,174)	**(1,393)**	(81)
Impairment charge	**—**	(125,644)	**—**	(125,644)
Income (loss) before income taxes	**1,062**	(114,656)	**1,291**	(128,714)
Income tax benefit	**(2,519)**	(19,530)	**(2,511)**	(28,361)
Income (loss) from discontinued operations	**$ 3,581**	$ (95,126)	**$ 3,802**	$ (100,353)

The amounts for 2018 presented above are derived from the segment reporting for Specialty Papers adjusted to include certain retirement benefit costs and to exclude corporate shared services costs which are required to remain in continuing operations. Interest expense was allocated to discontinued operations based on borrowings under the revolving credit facility required to be repaid with proceeds from the sale of Specialty Papers.

The following table sets forth a summary of cash flows from discontinued operations which is included in the condensed consolidated statements of cash flows:

In thousands	Nine months ended September 30 **2019**	2018
Net cash provided (used) by operating activities	**$ (9,749)**	$ 33,721
Net cash used by investing activities	**(8,221)**	(14,018)
Net cash provided by financing activities	**—**	125
Change in cash and cash equivalents from discontinued operations	**$ (17,970)**	$ 19,828

6. GAINS ON DISPOSITION OF PLANT, EQUIPMENT AND TIMBERLANDS

During the first nine months of 2019 and 2018 we completed the following sales of timberlands and other assets included in continuing operations:

Dollars in thousands	Acres	Proceeds	Gain
2019			
Timberlands	**463**	**$ 1,147**	**$ 1,114**
Other	**n/a**	**216**	**213**
Total		**$ 1,363**	**$ 1,327**
2018			
Timberlands	1,103	$ 2,046	$ 1,929
Other	n/a	27	10
Total		$ 2,073	$ 1,939

7. EARNINGS PER SHARE

The following table sets forth the details of basic and diluted earnings per share ("EPS") from continuing operations:

	Three months ended September 30	
In thousands, except per share	**2019**	2018
Income (loss) from continuing operations	**$ 8,643**	$ (705)
Weighted average common shares outstanding used in basic EPS	**44,171**	43,792
Effect of dilutive SOSARs, PSAs and RSUs	**271**	—
Weighted average common shares outstanding and common share equivalents used in diluted EPS	**44,442**	43,792
Earnings (loss) per share from continuing operations		
Basic	**$ 0.19**	$ (0.02)
Diluted	**0.19**	(0.02)

	Nine months ended September 30	
In thousands, except per share	**2019**	2018
Income from continuing operations	**$ 19,539**	$ 2,841
Weighted average common shares outstanding used in basic EPS	**44,113**	43,754
Effect of dilutive SOSARs, PSAs and RSUs	**292**	—
Weighted average common shares outstanding and common share equivalents used in diluted EPS	**44,405**	43,754
Earnings per share from continuing operations		
Basic	**$ 0.44**	$ 0.06
Diluted	**0.44**	0.06

The numerator used to compute income per share from discontinued operations was $3.581 million and $(95.126) million for the third quarter of 2019 and 2018, respectively, and $3.802 million and $(100.353) million for the first nine months of 2019 and 2018, respectively. The denominator used to compute per share amounts of loss from discontinued operations is the same as the denominator used for per share amounts of income from continuing operations.

The following table sets forth potential common shares outstanding that were not included in the computation of diluted EPS for the periods indicated, because their effect would be anti-dilutive:

	September 30	
In thousands	**2019**	2018
Three months ended	**1,233**	2,393
Nine months ended	**1,233**	2,393

8. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table sets forth details of the changes in accumulated other comprehensive income (losses) for the three months and nine months ended September 30, 2019 and 2018.

In thousands	Currency translation adjustments	Unrealized gain (loss) on cash flow hedges	Change in pensions	Change in other postretirement defined benefit plans	Total
Balance at July 1, 2019	**$ (73,001)**	**$ 4,442**	**$ (66,325)**	**$ 1,148**	**$ (133,736)**
Other comprehensive income (loss) before reclassifications (net of tax)	**(17,073)**	**3,596**	**2,449**	**—**	**(11,028)**
Amounts reclassified from accumulated other comprehensive income (net of tax)	**—**	**(1,231)**	**592**	**(224)**	**(863)**
Net current period other comprehensive income (loss)	**(17,073)**	**2,365**	**3,041**	**(224)**	**(11,891)**
Balance at September 30, 2019	**$ (90,074)**	**$ 6,807**	**$ (63,284)**	**$ 924**	**$ (145,627)**
Balance at July 1, 2018	$ (62,315)	$ (1,345)	$ (115,167)	$ 4,221	$ (174,606)
Other comprehensive income (loss) before reclassifications (net of tax)	(3,217)	627	12,981	4,699	15,090
Amounts reclassified from accumulated other comprehensive income (net of tax)	—	989	4,053	(161)	4,881
Net current period other comprehensive income (loss)	(3,217)	1,616	17,034	4,538	19,971
Balance at September 30, 2018	$ (65,532)	$ 271	$ (98,133)	$ 8,759	$ (154,635)

In thousands	Currency translation adjustments	Unrealized gain (loss) on cash flow hedges	Change in pensions	Change in other postretirement defined benefit plans	Total
Balance at January 1, 2019	**$ (69,622)**	**$ 2,199**	**$ (71,431)**	**$ 1,414**	**$ (137,440)**
Other comprehensive income (loss) before reclassifications (net of tax)	**(20,452)**	**7,326**	**7,375**	**—**	**(5,751)**
Amounts reclassified from accumulated other comprehensive income (net of tax)	**—**	**(2,718)**	**772**	**(490)**	**(2,436)**
Net current period other comprehensive income (loss)	**(20,452)**	**4,608**	**8,147**	**(490)**	**(8,187)**
Balance at September 30, 2019	**$ (90,074)**	**$ 6,807**	**$ (63,284)**	**$ 924**	**$ (145,627)**
Balance at January 1, 2018	$ (41,839)	$ (4,092)	$ (98,295)	$ 3,551	$ (140,675)
Amount reclassified for adoption of ASU No. 2018-02			(23,297)	999	$ (22,298)
Balance as adjusted at January 1, 2018	(41,839)	(4,092)	(121,592)	4,550	(162,973)
Other comprehensive income (loss) before reclassifications (net of tax)	(23,693)	778	12,981	4,699	(5,235)
Amounts reclassified from accumulated other comprehensive income (net of tax)	—	3,585	10,478	(490)	13,573
Net current period other comprehensive income (loss)	(23,693)	4,363	23,459	4,209	8,338
Balance at September 30, 2018	$ (65,532)	$ 271	$ (98,133)	$ 8,759	$ (154,635)

Reclassifications out of accumulated other comprehensive income and into the condensed consolidated statements of income were as follows:

In thousands	Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018	
Description					**Line Item in Statements of Income**
Cash flow hedges (Note 17)					
(Gains) losses on cash flow hedges	**$ (1,738)**	$ 1,344	**$ (3,783)**	$ 4,939	Costs of products sold
Tax expense (benefit)	**507**	(355)	**1,065**	(1,354)	Income tax provision
Net of tax	**(1,231)**	989	**(2,718)**	3,585	
Retirement plan obligations (Note 11)					
Amortization of deferred benefit pension plans					
Prior service costs	**64**	5	**152**	16	Other, net
Actuarial losses	**819**	2,060	**2,383**	6,179	Other, net
Discontinued operations amortization of defined benefit pension plans	**—**	2,171	**—**	6,515	Discontinued operations
Curtailment and Settlement recognition	**—**	1,805	**—**	1,805	Discontinued operations
	883	6,041	**2,535**	14,515	
Tax benefit	**(291)**	(1,988)	**(1,763)**	(4,037)	Income tax provision
Net of tax	**592**	4,053	**772**	10,478	
Amortization of deferred benefit other plans					
Prior service costs	**(2)**	—	**(7)**	—	Other, net
Actuarial gains	**(293)**	(16)	**(639)**	(49)	Other, net
Discontinued operations amortization of defined benefit other plans	**—**	(201)	**—**	(604)	Discontinued operations
	(295)	(217)	**(646)**	(653)	
Tax expense	**71**	56	**156**	163	Income tax provision
Net of tax	**(224)**	(161)	**(490)**	(490)	
Total reclassifications, net of tax	**$ (863)**	$ 4,881	**$ (2,436)**	$ 13,573	

9. INCOME TAXES

Income taxes are recognized for the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. The effects of income taxes are measured based on enacted tax laws and rates.

We elect to account for the tax associated with the Global Intangible Low-Taxed Income (GILTI) provision of the 2017 Tax Cuts and Jobs Act in the period in which it is incurred. The GILTI provisions require entities to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets.

For the nine months ended September 30, 2019, our effective tax rate increased by approximately 6% as a result of the GILTI provisions due to our U.S. federal tax loss carryforward position which limits our ability to recognize the associated foreign tax credits and a deduction of up to 50% of the GILTI income. Due to our U.S. federal tax loss carryforward position, there is no impact to cash taxes related to the GILTI provisions.

For the nine months ended September 30, 2019, we recorded an additional valuation allowance of $0.3 million against our net deferred tax assets primarily due to uncertainty regarding our ability to utilize federal net operating losses and credit carryforwards. In assessing the need for a valuation allowance, we consider all available positive and negative evidence in our analysis. Based on this analysis, we recorded a valuation allowance for the portion of deferred tax assets where the weight of the evidence indicated it is more likely than not that the deferred tax assets will not be realized.

As of September 30, 2019 and December 31, 2018, we had $29.5 million and $29.6 million, respectively, of gross unrecognized tax benefits. As of September 30, 2019, if such benefits were to be recognized, approximately $18.6 million would be recorded as a component of income tax expense, thereby affecting our effective tax rate.

We, or one of our subsidiaries, file income tax returns with the United States Internal Revenue Service, as well as various state and foreign authorities.

The following table summarizes, by major jurisdiction, tax years that remain subject to examination:

	Open Tax Years	
Jurisdiction	**Examinations not yet initiated**	**Examination in progress**
United States		
Federal	2016 - 2018	N/A
State	2014 - 2018	N/A
Canada[1]	2012-2013; 2018	2014 - 2017
Germany[1]	2016 - 2018	2012 - 2015
France	2018	N/A
United Kingdom	2017 - 2018	N/A
Philippines	2018	2016, 2017

(1) includes provincial or similar local jurisdictions, as applicable

The amount of income taxes we pay is subject to ongoing audits by federal, state and foreign tax authorities, which often result in proposed assessments. Management performs a comprehensive review of its global tax positions on a quarterly basis and accrues amounts for uncertain tax positions. Based on these reviews and the result of discussions and resolutions of matters with certain tax authorities and the closure of tax years subject to tax audit, reserves are adjusted as necessary. However, future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are determined or resolved or as such statutes are closed. Due to potential for resolution of federal, state and foreign examinations, and the lapse of various statutes of limitation, it is reasonably possible our gross unrecognized tax benefits balance may decrease within the next twelve months by a range of zero to $4.3 million. Substantially all this range relates to tax positions taken in Germany and the U.S.

We recognize interest and penalties related to uncertain tax positions as income tax expense. The following table summarizes information included in continuing operations related to interest and penalties on uncertain tax positions:

	Nine months ended September 30	
In millions	**2019**	2018
Interest expense (income)	**$ —**	$ 0.3
Penalties	**—**	—
	September 30 2019	December 31 2018
Accrued interest payable	**$ 1.1**	$ 1.1

10. STOCK-BASED COMPENSATION

The P. H. Glatfelter Amended and Restated Long Term Incentive Plan (the "LTIP") provides for the issuance of Glatfelter common stock to eligible participants in the form of restricted stock units, restricted stock awards, non-qualified stock options, performance shares, incentive stock options and performance units.

Pursuant to terms of the LTIP, we have issued to eligible participants restricted stock units, performance share awards and stock only stock appreciation rights.

Restricted Stock Units ("RSU") and Performance Share Awards ("PSAs") Awards of RSUs and PSAs are made under our LTIP. The RSUs vest on the passage of time, generally on a graded scale over a three, four, and five-year period, or in certain instances the RSUs were issued with five-year cliff vesting. PSAs are issued to participants and vesting is based on achievement of cumulative financial performance targets covering a two-year period followed by an additional one-year service period. In addition, beginning in 2018, PSA awards include a modifier based on our three-year total shareholder return ("TSR") relative to the TSR of the S&P SmallCap 600 Index. The performance measures include a minimum, target and maximum performance level providing the grantees an opportunity to receive more or less shares than targeted depending on actual financial performance. In addition, the number of shares earned may be further increased or decreased based on our TSR relative to the S&P SmallCap 600 Index.

For RSUs, the grant date fair value of the awards, which is equal to the closing price per common share on the date of the award, is used to determine the amount of expense to be recognized over the applicable service period. For PSAs, the grant date fair value is estimated using a lattice model. The significant inputs include the stock price, volatility, dividend yield, and risk-free rate of return. Settlement of RSUs and PSAs will be made in shares of our common stock currently held in treasury.

The following table summarizes RSU and PSA activity during periods indicated:

Units	**2019**	2018
Balance at January 1,	**756,786**	929,386
Granted	**484,108**	398,005
Forfeited	**(158,767)**	(73,673)
Shares delivered	**(163,078)**	(151,371)
Balance at September 30,	**919,049**	1,102,347

The amount granted in 2019 and 2018 includes 218,422 and 184,121, respectively, of PSAs exclusive of reinvested dividends.

The following table sets forth aggregate RSU and PSA compensation expense included in continuing operations for the periods indicated:

	September 30	
In thousands	**2019**	2018
Three months ended	**$ 1,048**	$ 1,022
Nine months ended	**2,643**	4,283

Stock Only Stock Appreciation Rights ("SOSARs") Under terms of the SOSAR, a recipient receives the right to a payment in the form of shares of common stock equal to the difference, if any, in the fair market value of one share of common stock at the time of exercising the SOSAR and the exercise price. The SOSARs vest ratably over a three year period and have a term of ten years. No SOSARs were awarded since 2016.

The following table sets forth information related to outstanding SOSARS:

	2019		2018	
SOSARS	Shares	Wtd Avg Exercise Price	Shares	Wtd Avg Exercise Price
Outstanding at January 1,	**2,334,742**	**$ 18.08**	2,561,846	$ 17.87
Granted	**—**	**—**	—	—
Exercised	**(441,920)**	**14.31**	(158,545)	13.31
Canceled / forfeited	**(446,435)**	**21.06**	(51,285)	22.35
Outstanding at September 30,	**1,446,387**	**$ 19.31**	2,352,016	$ 18.08

The following table sets forth SOSAR compensation expense included in continuing operations for the periods indicated:

	September 30	
In thousands	**2019**	2018
Three months ended	**$ —**	$ 67
Nine months ended	**40**	311

11. RETIREMENT PLANS AND OTHER POST-RETIREMENT BENEFITS

The following tables provide information with respect to the net periodic costs of our pension and post-retirement medical benefit plans included in continuing operations.

In thousands	Three months ended September 30 2019	2018
Pension Benefits		
Service cost	**$ 216**	$ 595
Interest cost	**3,287**	3,241
Expected return on plan assets	**(3,895)**	(5,531)
Amortization of prior service cost	**64**	5
Amortization of unrecognized loss	**819**	2,060
Total net periodic benefit cost	**$ 491**	$ 370
Other Benefits		
Service cost	**$ 7**	$ 16
Interest cost	**67**	80
Amortization of prior service credit	**(2)**	—
Amortization of actuarial gain	**(293)**	(16)
Total net periodic benefit cost	**$ (221)**	$ 80

In thousands	Nine months ended September 30 2019	2018
Pension Benefits		
Service cost	**$ 1,073**	$ 1,784
Interest cost	**10,074**	9,723
Expected return on plan assets	**(11,290)**	(16,592)
Amortization of prior service cost	**152**	16
Amortization of unrecognized loss	**2,383**	6,179
Total net periodic benefit cost	**$ 2,392**	$ 1,110
Other Benefits		
Service cost	**$ 25**	$ 46
Interest cost	**235**	239
Amortization of prior service credit	**(7)**	—
Amortization of actuarial gain	**(639)**	(49)
Total net periodic benefit cost	**$ (386)**	$ 236

In April 2019, we informed participants that our qualified pension plan benefits would be frozen as of May 31, 2019 and the plan was terminated June 30, 2019. We replaced this benefit for active employees with an enhanced defined contribution plan. In connection with the termination, we remeasured the pension liability and recognized a gain of $1.9 million in the second quarter of 2019 as an adjustment to other comprehensive income (loss).

12. INVENTORIES

Inventories, net of reserves, were as follows:

In thousands	**September 30 2019**	December 31 2018
Raw materials	**$ 55,357**	$ 50,205
In-process and finished	**97,409**	84,894
Supplies	**37,808**	38,312
Total	**$ 190,574**	$ 173,411

13. CAPITALIZED INTEREST

The following table sets forth details of interest incurred, capitalized and expensed included in continuing operations:

In thousands	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Interest cost incurred	**$ 1,902**	$ 3,965	**$ 8,513**	$ 11,633
Interest capitalized	**—**	—	**—**	396
Interest expense	**$ 1,902**	$ 3,965	**$ 8,513**	$ 11,237

Capitalized interest relates to spending for the Airlaid capacity expansion project.

14. LEASES

We enter into a variety of arrangements in which we are the lessee for the use of automobiles, forklifts and other production equipment, production facilities, warehouses and office space. We determine if an arrangement contains a lease at inception. All our lease arrangements are operating leases and are recorded in the condensed consolidated balance sheet under the caption “Other assets” and the lease obligation is under “Other current liabilities” and “Other long-term liabilities.” We currently do not have any finance leases.

Operating lease right of use (“ROU”) assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. ROU assets also include any initial direct costs incurred and any lease payments made at or before the lease commencement date, less lease incentives received. We use our incremental borrowing rate based on information available at the commencement date in determining the lease liabilities as our leases generally do not provide an implicit rate. Lease terms may include options to extend or terminate when we are reasonably certain that the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

We also have arrangements with both lease and non-lease components. The Company elected the practical expedient not to separate non-lease components from lease components for the Company’s real estate and automobile leases. We elected to apply the short-term lease measurement and recognition exemption in which ROU assets and lease liabilities are not recognized for arrangements less than twelve months in duration.

At September 30, 2019, the ROU assets and corresponding lease obligation included in our condensed consolidated balance sheet totaled $11.1 million and had a weighted average remaining maturity of 36 months. The weighted average discount rate used to value the leases at inception was 3.02%. We recognized $4.4 million of operating lease expense during the first nine months of 2019.

The following table sets forth required minimum lease payments for the periods indicated:

In thousands	**September 30 2019**	December 31 2018
2019	**$ 1,342**	$ 5,020
2020	**4,502**	3,861
2021	**3,025**	2,515
2022	**1,583**	1,426
2023	**568**	584
Thereafter	**335**	383

15. LONG-TERM DEBT

Long-term debt is summarized as follows:

In thousands	**September 30 2019**	December 31 2018
Revolving credit facility, due Mar. 2020	**$ —**	$ 114,495
Revolving credit facility, due Feb. 2024	**79,490**	—
5.375% Notes, due Oct. 2020	**—**	250,000
Term loan, due Feb. 2024	**236,564**	—
2.40% Term Loan, due Jun. 2022	**4,278**	5,725
2.05% Term Loan, due Mar. 2023	**20,342**	25,972
1.30% Term Loan, due Jun. 2023	**5,834**	7,361
1.55% Term Loan, due Sep. 2025	**8,006**	9,470
Total long-term debt	**354,514**	413,023
Less current portion	**(22,235)**	(10,785)
Unamortized deferred issuance costs	**(2,508)**	(1,276)
Long-term debt, net of current portion	**$ 329,771**	$ 400,962

On February 8, 2019, we entered into an amended and restated $400 million Revolving Credit Facility and a €220 million Term Loan with a consortium of banks (together, the “Credit Agreement”). The proceeds of the Term Loan due Feb. 2024 were used to redeem in its entirety the 5.375% Notes. The principal amount of the Term Loan amortizes in consecutive quarterly installments of principal, with each such quarterly installment to be in an amount equal to 1.25% of the Term Loan funded, commencing on July 1, 2019 and continuing quarterly thereafter. The €220 million Term Loan is designated as a net investment hedge of our Euro functional currency foreign subsidiaries. During the first nine months of 2019, we recognized a pre-tax gain of $9.0 million from changes in currency exchange rates through Other Comprehensive Income (Loss).

For all US dollar denominated borrowings under the Revolving Credit Facility, the borrowing rate is, at our option, either, (a) the bank’s base rate which is equal to the greater of i) the prime rate; ii) the federal funds rate plus 50 basis points; or iii) the Euro-rate plus 100 basis points plus an applicable spread over either i), ii) or iii) ranging from 12.5 basis points to 100 basis points based on the Company’s leverage ratio and its corporate credit ratings determined by Standard & Poor’s Rating Services and Moody’s Investor Service, Inc. (the “Corporate Credit Rating”); or (b) the Euro-rate plus an applicable margin ranging from 112.5 basis points to 200 basis points based on the Company’s leverage ratio and the Corporate Credit Rating. For non-US dollar denominated borrowings, the borrowing rate is, at our option, based on (b) above or for Euro denominated borrowings, the Euro Interbank Offering Rate (“EURIBOR”) plus an applicable margin ranging from 112.5 basis points to 200 basis points based on the Company’s leverage ratio and the Corporate Credit Rating.

In October 2019, we entered into a €180 million notional value floating-to-fixed interest rate swap agreement with certain financial institutions. Under the terms of the swap, we will pay a fixed interest rate of the applicable margin plus 0.0395% on €180 million of the underlying variable rate term loan. We will receive the greater of 0.00% or EURIBOR.

The Credit Agreement contains a number of customary covenants for financings of this type that, among other things, restrict our ability to dispose of or create liens on assets, incur additional indebtedness, repay other indebtedness, limits certain intercompany financing arrangements, make acquisitions and engage in mergers or consolidations. We are also required to comply with specified financial tests and ratios including: i) maximum net debt to EBITDA ratio (the “leverage ratio”); and ii) a consolidated EBITDA to interest expense ratio. The most restrictive of our covenants is a maximum leverage ratio of 4.0x provided that such ratio increases to 4.5x during the period of four fiscal quarters immediately following a material acquisition such as Steinfurt. As of September 30, 2019, the leverage ratio, as calculated in accordance with the definition in our Credit Agreement, was 2.9x. A breach of these requirements would give rise to certain remedies under the Revolving Credit Facility, among which are the termination of the agreement and accelerated repayment of the outstanding borrowings plus accrued and unpaid interest under the Credit Agreement.

All remaining principal outstanding and accrued interest under the Credit Agreement will be due and payable on February 8, 2024.

Glatfelter Gernsbach GmbH & Co. KG ("Gernsbach"), a wholly-owned subsidiary of ours, entered into a series of borrowing agreements with IKB Deutsche Industriebank AG, Düsseldorf ("IKB") as summarized below:

Amounts in thousands		Original Principal	Interest Rate	Maturity
Borrowing date				
Apr. 11, 2013	€	42,700	2.05%	Mar. 2023
Sep. 4, 2014		10,000	2.40%	Jun. 2022
Oct. 10, 2015		2,608	1.55%	Sep. 2025
Apr. 26, 2016		10,000	1.30%	Jun. 2023
May 4, 2016		7,195	1.55%	Sep. 2025

Each of the borrowings require quarterly repayments of principal and interest and provide for representations, warranties and covenants customary for financings of these types. The financial covenants contained in each of the IKB loans, which relate to the minimum ratio of consolidated EBITDA to consolidated interest expense and the maximum ratio of consolidated total net debt to consolidated adjusted EBITDA, are calculated by reference to our Credit Agreement.

P. H. Glatfelter Company guarantees all debt obligations of its subsidiaries. All such obligations are recorded in these condensed consolidated financial statements.

Letters of credit issued to us by certain financial institutions totaled $7.4 million as of September 30, 2019 and $5.2 million as of December 31, 2018. The letters of credit, which reduce amounts available under our Revolving Credit Facility, primarily provide financial assurances for the benefit of certain state workers compensation insurance agencies in conjunction with our self-insurance program and for performance of certain remediation activity related to the Fox River matter. We bear the credit risk on this amount to the extent that we do not comply with the provisions of certain agreements. No amounts are outstanding under the letters of credit.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The amounts reported on the condensed consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value. The following table sets forth carrying value and fair value of long-term debt:

	September 30, 2019		December 31, 2018	
In thousands	Carrying Value	Fair Value	Carrying Value	Fair Value
Variable rate debt	**$ 79,490**	**$ 79,490**	$ 114,495	$ 114,495
Fixed-rate bonds	**—**	**—**	250,000	249,010
Term loan, due Feb. 2024	**236,564**	**236,564**	—	—
2.40% Term loan	**4,278**	**4,371**	5,725	5,836
2.05% Term loan	**20,342**	**20,757**	25,972	26,346
1.30% Term Loan	**5,834**	**5,873**	7,361	7,341
1.55% Term loan	**8,006**	**8,142**	9,470	9,453
Total	**$ 354,514**	**$ 355,197**	$ 413,023	$ 412,481

The values set forth above are based on observable inputs and other relevant market data (Level 2). The fair value of financial derivatives is set forth below in Note 17.

17. FINANCIAL DERIVATIVES AND HEDGING ACTIVITIES

As part of our overall risk management practices, we enter into financial derivatives primarily designed to either i) hedge foreign currency risks associated with forecasted transactions ("cash flow hedges"); or ii) mitigate the impact that changes in currency exchange rates have on intercompany financing transactions and foreign currency denominated receivables and payables ("foreign currency hedges").

Derivatives Designated as Hedging Instruments - Cash Flow Hedges We use currency forward contracts as cash flow hedges to manage our exposure to fluctuations in the currency exchange rates on certain forecasted production costs or capital expenditures expected to be incurred. Currency forward contracts involve fixing the exchange for delivery of a specified amount of foreign currency on a specified date. As of September 30, 2019, the maturity of currency forward contracts ranged from one month to 18 months.

We designate certain currency forward contracts as cash flow hedges of forecasted raw material purchases, certain production costs or capital expenditures with exposure to changes in foreign currency exchange rates. The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges of foreign exchange risk is deferred as a component of accumulated other comprehensive income in the accompanying condensed consolidated balance sheets. With respect to hedges of forecasted raw material purchases or production costs, the amount deferred is subsequently reclassified into costs of products sold in the period that inventory produced using the hedged transaction affects earnings. For hedged capital expenditures, deferred gains or losses are reclassified and included in the historical cost of the capital asset and subsequently affect earnings as depreciation is recognized.

We had the following outstanding derivatives that were used to hedge foreign exchange risks associated with forecasted transactions and designated as hedging instruments:

In thousands	**September 30, 2019**	December 31, 2018
Derivative		
Sell/Buy - sell notional		
Philippine Peso / British Pound	—	13,140
Philippine Peso / Euro	**6,784**	16,446
Euro / British Pound	**17,428**	15,250
U.S. Dollar / Euro	**6,859**	88
U.S. Dollar / Canadian Dollar	**1,850**	—
Sell/Buy - buy notional		
Euro / Philippine Peso	**889,778**	1,069,006
British Pound / Philippine Peso	**1,083,507**	980,137
Euro / U.S. Dollar	**87,872**	76,417
U.S. Dollar / Canadian Dollar	**34,934**	35,154
Canadian Dollar / U.S. Dollar	**1,850**	—
British Pound / Euro	—	216

Derivatives Not Designated as Hedging Instruments - Foreign Currency Hedges We also entered into forward foreign exchange contracts to mitigate the impact changes in currency exchange rates have on balance sheet monetary assets and liabilities. None of these contracts are designated as hedges for financial accounting purposes and, accordingly, changes in value of the foreign exchange forward contracts and in the offsetting underlying on-balance-sheet transactions are reflected in the accompanying condensed consolidated statements of income under the caption “Other, net.”

The following sets forth derivatives used to mitigate the impact changes in currency exchange rates have on balance sheet monetary assets and liabilities:

In thousands	**September 30, 2019**	December 31, 2018
Derivative		
Sell/Buy - sell notional		
U.S. Dollar / British Pound	**26,000**	25,500
British Pound / Euro	**3,000**	2,000
Sell/Buy - buy notional		
Euro / U.S. Dollar	**12,000**	11,000
British Pound / Euro	**9,000**	8,000

These contracts have maturities of one month from the date originally entered into.

Fair Value Measurements The following table summarizes the fair values of derivative instruments for the period indicated and the line items in the accompanying condensed consolidated balance sheets where the instruments are recorded:

In thousands	**September 30 2019**	December 31 2018	**September 30 2019**	December 31 2018
Balance sheet caption	Prepaid Expenses and Other Current Assets		Other Current Liabilities	
Designated as hedging:				
Forward foreign currency exchange contracts	**$ 7,679**	$ 4,381	**$ 220**	$ 1,548
Not designated as hedging:				
Forward foreign currency exchange contracts	**$ 343**	$ 103	**$ 320**	$ 122

The amounts set forth in the table above represent the net asset or liability giving effect to rights of offset with each counterparty. The effect of netting the amounts presented above did not have a material effect on our consolidated financial position.

The following table summarizes the amount of income or (loss) from derivative instruments recognized in our results of operations for the periods indicated and the line items in the accompanying condensed consolidated statements of income where the results are recorded:

In thousands	**Three months ended September 30 2019**	2018	**Nine months ended September 30 2019**	2018
Designated as hedging:				
Forward foreign currency exchange contracts:				
Effective portion – cost of products sold	**$ 1,738**	$ (1,344)	**$ 3,783**	$ (4,939)
Ineffective portion – other – net	—	207	—	(5)
Not designated as hedging:				
Forward foreign currency exchange contracts:				
Other – net	**$ (511)**	$ (477)	**$ (483)**	$ (1,078)

The impact of activity not designated as hedging was substantially all offset by the remeasurement of the underlying on-balance-sheet item.

The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The fair values of the foreign exchange forward contracts are considered to be Level 2. Foreign currency forward contracts are valued using foreign currency forward and interest rate curves. The fair value of each contract is determined by comparing the contract rate to the forward rate and discounting to present value. Contracts in a gain position are recorded in the condensed consolidated balance sheets under the caption "Prepaid expenses and other current assets" and the value of contracts in a loss position is recorded under the caption "Other current liabilities."

A rollforward of fair value amounts recorded as a component of accumulated other comprehensive income (loss), before taxes, is as follows:

In thousands	**2019**	2018
Balance at January 1,	**$ 3,004**	$ (5,640)
Deferred gains on cash flow hedges	**10,020**	1,142
Reclassified to earnings	**(3,783)**	4,939
Balance at September 30,	**$ 9,241**	$ 441

We expect substantially all of the amounts recorded as a component of accumulated other comprehensive income will be recorded as a component of the capital asset or realized in results of operations within the next 12 to 18 months and the amount ultimately recognized will vary depending on actual market rates.

Credit risk related to derivative activity arises in the event the counterparty fails to meet its obligations to us. This exposure is generally limited to the amounts, if any, by which the counterparty's obligations exceed our obligation to them. Our policy is to enter into contracts only with financial institutions which meet certain minimum credit ratings.

18. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS

Fox River - Neenah, Wisconsin

Background. We previously reported we faced significant uncertainties associated with environmental claims arising out of the presence of polychlorinated biphenyls ("PCBs") in sediments in the lower Fox River, on which our former Neenah facility was located, and in the Bay of Green Bay Wisconsin (collectively, the "Site"). We have resolved these uncertainties as described below.

Since the early 1990s, the United States, the State of Wisconsin (collectively, the "Governments") and two Indian tribes have pursued the cleanup of a 39-mile stretch of river from Little Lake Butte des Morts into Green Bay and natural resource damages ("NRDs").

The United States Environmental Protection Agency ("EPA") has divided the Site into five "operable units", including the most upstream portion of the Site on which our facility was located ("OU1") and four downstream reaches of the river and bay ("OU2-5").

The United States originally notified several entities that they were potentially responsible parties ("PRPs"). We, with contributions of certain other PRPs, implemented the remedial action in OU1 under a consent decree with the Governments. That work is complete, other than on-going monitoring and maintenance.

For OU2-5, after giving effect to settlements reached with the Governments, the remaining PRPs exposed to continuing obligations to implement the remainder of the cleanup consisted of us, Georgia Pacific Consumer Products, L.P. ("Georgia Pacific") and NCR Corporation ("NCR"). The majority of the work in OU 2-5 has been funded or conducted by parties other than us. The cleanup is expected to continue at least through 2019, followed by decommissioning and post-remediation long-term monitoring and maintenance.

In 2017, the United States entered into a consent decree with the State of Wisconsin, NCR, and Appvion under which NCR agreed to complete the remaining cleanup and both NCR and Appvion agreed not to seek to recover from us or anyone else any amounts they have spent or would spend, and we and others would be barred from seeking claims against NCR or Appvion. Under the consent decree, the Governments agreed to seek long term monitoring and maintenance in OU2-5 from us and Georgia Pacific; as the result of earlier settlements, Georgia Pacific was only responsible for that work in the most downstream three miles of the river ("OU4b") and the bay of Green Bay ("OU5"). The Governments agreed to seek their past and future oversight costs only from us.

We and Georgia Pacific had claims against each other to reallocate the costs that we had each incurred or would incur. In 2017, we entered into a settlement agreement with Georgia Pacific to settle these claims. Georgia Pacific agreed to implement the monitoring and maintenance in OU4b and OU5 and we agreed to monitoring and maintenance of all other upstream operable units. We paid Georgia Pacific $9.5 million in August 2017 in connection with this settlement.

After years of extensive and complex litigation, in January 2019, we reached an agreement with the United States, the State of Wisconsin, and Georgia-Pacific to resolve all remaining claims among those parties. A consent decree ("Glatfelter consent decree") documenting that agreement was entered in the federal district court on March 14, 2019. Under the Glatfelter consent decree, we paid $20.5 million to settle the United States' and Wisconsin's claims for response costs incurred by them prior to October 2018 and for NRDs. We also agreed to reimburse the governments for future oversight costs incurred over the next 30 years. We anticipate that a significant portion of the oversight costs will be incurred in the next few years while the remediation is being completed. Once finished, costs will be an order of magnitude lower in most years during the period of long-term monitoring and maintenance. In addition to our previous agreement to be responsible for long-term monitoring and maintenance of OU-1, under this consent decree, we agreed to be primarily responsible for long-term monitoring and maintenance in OU2-OU4a.

Long term monitoring and maintenance will continue over a period of at least 30 years. The monitoring activities consist of, among others, testing fish tissue, sampling water quality and sediment, and inspections of the engineered caps. In the first quarter of 2018, we entered into a fixed-price, 30-year agreement with a third party for the performance of all of our monitoring and maintenance obligations in OU1 through OU4a with limited exceptions, such as, for extraordinary amounts of cap maintenance or replacement. Our obligation under this agreement is included in our total reserve for the Site. We are permitted to pay for this contract using the remaining balance of an escrow account established by us and WTM I Company under the OU1 consent decree during any period that the balance in that account exceeds the amount due under our fixed-price contract. The difference at present is approximately $2 million. We are also required to secure the payment of that difference with a renewal letter of credit or another instrument in the interim.

Reserves for the Site. Our reserve for past and future government oversight costs and long-term monitoring and maintenance is set forth below:

In thousands	Nine months ended September 30 **2019**	2018
Balance at January 1,	**$ 45,001**	$ 43,144
Payments	**(20,771)**	(3,014)
Reserve adjustment	**(2,509)**	—
Assumption of WTM I escrow	**—**	4,746
Accretion	**141**	115
Balance at September 30,	**$ 21,862**	$ 44,991

Of our total reserve for the Fox River, $7.7 million is recorded in the accompanying September 30, 2019 condensed consolidated balance sheet under the caption “Environmental liabilities” and the remaining $14.2 million is recorded under the caption “Other long term liabilities.” In connection with the court approval of our January 2019 consent decree, we reduced our reserve by $2.5 million and recorded the adjustment as a reduction in “Selling, general and administrative” expenses in the condensed consolidated statements of income.

19. SEGMENT INFORMATION

The following tables set forth financial and other information by segment for the period indicated:

Three months ended September 30 *Dollars in millions*	Composite Fibers		Airlaid Materials		Other and Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Net sales	**$ 127.7**	$ 139.2	**$ 104.8**	$ 70.7	**$ —**	$ —	**$ 232.5**	$ 209.9
Cost of products sold	**106.0**	116.8	**88.4**	62.3	**0.1**	0.9	**194.5**	180.0
Gross profit (loss)	**21.7**	22.4	**16.4**	8.4	**(0.1)**	(0.9)	**38.0**	29.9
SG&A	**10.6**	10.5	**4.8**	2.9	**8.3**	12.4	**23.7**	25.8
Gains on dispositions of plant, equipment and timberlands, net	**—**	—	**—**	—	**(0.2)**	(0.2)	**(0.2)**	(0.2)
Total operating income (loss)	**11.1**	11.9	**11.6**	5.5	**(8.2)**	(13.1)	**14.5**	4.3
Non-operating expense	**—**	—	**—**	—	**(2.8)**	(1.6)	**(2.8)**	(1.6)
Income (loss) before income taxes	**$ 11.1**	$ 11.9	**$ 11.6**	$ 5.5	**$ (11.0)**	$ (14.7)	**$ 11.8**	$ 2.8
Supplementary Data								
Net tons sold (thousands)	**33.4**	37.4	**35.9**	24.0	**—**	—	**69.3**	61.5
Depreciation, depletion and amortization	**$ 6.4**	$ 7.1	**$ 5.3**	$ 3.4	**$ 0.9**	$ 1.0	**$ 12.6**	$ 11.5
Capital expenditures	**4.0**	3.0	**2.9**	1.9	**0.5**	1.3	**7.4**	6.2

Nine months ended September 30 *Dollars in millions*	Composite Fibers		Airlaid Materials		Other and Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Net sales	**$ 389.0**	$ 423.7	**$ 307.7**	$ 213.1	**$ —**	$ —	**$ 696.7**	$ 636.8
Cost of products sold	**322.2**	349.5	**262.3**	184.7	**1.1**	2.8	**585.6**	537.1
Gross profit (loss)	**66.8**	74.2	**45.4**	28.4	**(1.1)**	(2.8)	**111.1**	99.7
SG&A	**31.4**	34.0	**13.4**	8.1	**26.3**	39.8	**71.1**	81.9
Gains on dispositions of plant, equipment and timberlands, net	**—**	—	**—**	—	**(1.3)**	(1.9)	**(1.3)**	(1.9)
Total operating income (loss)	**35.4**	40.2	**32.0**	20.3	**(26.1)**	(40.8)	**41.3**	19.8
Non-operating expense	**—**	—	**—**	—	**(11.1)**	(9.9)	**(11.1)**	(9.9)
Income (loss) before income taxes	**$ 35.4**	$ 40.2	**$ 32.0**	$ 20.3	**$ (37.2)**	$ (50.7)	**$ 30.2**	$ 9.9
Supplementary Data								
Net tons sold *(thousands)*	**99.4**	110.4	**103.1**	72.4	**—**	—	**202.6**	182.8
Depreciation, depletion and amortization	**$ 19.7**	$ 21.7	**$ 15.8**	$ 9.7	**$ 2.6**	$ 3.3	**$ 38.1**	$ 34.7
Capital expenditures	**8.7**	10.9	**7.9**	17.6	**1.4**	3.7	**18.0**	32.2

The sum of individual amounts set forth above may not agree to the condensed consolidated financial statements included herein due to rounding.

Segments Results of individual operating segments are presented based on our management accounting practices and management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to accounting principles generally accepted in the United States of America; therefore, the financial results of individual segments are not necessarily comparable with similar information for any other company. The management accounting process uses assumptions and allocations to measure performance of the segments. Methodologies are refined from time to time as management accounting practices are enhanced and businesses change. The costs incurred by support areas not directly aligned with the segment are allocated primarily based on an estimated utilization of support area services or are included in “Other and Unallocated” in the table set forth above.

Management evaluates results of operations of the operating segments before certain corporate level costs and the effects of certain gains or losses not considered to be related to the core business operations. Management believes that this is a more meaningful representation of the operating performance of its core businesses, the profitability of the segments and the extent of cash flow generated from these core operations. Such amounts are presented under the caption “Other and Unallocated.” In the evaluation of operating segments results, management does not use any measures of total assets. This presentation is aligned with the management and operating structure of our company. It is also on this basis that the Company’s performance is evaluated internally and by the Company’s Board of Directors.

Specialty Papers’ results of operations are reported as discontinued operations. In addition, corporate shared services costs previously included in Specialty Papers’ results are required to be included in income from continuing operations and are reported as “other and unallocated”.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the information in the unaudited condensed consolidated financial statements and notes thereto included herein and Glatfelter's Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2018 Annual Report on Form 10-K.

Forward-Looking Statements This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding industry prospects and future consolidated financial position or results of operations, made in this Report on Form 10-Q are forward looking. We use words such as "anticipates", "believes", "expects", "future", "intends" and similar expressions to identify forward-looking statements. Forward-looking statements reflect management's current expectations and are inherently uncertain. Our actual results may differ significantly from such expectations. The following discussion includes forward-looking statements all of which are inherently difficult to predict. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations. Accordingly, we identify the following important factors, among others, which could cause our results to differ from any results that might be projected, forecasted or estimated in any such forward-looking statements:

i. variations in demand for our products including the impact of unplanned market-related downtime, variations in product pricing, or product substitution;

ii. the impact of competition, changes in industry production capacity, including the construction of new mills or new machines, the closing of mills and incremental changes due to capital expenditures or productivity increases;

iii. risks associated with our international operations, including local economic and political environments and fluctuations in currency exchange rates;

iv. geopolitical matters, including any impact to our operations from events in Russia, Ukraine and Philippines;

v. our ability to develop new, high value-added products;

vi. changes in the price or availability of raw materials we use, particularly woodpulp, pulp substitutes, synthetic pulp, and abaca fiber;

vii. changes in energy-related prices and commodity raw materials with an energy component;

viii. the impact of unplanned production interruption at our facilities or at any of our key suppliers;

ix. disruptions in production and/or increased costs due to labor disputes;

x. the gain or loss of significant customers and/or on-going viability of such customers;

xi. the impact of war and terrorism;

xii. the impact of unfavorable outcomes of audits by various state, federal or international tax authorities or changes in pre-tax income and its impact on the valuation of deferred taxes;

xiii. enactment of adverse state, federal or foreign tax or other legislation or changes in government legislation, policy or regulation; and

xiv. our ability to finance, consummate and integrate acquisitions.

Introduction We manufacture a wide array of engineered materials. We report our results along two segments:

- *Composite Fibers* with revenue from the sale of single-serve tea and coffee filtration papers, nonwoven wallcovering base materials, metallized products, composite laminate papers, and many technically special papers including substrates for electrical applications; and
- *Airlaid Materials* with revenue from the sale of airlaid nonwoven fabric-like materials used in feminine hygiene and adult incontinence products, specialty wipes, home care products and other airlaid applications.

The former Specialty Papers business' results of operations and financial condition are reported as discontinued operations. Following is a discussion and analysis primarily of the financial results of operations and financial condition of our continuing operations.

RESULTS OF OPERATIONS

Nine months ended September 30, 2019 versus the nine months ended September 30, 2018

Overview For the first nine months of 2019, we reported net income of $23.3 million, or $0.53 per share compared with a loss of $97.5 million and $2.23 per diluted share in the year earlier period.

On October 1, 2018, we acquired Georgia-Pacific's European nonwovens business based in Steinfurt, Germany ("Steinfurt"). The results of Steinfurt, whose annual revenue approximated $99 million, are included prospectively from the date of acquisition. In addition, we sold our Specialty Papers business on October 31, 2018. Accordingly, the financial results of this business are classified as discontinued operations for all periods presented.

The following table sets forth summarized consolidated results of operations:

In thousands, except per share	Nine months ended September 30 **2019**			2018
Net sales	**$**	**696,701**	$	636,806
Gross profit		**111,138**		99,733
Operating income		**41,322**		19,757
Continuing operations				
Income		**19,539**		2,841
Earnings per share		**0.44**		0.06
Discontinued operations				
Income (loss) from discontinued operations		**3,802**		(100,353)
Earnings (loss) per share		**0.09**		(2.29)
Net income (loss)		**23,341**		(97,512)
Earnings (loss) per share	**$**	**0.53**	$	(2.23)

In addition to the results reported in accordance with GAAP, we evaluate our performance using adjusted earnings and adjusted earnings per diluted share. We disclose this information to allow investors to evaluate our performance exclusive of certain items that impact the comparability of results from period to period and we believe it is helpful in understanding underlying operating trends and cash flow generation.

Adjusted earnings from continuing operations for the first nine months of 2019 were $25.5 million, or $0.57 per diluted share compared with $7.8 million, or $0.18 per diluted share, for the same period a year ago. The improved results reflect i) growth in Airlaid Materials, as revenue and operating income each improved by approximately 44% and 58%, respectively; ii) lower corporate costs in connection with cost reduction initiatives and the separation of costs previously included as part of Specialty Papers and the collection of fees for transition services; iii) lower interest expense, net; and iv) partially offset by lower earnings in Composite Fibers. Adjusted earnings consists of net income determined in accordance with GAAP adjusted to exclude the impact of the following:

Cost optimization actions. These adjustments reflect charges incurred in connection with initiatives to optimize the cost structure of the Company including costs related to the organizational change to a functional operating model. The costs are primarily related to executive separation, other headcount reductions, professional fees, asset write-offs and certain contract termination costs. These adjustments, which have occurred at various times in the past, are irregular in timing and relate to specific identified programs to reduce or optimize the cost structure of a particular operating segment or the corporate function.

Airlaid capacity expansion costs. These adjustments reflect non-capitalized, one-time costs incurred related to the start-up of a new airlaid production facility in Fort Smith, Arkansas and implementation of a new business system.

Debt refinancing costs. Represents a charge to write-off unamortized debt issuance costs in connection with the redemption of the Company's $250 million, 5.375% Notes.

Strategic initiatives. These adjustments primarily reflect professional and legal fees incurred directly related to evaluating and executing certain strategic initiatives including costs associated with acquisitions and the related integration and, in 2018, a currency translation gain on acquisition financing.

Fox River environmental matter. This adjustment excludes a gain for a decrease in the Company's overall reserve for the Fox River matter primarily due to the resolution of the litigation in the first quarter of 2019.

Timberland sales and related costs. These adjustments exclude gains from the sales of timberlands as these items are not considered to be part of our core business, ongoing results of operations or cash flows. These adjustments are irregular in timing and amount and may significantly impact our operating results.

U.S. Tax Reform. These adjustments reflect amounts estimating the impact of the Tax Cuts and Jobs Act ("TCJA") which was signed into law on December 22, 2017.

Adjusted earnings and adjusted earnings per share are considered measures not calculated in accordance with GAAP, and therefore are non-GAAP measures. The non-GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with GAAP. The following table sets forth the reconciliation of net income to adjusted earnings for the nine months ended September 30, 2019 and 2018:

	Nine months ended September 30			
	2019		2018	
In thousands, except per share	**Amount**	**EPS**	Amount	EPS
Net income	**$ 23,341**	**$ 0.53**	(97,512)	$ (2.23)
Exclude: (Income) loss from discontinued operations, net of taxes	**(3,802)**	**(0.09)**	100,353	2.29
Income from continuing operations	**19,539**	**0.44**	2,841	0.06
Adjustments *(pre-tax)*				
Cost optimization actions	**7,643**		—	
Airlaid capacity expansion costs	**1,014**		5,572	
Debt refinancing	**992**		—	
Strategic initiatives [1]	**249**		853	
Fox River environmental matter	**(2,509)**		—	
Timberland sales and related costs	**(1,114)**		(1,929)	
Total adjustments (pre-tax)	**6,275**		4,496	
Income taxes [2]	**(348)**		(191)	
U.S. Tax Reform	**—**		604	
Total after-tax adjustments	**5,927**	**0.13**	4,909	0.11
Adjusted earnings	**$ 25,466**	**$ 0.57**	$ 7,750	$ 0.18

(1) The amount for 2018 includes approximately $2.9 million of foreign currency gains associated with the financing for the Steinfurt acquisition.

(2) Tax effect on adjustments calculated based on the incremental effective tax rate of the jurisdiction in which each adjustment originated and the related $0.3 million increase in our valuation allowance related to the termination of our qualified pension plan.

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

Segment Financial Performance

Nine months ended September 30 *Dollars in millions*	Composite Fibers		Airlaid Materials		Other and Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Net sales	**$ 389.0**	$ 423.7	**$ 307.7**	$ 213.1	**$ —**	$ —	**$ 696.7**	$ 636.8
Cost of products sold	**322.2**	349.5	**262.3**	184.7	**1.1**	2.8	**585.6**	537.1
Gross profit (loss)	**66.8**	74.2	**45.4**	28.4	**(1.1)**	(2.8)	**111.1**	99.7
SG&A	**31.4**	34.0	**13.4**	8.1	**26.3**	39.8	**71.1**	81.9
Gains on dispositions of plant, equipment and timberlands, net	**—**	—	**—**	—	**(1.3)**	(1.9)	**(1.3)**	(1.9)
Total operating income (loss)	**35.4**	40.2	**32.0**	20.3	**(26.1)**	(40.8)	**41.3**	19.8
Non-operating expense	**—**	—	**—**	—	**(11.1)**	(9.9)	**(11.1)**	(9.9)
Income (loss) before income taxes	**$ 35.4**	$ 40.2	**$ 32.0**	$ 20.3	**$ (37.2)**	$ (50.7)	**$ 30.2**	$ 9.9
Supplementary Data								
Net tons sold *(thousands)*	**99.4**	110.4	**103.1**	72.4	**—**	—	**202.6**	182.8
Depreciation, depletion and amortization	**$ 19.7**	$ 21.7	**$ 15.8**	$ 9.7	**$ 2.6**	$ 3.3	**$ 38.1**	$ 34.7
Capital expenditures	**8.7**	10.9	**7.9**	17.6	**1.4**	3.7	**18.0**	32.2

The sum of individual amounts set forth above may not agree to the condensed consolidated financial statements included herein due to rounding.

Segments Results of individual operating segments are presented based on our management accounting practices and management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to accounting principles generally accepted in the United States of America; therefore, the financial results of individual segments are not necessarily comparable with similar information for any other company. The management accounting process uses assumptions and allocations to measure performance of the segments. Methodologies are refined from time to time as management accounting practices are enhanced and businesses change. The costs incurred by support areas not directly aligned with the segment are allocated primarily based on an estimated utilization of support area services or are included in “Other and Unallocated” in the table set forth above.

Management evaluates results of operations of the operating segments before certain corporate level costs and the effects of certain gains or losses not considered to be related to the core business operations. Management believes that this is a more meaningful representation of the operating performance of its core businesses, the profitability of the segments and the extent of cash flow generated from these core operations. Such amounts are presented under the caption “Other and Unallocated.” In the evaluation of operating segments results, management does not use any measures of total assets. This presentation is aligned with the management and operating structure of our company. It is also on this basis that the Company’s performance is evaluated internally and by the Company’s Board of Directors.

Sales and Costs of Products Sold

In thousands	Nine months ended September 30 **2019**	2018	Change
Net sales	**$ 696,701**	$ 636,806	$ 59,895
Costs of products sold	**585,563**	537,073	48,490
Gross profit	**$ 111,138**	$ 99,733	$ 11,405
Gross profit as a percent of Net sales	**16.0%**	15.7%	

The following table sets forth the contribution to consolidated net sales by each segment:

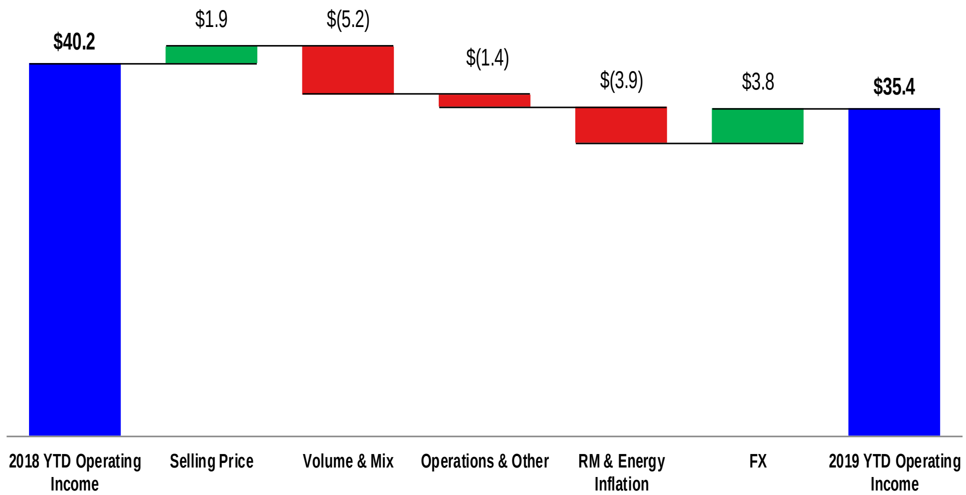
Percent of Total	**Nine months ended September 30** **2019**	2018
Segment		
Composite Fibers	**55.8%**	66.5%
Airlaid Materials	**44.2**	33.5
Total	**100.0%**	100.0%

Net sales totaled $696.7 million and $636.8 million in the first nine months of 2019 and 2018, respectively. The increase was primarily due to the Steinfurt acquisition, volume growth in Airlaid Materials' legacy business and higher selling prices partially offset by unfavorable currency translation. On a constant currency basis and excluding the Steinfurt acquisition, Advanced Airlaid Material's net sales increased 15.0% and Composite Fibers' decreased by 3.5%.

Composite Fibers' net sales decreased $34.7 million, or 8.2% primarily due to $19.8 million unfavorable currency translation, a 10.0% decline in shipping volumes which was partially offset by higher average selling prices totaling $1.9 million. Food and beverage shipping volumes increased 1.2% but shipping volumes in all other market segments declined, particularly metallized and wallcover products.

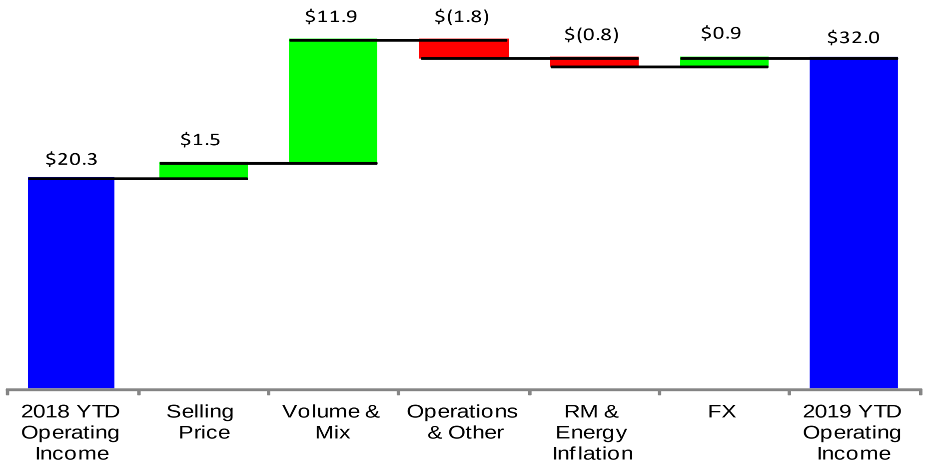
Composite Fibers' operating income for the first nine months of 2019 totaled $35.4 million, a decrease of $4.8 million compared to the year-earlier quarter. Lower shipping volumes impacted results by $5.2 million. Higher raw material and energy prices of $3.9 million and costs related to the disruption in the supply of a key raw material were partially offset by benefits of efficient operations and our cost reduction actions. Currency was $3.8 million favorable compared to the year-ago period.

The primary drivers of the change in Composite Fibers' operating income are summarized in the following chart:



Airlaid Materials' net sales increased $94.6 million, or 44.4%, primarily due to the Steinfurt acquisition and a 12.9% organic increase in shipping volumes reflecting growth in wipes, hygiene and table top products. Higher average selling prices contributed $1.5 million and currency translation was unfavorable by $6.9 million.

Airlaid Materials' operating income for the first nine months of 2019 totaled $32.0 million, or 57.6% higher than the comparable period a year ago. The increase was primarily due to $11.9 million from higher shipping volumes in part related to the Steinfurt acquisition. The primary drivers are summarized in the following chart:



Other and Unallocated The amount of "Other and Unallocated" operating expense in our table of Segment Financial Performance totaled $26.1 million in the first nine months of 2019 compared with $40.8 million in the first nine months of 2018. The decrease in Other and Unallocated expenses, excluding the impact of gains from timberland sales, primarily reflects the impact of corporate cost reduction initiatives, lower start-up costs related to the Airlaid Materials capacity expansion program and the reduction in our reserve for the Fox River matter. Other and Unallocated expenses during the nine months of 2019, include $7.6 million of costs related to cost optimization including changes to the new functional operating model and associated separation costs.

Income taxes In the first nine months of 2019 and 2018, we recorded an income tax provision of $10.7 million and $7.0 million, respectively, on income from continuing operations of $30.2 million and $9.9 million, respectively. The lower effective tax rate in the first nine months of 2019 compared to the same period of 2018 was primarily due to a greater proportion of pretax income or losses being generated in the U.S., a lower tax jurisdiction.

Foreign Currency We own and operate facilities in Canada, Germany, France, the United Kingdom and the Philippines. The functional currency of our Canadian operations is the U.S. dollar. However, in Germany and France it is the Euro, in the UK, it is the British Pound Sterling, and in the Philippines the functional currency is the Peso. On an annual basis, our Euro denominated revenue exceeds Euro expenses by an estimated €160 million. For the first nine months of 2019, the average currency exchange rate was 1.12 dollar/euro compared with 1.19 in the same period of 2018. With respect to the British Pound Sterling, Canadian Dollar, and Philippine Peso, we have differing amounts of inflows and outflows of these currencies, although to a lesser degree than the Euro. As a result, we are exposed to changes in currency exchange rates and such changes could be significant. The translation of the results from international operations into U.S. dollars is subject to changes in foreign currency exchange rates.

The table below summarizes the translation impact on reported results that changes in currency exchange rates had on our non-U.S. based operations from the conversion of these operation's results for the first nine months of 2019.

In thousands		**Nine months ended September 30, 2019**
		Favorable (unfavorable)
Net sales	**$**	**(26,743)**
Costs of products sold		**29,286**
SG&A expenses		**2,018**
Income taxes and other		**68**
Net income	**$**	**4,629**

The above table only presents the financial reporting impact of foreign currency translations assuming currency exchange rates in 2019 were the same as 2018. It does not present the impact of certain competitive advantages or disadvantages of operating or competing in multi-currency markets.

Discontinued Operations We completed the sale of our Specialty Papers business on October 31, 2018. Its results of operations are reported as discontinued operations for all periods presented. For the first nine months 2019, we reported income from discontinued operations of $3.8 million compared with a loss of $100.4 million in the same period of 2018. The income reported in the first nine months of 2019 primarily relates to adjustments for post-closing working capital, pension and the reversal of tax reserves associated with the closure of tax matters, and other items in connection with the sale of Specialty Papers. The loss reported in the first nine months of 2018 includes a $97.5 million, after-tax, impairment charge recorded in connection with the sale of the Specialty Papers business.

Three months ended September 30, 2019 versus the three months ended September 30, 2018

Overview For the third quarter of 2019, our net income totaled $12.2 million, or $0.28 per share compared with a loss of $95.8 million, or $2.19 per share in the third quarter of 2018. On an adjusted basis earnings from continuing operations for the third quarter of 2019 was $9.7 million, or $0.22 per share compared with a loss of $0.2 million, or $0.00 per share, for the same period a year ago. The following table sets forth summarized results of operations:

In thousands, except per share	**Three months ended September 30** **2019**	2018
Net sales	**$ 232,515**	$ 209,855
Gross profit	**38,021**	29,872
Operating income	**14,535**	4,322
Continuing operations		
Income (loss)	**8,643**	(705)
Earnings (loss) per share	**0.19**	(0.02)
Discontinued operations		
Income (loss) from discontinued operations	**3,581**	(95,126)
Earnings (loss) per share	**0.09**	(2.17)
Net income (loss)	**12,224**	(95,831)
Earnings (loss) per share	**$ 0.28**	$ (2.19)

The following table sets forth the reconciliation of net income (loss) to adjusted earnings for the three months ended September 30, 2019 and 2018:

	Three months ended September 30			
	2019		2018	
In thousands, except per share	**Amount**	**EPS**	Amount	Diluted EPS
Net income (loss)	**$ 12,224**	**$ 0.28**	$ (95,831)	$ (2.19)
Exclude: (Income) loss from discontinued operations, net of tax	**(3,581)**	**(0.09)**	95,126	2.17
Income (loss) from continuing operations	**8,643**	**0.19**	(705)	(0.02)
Adjustments *(pre-tax)*				
Cost optimization	**1,736**		—	
Strategic initiatives (1)	**—**		(1,342)	
Airlaid capacity expansion costs	**—**		867	
Timberland sales and related costs	**(233)**		(249)	
Total adjustments (pre-tax)	**1,503**		(724)	
Income taxes (2)	**(415)**		622	
U.S. Tax Reform	**—**		612	
Total after-tax adjustments	**1,088**	**0.02**	510	0.01
Adjusted earnings (loss)	**$ 9,731**	**$ 0.22**	$ (195)	$ —

(1) The amount for 2018 includes approximately $2.9 million of foreign currency gains associated with the financing for the Steinfurt acquisition.

(2) Tax effect on adjustments calculated based on the incremental effective tax rate of the jurisdiction in which each adjustment originated and the related $0.2 million decrease in our valuation allowance related to the termination of our qualified pension plan.

Segment Financial Performance

Three months ended September 30 *Dollars in millions*	Composite Fibers		Airlaid Materials		Other and Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Net sales	**$ 127.7**	$ 139.2	**$ 104.8**	$ 70.7	**$ —**	$ —	**$ 232.5**	$ 209.9
Cost of products sold	**106.0**	116.8	**88.4**	62.3	**0.1**	0.9	**194.5**	180.0
Gross profit (loss)	**21.7**	22.4	**16.4**	8.4	**(0.1)**	(0.9)	**38.0**	29.9
SG&A	**10.6**	10.5	**4.8**	2.9	**8.3**	12.4	**23.7**	25.8
Gains on dispositions of plant, equipment and timberlands, net	**—**	—	**—**	—	**(0.2)**	(0.2)	**(0.2)**	(0.2)
Total operating income (loss)	**11.1**	11.9	**11.6**	5.5	**(8.2)**	(13.1)	**14.5**	4.3
Non-operating expense	**—**	—	**—**	—	**(2.8)**	(1.6)	**(2.8)**	(1.6)
Income (loss) before income taxes	**$ 11.1**	$ 11.9	**$ 11.6**	$ 5.5	**$ (11.0)**	$ (14.7)	**$ 11.8**	$ 2.8
Supplementary Data								
Net tons sold (thousands)	**33.4**	37.4	**35.9**	24.0	**—**	—	**69.3**	61.5
Depreciation, depletion and Amortization	**$ 6.4**	$ 7.1	**$ 5.3**	$ 3.4	**$ 0.9**	$ 1.0	**$ 12.6**	$ 11.5
Capital expenditures	**4.0**	3.0	**2.9**	1.9	**0.5**	1.3	**7.4**	6.2

The sum of individual amounts set forth above may not agree to the condensed consolidated financial statements included herein due to rounding

Sales and Costs of Products Sold

In thousands	Three months ended September 30 2019	2018	Change
Net sales	**$ 232,515**	$ 209,855	$ 22,660
Costs of products sold	**194,494**	179,983	14,511
Gross profit	**$ 38,021**	$ 29,872	$ 8,149
Gross profit as a percent of Net sales	**16.4%**	14.2%	

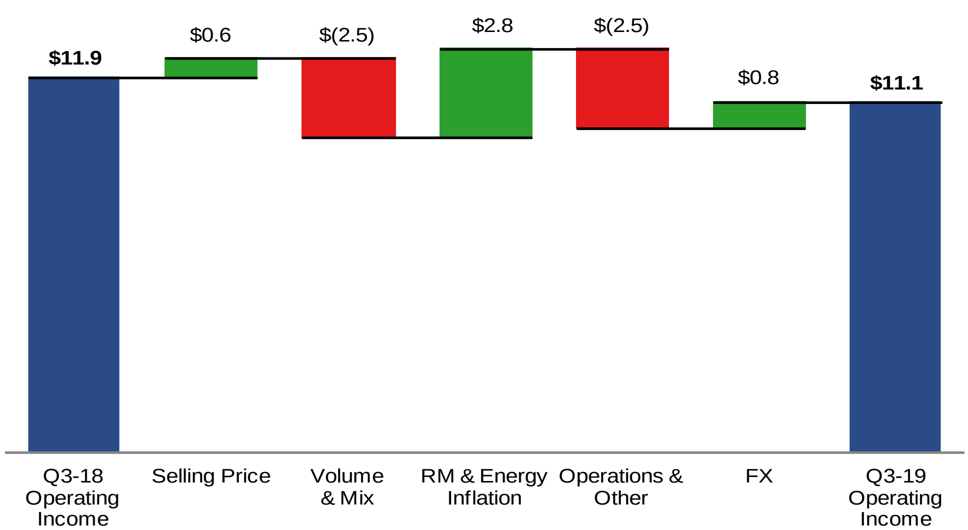
The following table sets forth the contribution to consolidated net sales by each segment:

Percent of Total	Three months ended September 30 2019	2018
Segment		
Composite Fibers	**54.9%**	66.3%
Airlaid Materials	**45.1**	33.7
Total	**100.0%**	100.0%

Net sales totaled $232.5 million and $209.9 million in the third quarters of 2019 and 2018, respectively. Excluding the Steinfurt, Germany acquisition and on a constant currency basis, Airlaid Materials' net sales increased by 14.2% and Composite Fibers' net sales decreased by 4.2%.

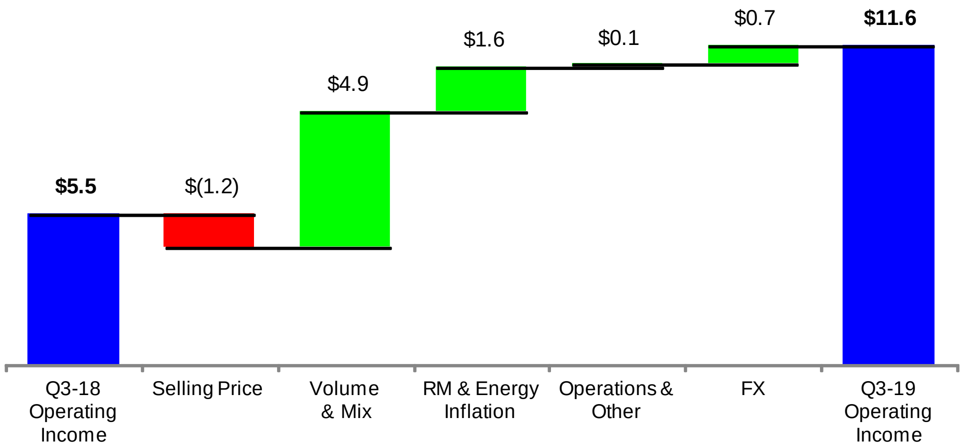
Composite Fibers' net sales declined $11.5 million, or 8.2%, driven by unfavorable currency translation of $5.6 million and a 10.8% decline in shipping volumes. The decline in shipping volumes was primarily due to wallcover and metallized products, which were lower by 17.1% and 20.0%, respectively.

Composite Fibers' third quarter of 2019 operating income decreased to $11.1 million, down $0.8 million from the prior-year quarter. Lower shipping volumes impacted results by $2.5 million with related downtime impact of $1.3 million. Lower raw material and energy prices of $2.8 million and higher selling prices of $0.6 million more than offset $1.2 million of inflationary pressure and higher operating costs. Currency favorably impacted results by $0.8 million compared to the year-ago quarter reflecting hedging instruments that matured, more than offsetting the impact of a lower Euro translation rate. The primary drivers are summarized in the following chart:



Airlaid Materials' net sales increased $34.1 million in the quarter-over-quarter comparison primarily due to the Steinfurt acquisition and a 15.8% organic increase in shipping volumes reflecting strong growth in wipes, hygiene and table top products. Currency translation was $1.7 million unfavorable.

Airlaid Materials' operating income totaled $11.6 million compared with $5.5 million in the third quarter of 2018. The $6.1 million increase was primarily due to higher shipping volumes and the Steinfurt acquisition. Lower prices for raw material and energy outpaced selling price declines by $0.4 million and currency translation was $0.7 million favorable. The primary drivers are summarized in the following chart:



Other and Unallocated The amount of "Other and Unallocated" operating expense in our table of Segment Financial Performance totaled $8.2 million in the third quarter of 2019 compared with $13.1 million in the third quarter of 2018. Excluding the items identified to present "adjusted earnings," unallocated expenses for the third quarter of 2019 declined $4.2 million compared to the third quarter of 2018, primarily reflecting the impact of corporate cost reduction initiatives.

Income Taxes In the third quarter of 2019, we recorded an income tax provision of $3.1 million on income from continuing operations of $11.8 million. The comparable amounts in the same period of 2018 were $3.5 million and $2.8 million, respectively. The lower effective tax rate in the third quarter of 2019 compared to the same period of 2018 was primarily due to a greater proportion of pretax income or losses being generated in the U.S., a lower tax jurisdiction.

Foreign Currency For the three months ended September 30 2019, the average currency exchange rate was 1.11 dollar/euro compared with 1.16 in the same period of 2018. The table below summarizes the translation impact on reported results that changes in currency exchange rates had on our non-U.S. based operations from the conversion of these operation's results for the third quarter of 2019.

In thousands		**Three months ended September 30, 2019**
		Favorable (unfavorable)
Net sales	**$**	**(7,253)**
Costs of products sold		**8,213**
SG&A expenses		**504**
Income taxes and other		**112**
Net income	**$**	**1,576**

The above table only presents the financial reporting impact of foreign currency translations assuming currency exchange rates in 2019 were the same as 2018. It does not present the impact of certain competitive advantages or disadvantages of operating or competing in multi-currency markets.

LIQUIDITY AND CAPITAL RESOURCES

Our business requires significant expenditures for new or enhanced equipment, to support our research and development efforts, and to support our business strategy. In addition, we have mandatory debt service requirements of both principal and interest. The following table summarizes cash flow information for each of the periods presented:

In thousands	Nine months ended September 30 2019	2018
Cash and cash equivalents at beginning of period	$ **142,685**	$ 116,219
Cash provided (used) by		
Operating activities	**15,594**	(16,212)
Investing activities	**(18,791)**	(30,150)
Financing activities	**(62,678)**	148,316
Effect of exchange rate changes on cash	**(1,794)**	(3,931)
Change in cash and cash equivalents from discontinued operations	**(17,970)**	19,828
Net cash provided (used)	**(85,639)**	117,851
Cash and cash equivalents at end of period	$ **57,046**	$ 234,070

At September 30, 2019, we had $57.0 million in cash and cash equivalents held by both domestic and foreign subsidiaries. Unremitted earnings of our foreign subsidiaries as of January 1, 2018 and forward are deemed to be indefinitely reinvested and therefore no U.S. tax liability is reflected in the accompanying condensed consolidated financial statements. Approximately 69% of our cash and cash equivalents is held by our foreign subsidiaries but could be repatriated without incurring a significant amount of additional taxes.

Cash provided by operating activities in the first nine months of 2019 totaled $15.6 million compared with a use of $16.2 million in the same period a year ago. The improvement in operating cash flow was primarily due to increased profitability and a decrease in cash used for inventory and other working capital. The use of $20.8 million of cash in the first nine months of 2019 for the Fox River matter was partially offset by lower incentive payments.

Net cash used by investing activities decreased by $11.4 million in the year-over-year comparison due to lower capital expenditures as a result of completing the airlaid capacity expansion in early 2018. Capital expenditures are expected to be $23 million to $28 million for the full year 2019.

Net cash used by financing activities totaled $62.7 million in the first nine months of 2019 compared with $148.3 million provided by financing activities in the same period of 2018. The increase in cash used by financing activities primarily reflects net repayment of borrowings under our revolving credit facility in the first nine months of 2019. In addition, cash provided by financing activities in the first nine months of 2018 included borrowings to finance the $186 million Steinfurt acquisition which closed on October 1, 2018.

The following table sets forth our outstanding long-term indebtedness:

In thousands	**September 30 2019**	December 31 2018
Revolving credit facility, due Mar. 2020	$ **—**	$ 114,495
Revolving credit facility, due Feb. 2024	**79,490**	—
5.375% Notes, due Oct. 2020	**—**	250,000
Term loan, due Feb. 2024	**236,564**	—
2.40% Term Loan, due Jun. 2022	**4,278**	5,725
2.05% Term Loan, due Mar. 2023	**20,342**	25,972
1.30% Term Loan, due Jun. 2023	**5,834**	7,361
1.55% Term Loan, due Sep. 2025	**8,006**	9,470
Total long-term debt	**354,514**	413,023
Less current portion	**(22,235)**	(10,785)
Unamortized deferred issuance costs	**(2,508)**	(1,276)
Long-term debt, net of current portion	$ **329,771**	$ 400,962

In the first quarter of 2019, we significantly changed our debt capital structure. On February 8, 2019, we entered into a new credit facility with a consortium of financial institutions. The new five-year facility (the "2019 Facility") replaces our then existing revolving credit facility and consists of a $400 million variable rate revolver and a €220 million, amortizing term loan. The other terms of the 2019 Facility are substantially similar to our previous revolving credit facility. On February 28, 2019, we redeemed all outstanding 5.375% Notes with proceeds from the new term loan.

The 2019 Facility contains a number of customary compliance covenants, the most restrictive of which is a maximum leverage ratio of 4.0x provided that such ratio increases to 4.5x during the period of four fiscal quarters immediately following a material acquisition such as Steinfurt. As of September 30, 2019, the leverage ratio, as calculated in accordance with the definition in our amended credit agreement, was 2.9x, within the limits set forth in our credit agreement. Based on our expectations of future results of operations and capital needs, we do not believe the debt covenants will impact our operations or limit our ability to undertake financings that may be necessary to meet our capital needs.

Financing activities include cash used for common stock dividends. In both the first nine months of 2019 and 2018, we used $17.2 million and $17.1 million, respectively, of cash for dividends on our common stock. Our Board of Directors determines what, if any, dividends will be paid to our shareholders. Dividend payment decisions are based upon then-existing factors and conditions and, therefore, historical trends of dividend payments are not necessarily indicative of future payments.

We are subject to various federal, state and local laws and regulations intended to protect the environment as well as human health and safety. At various times, we have incurred significant costs to comply with these regulations and we could incur additional costs as new regulations are developed or regulatory priorities change.

We expect to meet all of our near and long-term cash needs from a combination of operating cash flow, cash and cash equivalents, our existing credit facility and other long-term debt.

Off-Balance-Sheet Arrangements As of September 30, 2019 and December 31, 2018, we had not entered into any off-balance-sheet arrangements. Financial derivative instruments, to which we are a party, and guarantees of indebtedness, which solely consist of obligations of subsidiaries, are reflected in the condensed consolidated balance sheets included herein in Item 1 – Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

	Year Ended December 31					September 30, 2019	
Dollars in thousands	2019	2020	2021	2022	2023	Carrying Value	Fair Value
Long-term debt							
Average principal outstanding							
At fixed interest rates – Term Loans	37,178	30,766	20,509	10,835	5,038	38,460	39,143
At variable interest rates	311,562	304,076	292,098	280,120	268,142	316,054	316,054
						$ 354,514	$355,197
Weighted-average interest rate							
On fixed rate debt – Term Loans	1.87%	1.85%	1.82%	1.77%	1.67%		
On variable rate debt	1.50%	1.50%	1.50%	1.50%	1.50%		

The table above presents the average principal outstanding and related interest rates for the next five years for debt outstanding as of September 30, 2019. Fair values included herein have been determined based upon rates currently available to us for debt with similar terms and remaining maturities.

Our market risk exposure primarily results from changes in interest rates and currency exchange rates. At September 30, 2019, we had $352.0 million of long-term debt, net of unamortized debt issuance costs, of which 89.8% was at variable interest rates. Variable-rate debt outstanding represents borrowings under the 2019 Facility including both revolving credit borrowings and the amortizing term loan. Interest accrues based on EURIBOR plus a margin. At September 30, 2019, the interest rate paid was approximately 1.50%. A hypothetical 100 basis point increase or decrease in the interest rate on variable rate debt would increase or decrease annual interest expense by $3.2 million. However, in October 2019, we entered into a €180 million notional value floating-to-fixed interest rate swap agreement with certain financial institutions. Under the terms of the swap, we will pay a fixed interest rate of 0.0395% on €180 million of the underlying variable rate term loan. We will receive the greater of 0.00% or EURIBOR.

As part of our overall risk management practices, we enter into financial derivatives primarily designed to either i) hedge foreign currency risks associated with forecasted transactions – "cash flow hedges"; or ii) mitigate the impact that changes in currency exchange rates have on intercompany financing transactions and foreign currency denominated receivables and payables – "foreign currency hedges." For a more complete discussion of this activity, refer to Item 1 – Financial Statements – Note 16.

We are subject to certain risks associated with changes in foreign currency exchange rates to the extent our operations are conducted in currencies other than the U.S. Dollar. On an annual basis, our euro denominated revenue exceeds euro expenses by an estimated €160 million. With respect to the British Pound Sterling, Canadian Dollar, and Philippine Peso, we have differing amounts of inflows and outflows of these currencies, although to a lesser degree than the euro. As a result, particularly with respect to the euro, we are exposed to changes in currency exchange rates and such changes could be significant.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures Our chief executive officer and our principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2019, have concluded that, as of the evaluation date, our disclosure controls and procedures are effective.

Changes in Internal Controls There were no changes in our internal control over financial reporting during the three months ended September 30, 2019, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II

ITEM 6. EXHIBITS

The following exhibits are filed herewith or incorporated by reference as indicated.

10.1	Schedule of Change in Control Agreements, filed herewith.
10.2	First Amendment to Third Amended and Restated Credit Agreement, filed herewith.
31.1	Certification of Dante C. Parrini, Chairman and Chief Executive Officer of Glatfelter, pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification of Samuel L. Hillard, Senior Vice President and Chief Financial Officer, pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certification of Dante C. Parrini, Chairman and Chief Executive Officer of Glatfelter, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, furnished herewith.
32.2	Certification of Samuel L. Hillard, Senior Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, furnished herewith.
101.INS	Inline XBRL Instance Document - – the instance document does not appear in the Interactive Data file because its iXBRL tags are embedded within the Inline XBRL document, filed herewith.
101.SCH	XBRL Taxonomy Extension Schema, filed herewith.
101.CAL	XBRL Extension Calculation Linkbase, filed herewith.
101.DEF	XBRL Extension Definition Linkbase, filed herewith.
101.LAB	XBRL Extension Label Linkbase, filed herewith.
101.PRE	XBRL Extension Presentation Linkbase, filed herewith.
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, has been formatted in Inline XBRL.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

P. H. GLATFELTER COMPANY
(Registrant)

October 30, 2019

By /s/ David C. Elder
David C. Elder
Vice President, Finance and Chief
Accounting Officer

EXHIBIT 10.1

SCHEDULE OF CHANGE IN CONTROL EMPLOYMENT AGREEMENTS

During the third quarter of 2019, the Registrant entered into Change in Control Employment Agreements (the "Agreements") with the following employees:

Wolfgang Laures, Senior Vice President, Global Supply Chain

Philippe Sevoz, Vice President, Global Operations

Jill L. Urey, Vice President, Deputy General Counsel & Corporate Secretary

Joseph J. Zakutney, Vice President, Global Business Services & Chief Information Officer

In accordance with the Instructions to Item 601 of Regulation S-K, the Registrant has omitted filing the individual Agreements as exhibits to this Form 10-Q because they are substantially identical to the Form of Change in Control Employment Agreement by and between P. H. Glatfelter Company and certain employees, which is filed as Exhibit 10 (q) to the Registrant's Form 10-K for the year ended December 31, 2013.

EXHIBIT 10.2

FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT (the "**Amendment**"), dated as of September 25, 2019, by and among P.H. GLATFELTER COMPANY, a Pennsylvania corporation (the "**Company**"), the LENDERS (as defined under the Credit Agreement) party thereto, and PNC BANK, NATIONAL ASSOCIATION, in its capacity as administrative agent for the Lenders (in such capacity, the "**Administrative Agent**").

WITNESSETH:

WHEREAS, the parties hereto (along with certain Subsidiaries of the Company) are parties to that certain Third Amended and Restated Credit Agreement, dated as of February 8, 2019 (as amended or modified prior to the date hereof, the "**Credit Agreement**"; defined terms used herein unless otherwise amended or defined herein shall have the meanings ascribed to them in the Credit Agreement as amended by this Amendment);

WHEREAS, the Company (on behalf of itself and the other Loan Parties) has requested to amend the Credit Agreement to, among other things, add EURIBOR as an alternative index rate, all as hereinafter set forth and in accordance with terms and conditions contained herein; and

WHEREAS, in furtherance of the foregoing, the Company (on behalf of itself and the other Loan Parties), the Administrative Agent and the Lenders desire to amend the Credit Agreement, as provided herein.

NOW, THEREFORE, the parties hereto, in consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, covenant and agree as follows:

1. Amendments to the Credit Agreement.

(a) Amendments to Section 1.1 of the Credit Agreement. The following definitions are hereby amended and restated in full to read as follows:

> Applicable Margin shall mean the percentage spread to be added to (i) the Euro-Rate under the Euro-Rate Option, the EURIBOR Rate under the EURIBOR Rate Option, or to the Base Rate under the Base Rate Option with respect to Revolving Credit Loans and (ii) to the Euro-Rate under the Euro-Rate Option (or the Foreign Base Rate, if applicable) or the EURIBOR Rate under the EURIBOR Rate Option (or the Foreign Base Rate, if applicable) with respect to the Term Loans at the indicated level of Debt Rating or Leverage Ratio, as applicable, in the pricing grid on Schedule 1.1(A) next to the line titled "Euro-Rate Spread", "EURIBOR Rate Spread", "Base Rate Spread" or "Term Loan

Spread." The Applicable Margin shall be computed in accordance with the parameters set forth on Schedule 1.1(A).

Borrowing Date shall mean, with respect to any Loan, the date for the making thereof or the renewal or conversion thereof at or to the same or a different Interest Rate Option, which shall be a Business Day.

Borrowing Tranche shall mean specified portions of Loans outstanding as follows: (i) any Revolving Credit Loans to which a Euro-Rate Option applies which become subject to the same Interest Rate Option under the same Loan Request by the Borrowers and which have the same Interest Period and which are denominated either in Dollars or in the same Optional Currency shall constitute one Borrowing Tranche, (ii) any Revolving Credit Loans to which a EURIBOR Rate Option applies which become subject to the same Interest Rate Option under the same Loan Request by the Borrowers and which have the same Interest Period shall constitute one Borrowing Tranche, (iii) all Revolving Credit Loans to which a Base Rate Option applies shall constitute one Borrowing Tranche, (iv) any Term Loans to which a Euro-Rate Option applies which become subject to the same Interest Rate Option under the same Loan Request by the Borrowers and which have the same Interest Period and which are denominated either in Dollars or in the same Optional Currency shall constitute one Borrowing Tranche, and (v) any Term Loans to which a EURIBOR Rate Option applies which become subject to the same Interest Rate Option under the same Loan Request by the Borrowers and which have the same Interest Period shall constitute one Borrowing Tranche.

Business Day shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed for business in Pittsburgh, Pennsylvania and (i) if the applicable Business Day relates to any Revolving Credit Loan to which the Euro-Rate Option or the EURIBOR Rate Option applies or to any Term Loan, such day must also be a day on which dealings are carried on in the Relevant Interbank Market, (ii) with respect to advances or payments of Revolving Credit Loans or any other matters relating to Revolving Credit Loans denominated in an Optional Currency, such day also shall be a day on which dealings in deposits in the relevant Optional Currency are carried on in the Relevant Interbank Market, and (iii) in relation to any payment or other obligations of any Foreign Loan Parties, such day must also be a day on which banks in the jurisdiction of such Foreign Loan Party are open for business.

Euro-Rate Option shall mean the option of the Borrowers to have Loans bear interest at the rate and under the terms and conditions set forth in Section 3.1.1(ii) or Section 3.1.2(i), as applicable.

Foreign Base Rate shall mean the rate of interest per annum reasonably determined by the Administrative Agent to be a broadly accepted replacement or alternative rate comparable to the Euro-Rate or the EURIBOR Rate, as applicable, to be applicable for short-term loans in Euros (which rate shall adequately reflect the then customary market convention as reasonably determined by the Administrative Agent) and notified to the Borrowers.

Interest Period shall mean the period of time selected by the Company, on behalf of all the Borrowers, in connection with (and to apply to) any election permitted hereunder by the Borrowers to have Loans bear interest under the Euro-Rate Option or the EURIBOR Rate Option, as applicable. Subject to the last sentence of this definition, such period shall be (A) one, two, three or six Months if the Borrowers select the Euro-Rate Option or the EURIBOR Rate Option to apply to any Revolving Credit Loans (not consisting of an Optional Currency) and/or with respect to each Borrowing Tranche of Term Loans, and (B) one or two Months with respect to any Revolving Credit Loans made in any Optional Currency. Such Interest Period shall commence on the effective date of such Interest Rate Option, which shall be (i) the Borrowing Date if the Borrowers are requesting new Loans, (ii) the date of renewal of or conversion to the Euro-Rate Option or the EURIBOR Rate Option, as applicable, if the Borrowers are renewing or converting to the Euro-Rate Option or the EURIBOR Rate Option, as applicable, applicable to outstanding Revolving Credit Loans or (iii) the date of renewal or conversion to the Euro-Rate Option or the EURIBOR Rate Option, as applicable, applicable to each Borrowing Tranche of Term Loans. Notwithstanding the second sentence hereof: (A) any Interest Period which would otherwise end on a date which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (B) the Borrowers shall not select, convert to or renew an Interest Period for any portion of the Loans that would end after the Expiration Date.

Interest Rate Option shall mean any Euro-Rate Option, EURIBOR Rate Option, or Base Rate Option; provided, however, that in no event shall the Base Rate Option apply to Term Loans.

Relevant Interbank Market shall mean in relation to Euro or British Pounds Sterling, the London interbank deposit market, and in relation to any other currencies, the applicable interbank market. Notwithstanding the foregoing, the references to the currencies listed in this definition shall only apply if such currencies are or become available as Optional Currencies in accordance with the terms hereof.

(b) Amendments to Section 1.1 of the Credit Agreement. The following new definitions are hereby inserted in Section 1.1 of the Credit Agreement in their appropriate alphabetical order:

BHC Act Affiliate of a party shall mean an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

Covered Party shall have the meaning set forth in Section 10.23.

Default Right shall have the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

EURIBOR Rate shall mean, with respect to each Loan denominated in Euros and comprising any Borrowing Tranche to which the EURIBOR Rate Option applies for any

Interest Period, (x) the rate per annum equal to the rate determined by reference to the Reuters Monitor Money Rates Service (with respect to the Euro, the page designated as "EURIBOR01" (or such other commercially available source providing quotations of the European interbank deposit market for deposits in Euros as may be designated by the Administrative Agent from time to time) with a term equivalent to such Interest Period, determined as of approximately 12:00 p.m., Brussels time, two (2) TARGET Days prior to the commencement of such Interest Period, and (y) if the rate referenced in the preceding clause (x) is not available, the applicable local screen rate at approximately 11:00 a.m., local time, two (2) TARGET Days prior to the commencement of such Interest Period for deposits in Euros and for a period equal in length to such Interest Period; provided, that if neither of the rates referenced in the proceeding clauses (x) or (y) are available at the applicable time for the applicable Interest Period, then the EURIBOR Rate for Euros and Interest Period shall be a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error).

The Administrative Agent shall give prompt notice to the Borrowers of the EURIBOR Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error. With respect to any Loans available at a EURIBOR Rate, if at any time, for any reason, the source(s) for the EURIBOR Rate described above for the applicable currency or currencies is no longer available, then the Administrative Agent in its reasonable discretion may determine a comparable replacement rate at such time (which determination shall be conclusive absent manifest error).

Notwithstanding the foregoing, if the EURIBOR Rate as determined under any method above would be less than zero (0.00), such rate shall be deemed to be zero (0.00) for purposes of this Agreement.

<u>EURIBOR Rate Option</u> shall mean the option of the Borrowers to have Loans bear interest at the rate and under the terms and conditions set forth in Section 3.1.1(iii) or Section 3.1.2(ii), as applicable.

<u>EURIBOR Rate Termination Date</u> shall have the meaning set forth in Section 3.5.

<u>QFC</u> shall have the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

<u>QFC Credit Support</u> shall have the meaning set forth in Section 10.23.

<u>Specified Covered Entity</u> shall mean any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

<u>Supported QFC</u> shall have the meaning set forth in Section 10.23.

TARGET2 shall mean the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

TARGET Day shall mean any day on which TARGET2 is open for the settlement of payments in euro.

U.S. Special Resolution Regimes shall have the meaning set forth in Section 10.23.

(c) Amendment to Section 2.4.1 of the Credit Agreement. Section 2.4.1 [Revolving Credit Loan Requests; Term Loan Requests] of the Credit Agreement is hereby amended and restated in full to read as follows:

2.4.1 Revolving Credit Loan Requests; Term Loan Requests.

Except as otherwise provided herein, the Borrowers may from time to time (a) prior to the Expiration Date request the Lenders to make Revolving Credit Loans or (b) prior to or on the Term Loan Draw Termination Date request the Lenders to make Term Loans, or renew or convert the Interest Rate Option applicable to existing Revolving Credit Loans or Term Loans pursuant to Section 3.2, by delivering to the Administrative Agent, not later than 11:00 a.m., Pittsburgh time, (i) three (3) Business Days prior to the proposed Borrowing Date with respect to the making of Revolving Credit Loans in Dollars to which the Euro-Rate Option applies or the conversion to or the renewal of the Euro-Rate Option for any such Revolving Credit Loans, four (4) Business Days prior to the proposed Borrowing Date with respect to the making of Revolving Credit Loans in an Optional Currency or the date of conversion to or renewal of the Euro-Rate Option or EURIBOR Rate Option for Loans in an Optional Currency and four (4) Business Days prior to the proposed Borrowing Date with respect to the making of Term Loans or the date of conversion to or renewal of the Euro-Rate Option or EURIBOR Rate Option for Term Loans or of the renewal of an Interest Period for Term Loans and (ii) on either the proposed Borrowing Date (which shall be a Business Day) with respect to the making of a Revolving Credit Loan to which the Base Rate Option applies or the last day of the preceding Interest Period with respect to the conversion to the Base Rate Option for any Revolving Credit Loan, of a duly completed request therefor substantially in the form of Exhibit 2.4 or a request by telephone immediately confirmed in writing by letter, facsimile or telex in such form (each, a "**Loan Request**"), it being understood that the Administrative Agent may rely on the authority of any individual making such a telephonic request without the necessity of receipt of such written confirmation. Each Loan Request shall be irrevocable and shall specify (i) the proposed Borrowing Date; (ii) the aggregate amount of the proposed Revolving Credit Loans (expressed in the currency in which such Revolving Credit Loans shall be funded) comprising each Borrowing Tranche, the Dollar Equivalent amount of which shall be in integral multiples of $100,000.00 and not less than $2,000,000.00 for each Borrowing Tranche to which the Euro-Rate Option or

EURIBOR Rate Option applies and not less than the lesser of $2,000,000.00 and the maximum amount available for Borrowing Tranches to which the Base Rate Option applies; (iii) whether the Euro-Rate Option, EURIBOR Rate Option, or Base Rate Option shall apply to the proposed Revolving Credit Loans comprising the applicable Borrowing Tranche; (iv) the currency in which such Revolving Credit Loans shall be funded if the Borrowers are electing the Euro-Rate Option or EURIBOR Rate Option; (v) in the case of a Borrowing Tranche to which the Euro-Rate Option or EURIBOR Rate Option applies, an appropriate Interest Period for the Revolving Credit Loans comprising such Borrowing Tranche; (vi) the aggregate amount of the proposed Term Loans comprising each Borrowing Tranche, the amount of which shall be in integral multiples of €100,000.00 and not less than €2,000,000.00 for each Borrowing Tranche of Term Loans; and (vii) the applicable Interest Rate Option and an appropriate Interest Period for the Term Loans comprising such Borrowing Tranche. Notwithstanding anything else to the contrary contained in this Agreement, all EURIBOR Rate Option Loans shall only be borrowed in Euros.

(d) Amendment to Section 2.7.3 of the Credit Agreement. Section 2.7.3 [Notices From Lenders That Optional Currencies Are Unavailable to Fund Renewals of the Euro-Rate Option] of the Credit Agreement is hereby amended and restated in full to read as follows:

2.7.3 Notices From Lenders That Optional Currencies Are Unavailable to Fund Renewals of the Euro-Rate Option or the EURIBOR Rate Option.

If the Borrowers deliver a Loan Request requesting that the Lenders renew the Euro-Rate Option or EURIBOR Rate Option with respect to an outstanding Borrowing Tranche of Revolving Credit Loans denominated in an Optional Currency, the Lenders shall be under no obligation to renew such Euro-Rate Option or EURIBOR Rate Option, as applicable, if any Lender delivers to the Administrative Agent a notice by 5:00 p.m. (Pittsburgh time) four (4) Business Days prior to the effective date of such renewal that such Lender cannot continue to provide Revolving Credit Loans in such Optional Currency. In the event the Administrative Agent timely receives a notice from a Lender pursuant to the preceding sentence, the Administrative Agent will notify the Borrowers no later than 12:00 noon (Pittsburgh time) three (3) Business Days prior to the renewal date that the renewal of such Revolving Credit Loans in such Optional Currency is not then available, and the Administrative Agent shall promptly thereafter notify the Lenders of the same. If the Administrative Agent shall have so notified the Borrowers that any such continuation of such Revolving Credit Loans in such Optional Currency is not then available, any notice of renewal with respect thereto shall be deemed withdrawn, and such Revolving Credit Loans shall be redenominated into Revolving Credit Loans in Dollars at the Base Rate Option or Euro-Rate Option, at the Company's option on behalf of the Borrowers (subject, in the case of the Euro-Rate Option, to compliance with Section 2.4), with effect from the last day of the Interest Period with respect to any such Revolving Credit Loans. The Administrative Agent will promptly notify the Borrowers and the

Lenders of any such redenomination, and in such notice, the Administrative Agent will state the aggregate Dollar Equivalent amount of the redenominated Revolving Credit Loans in an Optional Currency as of the applicable Computation Date with respect thereto and such Lender's Ratable Share thereof.

(e) Amendment to Section 3.1 of the Credit Agreement. Section 3.1 [Interest Rate Options] of the Credit Agreement is hereby amended and restated in full to read as follows:

3.1 Interest Rate Options.

The Borrowers shall pay interest in respect of the outstanding unpaid principal amount of the Revolving Credit Loans as selected by them from the Base Rate Option, Euro-Rate Option, or EURIBOR Rate Option set forth below applicable to the Revolving Credit Loans, it being understood that, subject to the provisions of this Agreement, the Borrowers may select different Interest Rate Options and different Interest Periods to apply simultaneously to the Revolving Credit Loans comprising different Borrowing Tranches and may convert to or renew one or more Interest Rate Options with respect to all or any portion of the Revolving Credit Loans comprising any Borrowing Tranche. Interest on the principal amount of each Revolving Credit Loan made in an Optional Currency shall be paid by the Borrowers in such Optional Currency. Swing Loans shall bear interest at a rate to be agreed upon by the Administrative Agent and the Company, on behalf of all Borrowers. The Borrowers shall pay interest in respect of the outstanding unpaid principal amount of the Term Loans as selected by them from the Euro Rate Option or EURIBOR Rate Option set forth below applicable to the Term Loans, it being understood that, subject to the provisions of this Agreement, the Borrowers may select different Interest Rate Options and different Interest Periods to apply simultaneously to the Term Loans comprising different Borrowing Tranches and may convert to or renew one or more Interest Rate Options with respect to all or any portion of the Term Loans comprising any Borrowing Tranche. At no time shall there be outstanding more than ten (10) Borrowing Tranches in the aggregate among all of the Loans. If at any time the designated rate applicable to any Loan made by any Lender exceeds such Lender's highest lawful rate, the rate of interest on such Lender's Loan shall be limited to such Lender's highest lawful rate.

(f) Amendment to Section 3.1.1 of the Credit Agreement. Section 3.1.1 [Revolving Credit Interest Rate Options] of the Credit Agreement is hereby amended and restated in full to read as follows:

3.1.1 Revolving Credit Interest Rate Options.

The Borrowers shall have the right to select from the following Interest Rate Options applicable to the Revolving Credit Loans (subject to the provisions above regarding Swing Loans), except that no Revolving Credit Loan to which a Base Rate shall apply may be made in an Optional Currency:

(i) Revolving Credit Base Rate Option. A fluctuating rate per annum (computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed) equal to the Base Rate plus the Applicable Margin, such interest rate to change automatically from time to time effective as of the effective date of each change in the Base Rate;

(ii) Revolving Credit Euro-Rate Option. A rate per annum (computed on the basis of a year of 360 days and actual days elapsed, provided that, for Revolving Credit Loans made in an Optional Currency as to which market practice differs from the foregoing, in accordance with such market practice), equal to the Euro-Rate plus the Applicable Margin; or

(iii) Revolving Credit EURIBOR Rate Option. A rate per annum (computed on the basis of 360 days and actual days elapsed, provided that, for Revolving Credit Loans made in Euros as to which market practice differs from the foregoing, in accordance with such market practice), equal to the EURIBOR Rate plus the Applicable Margin.

(g) Amendment to Section 3.1.2 of the Credit Agreement. Section 3.1.2 [Term Loan Interest Rate] of the Credit Agreement is hereby amended and restated in full to read as follows:

3.1.2 Term Loan Interest Rate Options.

The Borrowers shall have the right to select from the following Interest Rate Options applicable to the Term Loans:

(i) Term Loan Euro-Rate Option. A rate per annum (computed on the basis of a year of 360 days, as the case may be, and actual days elapsed, provided that, if the market practice differs from the foregoing at any time for loans made in Euros, in accordance with such market practice) equal to the Euro-Rate plus the Applicable Margin.

(ii) Term Loan EURIBOR Rate Option. A rate per annum (computed on the basis of a year of 360 days, as the case may be, and actual days elapsed, provided that, if the market practice differs from the foregoing at any time for loans made in Euros, in accordance with such market practice) equal to the EURIBOR Rate plus the Applicable Margin.

(h) Amendment to Section 3.2 of the Credit Agreement. Section 3.2 [Interest Periods] of the Credit Agreement is hereby amended and restated in full to read as follows:

3.2 Interest Periods.

At any time when the Borrowers shall select, convert to or renew a Euro-Rate Option or EURIBOR Rate Option, the Borrowers shall notify the Administrative Agent thereof by delivering a Loan Request at least four (4) Business Days prior to the effective date of such Interest Rate Option with respect to Revolving Credit Loans, with respect to an Optional Currency Loan and/or a Term Loan, and three (3) Business Days prior to the effective date of such Interest Rate Option, with respect to a Revolving Credit Loan denominated in Dollars. The notice shall specify an Interest Period during which such Interest Rate Option shall apply. Notwithstanding the preceding sentence, the following provisions shall apply to any selection of, renewal of, or conversion to a Euro-Rate Option or EURIBOR Rate Option:

(i) Amendment to Section 3.2.1 of the Credit Agreement. Section 3.2.1 [Amount of Borrowing Tranche] of the Credit Agreement is hereby amended and restated in full to read as follows:

3.2.1 Amount of Borrowing Tranche.

The Dollar Equivalent amount of each Borrowing Tranche of Euro-Rate Revolving Credit Loans or EURIBOR Revolving Credit Loans shall be in integral multiples of $100,000.00 and not less than $2,000,000.00 and the amount of each Borrowing Tranche of Term Loans shall be in integral multiples of €100,000.00 and not less than €2,000,000.00.

(j) Amendment to Section 3.2.2 of the Credit Agreement. Section 3.2.2 [Renewals] of the Credit Agreement is hereby amended and restated in full to read as follows:

3.2.2 Renewals.

In the case of the renewal of a Euro-Rate Option or EURIBOR Rate Option at the end of an Interest Period, the first day of the new Interest Period shall be the last day of the preceding Interest Period, without duplication in payment of interest for such day.

(k) Amendment to Section 3.4 of the Credit Agreement. Section 3.4 [Euro-Rate Unascertainable; Illegality; Increased Costs; Deposits Not Available] of the Credit Agreement is hereby amended by amending and restating the title of such section to read as follows: Euro-Rate or EURIBOR Rate Unascertainable; Illegality; Increased Costs; Deposits Not Available.

(l) Amendment to Section 3.4.1 of the Credit Agreement. Section 3.4.1 [Unascertainable] of the Credit Agreement is hereby amended and restated in full to read as follows:

3.4.1 Unascertainable.

If on any date on which a Euro-Rate or EURIBOR Rate would otherwise be determined, the Administrative Agent shall have determined that:

(i) adequate and reasonable means do not exist for ascertaining such Euro-Rate or EURIBOR Rate, as applicable, or

(ii) a contingency has occurred affecting the Relevant Interbank Market relating to the Euro-Rate or EURIBOR Rate, as applicable, and reasonable and adequate means do not exist for ascertaining the Euro-Rate or EURIBOR Rate, as applicable, for such Interest Period,

the Administrative Agent and Borrowers shall have the rights specified in Sections 3.4.4 and 4.4.2 (as applicable).

(m) Amendment to Section 3.4.2 of the Credit Agreement. Section 3.4.2 [Illegality; Increased Costs; Deposits Not Available] of the Credit Agreement is hereby amended and restated in full to read as follows:

3.4.2 Illegality; Increased Costs; Deposits Not Available.

If at any time any Lender shall have determined that:

(i) the making, maintenance or funding of any Loan to which a Euro-Rate Option or EURIBOR Rate Option applies or performing any of its obligations hereunder or under any Loan Document has been made impracticable or unlawful by compliance by such Lender in good faith with any Law or any interpretation or application thereof by any Official Body or with any request or directive of any such Official Body (whether or not having the force of Law), or

(ii) such Euro-Rate Option or EURIBOR Rate Option, as applicable, will not adequately and fairly reflect the cost to such Lender of the establishment or maintenance of any such Loan,

(iii) after making all reasonable efforts, deposits of the relevant amount in Dollars or in the Optional Currency (as applicable) for the relevant Interest Period for a Revolving Credit Loan, or to banks generally, to which a Euro-Rate Option or EURIBOR Rate Option applies, respectively, are not available to such Lender with respect to such Loan, or to banks generally, in the interbank eurodollar market, or

(iv) after making all reasonable efforts, deposits of the relevant amount in Euros for the relevant Interest Period for a Term Loan, or to banks generally to which a Euro-Rate Option or EURIBOR Rate Option applies, respectively, are not available to such Lender with respect to such Term Loan, or to banks generally, in the interbank eurodollar market,

then the Administrative Agent and Borrowers shall have the rights specified in Sections 3.4.4 and 4.4.2 (as applicable).

(n) Amendment to Section 3.4.4 of the Credit Agreement. Section 3.4.4 [Administrative Agent's and Lender's Rights] of the Credit Agreement is hereby amended and restated in full to read as follows:

3.4.4 **Administrative Agent's and Lender's Rights.**

In the case of any event specified in Section 3.4.1 above, the Administrative Agent shall promptly so notify the Lenders and the Borrowers thereof, and in the case of an event specified in Section 3.4.2 or 3.4.3 above, such Lender shall promptly so notify the Administrative Agent and endorse a certificate to such notice as to the specific circumstances of such notice, and the Administrative Agent shall promptly send copies of such notice and certificate to the other Lenders and the Borrowers. Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of (A) the Lenders, in the case of such notice given by the Administrative Agent, or (B) such Lender, in the case of such notice given by such Lender, to allow the Borrowers to (i) select, convert to or renew a Euro-Rate Option or EURIBOR Rate Option, as applicable, with respect to Loans or (ii) select an Optional Currency (as applicable) with respect to Revolving Credit Loans shall be suspended until the Administrative Agent shall have later notified the Borrowers, or such Lender shall have later notified the Administrative Agent, of the Administrative Agent's or such Lender's, as the case may be, determination that the circumstances giving rise to such previous determination no longer exist. If at any time the Administrative Agent makes a determination under Section 3.4.1 and the Borrowers have previously notified the Administrative Agent of its selection of, conversion to or renewal of a Euro-Rate Option or EURIBOR Rate Option, as applicable, with respect to Revolving Credit Loans and such Interest Rate Option has not yet gone into effect, such notification shall be deemed to provide for selection of, conversion to or renewal of the Base Rate Option otherwise available with respect to such Revolving Credit Loans. If at any time the Administrative Agent makes a determination under Section 3.4.1 and the Borrowers have previously notified the Administrative Agent of its selection of, conversion to, or renewal of a Euro-Rate Option or EURIBOR Rate Option, as applicable, with respect to a Term Loan and such Interest Rate Option has not yet gone into effect, such notification shall be deemed to provide for conversion to the Foreign Base Rate. If any Lender notifies the Administrative Agent of a determination under Section 3.4.2, the obligation of such Lender to issue, make, maintain, fund or charge interest with respect to any such Revolving Credit Loan shall be suspended, and to the extent required by applicable Law, cancelled, and the Borrowers shall, subject to the Borrowers' indemnification Obligations under Section 4.8, as to any Revolving Credit Loan of the Lender to which a Euro-Rate Option or EURIBOR Rate Option, as applicable, applies, on the date specified in such notice either, at the Borrowers' option (i) as applicable, convert such Revolving Credit Loan to the Base Rate Option otherwise available with respect to such Revolving Credit Loan or select a different Optional Currency or Dollars, or (ii) prepay such Revolving Credit Loan in accordance with Section 4.4. Absent due notice from the Borrowers of conversion or prepayment, such Revolving Credit Loan shall automatically be converted to the Base Rate Option otherwise available with respect to such Revolving Credit Loan upon such specified date. If any Lender notifies the Administrative Agent of a determination under Section 3.4.2, the obligation of such Lender to issue, make, maintain, fund or charge interest with respect to any such Term Loan shall be suspended, and to the extent required by applicable Law, cancelled, and the Borrowers shall, subject to the Borrowers' indemnification Obligations under Section 4.8 on the date specified in such notice either, at the Borrowers' option, (i) as applicable, convert such Term Loan to Foreign Base Rate Loans, or (ii) prepay such Term Loan in accordance with Section 4.4. Absent due notice from the Borrowers of conversion or prepayment, such Term Loan shall automatically be converted to a Foreign Base Rate Loan upon such specified date. If the Administrative Agent makes a determination under 3.4.3 then, until the Administrative Agent notifies the Borrowers that the circumstances giving rise to such determination no longer exist, (i) the availability of Revolving Credit Loans in the affected Optional Currency shall be suspended, and (ii) the outstanding Revolving Credit Loans in such affected Optional Currency shall be converted into Dollar Loans (in an amount equal to the Dollar Equivalent of such outstanding Optional Currency Loans) (x) on the last day of the then current Interest Period if the Lenders may lawfully continue to maintain Revolving Credit Loans in such Optional Currency to such day, or (y) immediately if the Lenders may not lawfully continue to maintain Revolving Credit Loans in such Optional Currency, and interest thereon shall thereafter accrue at the Base Rate Option.

(o) <u>Amendment to Section 3.5 of the Credit Agreement</u>. Section 3.5 [Successor Euro-Rate Index] of the Credit Agreement is hereby amended and restated in full to read as follows:

3.5 <u>Successor Euro-Rate or EURIBOR Rate Index.</u>

(i) Notwithstanding anything herein to the contrary, if the Administrative Agent determines (which determination shall be final and conclusive, absent manifest error) that either (a) (i) the circumstances set forth in Section 3.4.1 have arisen and are unlikely to be temporary, or (ii) the circumstances set forth in Section 3.4.1 have not arisen but the applicable supervisor or administrator (if any) of a Euro-Rate or EURIBOR Rate or an Official Body having jurisdiction over the Administrative Agent has made a public statement identifying the specific date after which the Euro-Rate or EURIBOR Rate, as applicable, shall no longer be used for determining interest rates for loans in Dollars, Euros or any Optional Currency (either such date as applied to a Euro-Rate, a "**Euro-Rate Termination Date**"; either such date as applied to a EURIBOR Rate, a "**EURIBOR Rate Termination Date**"), or (b) a rate other than the Euro-Rate or EURIBOR Rate has become a widely recognized benchmark rate for newly originated loans in Dollars, Euros or an applicable Optional Currency in the U.S. market, then the Administrative Agent and the Borrowers may choose a replacement index for the Euro-Rate or EURIBOR Rate, as applicable, in respect of Loans in Dollars, Euros or the applicable Optional Currency, as the case may be, and the Administrative Agent and the Borrowers may enter into one or more amendments as described in clause (ii) below for the purpose of making adjustments to applicable margins and related amendments to this Agreement as referred to below such that, to the extent practicable, the all-in interest rate based on the replacement index will be substantially equivalent to the all-in Euro-Rate-based interest rate or all-in EURIBOR Rate-based interest rate, as applicable, in effect prior to its replacement.

(ii) The Administrative Agent and the Borrowers shall enter into an amendment to this Agreement to reflect the replacement index, the adjusted margins and such other related amendments as may be appropriate, in the discretion of the Administrative Agent, for the implementation and administration of the replacement index-based rate. Notwithstanding anything to the contrary in this Agreement or the other Loan Documents, including, without limitation, Section 10.1, such amendment shall become effective without any further action or consent of any other party to this Agreement at 5:00 p.m. Eastern Time on the tenth (10th) Business Day after the date a draft of the amendment is provided to the Lenders, unless the Administrative Agent receives, on or before such tenth (10th) Business Day, a written notice from the Required Lenders stating that such Lenders object to such amendment.

(iii) Selection of the replacement index, adjustments to the applicable margins, and amendments to this Agreement (a) will be determined by the Administrative Agent and the Borrowers with due consideration to the then-current market practices for determining and implementing a rate of interest for newly originated loans in the United States and loans converted from a Euro-Rate-based rate or EURIBOR Rate-based rate, as applicable, to a replacement index-based rate, and (b) may also reflect adjustments to account for (x) the effects of the transition from the Euro-Rate or the EURIBOR Rate, as applicable, to the replacement index and (y) yield- or risk-based differences between the Euro-Rate or the EURIBOR Rate, as applicable, and the replacement index.

(iv) Until an amendment reflecting a new replacement index in accordance with this Section 3.5 is effective, each advance, conversion and renewal of a Loan under the Euro-Rate Option or EURIBOR Rate Option will continue to bear interest with reference to the Euro-Rate or EURIBOR Rate, as applicable; provided however, that if the Administrative Agent determines (which determination shall be final and conclusive, absent manifest error) that a Euro-Rate Termination Date or EURIBOR Rate Termination Date has occurred, then following the Euro-Rate Termination Date or EURIBOR Rate Termination Date, as applicable, all Loans as to which the Euro-Rate Option or EURIBOR Rate Option, as applicable, would otherwise apply shall automatically be converted to (x) if any such Revolving Credit Loan is in Dollars, the Base Rate Option, (y) if any such Revolving Credit Loan is in an Optional Currency to which such Euro-Rate Termination Date or EURIBOR Rate Termination Date, as applicable, applies, a Revolving Credit Loan in Dollars under the Base Rate Option, and (z) with respect to the Term Loans, Foreign Base Rate Loans, in each case, until such time as an amendment reflecting a replacement index and related matters as described above is implemented.

(v) Notwithstanding anything to the contrary contained herein, if at any time any replacement index is less than zero, at such times, such index shall be deemed to be zero for purposes of this Agreement.

(p) Amendment to Section 3.6 of the Credit Agreement. Section 3.6 [Selection of Interest Rate Options] of the Credit Agreement is hereby amended and restated in full to read as follows:

3.6 Selection of Interest Rate Options.

If the Borrowers fail to select a new Interest Period or Optional Currency to apply to any Borrowing Tranche of Revolving Credit Loans under the Euro-Rate Option or EURIBOR Rate Option or fail to select a new Interest Period to apply to any Borrowing Tranche of Term Loans under the Euro-Rate Option or EURIBOR Rate Option at the expiration of an existing Interest Period applicable to such Borrowing Tranche in accordance with the provisions of Section 3.2, the Borrowers shall be deemed to have converted or continued, as applicable, such Borrowing Tranche of Revolving Credit Loans under the Euro-Rate Option or EURIBOR Rate Option and/or such Borrowing Tranche of Term Loans under the Euro-Rate Option or EURIBOR Rate Option for an Interest Period of one (1) month and, if required by the Administrative Agent with respect to Revolving Credit Loans, converted such Borrowing Tranche to a Revolving Credit Loan in Dollars, as applicable, commencing upon the last day of the existing Interest Period.

(q) Amendment to Section 4.3 of the Credit Agreement. Section 4.3 [Interest Payment Dates] of the Credit Agreement is hereby amended and restated in full to read as follows:

4.3 Interest Payment Dates.

Interest on Revolving Credit Loans to which the Base Rate Option applies shall be due and payable in arrears on each Payment Date and on the Expiration Date or upon acceleration of the Notes. Interest on Loans to which the Euro-Rate Option or EURIBOR Rate Option applies shall be due and payable in the currency in which such Loan was made on the last day of each Interest Period for those Loans and, if such Interest Period is longer than three (3) Months, also on the 90th day of such Interest Period. Interest on mandatory prepayments of principal under Section 4.5 shall be made in the currency in which such Loan was made and shall be due on the date such mandatory prepayment is due. Interest on the principal amount of each Loan or other monetary Obligation shall be due and payable in the currency in which such Loan was made on demand after such principal amount or other monetary Obligation becomes due and payable (whether on the Expiration Date, stated maturity date, upon acceleration or otherwise).

(r) Amendment to Section 4.4.1 of the Credit Agreement. Section 4.4.1 [Right to Prepay] of the Credit Agreement is hereby amended and restated in full to read as follows:

4.4.1 <u>Right to Prepay.</u>

The Borrowers shall have the right, at their option, from time to time to prepay the Loans in whole or part without premium or penalty (except as provided in Section 4.4.2, Section 4.6.1 or Section 4.8) in the currency in which such Loan was made:

(i) at any time with respect to any Revolving Credit Loan to which the Base Rate Option applies,

(ii) at any time with respect to any Revolving Credit Loan in any Optional Currency, subject to Section 4.8,

(iii) at any time with respect to Revolving Credit Loans to which a Euro-Rate Option applies, subject to Section 4.8,

(iv) at any time with respect to Revolving Credit Loans to which a EURIBOR Rate Option applies, subject to Section 4.8,

(v) at any time with respect to Term Loans to which a EURO-Rate Option applies, subject to Section 4.8,

(vi) at any time with respect to Term Loans to which a EURIBOR Rate Option applies, subject to Section 4.8,

(vii) on the date specified in a notice by any Lender pursuant to Section 3.4 with respect to any Loan to which a Euro-Rate Option or EURIBOR Rate Option applies.

Whenever the Borrowers desire to prepay any part of the Loans, the Company, on behalf of all Borrowers, shall provide a prepayment notice to the Administrative Agent by 1:00 p.m. Pittsburgh time: (i) at least one (1) Business Day prior to the date of prepayment of the Revolving Credit Loans made in Dollars and (ii) at least four (4) Business Days prior to the date of prepayment of any Revolving Credit Loans in an Optional Currency or the Term Loans, and (iii) on the date of prepayment of Swing Loans, in each case setting forth the following information:

(w) the date, which shall be a Business Day, on which the proposed prepayment is to be made;

(x) a statement indicating the application of the prepayment between the Revolving Credit Loans, Term Loans and Swing Loans;

(y) the Borrowing Tranche designated for prepayment, if applicable; and

(z) the total principal amount and currency of such prepayment, (1) with respect to Revolving Credit Loans, the Dollar Equivalent amount of which shall not be less than $100.000.00 for any Swing Loan or $1,000,000.00 or such lesser amount as may be outstanding or (2) with respect to the Term Loan shall not be less than €1,000,000.00 or such lesser amount as may be outstanding.

All prepayment notices shall be irrevocable; provided, that such prepayment obligation may be conditioned on the occurrence of any subsequent event (including a change of control, refinancing transaction or Permitted Acquisition or other investment). The principal amount of the Loans for which a prepayment notice is given, together with interest on such principal amount except with respect to Revolving Credit Loans to which the Base Rate Option applies, shall be due and payable on the date specified in such prepayment notice as the date on which the proposed prepayment is to be made in the currency in which such Loans was made. All Term Loan prepayments permitted pursuant to this Section 4.4.1 shall be applied as the Borrowers shall direct (or in the absence of any such direction, to the unpaid installments of principal of the Term Loans in direct order of maturity). Except as provided in Section 3.4.4, if the Borrowers prepay a Loan but fails to specify the applicable Borrowing Tranche which the Borrowers are prepaying, the prepayment shall be applied (i) first to Revolving Credit Loans and then to Term Loans; and (ii) after giving effect to the allocations in clause (i) above and in the preceding sentence, first to Revolving Credit Loans to which the Base Rate Option applies, then to Revolving Credit Loans to which the Euro-Rate Option applies, then to Revolving Credit Loans to which the EURIBOR Rate Option applies, then to Term Loans to which the Euro-Rate Option applies, then to the Term Loans to which the EURIBOR Rate Option applies, then to Optional Currency Loans and then to Swing Loans. Any prepayment hereunder shall be subject to the Borrowers' Obligation to indemnify the Lenders under Section 4.8. Revolving Credit Loan prepayments shall not result in an reduction of the Revolving Credit Commitments unless the Borrowers have elected to reduce such Revolving Credit Commitments pursuant to Section 2.12. Prepayments shall be made in the currency in which such Loan was made unless otherwise agreed by the Administrative Agent and the Borrower Agent.

(s) Amendment to Section 4.5.1 of the Credit Agreement. Section 4.5.1 [Currency Fluctuations] of the Credit Agreement is hereby amended and restated in full to read as follows:

4.5.1 Currency Fluctuations.

If on any Computation Date the sum of the Dollar Equivalent Revolving Facility Usage is greater than the Revolving Credit Commitments as a result of a change in exchange rates between one (1) or more Optional Currencies and Dollars by an amount greater than 105%, then the Administrative Agent shall notify the Borrowers of the same. The Borrowers shall pay or prepay the Revolving Credit Loans (subject to Borrowers' indemnity obligations contained in this Agreement, including, without limitation, under Section 4.6 or 4.8) or Swing Loans within three (3) Business Days after receiving such notice such that the sum of the Dollar Equivalent Revolving Facility Usage no longer exceeds the aggregate Revolving Credit Commitments. All prepayments required pursuant to this Section 4.5.1 shall first be applied among the Interest Rate Options to the principal amount of the Revolving Credit Loans subject to the Base Rate Option, then to Revolving Credit Loans denominated in Dollars and subject to a Euro-Rate Option and then to Revolving Credit Loans of Optional Currencies subject to the Euro-Rate Option or EURIBOR Rate Option, and the Borrowers will be subject to the indemnity obligation set forth in Section 4.8.

(t) Amendment to Section 4.6.5 of the Credit Agreement. Section 4.6.5 [Additional Reserve Requirements] of the Credit Agreement is hereby amended and restated in full to read as follows:

4.6.5 Additional Reserve Requirements.

The Borrowers shall pay to each Lender (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including eurocurrency funds or deposits, additional interest on the unpaid principal amount of each Revolving Credit Loan under the Euro-Rate Option or EURIBOR Rate Option and each Term Loan under the Euro-Rate Option or EURIBOR Rate Option equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent manifest error), and (ii) as long as such Lender shall be required to comply with any reserve ratio requirement under Regulation D or under any similar, successor or analogous requirement of the Board of Governors of the Federal Reserve System (or any successor) or any other central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Revolving Credit Loans under the Euro-Rate Option or EURIBOR Rate Option and/or Term Loans under the Euro-Rate Option or EURIBOR Rate Option, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent manifest error), which in each case shall be due and payable on each date on which interest is payable on such Loan; provided that in each case the Borrowers shall have received at least ten days' prior notice (with a copy to the Administrative Agent) of such additional interest or costs from such Lender. If a Lender fails to give notice ten days prior to the relevant Payment Date, such additional interest or costs shall be due and payable ten days from receipt of such notice.

(u) Amendment to Section 4.8(i) of the Credit Agreement. Section 4.8(i) [Indemnity] of the Credit Agreement is hereby amended and restated in full to read as follows:

(i) payment, prepayment, conversion or renewal of any Revolving Credit Loan to which a Euro-Rate Option or EURIBOR Rate Option applies and/or any Term Loan to which a Euro-Rate Option or EURIBOR Rate Option applies on a day other than the last day of the corresponding Interest Period (whether or not such payment or prepayment is mandatory, voluntary or automatic and whether or not such payment or prepayment is then due), or any voluntary prepayment without the required notice,

(v) Amendment to Section 4.9 of the Credit Agreement. Section 4.9 [Interbank Market Presumption] of the Credit Agreement is hereby amended and restated in full to read as follows:

4.9 Interbank Market Presumption.

For all purposes of this Agreement and each Note with respect to any aspects of the Euro-Rate, the EURIBOR Rate, any Loan under the Euro-Rate Option, any Loan under the EURIBOR Rate Option, or any Optional Currency, each Lender and Administrative Agent shall be presumed to have obtained rates, funding, currencies, deposits, and the like in the Relevant Interbank Market regardless of whether it did so or not; and, each Lender's and Administrative Agent's determination of amounts payable under, and actions required or authorized by, Section 4.8 shall be calculated, at each Lender's and Administrative Agent's option, as though each Lender and Administrative Agent funded each Borrowing Tranche of Loans under the Euro-Rate Option, EURIBOR Rate Option, through the purchase of deposits of the types and maturities corresponding to the deposits used as a reference in accordance with the terms hereof in determining the Euro-Rate or EURIBOR Rate, as applicable, applicable to such Loans, whether in fact that is the case.

(w) Amendment to Section 10.4 of the Credit Agreement. Section 10.4 [Holidays] of the Credit Agreement is hereby amended and restated in full to read as follows:

10.4 Holidays.

Whenever payment of a Loan to be made or taken hereunder shall be due on a day which is not a Business Day such payment shall be due on the next Business Day (except as provided in Section 3.2 with respect to Interest Periods under the Euro-Rate Option or the EURIBOR Rate Option with respect to Revolving Credit Loans and Term Loans) and such extension of time shall be included in computing interest and fees, except that the Loans shall be due on the Business Day preceding the Expiration Date if the Expiration Date is not a Business Day. Whenever any payment or action to be made or taken hereunder (other than payment of the Loans) shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall not be included in computing interest or fees, if any, in connection with such payment or action.

(x) Amendment to Section 10.5.1 of the Credit Agreement. Section 10.5.1 [Notional Funding] of the Credit Agreement is hereby amended and restated in full to read as follows:

10.5.1 Notional Funding.

Each Lender shall have the right from time to time, without notice to the Borrowers, to deem any branch, Subsidiary or Affiliate (which for the purposes of this Section 10.5 shall mean any corporation or association which is directly or indirectly controlled by or is under direct or indirect common control with any corporation or association which directly or indirectly controls such Lender) of such Lender to have made, maintained or funded any Loan to which the Euro-Rate Option or EURIBOR Rate Option applies at any time, provided that immediately following (on the assumption that a payment were then due from the Borrowers to such other office), and as a result of such change, the Borrowers would not be under any greater financial obligation pursuant to Section 4.6 than it would have been in the absence of such change. Notional funding offices may be selected by each Lender without regard to such Lender's actual methods of making, maintaining or funding the Loans or any sources of funding actually used by or available to such Lender.

(y) Addition of Section 10.23 to the Credit Agreement. A new Section 10.23 is hereby added to the Credit Agreement immediately following Section 10.22 [No Advisory or Fiduciary Responsibility] to read as follows:

10.23 Acknowledgement Regarding Any Supported QFCs.

To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Lender Provided Hedge or any other agreement or instrument that is a QFC (such support, "**QFC Credit Support**", and each such QFC, a "**Supported QFC**"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "**U.S. Special Resolution Regimes**") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States). In the event a Specified Covered Entity that is party to a Supported QFC (each, a "**Covered Party**") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(z) Schedule 1.1(A) of the Credit Agreement. Schedule 1.1(A) [Pricing Grid] of the Credit Agreement is hereby amended and restated in full as attached hereto as Exhibit A.

(aa) Exhibit 2.4 of the Credit Agreement. Exhibit 2.4 [Loan Request] of the Credit Agreement is hereby amended and restated in full as attached hereto as Exhibit B.

2. Conditions to the Effectiveness of this Amendment. This Amendment shall become effective as of the date hereof on the first date when all of the following conditions have been satisfied to the satisfaction of the Administrative Agent (the "**Effective Date**"):

(a) Legal Details; Counterparts. The Company (on behalf of itself and the other Loan Parties) and the Required Lenders shall have executed and delivered to the Administrative Agent this Amendment and all such other counterpart originals or certified or other copies of such documents and proceedings in connection with this Amendment as may be reasonably requested by the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent.

(b) Fees. The Company shall pay or caused to be paid to the Administrative Agent all reasonable out-of-pocket costs, expenses and disbursements, including, without limitation, reasonable fees and expenses of counsel, incurred by the Administrative Agent in connection with the development, preparation, execution, administration, interpretation or performance of this Amendment and all other documents or instruments to be delivered in connection herewith.

3. Representations and Warranties. The Company hereby represents and warrants to the Administrative Agent and the Lenders that (a) the representations and warranties of the Loan Parties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof with the same force and effect as though made by the Loan Parties on such date, except to the extent that any such representation or warranty expressly relates solely to a previous date, (b) there exists no Event of Default or Potential Default and (c) the Credit Agreement and the other Loan Documents are in full force and effect, are hereby ratified and confirmed and remain unaltered, except as expressly modified by this Amendment. This Amendment has been duly executed by an authorized officer of the Company (on behalf of itself and the other Loan Parties). The execution, delivery, and performance of this Amendment have been duly authorized by all necessary corporate action, require no governmental approval, and will neither contravene, conflict with, nor result in the breach of any applicable Law in any material respect, charter, articles, or certificate of incorporation or organization, bylaws, operating agreement or other material agreement governing or binding upon any of the Loan Parties or any of their Subsidiaries.

4. Force and Effect. Each of the parties hereto reconfirms and ratifies the Credit Agreement and the other Loan Documents, and confirms that all such documents remain in full force and effect, except to the extent modified by this Amendment.

5. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York without regard to its conflict of laws principles.

6. Counterparts. This Amendment may be signed by telecopy, "pdf", "tif" or original in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of this Amendment by electronic transmission shall be delivery of a manually executed counterpart.

[SIGNATURE PAGES FOLLOW]

[INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

COMPANY:

P. H. GLATFELTER COMPANY

By: /s/ Ramesh Shettigar
Name: Ramesh Shettigar
Title: Vice President and Treasurer

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent and as a Lender

By: /s/ Daniel Borelli
Name: Daniel Borelli
Title: Senior Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

HSBC BANK USA, N.A.,
as Co-Syndication Agent and as a Lender

By: /s/ Randy Chung
Name: Randy Chung
Title: Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

JPMORGAN CHASE BANK, N.A.,
as Co-Syndication Agent and as a Lender

By: /s/ Alicia Schreibstein
Name: Alicia Schreibstein
Title: Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

CITIZENS BANK, N.A.
as a Lender

By: /s/ Jon R. Pogue
Name: Jon R. Pogue
Title: Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

COBANK, ACB,
as a Lender

By: /s/ Robert Prickett
Name: Robert Prickett
Title: Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

AGCHOICE FARM CREDIT ACA,
as a Voting Participant

By: /s/ William Frailey
Name: William Frailey
Title: Assistant Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

AGFIRST FARM CREDIT BANK,
as a Voting Participant

By: /s/ Michael Mancini
Name: Michael Mancini
Title: Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

MANUFACTURERS AND TRADERS TRUST COMPANY,
as a Lender

By: /s/ Lance E. Smith
Name: Lance E. Smith
Title: Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Kevin Dobosz
Name: Kevin Dobosz
Title: Senior Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

MUFG BANK, LTD.,
as a Lender

By: /s/ Deborah White
Name: Deborah White
Title: Director

[SIGNATURE PAGE TO FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT]

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCE,
as a Lender

By: /s/ William O'Daly
Name: William O'Daly
Title: Authorized Signatory

By: /s/ D. Andrew Maletta
Name: William O'Daly
Title: Authorized Signatory

EXHIBIT A

SCHEDULE 1.1(A)

Pricing Grid for P. H. Glatfelter Company*
Pricing in basis points

Level	Debt Ratings Level	Leverage Ratio Level	Base Rate Spread	Euro-Rate Spread / EURIBOR Rate Spread / Letter of Credit Fee	Term Loan Spread	Commitment Fee
I	Baa2/BBB or higher	< 1.50 to 1.00	12.5	112.5	112.5	10.0
II	Baa3/BBB-	< 2.00 to 1.00 but ≥ 1.50 to 1.00	25.0	125.0	125.0	15.0
III	Ba1/BB+	< 2.50 to 1.00 but ≥ 2.00 to 1.00	50.0	150.0	150.0	20.0
IV	Ba2/BB	< 3.00 to 1.00 but ≥ 2.50 to 1.00	75.0	175.0	175.0	25.0
V	Ba3/BB- or lower	≥ 3.00 to 1.00	100.0	200.0	200.0	30.0

*At any time of determination, pricing will be determined by reference to the higher (Level I being the highest) of the Leverage Ratio level and the Debt Ratings level.

*In the event the Company's Debt Rating is split-rated, pricing will be determined by the higher of the two ratings, except that if the ratings differ by more than one level, pricing will be determined by one level above the lower rating. In the event that either Moody's or Standard & Poor's shall cease to provide a Debt Rating, pricing will be determined by reference to the Leverage Ratio.

*Increases or decreases in pricing and fees pursuant to the grid above shall be (x) recomputed as of the end of each fiscal quarter ending after the Closing Date based on the Leverage Ratio as of such quarter end and shall be effective on the date on which the Compliance Certificate evidencing such computation is due to be delivered under Section 7.3.3 and (y) recomputed and effective as of the date on which any Debt Rating of the Company shall change (if such change results in a change in the pricing Level). If a Compliance Certificate is not delivered when due in accordance with such Section 7.3.3, then the rates in Level V shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the date on which such Compliance Certificate is delivered.

If, as a result of any restatement of or other adjustment to the financial statements of the Company or for any other reason, the Company or the Lenders determine that (i) the Leverage Ratio as calculated by the Company as of any applicable date was inaccurate and (ii) a proper calculation of the Leverage Ratio would have resulted in higher pricing for such period, the Borrowers shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent, any Lender or the Issuing Lender), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent, any Lender or the Issuing Lender, as the case may be, under Section 2.9 or Section 4.3 or Section 9. The Borrowers' obligations under this paragraph shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

EXHIBIT B

[to be attached]

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

I, Dante C. Parrini certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of P. H. Glatfelter Company ("Glatfelter");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. Glatfelter's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Glatfelter and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Glatfelter, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of Glatfelter's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in Glatfelter's internal control over financial reporting that occurred during Glatfelter's most recent fiscal quarter (the fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, Glatfelter's internal control over financial reporting.
5. Glatfelter's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Glatfelter's auditors and the audit committee of Glatfelter's board of directors (or persons performing similar functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Glatfelter's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Glatfelter's internal control over financial reporting.

October 30, 2019

By /s/ Dante C. Parrini
Dante C. Parrini
Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

I, Samuel L. Hillard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 of P. H. Glatfelter Company ("Glatfelter");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. Glatfelter's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Glatfelter and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Glatfelter, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of Glatfelter's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in Glatfelter's internal control over financial reporting that occurred during Glatfelter's most recent fiscal quarter (the fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, Glatfelter's internal control over financial reporting.

5. Glatfelter's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Glatfelter's auditors and the audit committee of Glatfelter's board of directors (or persons performing similar functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Glatfelter's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Glatfelter's internal control over financial reporting.

October 30, 2019

By /s/ Samuel L. Hillard
Samuel L. Hillard
Senior Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, of P. H. Glatfelter Company (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dante C. Parrini, Chairman and Chief Executive Officer of the Company, certify to the best of my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Glatfelter and will be retained by Glatfelter and furnished to the Securities and Exchange Commission or its staff upon request.

October 30, 2019

By /s/ Dante C. Parrini
Dante C. Parrini
Chairman and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, of P. H. Glatfelter Company (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Samuel L. Hillard, Senior Vice President and Chief Financial Officer, certify to the best of my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Glatfelter and will be retained by Glatfelter and furnished to the Securities and Exchange Commission or its staff upon request.

October 30, 2019

By /s/ Samuel L. Hillard
Samuel L. Hillard
Senior Vice President and
Chief Financial Officer