

GLATFELTER P H CO
Form DEF 14A
March 25, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

P. H. GLATFELTER COMPANY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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P. H. GLATFELTER COMPANY
96 South George Street, Suite 500
York, Pennsylvania 17401

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON

April 29, 2009

TO OUR SHAREHOLDERS:

The 2009 Annual Meeting of the Shareholders of P. H. Glatfelter Company (Annual Meeting), a Pennsylvania corporation, will be held at the *York Expo Center, 334 Carlisle Avenue, York, Pennsylvania, in the Pennsylvania Room*, on Wednesday, April 29, 2009, at 10:00 a. m., to consider and act upon the following items:

- the election of three members of the Board of Directors to serve until our next annual meeting and until their successors are elected and qualified;
- a proposal to approve an increase in the number of shares of the Company s common stock that are available to be awarded under the Company s Amended and Restated Long-Term Incentive Plan and to approve the Amended and Restated Long-Term Incentive Plan for purposes of complying with Section 162(m) of the Internal Revenue Code;
- a proposal to ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2009; and
- such other business as may properly come before the Meeting.

Only holders of record of the Company s common stock at the close of business on March 5, 2009, will be entitled to notice of, and to vote at, the Annual Meeting.

It is important that your shares be represented and voted at the Annual Meeting. Whether or not you currently plan to attend the Annual Meeting, please complete, date and sign the accompanying proxy card and return it promptly in the enclosed envelope (requiring no postage if mailed in the United States). If you choose, you may still vote in person at the Annual Meeting, even though you had previously submitted a proxy card.

Thomas G. Jackson
Vice President,
General Counsel and
Secretary

March 25, 2009

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE 2009 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD APRIL 29, 2009.**

P. H. Glatfelter Company s Proxy Statement for the 2009 Annual Meeting of Shareholders and the 2008 Annual Report, are available via the Internet at www.glatfelter.com/Files/about_us/investor_relations/2009Proxy.pdf and www.glatfelter.com/Files/about_us/investor_relations/2008Annualreport.pdf.

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P. H. GLATFELTER COMPANY

PROXY STATEMENT

The accompanying proxy is being solicited by the Board of Directors (the Board) of P. H. Glatfelter Company (the Company), 96 South George Street, Suite 500, York, Pennsylvania 17401, in connection with the 2009 Annual Meeting of the Shareholders of the Company (the Annual Meeting or Meeting) to be held on Wednesday, April 29, 2009 at 10:00 a.m., 334 Carlisle Avenue, York, Pennsylvania, in the *Pennsylvania Room*. This proxy statement and the accompanying proxy card are being mailed to the Company s shareholders on or about March 25, 2009.

ABOUT THE MEETING

What is the purpose of the Annual Meeting?

At the Annual Meeting, shareholders will consider and act upon the following items:

the election of three members of the Board of Directors to serve for one-year terms expiring in 2010;

a proposal to approve an increase in the number of shares of the Company s common stock that are available to be awarded under the Company s Amended and Restated Long-Term Incentive Plan (the Plan) and to approve the Plan for purposes of complying with Section 162(m) of the Internal Revenue Code;

a proposal to ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2009; and

such other business as may properly come before the Meeting.

Following the Meeting, the Company s management will report on the Company s business during the year ended December 31, 2008, and respond to questions from shareholders.

Who is entitled to vote at the Annual Meeting?

Only holders of record of the Company s common stock at the close of business on the record date, March 5, 2009, are entitled to receive notice of, and to vote at, the Meeting. Each holder of the Company s common stock is entitled to one vote per share of stock owned of record by the shareholder on each item of business presented at the Meeting, except that shareholders have cumulative voting rights with respect to electing Directors. Cumulative voting means that each shareholder is entitled to as many votes in electing Directors as is equal to the number of shares of common stock that is properly multiplied by the number of Directors to be elected. A shareholder may cast all such votes for a single nominee or may distribute them between two or more nominees as he or she sees fit. The persons named in the accompanying proxy card as proxy holders will vote the shares as designated by the shareholder, including any exercise of cumulative voting rights through the distribution of votes among the nominees as indicated on the proxy card. Absent such designation, the proxy holders may use their discretionary authority to vote as they see fit, including to vote cumulatively.

How does a shareholder vote?

If a shareholder completes and properly signs the accompanying proxy card and returns it to the Company, it will be voted as specified by the shareholder. If the shareholder is a holder of record of the Company s common stock on the

record date and attends the Meeting in person, the shareholder may deliver his or her completed proxy card or vote in person at the Meeting. Judges of election appointed by the Company will count the votes.

What constitutes a quorum?

A quorum is necessary to permit a particular matter to be considered and acted upon at the Meeting. The presence at the Meeting, in person or by proxy, of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast on a particular matter will constitute a quorum for the purposes of such matter. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

The Company had 45,474,571 shares of common stock outstanding on the record date.

What vote is required to elect a Director and to approve a proposal assuming there is a quorum?

Election of Directors. The three nominees for Director receiving the highest number of votes cast by shareholders will be elected to serve on the Board. Broker non-votes are not counted for purposes of the election of Directors. Pursuant to the Company's majority-voting policy, in an uncontested election, if a nominee for Director who is an incumbent Director receives a greater number of votes withheld from his or her election than votes for such election, and no successor has been elected at such meeting, the Director must promptly tender his or her resignation following certification of the shareholder vote.

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Amended and Restated Long-Term Incentive Plan. The approval of an increase in the number of shares of Company's common stock that are available to be awarded under the Plan and to approve the Plan for purposes of complying with Section 162(m) of the Internal Revenue Code requires the affirmative vote of a majority of the votes cast on this proposal. An abstention or a broker non-vote will not be counted for voting purposes on this proposal.

Ratification of the appointment of Deloitte & Touche LLP. The ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm requires the affirmative vote of a majority of the votes cast on this proposal. An abstention or a broker non-vote with respect to the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm will not be counted for voting purposes on this proposal.

How does discretionary voting authority apply?

If a shareholder signs and returns the accompanying proxy card, but does not make any selections, the shareholder gives discretionary authority to the persons named as proxy holders on the proxy card. The shareholder's shares will then be voted as recommended by the Board.

What is the Board's recommendation?

The Board recommends a vote:

FOR the election of its three nominees for Director, George H. Glatfelter II, Ronald J. Naples and Richard L. Smoot;

FOR the approval of an increase in the number of shares of the Company's common stock available to be awarded under the Plan and the approval of the Plan for purposes of complying with Section 162(m) of the Internal Revenue Code; and

FOR the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm.

Can a shareholder change their vote after they return their proxy card?

Yes. Even after a shareholder has submitted its proxy card, they may revoke their proxy and change their vote at any time before the proxy is exercised by filing with the Company's Secretary either a notice of revocation or a duly executed proxy bearing a later date. A shareholder's authorization of the proxy holders to vote their proxy will be revoked if they attend the Annual Meeting in person and request to change their vote, vote in person or revoke their proxy. Attendance at the Meeting will not by itself revoke a previously granted proxy.

Who bears the cost of solicitation of proxies?

The Company bears the cost of preparing, printing, assembling and mailing this proxy statement and other Board proxy solicitation materials. The Company will also reimburse brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the owners of the Company's common stock. In addition to the solicitation of proxies by mail, some of the officers, other employees and agents of the Company may solicit proxies personally, by telephone and by other means. Officers and employees of the Company who may solicit proxies personally receive no special compensation for any solicitation activities.

When are shareholder proposals due for inclusion in the proxy statement for the 2010 Annual Meeting of Shareholders?

A proposal that a shareholder would like to present at the 2010 Annual Meeting (a Proposal) must be submitted to the Secretary of the Company prior to the preparation of the Company s 2010 proxy statement. To be included in the proxy statement for the Company s 2010 Annual Meeting, a shareholder proposal must be submitted in writing to the Secretary of the Company and delivered to, or mailed and received by the Company no later than November 25, 2009. The Company s By-laws prescribe the procedures shareholders must follow to bring business before shareholder meetings. To bring matters before the 2010 Annual Meeting, under the terms of the Company s By-laws, and to include a matter in the Company s proxy statement for that meeting, a notice that includes all of the information required in the Company s By-laws must be received by the Company within the time limit indicated above.

How can a shareholder nominate Director candidates?

A shareholder may recommend nominees for consideration by the Board s Nominating and Corporate Governance Committee for nomination for election to the Board. Shareholder recommendations for Director nominees will receive the same consideration by the Board s Nominating and Corporate Governance Committee that all other nominations receive. Shareholders wishing to recommend a nominee for Director should submit such recommendation in writing, together with any supporting materials the shareholder deems appropriate, to the Secretary of the Company.

A shareholder may nominate a person for election to the Board, provided the recommendation is made in accordance with the procedures described herein and the Company s By-laws. To nominate a candidate for Director at the 2010 Annual Meeting, the shareholder s notice of the nomination must be in writing and delivered to, or mailed and received at the Company no later than November 25, 2009.

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What must be included in the notice to submit a shareholder proposal or to nominate a director candidate?

The notice must include:

if the shareholder is submitting a proposal, a description of the business desired to be brought before the meeting, the reasons for conducting the business at the meeting, and any material interest of the shareholder in the business;

if the shareholder is submitting a nomination for election to the Board, various matters regarding the nominee, including name, address, occupation, Company shares held, and a representation by the shareholder and nominee that there are no undisclosed voting arrangements;

the name and address of the shareholder making the nomination, a description of the shares held by the shareholder, a description of any arrangement or agreement with other shareholders or the nominee with respect to the nomination;

a representation that the shareholder will attend the 2010 meeting and submit the proposal or nominate the nominee;

a description of any hedging arrangements the shareholder has entered into with respect to the Company's stock; and

a statement of whether the shareholder intends to solicit, or participate in the solicitation of proxies with respect to the proposal or nomination.

This is a general description of the notice required to submit a proposal or nomination for consideration at the 2010 meeting. Shareholders should read the Company's By-laws for a complete description of the requirements. Copies of the Company's By-laws may be obtained from the Company's web site at www.glatfelter.com/about_us/corporate_governance/bylaws.aspx or free of charge from the Secretary of the Company.

The Proposal and notice must otherwise comply with the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act). No shareholder proposals were submitted to the Company for presentation at the 2009 Annual Meeting.

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**SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

To the Company's knowledge, the following table sets forth information regarding ownership of the Company's outstanding common stock as of March 5, 2009 (except as otherwise noted) by: (i) each person who is known by the Company to own beneficially more than 5% of the common stock of the Company; (ii) each Director and named executive officer; and (iii) all Directors and executive officers as a group. Except as otherwise indicated and subject to applicable community property laws, each owner has sole voting and investment powers with respect to the securities listed. The number of shares beneficially owned by each person is determined under the rules of the Securities and Exchange Commission (SEC) and the information is not necessarily indicative of beneficial ownership for any other purpose. Under the rules of the SEC, all shares which a person has the right to acquire beneficial ownership within 60 days are considered beneficially owned by that person.

Name of Beneficial Owner	Shares Beneficially Owned (1)	Total Number of Shares Owned (1)	% of Shares Outstanding
Dimensional Fund Advisors LP	3,848,838	3,848,838 (2)	8.46%
Third Avenue Management, LLC	3,771,306	3,771,306 (3)	8.29%
Franklin Resources, Inc.	2,399,800	2,399,800 (4)	5.28%
The Vanguard Group, Inc.	2,287,236	2,287,236 (5)	5.03%

Name of Beneficial Owner	Position	Directly Owned	Indirectly Owned	Outstanding Options to Purchase	Total Number of Shares Owned (1)	% of Shares Outstanding
Kathleen A. Dahlberg	Director	9,937		7,500	17,437	*
Nicholas DeBenedictis	Director	7,589		2,500	10,089	*
George H. Glatfelter II	Chairman of the Board & CEO	68,397	244,050 (6)	257,634	570,081	1.25%
J. Robert Hall	Director	9,937		7,500	17,437	*
Richard C. III	Director	8,117		2,500	10,617	*
John P. Jacunski	Senior V. P. & CFO	10,156	1,256 (7)	31,717	43,129	*
Ronald J. Naples	Director	9,111		9,000	18,111	*
Dante C. Parrini	Executive V. P. & COO	10,094	3,948 (8)	70,021	84,063	*
Martin Rapp	V. P. & GM, Composite Fibers Business Unit	0	0	18,197	18,197	*
Richard L. Smoot	Director	11,437		2,500	13,937	*

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Lee C. Stewart	Director	9,937		7,500	17,437	*
William T. Yanavitch II	V. P. Human Resources and Administration	0	2,215 (9)	17,594	19,809	*
<i>All Directors and executive officers as a group (16 individuals)</i>		160,419	254,242	476,764	891,425 (10)	1.95%

* Less than 1%

- (1) For purposes of the table, shares of common stock are considered beneficially owned by a person if such person has or shares voting or investment power with respect to such stock. As a result, more than one person may beneficially own the same security and, in some cases, the same shares are listed opposite more than one name in the table. The table includes, in some cases, shares beneficially held by spouses or minor children, as to which beneficial ownership is disclaimed.
- (2) Pursuant to a Schedule 13G/A filed on February 9, 2009, consists of shares beneficially owned, as of December 31, 2008, by Dimensional Fund Advisors LP. Dimensional Fund Advisors LP possesses sole voting over 3,802,509 shares and investment authority over all 3,848,838 shares. Dimensional Fund Advisors LP is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940. All 3,848,838 shares are owned by four investment companies registered under the Investment Company Act of 1940 to which Dimensional Fund Advisors LP furnishes investment advice and certain other commingled group trusts and separate accounts to which Dimensional Fund Advisors LP serves as investment manager. Dimensional Fund Advisors LP disclaims beneficial ownership of such shares. The address of Dimensional Fund Advisors LP is Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas, 78746.
- (3) Pursuant to a Schedule 13G filed on February 13, 2009, consists of shares beneficially owned, as of December 31, 2008, by Third Avenue Management LLC. Third Avenue Management LLC is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940 and has sole voting and dispositive power for all shares beneficially owned. Third Avenue Small Cap Value Fund, an investment company registered under the Investment Company Act of 1940, has the right to receive dividends from, and the proceeds from the sale of, 1,765,706 of the shares reported by Third Avenue Management LLC. Met Investors Series Trust-Third Avenue Small Cap Portfolio, an

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investment company registered under the Investment Company Act of 1940, has the right to receive dividends from, and the proceeds from the sale of, 1,887,413 of the shares reported by Third Avenue Management LLC. Touchstone Variable Series Trust-Touchstone Third Avenue Value Fund, an investment company registered under the Investment Company Act of 1940, has the right to receive dividends from, and the proceeds from the sale of, 118,187 of the shares reported by Third Avenue Management LLC. The address of Third Avenue Management LLC is 622 Third Avenue, 32nd Floor, New York, New York, 10017.

- (4) Pursuant to a Schedule 13G/A filed on February 6, 2009, consists of shares beneficially owned, as of December 31, 2008, by one or more open- or closed-end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries (each, an Investment Management Subsidiary and, collectively, the Investment Management Subsidiaries) of Franklin Resources, Inc. (FRI), including Franklin Advisory Services, LLC. Investment management contracts grant to the Investment Management Subsidiaries all investment and/or voting power over the securities owned by such investment management clients. Charles B. Johnson and Rupert H. Johnson, Jr. each own in excess of 10% of the outstanding common stock of FRI and are the principal stockholders of FRI. FRI and the principal shareholders may be deemed to be, for purposes of Rule 13d-3 under the Securities Exchange Act of 1934, the beneficial owners of securities held by persons and entities for whom or for which FRI subsidiaries provide investment management services. FRI, the principal shareholders and each of the Investment Management Subsidiaries disclaim any pecuniary interest in any of the Company s securities. Franklin Advisory Services, LLC is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940. Franklin Advisory Services, LLC possesses voting authority for 2,324,000 shares and investment authority over all 2,399,800 shares. The address of Franklin Resources, Inc. is One Franklin Parkway, San Mateo, California, 94403.
- (5) Pursuant to a Schedule 13G filed on February 13, 2009, consists of shares beneficially owned, as of December 31, 2008, by The Vanguard Group, Inc. The Vanguard Group, Inc. possesses sole voting power over 62,150 shares and investment authority over all 2,287,236 shares. The Vanguard Group, Inc. is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940. Vanguard Fidelity Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner, and directs the voting of, 62,150 shares as a result of its serving as investment manager of collective trust accounts. The address of The Vanguard Group, Inc. is 100 Vanguard Boulevard, Malvern, Pennsylvania, 19355.
- (6) Consists of approximately 4,050 shares held by Mr. Glatfelter in the Company s 401(k) Plan and 240,000 shares held in trust as co-trustee with PNC Bank as to which Mr. Glatfelter disclaims beneficial ownership.
- (7) Consists of approximately 1,256 shares held by Mr. Jacunski through the Company s 401(k) Plan.
- (8) Consists of approximately 3,948 shares held by Mr. Parrini through the Company s 401(k) Plan.
- (9) Consists of approximately 2,215 shares held by Mr. Yanavitch through the Company s 401(k) Plan.
- (10) Consists of outstanding options to purchase 476,764 shares, which were exercisable as of March 5, 2009 or within 60 days from such date, 14,242 shares held by executive officers through the Company s 401(k) Plan, 157,419 shares held directly and 240,000 shares held in trust pursuant to which George H. Glatfelter II acts as co-trustee with PNC Bank as to which Mr. Glatfelter disclaims beneficial ownership. See Notes 6 through 9.

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The following table provides certain information as of December 31, 2008 regarding the Company's equity compensation plans.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	(b) Weighted-average exercise price of outstanding options, warrants and rights (2)	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (3)
Equity compensation plans approved by security holders	1,743,398	\$ 14.40	380,917
Equity compensation plans not approved by security holders			
Total	1,743,398	\$ 14.40	380,917

(1) Includes 537,700 non-qualified stock options, 486,888 restricted stock units (RSUs) and 718,810 stock-only stock appreciation rights (SOSARs).

(2) Weighted average exercise price is based on outstanding non-qualified stock options and SOSAR prices only.

(3) Represents the securities remaining available for issuance under the Amended and Restated Long-Term Incentive Plan.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's Directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities ("10% Holders"), to file reports of holdings and transactions in the Company's common stock with the SEC and the New York Stock Exchange (the NYSE). Based on the Company's records and other information, the Company believes that, in 2008, its Directors, executive officers and 10% Holders filed all required reports of holdings and transactions in the Company's common stock with the SEC and the NYSE. The filing for 10,000 SOSARs granted on June 12, 2008 to Thomas G. Jackson,

Vice President, General Counsel and Secretary, was made on July 7, 2008.

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At the Annual Meeting, the Company's shareholders will vote to fill three Director positions, each for one-year terms expiring on the date of the Company's 2010 Annual Meeting of Shareholders and until their respective successors are elected and qualified. The Board proposes that George H. Glatfelter II, Ronald J. Naples and Richard L. Smoot, who are currently serving as Directors of the Company, be re-elected as Directors for terms expiring in 2010. The nominees have consented to serve if elected to the Board.

If a nominee is unable to serve as a Director at the time of the Meeting, an event that the Board does not anticipate, the persons named in the accompanying proxy card will vote for such substitute nominee as may be designated by the Board, unless the Board reduces the number of Directors accordingly.

Board of Directors

The following table sets forth information as to the nominees and the other persons who are to continue as Directors of the Company after the Annual Meeting. George H. Glatfelter II is also an officer of the Company.

Name, Principal Occupation and Businesses During Last Five Years and Current Directorships	Age	Year First Elected Director
George H. Glatfelter II	57	1992
Mr. Glatfelter's positions with Glatfelter have been Chairman since April 2000; Chief Executive Officer since June 1998; President from June 1998 to February 2001. Mr. Glatfelter also serves as a Director of Met-Pro Corporation.		
Ronald J. Naples	63	2000
Mr. Naples has been the Chairman of Quaker Chemical Corporation, a public, specialty chemical company serving the metalworking and manufacturing industries worldwide since 1997. Prior to his retirement in October 2008, Mr. Naples also served as Quaker's Chief Executive Officer, a position he held since 1995. He also serves as a Director of Glenmede Trust Company and is past Chairman of the Federal Reserve Bank of Philadelphia.		
Richard L. Smoot	68	1994

Mr. Smoot has been retired since September 2002. Mr. Smoot was the Regional Chairman, PNC Bank, National Association, Philadelphia/South Jersey markets from December 2000 to September 2002. Mr. Smoot also serves as a Director of Aqua America Corporation.

The Board believes that the election of each of the above nominees is in the best interests of the Company and its shareholders and recommends a vote FOR the proposal.

Directors continuing for terms expiring in 2010

Kathleen A. Dahlberg	56	2001
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Ms. Dahlberg has been the Chief Executive Officer of 2Unify LLC, a communications company, since 2006. Ms. Dahlberg has been the Founder, President and Chief Executive Officer of Open Vision Partners (a private consortium of professionals bringing new technologies and businesses to market) and a business consultant on the application of new technologies for business improvement and process change since September 2001. Ms. Dahlberg was also the Vice President of Worldwide Restaurant Solutions at McDonald's Corporation from 2002 to 2004. Ms. Dahlberg is also a Director of Theragenics Corporation.

Richard C. III	65	2004
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Mr. III has been the President, Chief Executive Officer and Director of Triumph Group, Inc., a public, international aviation services company since 1993. Mr. III is also a Director of Airgas, Inc.

Lee C. Stewart	60	2002
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Mr. Stewart is a private financial consultant with over 22 years experience as an investment banker. Mr. Stewart is also a Director of AEP Industries, Inc., a Director of Marsulex, Inc. and a Director of ITC Holdings Corp.

Directors continuing for terms expiring in 2011

Nicholas DeBenedictis	63	1995
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Mr. DeBenedictis has been the Chairman, Chief Executive Officer and Director of Aqua America, Inc. a publicly-traded water company, since May 1993. Mr. DeBenedictis also serves as a Director of Met-Pro Corporation and Exelon Corporation.

J. Robert Hall	56	2002
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Mr. Hall has been the Chief Executive Officer of Ardale Enterprises LLC, a private company specializing in acquisition related activities in the food industry, since 1998. From September 2007 to November 2007 he also served as Chief Executive Officer of Castro Cheese Company Inc.

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PROPOSAL 2: APPROVE AN INCREASE IN THE NUMBER OF SHARES THAT ARE AVAILABLE TO BE AWARDED UNDER THE COMPANY'S AMENDED AND RESTATED LONG-TERM INCENTIVE PLAN AND TO APPROVE THE AMENDED AND RESTATED LONG-TERM INCENTIVE PLAN FOR PURPOSES OF COMPLYING WITH SECTION 162(m) OF THE INTERNAL REVENUE CODE

The Compensation Committee of the Company's Board approved and recommended to the Board, and the Board adopted and recommends that the shareholders approve, certain changes to the Company's Amended and Restated Long-Term Incentive Plan (the Plan). The Plan amends and restates the Company's 2005 Long-Term Incentive Plan (the 2005 Plan).

The Plan is the only equity-based incentive plan used by the Company to provide equity-based awards to employees, non-employee directors and consultants. The Company believes it is important to have access to a broad-based equity incentive and compensation plan in order for it to attract and retain high quality employees, non-employee directors and consultants, and to align the interests of those participants with those of its shareholders.

The Plan reflects amendments to the 2005 Plan that (1) increase the number of shares of common stock available for awards under the Plan by 4,000,000 shares, from 1,500,000 to 5,500,000; (2) revise certain provisions that determine the number of shares the Company is required to count against the maximum number of shares available under the Plan for substitute awards or for shares reacquired by the Company for payment of taxes or the exercise price of equity awards; (3) incorporate in the Plan certain standard separation from service provisions, which had previously been included in the award agreements, into the Plan; and (4) revise various provisions of the Plan to comply with: (i) Section 409A of the Internal Revenue Code (the Code), and the rules and regulations promulgated under that Section of the Code; (ii) other changes in the law; and (iii) accounting considerations that have occurred since the 2005 Plan was originally adopted and approved.

The Company is seeking approval by the shareholders (1) of the provisions of the Plan that increase the number of shares available for future awards under the Plan by 4,000,000 shares to 5,500,000 shares, and (2) of the Plan for purposes of Section 162(m) of the Code.

As of March 5, 2009, 383,617 shares remained available for future awards by the Company under the 2005 Plan from the original 1,500,000 shares provided in the 2005 Plan. Because of the limited number of shares available for future awards, and the need for the Company to be able to make equity-based awards to employees, non-employee directors and consultants to align their interests with the interests of shareholders generally, the Company is proposing to increase the number of shares available for awards.

The Company is also seeking shareholder approval of the Plan for purposes of complying with Section 162(m) of the Code. Generally, Section 162(m) of the Code does not provide for publicly held companies like the Company to have a tax deduction for compensation that is paid to the CEO and the four most highly compensated executive officers other than the CEO to the extent such compensation exceeds one million dollars per officer in any year. However, awards made by a publicly traded Company pursuant to a performance-based compensation plan that is approved by its shareholders at least every five years will not be subject to the deduction limit. In order to satisfy this requirement, the Company is submitting the Plan for shareholder approval at this Annual Meeting. The 2005 Plan was last approved by the shareholders at the annual meeting held in 2005, and the Company has decided to seek shareholder approval of the Plan for purposes of Section 162(m) of the Code this year, since the Company has another reason (the increase in the number of shares available for grants and awards) to seek shareholder approval of an amendment of the Plan.

The Plan is set forth in full at Appendix A to this Proxy Statement. A summary of its key provisions is set forth below.

What are the purposes of the Plan?

The purposes of the Plan are to reward eligible participants by awarding appropriate incentives for achieving long-range Company goals, to provide incentive compensation opportunities that are competitive with those of similar companies, further match participants' financial interests with those of the Company's other shareholders through compensation that is based on the Company's common stock and thereby enhance the long-term financial interest of the Company and its affiliates through growth in the value of the Company's equity and enhancement of long-term shareholder return, and facilitate recruitment and retention of outstanding personnel eligible to participate in the Plan.

Who administers the Plan and how is it administered?

The Plan is administered by the Compensation Committee and all acts and authority of the Compensation Committee under the Plan are subject to the provisions of its charter and such other authority as may be delegated to the Compensation Committee by the Board. The Compensation Committee selects participants and, in a manner consistent with the terms of the Plan, has, among other matters, the exclusive power to make awards, to determine when and to whom the awards will be granted, the types of awards and number of shares covered by the awards, to establish the terms, conditions, performance criteria, restrictions and other provisions of such awards, and, subject to the terms of the Plan and applicable law, to cancel, suspend or amend existing awards. Subject to the terms of the Plan, the Compensation Committee has the authority and discretion to determine the extent to which awards under the Plan will be structured to conform with the requirements applicable to performance-based compensation as described in Section 162(m) of the Code, and to take such action, establish such procedures, and

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impose such restrictions as necessary to conform to such requirements. If an award under the Plan is intended to qualify as performance-based compensation under Section 162(m) of the Code, and a provision of the Plan would prevent such award from so qualifying, such provision will be administered, interpreted and construed to carry out such intention (or disregarded to the extent such provision cannot be so administered, interpreted or construed). Except to the extent prohibited by applicable law, the Compensation Committee may also allocate all or any portion of its responsibilities and powers to any of its members and may delegate all or any portion of its responsibilities to any person(s) selected by it, but it cannot delegate such authority with respect to any participant that is subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934, as amended. The Compensation Committee has the power to revoke any allocation or delegation at any time.

Who is eligible for awards under the Plan?

Persons eligible to be a participant under the Plan include employees, officers, non-employee directors and consultants of the Company or any subsidiary or affiliate of the Company. Eligible participants also include any individual(s) to whom an offer of employment or service has been extended. Holders of equity-based awards issued by a company acquired by the Company or with which the Company combines are also eligible to receive awards under the Plan, in substitution for awards granted by that company (Substitute Awards).

What is the term of the Plan?

No award will be granted under the Plan after the tenth anniversary of the Plan's effective date, if this Proposal #2 is approved by the Company's shareholders. Unless otherwise expressly provided in the Plan or in the applicable award agreement, any award granted prior to the termination date of the Plan may extend beyond such termination date, and the Compensation Committee has the authority to administer the Plan and to amend, alter, adjust, suspend, discontinue or terminate any such award or to waive any conditions or rights under any such award beyond such date.

How many shares have been allocated to the Plan?

The Plan provides for the issuance of an additional 4,000,000 shares, so that the total number of shares authorized for awards under the Plan since its inception is 5,500,000 shares of Company common stock. All of such shares may be issued as incentive stock options. As of March 5, 2009, 383,617 shares are available for future awards under the Plan, which number will increase to 4,383,617 under the Plan if this Proposal #2 is approved by the Company's shareholders.

Any shares covered by an award that terminates, lapses or is forfeited or cancelled, or an award that is otherwise settled without the delivery of the full number of shares underlying the award, shall, to the extent of any such forfeiture, termination, lapse, cancellation, etc., again be available for issuance under the Plan.

Are there any limitations on the number of shares that may be awarded to any participant under the Plan?

The Plan provides that no participant receiving an award will be granted:

- options or stock appreciation rights (SARs) with respect to more than 400,000 shares during any fiscal year;
- a performance award (denominated in shares) which could result in such participant being issued more than 250,000 shares during each fiscal year of the Company (which requires the Compensation Committee to assess the number of shares subject to other performance awards with multi-year performance periods); or

a performance award (denominated in cash) which could result in such participant receiving more than \$1,750,000 during any fiscal year of the Company (which requires the Compensation Committee to assess the dollar value of previously awarded cash-based performance awards with multi-year performance periods).

The foregoing limitations are subject to adjustment as described below, but only to the extent that any such adjustment will not affect the status of any award intended to qualify as performance-based compensation under Section 162(m) of the Code; or any award intended to qualify as an incentive stock option.

How is fair market value determined under the Plan?

Fair market value is the value of a share of Common Stock of the Company determined as follows: (i) if the shares are listed on any established stock exchange, system or market, the fair market value will be the closing price for the shares as quoted on such exchange, system or market as reported in the Wall Street Journal or such other source as the Compensation Committee deems reliable; or (ii) in the absence of an established market for the shares, the fair market value will be determined in good faith by the Compensation Committee by the reasonable application of a reasonable valuation method, taking into account factors consistent with the requirements of Section 409A of the Code.

What types of awards are available under the Plan?

Options and SARs. The Compensation Committee is authorized to grant incentive stock options and non-qualified stock options (collectively, options) and SARs to participants under the Plan. The terms of any incentive stock option granted under the Plan must comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated under that section of the Code. No incentive stock options will be granted to a participant who is not an employee of the Company or a qualified subsidiary of the Company. Options

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designated as incentive stock options will not be eligible for treatment under the Code as incentive stock options (and will be deemed to be non-qualified stock options) to the extent that either (i) the aggregate fair market value of the shares (determined as of the date of grant) associated with such options that are exercisable for the first time by the participant during any calendar year (under all plans of the Company and any subsidiary) exceeds \$100,000, taking options into account in the order in which they were granted or (ii) such options otherwise remain exercisable but are not exercised within three (3) months after termination of employment (or such other period of time provided in Section 422 of the Code). The terms and conditions of each option and SAR granted will be determined by the Compensation Committee and set forth in the applicable award agreement.

Subject to the terms of the Plan and the related award agreement, any option or SAR may be exercised at any time during the period commencing with either the date that option or SAR is granted or the first date permitted under a vesting schedule established by the Compensation Committee and ending with the expiration date of the option or SAR. A participant may exercise his option or SAR for all or part of the number of shares or rights which he is eligible to exercise under terms of the applicable award agreement. The Compensation Committee has the discretion to determine the form(s) and method(s) by which payment of the exercise price will be made by the participant, including, without limitation, by use of cash, shares, other awards, or other property, or any combination thereof.

Unless the applicable award agreement provides otherwise, the Plan provides for certain rules with respect to outstanding option and SAR awards that have been designated as stock-only SARs (SOSARs) at the time of separation of service. Separation of service includes: (1) with respect to a participant who is an employee of the Company or an affiliate, the termination of the participant's employment with the Company and/or all affiliates that also constitutes a separation from service within the meaning of the regulations promulgated also under Section 409A of the Code; (2) with respect to a participant who is a consultant of the Company or an affiliate, the expiration of the consultant's contract or contracts under which services are performed that constitutes a separation from service within the meaning of the regulations promulgated under Section 409A of the Code; or (3) with respect to a participant who is a non-employee director of the Company or an affiliate, the date on which such non-employee director ceases to be a member of the Board (or other applicable board of directors) for any reason.

The following sets forth the general rules with respect to the treatment of outstanding option, SOSAR and any cash-based SAR awards at various separation from service events. The Compensation Committee has the authority to revise these general rules on a participant-by-participant basis by including such revised provisions in the award agreement:

In the event of separation from service for cause (as determined by the Company), then all outstanding option and SOSAR awards, and any cash-based SAR awards, whether vested or unvested, will immediately terminate and be forfeited.

In the event of separation from service due to death or retirement of the participant, or the termination of service of the participant due to disability (whether or not a separation from service), then an amount of unvested options or SOSARs will vest equal to a percentage, the numerator of which equals the number of days that have elapsed as of the date in the applicable vesting period on which death or retirement occurs, or the date on which such disability commenced (such date to be determined by the Compensation Committee in its sole discretion), and the denominator of which equals the total number of days in such applicable vesting period, rounded down to the nearest whole share. Such vested options and SOSARS, together with all other vested and unexercised options and SOSARS may be exercised by the participant, or his or her beneficiaries, for three years following the date of death, disability or retirement, or, if shorter, until the end of the term of a particular option or SOSAR as established in the original award agreement.

In all other events of separation from service, the participant will have a period of ninety (90) days following such separation from service (or, if shorter, until the end of the term of a particular option or SOSAR as established in the original award agreement) to exercise any vested and unexercised options and SARs then outstanding; all unvested option and SAR awards will immediately terminate and be forfeited.

Restricted Stock and Restricted Stock Unit Awards. The Compensation Committee may grant restricted stock or restricted stock units to participants under the Plan. The terms and conditions of each such award are established by the Compensation Committee and set forth in an associated award agreement. The Compensation Committee has the discretion to impose restrictions, including limitations on the right to vote shares underlying restricted stock awards or the right to receive any dividends, which restrictions may lapse separately or in combination at such time(s) as the Compensation Committee may deem appropriate.

Unless the award agreement provides otherwise, certain rules apply to service-based restricted stock unit awards (RSUs) upon a separation of service. In the event of separation from service for cause (as determined by the Company), all outstanding RSUs will immediately terminate and be forfeited. In the event of separation from service due to death or

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retirement of the participant, or the termination of service of the participant due to disability (whether or not a separation from service), then an amount of unvested RSUs will vest equal to a percentage, the numerator of which equals the number of days that have elapsed as of the date in the applicable restriction period on which death or retirement occurs, or the date on which such disability commenced (such date to be determined by the Compensation Committee in its sole discretion), and the denominator of which equals the total number of days in such applicable restriction period, rounded down to the nearest whole share. All vested RSUs will be paid in accordance with the payment provisions described below. In all other events of separation from service, to the extent not previously paid, the participant shall be paid any vested RSUs in accordance with the payment provisions described below, and all unvested RSUs shall immediately terminate and be forfeited.

Restricted stock and RSU awards (subject to satisfaction of any purchase price requirement) will be transferred or paid to the participant as soon as practicable following the award date or the termination of the vesting or lapse of restrictions set forth in the Plan or the award agreement, and the satisfaction of any and all other conditions of the award applicable to such restricted stock or RSU award (the Restriction End Date), but in no event later than two and one-half (2 1/2) months following the end of the calendar year that includes the later of the award date or the Restriction End Date, as the case may be. In the event a participant terminates service with the Company due to a disability, then the participant's vested RSUs will be paid to the participant within thirty (30) days of the participant's qualification for long-term disability under the Company's long-term disability plan or policy, or the Compensation Committee's determination of disability, as the case may be. To the extent, however, that the provisions described above or the provisions of any award agreement for RSUs require, distributions of stock under circumstances that would constitute a deferral of compensation under Section 409A of the Code, any payment of such vested RSU awards shall conform to the applicable requirements of Section 409A of the Code, including, without limitation, the requirement that a distribution to a participant who is a specified employee within the meaning of Section 409A(a)(2)(B)(i) which is made on account of the specified employee's separation from service shall not be made before the date which is six (6) months after the date of separation from service.

Stock Awards and Other Stock-Based Awards. The Compensation Committee is authorized to grant stock awards to participants under the Plan. Stock awards may be granted by the Compensation Committee in addition to, or in tandem with, other awards and may be issued in lieu of any cash compensation or fees for services to the Company as the Compensation Committee, in its discretion, determines or authorizes. Stock awards will be evidenced by an agreement or in such other manner as the Compensation Committee may determine appropriate, including, without limitation, book-entry registration or issuance of stock certificate(s).

Subject to the terms of the Plan, the Compensation Committee may also grant to participants such other awards (including rights to dividends and dividend equivalents) that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to shares of the Company's common stock as are deemed by the Compensation Committee to be consistent with the purposes of the Plan. The Compensation Committee will determine the terms and conditions of such awards and set forth such terms and conditions in an award agreement.

Performance Awards. The Compensation Committee may grant performance awards to participants under the Plan. The terms and conditions of each such award will be fixed by the Compensation Committee and set forth in the applicable award agreement, including the performance criteria as may be determined by the Compensation Committee.

For awards intended to qualify as performance-based compensation under Section 162(m) of the Code, performance awards will be conditioned upon the achievement of pre-established goals relating to one or more of the following performance measures (subject to such modifications as specified by the Compensation Committee): cash flow; cash flow from operations; earnings (including earnings before interest, taxes, depreciation, and amortization or some variation thereof or earnings targets that eliminate earnings from non-core sources, such as gains from pension assets

and timberland sales); earnings per share, diluted or basic; earnings per share from continuing operations; net asset turnover; inventory turnover; capital expenditures; debt, debt reduction; working capital; return on investment; return on sales; net or gross sales; market share; economic value added; cost of capital; change in assets; expense reduction levels; productivity; delivery performance; safety record; stock price; return on equity; total shareholder return; return on capital; return on assets or net assets; revenue; income or net income; operating income or net operating income; operating profit or net operating profit; gross margin, operating margin or profit margin; completion of acquisitions; business expansion; product diversification, other non-financial operating and management performance objectives.

To the extent consistent with Section 162(m) of the Code, the Compensation Committee may, in determining whether pre-established performance goals have been achieved, in its discretion, exclude the effect of any of the following events that occur during a performance period: the impairment of tangible or intangible assets; litigation or claim judgments or settlements; the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results; accruals for reorganization and restructuring programs, including, but not limited to, reductions in force and early retirement incentives; currency fluctuations; and any extraordinary, unusual, infrequent or non-recurring items described in management's discussion and analysis of financial

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condition and results of operations or the financial statements and notes to such financial statements appearing in the Company's annual report to shareholders for the applicable year. Performance measures may be determined either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or subsidiary entity thereof, either individually, alternatively or in any combination, and measured over a period of time including any portion of a year, annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Compensation Committee.

For performance awards intended to qualify as performance-based compensation under Section 162(m) of the Code, the Code requires that performance goal(s) relating to performance measures set forth above: (1) must be pre-established in writing (within 90 days after the beginning of the performance period) by the Compensation Committee and (2) the achievement of performance goals be certified in writing prior to payment of the award. In addition to establishing minimum performance goal(s) below which no compensation will be payable pursuant to a performance award, the Compensation Committee, in its discretion, may create a performance schedule under which an amount less than or more than the target award may be paid so long as the performance goal(s) have been achieved.

The Compensation Committee may, in its discretion, also establish such additional restrictions or conditions that must be satisfied as a condition precedent to the payment of all or a portion of any performance award. The Compensation Committee may also reduce the amount of any performance award if it concludes that such reduction is necessary or appropriate based on: (i) an evaluation of such participant's performance, (ii) comparisons with compensation received by other similarly situated individuals working within the Company's industry, (iii) the Company's financial results and conditions, or (iv) such other factors or conditions that the Compensation Committee deems relevant; provided that the Compensation Committee will not have the discretion to increase any award that is intended to be performance-based compensation under Section 162(m) of the Code.

What are the methods a participant can use to pay any purchase or exercise price associated with a vested award?

A participant can pay the applicable purchase or exercise price for shares or other securities delivered pursuant to an award under the Plan, or the tax liability associated with such vesting or exercised award, in one of the following methods or forms: cash, shares, other securities, other awards, or other property, or any combination of the foregoing, as the Compensation Committee may determine. The value of such consideration, if stock of the Company is used, will be based on the fair market value of such shares as of the date of payment.

How can the number of shares available for issuance under the Plan be adjusted?

In the event that the Compensation Committee determines that any dividend or other distribution (whether in the form of cash, stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of stock or other securities of the Company, issuance of warrants or other rights to purchase stock or other securities of the Company, or other similar corporate transaction or event constitutes an equity restructuring transaction, as that term is defined in Statement of Financial Accounting Standards No. 123 (revised), or otherwise affects the common stock of the Company, then the Compensation Committee will adjust the following in a manner that is determined by the Compensation Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan:

the number and type of shares of stock (or other securities or property) which thereafter may be made the subject of awards, including the individual limits set forth in the Plan as described above; provided, that with respect to such individual limits, an adjustment will not be made unless such adjustment can be made in a manner that satisfies the requirement of Section 162(m) of the Code;

the number and type of shares of stock (or other securities or property) subject to outstanding awards;

the grant, purchase, or exercise price with respect to any award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding award; provided, that the number of shares subject to any award shall always be a whole number; and

other value determinations applicable to outstanding awards.

The Compensation Committee's adjustment shall be effective and binding for all purposes of the Plan; provided, that no adjustment will be made which will cause an incentive stock option to lose its status as such, and further provided that no such adjustment shall constitute (i) a modification of a stock right within the meaning of the regulations promulgated under Section 409A of the Code so as to constitute the grant of a new stock right, (ii) an extension of a stock right, including the addition of any feature for the deferral of compensation within the meaning of the regulations promulgated under Section 409A of the Code, or (iii) an impermissible acceleration of a payment date or a subsequent deferral of a stock right subject to Code Section 409A within the meaning of the regulations promulgated under Section 409A of the Code. No adjustment as the result of a change in capitalization will cause the exercise price to be less than the fair market value of such shares (as adjusted to

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reflect the change in capitalization) on the date of grant, and any adjustment as the result of the substitution of a new stock right or the assumption of an outstanding stock right pursuant to a corporate transaction shall satisfy the conditions described in the applicable regulations promulgated under the regulations promulgated under Section 409A of the Code.

Are the awards transferable?

Except as otherwise determined by the Compensation Committee, no award and no right under any award may be assigned, sold or transferred by a participant other than by will or by the laws of descent and distribution. In making any such determination, the Compensation Committee will not authorize any assignment, sale, or other transfer that would provide a participant or beneficiary with the opportunity to receive consideration from a third party as a result of such transaction. Each award, and each right under an award, will be exercisable during the participant's lifetime only by the participant or, if permissible by applicable law, such person's guardian or legal representative. No award, and no right under any such award, may be pledged, alienated, attached or otherwise encumbered by the participant.

How can the Plan be amended, modified or terminated?

The Board may amend, suspend, discontinue or terminate the Plan or any portion thereof at any time; provided that no such amendment, suspension, discontinuation or termination will be made without: (i) shareholder approval if such approval is necessary to comply with tax, legal or regulatory (including, for this purpose, the rules of any national securities exchange(s) on which the Company's stock is then listed) requirements or (ii) the consent of the affected participant, if such action would adversely affect any material rights of such participant under any outstanding award. Notwithstanding the foregoing or any provision of the Plan to the contrary, the Compensation Committee may at any time (without the consent of participants) modify, amend, or terminate any or all of the provisions of the Plan to the extent necessary: (i) to conform the provisions of the Plan with Section 409A of the Code and (ii) to enable the Plan to achieve its stated purposes in any jurisdiction outside the United States in a tax-efficient manner and in compliance with local rules and regulations.

The Compensation Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, any award, prospectively or retroactively, without the consent of the participant; provided, that no such action will impair any material rights of a participant granted an award under the Plan. The Compensation Committee is also authorized to make adjustments in terms and conditions of, and the criteria included in, awards in recognition of unusual or nonrecurring events whenever the Compensation Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the intended benefits.

What are the federal income tax consequences of awards granted under the Plan?

The following brief description, which is based on existing law, sets forth certain of the federal income tax consequences of the grant of awards under the Plan. This description may differ from the actual tax consequences incurred by any individual recipient of an award. Moreover, existing law is subject to change by new legislation, by new regulations, by administrative pronouncements and by court decisions or by new or clarified interpretations or applications of existing laws, regulations, administrative pronouncements and court decisions. Any such change may affect the federal income tax consequences described below. The following summary of the federal income tax consequences in respect of the Plan is for general information only. Interested parties should consult their own tax advisors as to specific tax consequences, including the application and effect of foreign, state and local laws.

Non-Qualified Stock Options. A non-qualified stock option results in no taxable income to the optionee or deduction to the Company at the time it is granted. An optionee exercising such an option will generally realize taxable compensation at that time in the amount of the difference between the option price and the then market value of the

shares, and income tax withholding requirements apply upon exercise. A deduction for federal income tax purposes will generally be allowable to the Company in the year of exercise in an amount equal to the taxable compensation realized by the optionee. The optionee's tax basis in the option shares is equal to the option price paid for such shares plus the amount includable in income upon exercise. At sale, appreciation (or depreciation) after the date of exercise is treated as either short-term or long-term capital gain (or loss) depending upon how long the shares have been held.

Incentive Stock Options. An optionee is not taxed at the time an incentive stock option is granted. The tax consequences upon exercise and later disposition of the underlying stock generally depend upon whether the optionee was an employee of the Company or a subsidiary at all times from the date of grant until three months preceding exercise (one year in the case of disability) and on whether the optionee holds the shares for more than one year after exercise and two years after the date of grant of the stock option.

If the optionee satisfies both the employment rule and the holding rule for income tax purposes, the optionee will not recognize income upon exercise of the stock option and the Company will not be allowed an income tax deduction at any time. The difference between the option exercise price and the amount realized upon disposition of the shares by the optionee will constitute a long-term capital gain or a long-term capital loss, as the case may be.

If the optionee meets the employment rule but fails to observe the holding rule (a disqualifying disposition), the optionee generally recognizes as ordinary income, in the year of the disqualifying disposition, the excess of the fair market

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value of the shares at the date of exercise over the option exercise price. Any excess of the sales price over the fair market value at the date of exercise will be recognized by the optionee as capital gain (long-term or short-term depending on the length of time the stock was held after the stock option was exercised). If the sale price is less than the fair market value on the date of exercise, then the ordinary income recognized by the optionee is generally limited to the excess of the sales price over the option exercise price. In both situations, the tax deduction allowable to the Company is limited to the ordinary income recognized by the optionee. Under current Internal Revenue Service guidelines, the Company is not required to withhold any federal income tax in the event of a disqualifying disposition.

Different consequences may apply for an optionee subject to the alternative minimum tax.

Restricted Stock. Upon the grant of restricted stock, a participant will not recognize taxable income and the Company will not be allowed a tax deduction. Rather, on the date when the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the shares on that date (less the price paid, if any, for such shares). Alternatively, a participant may file with the IRS a section 83(b) election no later than 30 days after the date of grant of restricted stock, as a result of which he will recognize taxable ordinary income at the time of the grant, generally in an amount equal to the fair market value of the shares on the date of grant, less any amount paid for the grant. The amount recognized by the participant is subject to income tax withholding requirements. At the time the participant recognizes income with respect to the restricted stock, the Company is generally entitled to a deduction in an equal amount. Upon the sale of any shares that are delivered to the participant pursuant to an award, the participant will realize capital gain (or loss) measured by the difference between the amount realized and the fair market value of the shares on the date the shares were vested/delivered to the participant pursuant to the award.

Performance Awards, Restricted Stock Unit Awards, Stock Awards, and Stock Appreciation Rights. A participant who receives a performance award, restricted stock unit award or stock appreciation right will not be required to recognize any income for federal income tax purposes at the time of the grant of such award, nor is the Company entitled to any deduction at such time. However, if a participant files an 83(b) election with the IRS within 30 days after the grant of a performance share award, he will recognize ordinary income at the time of the grant in an amount equal to the fair market value of the shares on the date of grant.

When any part of a performance award (for which no 83(b) election was made) or award of restricted stock units or SARs is paid (in the case of cash) or becomes vested or delivered (in the case of shares) to the participant, the participant will realize compensation taxable as ordinary income in an amount equal to the cash paid or the fair market value of shares vested or delivered. A participant who receives a stock award will generally recognize ordinary income equal to the fair market value of the shares on the date of grant (less the price paid, if any, for the shares).

Income tax withholding requirements generally apply to amounts that are recognized as ordinary income and the Company will generally be entitled to a deduction in the same amount and at the same time that the participant recognizes ordinary income. Upon the sale of any shares that are delivered to the participant pursuant to an award, the participant will realize either long-term or short-term capital gain (or loss), depending on how long the shares were held, equal to the difference between the amount realized and the fair market value of the shares on the date the shares were vested or delivered to the participant pursuant to the award.

Impact of Section 409A. Section 409A of the Internal Revenue Code applies to deferred compensation, unless the compensation was both deferred and vested prior to January 1, 2005. Generally speaking, deferred compensation is compensation earned currently, the payment of which is deferred to a later taxable year, and an amount is vested on the date that the participant's right to receive the amount is no longer conditioned on the participant's performance of services or upon the occurrence of an event (such as a change in control) or the achievement of performance goals that are substantially related to the purpose of the compensation.

Options, restricted stock, performance awards, restricted stock unit awards, SARs, stock awards and other stock-based awards available under the Plan are designed to be exempt from the requirements of Section 409A or to satisfy its requirements. An award that is subject to Section 409A and fails to satisfy its requirements will subject the holder of the award to immediate taxation, an interest penalty and an additional 20% tax on the amount underlying the award.

Limitations on Company's Deductions; Consequences of Change of Control. With certain exceptions, Section 162(m) of the Code limits the Company's deduction for compensation in excess of \$1,000,000 paid to certain covered employees (generally the Company's CEO and its three other highest-paid executive officers). Compensation paid to covered employees is not subject to the deduction limitation if it is considered qualified performance-based compensation within the meaning of Section 162(m) of the Code. Compensation is considered to be performance-based if it is paid pursuant to a plan that is approved by shareholders at least once every five years and satisfies certain other requirements.

By approving the Plan, shareholders also will be approving the eligibility of executive officers and others to participate in the Plan, the per-person limitations, and the general business criteria on which performance objectives for performance-based awards under the Plan may be based. The Plan imposes per-person limitations as described above.

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If the Company's shareholders approve the Plan, the Company intends that compensation paid by the Company in connection with disqualifying dispositions of incentive stock option shares, exercises of non-qualified stock options and SARs and the vesting or delivery of performance awards (intended to be treated as qualified performance-based compensation as defined in the Code) granted to participants under the Plan will satisfy the requirements of qualified performance-based compensation and, therefore, entitle the Company to a deduction with respect to such stock options, SARs and performance awards. A number of other requirements must be met in order for particular compensation to qualify as performance-based. There can be no assurance that compensation resulting from awards intended to qualify under Section 162(m) will in fact be fully deductible under all circumstances. Further, with respect to compensation attributable to restricted stock, restricted stock unit awards, stock awards, other stock-based awards and performance awards (not intended to be treated as qualified performance-based compensation as defined in the Code), the deduction that the Company might otherwise receive with respect to such awards to covered employees may be disallowed.

In addition, if a change of control of the Company causes vesting of awards under the Plan to accelerate or is deemed to result in the attainment of performance goals, the participants could, in some cases, be considered to have received excess parachute payments, which could subject participants to a 20% excise tax on the excess parachute payments and could result in a disallowance of the Company's deductions.

The Board believes that the proposal to increase the number of shares available for awards under the Plan, and approval by the shareholders of the Plan for purposes of complying with Section 162(m) of the Internal Revenue Code, is in the best interests of the Company and its shareholders and recommends a vote FOR the proposal.

PROPOSAL 3: RATIFICATION OF APPOINTMENT OF DELOITTE & TOUCHE LLP

The Audit Committee of the Board of Directors has appointed Deloitte & Touche LLP (Deloitte) as the Company's independent registered public accounting firm for the fiscal year 2009, subject to ratification by the Company's shareholders. Deloitte audited the Company's consolidated financial statements for the fiscal year ended December 31, 2008.

A Deloitte representative is expected to attend the Annual Meeting, will be given the opportunity to make a statement if he or she chooses to do so, and will be available to respond to appropriate shareholder questions.

What did the Company pay its independent registered public accounting firm in 2008 and 2007?

For the years ended December 31, 2008 and 2007, the aggregate fees billed to the Company by Deloitte were as follows:

	2008	2007
Audit Fees(1)	\$ 1,900,750	\$ 2,031,365
Tax Fees(2)	412,542	247,950
Total Fees	\$ 2,313,292	\$ 2,279,315

- (1) **Audit Fees** For professional services performed by Deloitte for the audit of the Company's annual consolidated financial statements, review of consolidated financial statements included in the Company's Quarterly Reports on Form 10-Q, Sarbanes-Oxley Section 404 attestation services, due diligence services and services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) **Tax Fees** For professional services performed by Deloitte with respect to tax compliance, tax advice and tax planning. This includes tax planning, consultations and tax audit assistance.

All services rendered for the Company by Deloitte in 2008 were permissible under applicable laws and regulations, and were pre-approved by the Audit Committee. The Audit Committee's Audit and Non-Audit Services Pre-Approval Policy provides for the pre-approval of audit and non-audit services performed by the Company's independent registered public accounting firm. Under the policy, the Audit Committee may pre-approve specific services, including fee levels, by the independent registered public accounting firm in a designated category (audit, audit-related, tax services and all other services). The Audit Committee may delegate, in writing, this authority to one or more of its members, provided that the member or members to whom such authority is delegated must report their decisions to the Audit Committee at its next scheduled meeting.

The Board believes that the ratification of Deloitte as the Company's independent registered public accounting firm for the year ending December 31, 2009 is in the best interest of the Company and the shareholders and recommends a vote FOR the proposal.

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CORPORATE GOVERNANCE AND BOARD OF DIRECTORS

The Board of Directors and management of the Company are dedicated to effective corporate governance. The Board has adopted Governance Principles to provide a framework for governance of the Company. These Governance Principles are set forth in full on the Company's website at www.glatfelter.com/about_us/corporate_governance/principles.aspx and available in print upon request directed to the Secretary of the Company at 96 South George Street, Suite 500, York, PA 17401-1434.

What is the composition of the Board?

The Board currently consists of eight members. In the Company's Governance Principles, the Board has adopted the NYSE standards for determining the independence of Directors, which require that a Director not have a material relationship with the Company.

The Board has determined the following Directors to be independent and not to have any material relationship with the Company: Ms. Dahlberg and Messrs. DeBenedictis, Hall, III, Naples, Smoot and Stewart. The Board determined that Mr. Glatfelter has a material relationship with the Company because he is the Chairman and Chief Executive Officer of the Company. Thus, Mr. Glatfelter is deemed not to be an independent Director by NYSE standards and the Company's Governance Principles.

What committees has the Board established?

The Company's Board of Directors has four standing committees: the Audit Committee, the Compensation Committee, the Finance Committee, and the Nominating and Corporate Governance Committee. The Board appoints the members of all of these standing committees and their Chairpersons at its organizational meeting held following the Company's Annual Meeting.

The Board has adopted a written charter for each of its standing committees, all of which are posted on the Company's corporate website at www.glatfelter.com/about_us/corporate_governance/committees.aspx, and available in print upon request directed to the Secretary of the Company at 96 South George Street, Suite 500, York, PA 17401-1434.

Audit Committee. The Audit Committee currently consists of four Directors: Messrs. Hall (Chair), DeBenedictis, III and Naples. In the opinion of the Board, all four Audit Committee members meet the Director independence requirements set forth in the listing standards of the NYSE and the applicable rules and regulations of the SEC in effect on the date of this proxy statement. The Board has determined that, based on their experience, Messrs. DeBenedictis, Hall, III and Naples are audit committee financial experts, as that term is defined in the applicable SEC regulations, and that all members of the Audit Committee are financially literate within the meaning of the NYSE listing standards. The Audit Committee held 7 meetings during 2008.

In accordance with its Board-approved charter, the purpose of the Audit Committee is to assist the Board in its oversight of (i) the quality and integrity of the accounting, auditing, and financial reporting practices of the Company, (ii) the compliance by the Company, its directors and officers with applicable laws and regulations and its Code of Business Conduct, (iii) the independent auditors' qualifications and independence, and (iv) the performance of the Company's internal audit function and independent auditors. The Audit Committee:

is directly responsible for the appointment, replacement, if necessary, oversight, and evaluation of the Company's independent auditors, which report directly to it, which appointment is submitted to the Company's shareholders for ratification at the Annual Meeting each year;

has the sole responsibility for pre-approving all audit and non-audit services provided by the Company's independent auditors and fees related thereto pursuant to its Pre-Approval policy;

reviews and recommends for approval by the Board the Company's audited consolidated financial statements for inclusion in its annual reports on Form 10-K, and reviews with management the financial information contained in the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q, and management's discussion and analysis of financial conditions and results of operations contained in the periodic reports, and discusses them with management and the independent auditors prior to filing with the SEC;

reviews with management and the independent auditors the Company's earnings press releases prior to release to the public;

discusses any significant changes to the Company's accounting policies;

reviews the quality and adequacy of the Company's accounting systems, disclosure controls and procedures and internal controls over financial reporting;

provides guidance and oversight to the internal audit activities of the Company, including reviewing the organization, plans and results of such activities, and providing the internal auditor full access to the Committee (and the Board) to report on any and all appropriate matters;

monitors compliance with legal prohibitions on loans to Directors and executive officers of the Company;

reviews and assesses the adequacy of the Company's hiring guidelines for employees or former employees of the independent auditors;

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provides guidance to and oversight of the compliance program of the Company, including the establishment and maintenance of procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, in addition to other compliance matters; and

participates in the annual performance evaluation of the Director of Internal Audit.

The Audit Committee has the authority to retain special legal, accounting, or other experts as it deems necessary to carry out its duties, and the Company makes funds available to the Committee for such retention.

Compensation Committee. The Compensation Committee currently consists of five Directors: Ms. Dahlberg (Chair), and Messrs. DeBenedictis, Naples, Smoot and Stewart. In the opinion of the Board, all five Compensation Committee members meet the Director independence requirements set forth in the NYSE listing standards in effect on the date of this proxy statement. The Compensation Committee held 8 meetings during 2008.

In accordance with its Board-approved charter, the Compensation Committee is responsible for discharging the Board's duties related to compensation of the Company's executives and also reviews, recommends for approval by the Board and oversees the Company's management incentive and equity-based incentive compensation plans, defined benefit and contribution plans, and other welfare benefit plans. In addition to, or in furtherance of, the Compensation Committee's functions described above, the Compensation Committee:

recommends to the Board an executive compensation policy that is designed to support overall business strategies and objectives, attract and retain key executives, link compensation with business objectives and organizational performance, align executives' interests with those of the Company's shareholders and provide reasonable and competitive compensation opportunities;

reviews and approves periodically a general compensation policy and salary structure for executives and other key employees of the Company and its subsidiaries, which considers business and financial objectives, industry and labor market best practices and such other information as it may deem appropriate;

annually reviews and recommends to the independent members of the Board corporate goals and objectives relevant to the compensation of the Chief Executive Officer (the CEO), and manages and executes the evaluation process conducted by the independent members of the Board of the CEO in light of these goals and objectives;

reviews and recommends to the independent members of the Board the CEO's compensation, including salary, bonus, and other incentive and equity-based compensation, based on the evaluation of the CEO's performance;

reviews and approves annually, with the CEO's involvement, the salaries and equity-based grants, as well as discretionary cash awards, for the Company's non-CEO executives;

establishes individual target award levels for incentive compensation payments to the Company's non-CEO executives, in relation to Board-established financial target(s) or other performance measures for such incentive compensation, recommends to the Board whether such financial target(s) or other performance measures have been achieved, and approves the payment of incentive compensation upon Board determination that such targets or measures have been met;

reviews the Compensation Discussion & Analysis and recommends to the Board that the Compensation Discussion & Analysis be included in the proxy statement;

reviews and recommends to the Board any modifications of the non-employee Directors' compensation program; and

reviews and recommends for approval by the Board new incentive compensation plans or changes and amendments to existing plans.

The Compensation Committee has the authority to engage independent compensation consultants, legal counsel or advisors, as it may deem appropriate in its sole discretion, and to approve related fees and retention terms of such consultants, counsel, or advisors, and routinely holds executive sessions without management.

The Chair of the Compensation Committee is responsible for leadership of the Committee and sets meeting agendas. The Committee may form subcommittees and delegate authority to them, as it deems appropriate. The meetings of the Compensation Committee are regularly attended by the CEO and the Committee's independent compensation consultant, but the Committee usually meets in executive session at each meeting.

The CEO gives performance assessments and compensation recommendations for each executive officer of the Company (other than himself). The Compensation Committee considers the CEO's recommendations with the assistance of a compensation consultant and approves the compensation of the executive officers (other than the CEO) based on such deliberations. In the case of the CEO, the Committee develops its own recommendation in executive session without the

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CEO, or any other member of management, present and then provides this recommendation to the independent members of the Board for approval in executive session. The CEO, the Vice President of Human Resources & Administration, and the Vice President, General Counsel & Secretary generally attend, and the Senior Vice President & Chief Financial Officer occasionally attends, Compensation Committee meetings but none are present for executive sessions or any discussion of their own compensation.

The Committee has engaged Compensation Strategies, Inc. (Consultant), an independent executive compensation consulting firm, to provide advice and assistance to the Committee and to the Company s management in the area of executive and non-employee Director compensation for the Company. The Consultant reports directly to the Committee but has been authorized by the Committee to work with certain executive officers of the Company as well as other employees in the Company s human resources, legal, and finance departments. The Consultant conducts regular reviews of total compensation of the Company s executive group, based on the process described in the Compensation Discussion & Analysis contained elsewhere in this proxy statement, for review by management in determining the appropriate levels of compensation for each executive.

The Consultant also conducts regular reviews of total compensation of the Company s non-employee Directors and assists the Committee in the development of recommended changes in such compensation for approval by the Board of Directors. The Consultant also provides advice to the Committee and management with respect to other executive and Board compensation issues that might arise throughout the year. During 2008, the scope of the Consultant s assignments included a pay for performance analysis of the Company s bonus pay versus that of its peer group, advising on the design of the MIP and long term incentive programs for 2008 and for 2009, as discussed in the CD&A; IRS Section 409A reviews of the Company s benefit plans; and advising on necessary revisions to the change in control agreements that the Company has with certain of the Company s officers.

Finance Committee. The Finance Committee currently consists of four Directors: Messrs. Stewart (Chair), Glatfelter, Hall and Ill. The Finance Committee provides advice to the Board on the financial policies of the Company and has oversight over matters of financial significance to the Company. Specifically, pursuant to its Board-approved charter, the Finance Committee is charged with:

the review and recommendation for approval by the Board of the Company s operating and capital budgets;

the review of the performance of the Company s pension funds and approval of the Company s recommendations regarding investment objectives, strategies and/or managers as warranted;

the review of the range of investment vehicles available to participants under the Company s 401(k) Plan and the availability of Company stock as an investment option under the 401(k) Plan;

overseeing development and monitoring execution of the Company s financial policies, including financial objectives, strategies and plans and the execution thereof, exclusive of accounting and other matters, which are within the oversight responsibilities of the Audit Committee; and

convening, at the request of management or the Board, for the purposes of providing insight and guidance on other issues of financial significance, including any long-term financial plans of the Company.

The Finance Committee held 5 meetings during 2008.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee currently consists of five Directors: Mr. Smoot (Chair), Ms. Dahlberg, and Messrs. DeBenedictis, Hall and Stewart. In the opinion of the Board, all five members of the Nominating and Corporate Governance Committee meet the Director

independence requirements as set forth in the NYSE listing standards in effect on the date of this proxy statement. Pursuant to its Board-approved charter, the Nominating and Corporate Governance Committee:

provides advice to the Board regarding all corporate governance matters (including the Company's Code of Business Conduct and the Code of Business Ethics for the CEO and Senior Financial Officers);

makes recommendations to the Board regarding the Board's size and composition and the tenure and retirement age of Directors;

reviews the qualifications of candidates for the Board and recommends to the Board the nominees for election to the Board at each annual meeting;

considers nominees for the Board recommended by shareholders;

makes nominations of Directors and officers of the Company;

nominates persons to fill vacancies on the Board occurring between annual meetings;

nominates Directors for committee membership and committee chairpersons;

reviews and approves related party transactions; and

reviews and approves Company contributions to affiliated persons or entities and Company contributions in excess of \$25,000, per year to any other person or entity.

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The Nominating and Corporate Governance Committee considers candidates for Board membership suggested by its members, other Board members, management and shareholders. When evaluating whether to recommend an individual for election or re-election to the Board, the Nominating and Corporate Governance Committee will consider, at a minimum and in accordance with the Company's Governance Principles, the nominee's independence, availability of sufficient time to serve on the Board and the knowledge, experience, skills, expertise, wisdom, integrity, business acumen, understanding of the Company's business environment and diversity so as to enhance the Board's ability to manage and direct the affairs and business of the Company. Shareholders wishing to recommend a nominee for election to the Board should follow the procedures set forth on pages 2-3 of this proxy statement.

The Committee periodically reviews and oversees orientation programs for newly elected Directors and continuing education programs for incumbent Directors. The Committee also reviews shareholder proposals submitted for presentation at the annual meeting and proposed responses from the Board, and makes recommendations to the Board concerning Board procedures. The Nominating and Corporate Governance Committee is charged with developing and recommending corporate governance principles to the Board and reviewing these principles for appropriateness and compliance with SEC and NYSE requirements. The Nominating and Corporate Governance Committee reviews the senior management organization and succession plan.

The Nominating and Corporate Governance Committee has the authority to retain Director search consultants, outside counsel or other experts as it deems necessary to carry out its duties, and the Company makes funds available to the Committee for such retention. No third party Director search firms were engaged in 2008. The Nominating and Corporate Governance Committee held 5 meetings during 2008.

How may shareholders communicate with the Company's Board or the non-management Directors of the Company?

You may submit any written correspondence to the Board or any individual Director (whether management or non-management) to Mr. Thomas G. Jackson, Vice President, General Counsel and Secretary, P.H. Glatfelter Company, 96 South George Street, Suite 500, York, PA 17401-1434.

The Company's Board has approved a process whereby the Secretary of the Company will forward any communications received on behalf of the Board or individual Directors to the Board or the respective Director and the Chair of the Committee responsible for the matter addressed in the communication. All communications that relate to concerns regarding accounting, internal controls or auditing matters will be forwarded to the Chair of the Audit Committee.

Does the Company have a majority-voting policy?

The Company's Governance Principles include a majority-voting policy for the election of Directors. Pursuant to the majority-voting policy, in an uncontested election, if a nominee for Director who is an incumbent Director receives a greater number of votes withheld from his or her election than votes for such election (a Majority Withheld Vote), and no successor has been elected at such meeting, the Director must tender his or her resignation following certification of the shareholder vote. In an uncontested election, if a nominee for Director who is not an incumbent Director receives at any meeting for the election of Directors at which a quorum is present a Majority Withheld Vote (but does receive the requisite plurality vote), the nominee will be deemed to have been elected to the Board and to have immediately resigned. To be eligible to stand for election, each person who agrees to be nominated must also agree, in writing, to be bound by this provision.

In the event of a Majority Withheld Vote, the Nominating and Corporate Governance Committee will consider the tendered resignation and make a recommendation to the Board as to whether or not to accept it. The Board will act on the Nominating and Corporate Governance Committee's recommendation within 90 days following certification of the shareholder vote. In making their determinations, the Nominating and Corporate Governance Committee and the Board may consider any factors or other information that they consider appropriate or relevant. Thereafter, the Board will promptly disclose its decision whether or not to accept the Director's resignation (and the reasons for rejecting the resignation, if applicable) in a press release or filing with the SEC. Any Director who tenders his or her resignation pursuant to this provision shall not participate in the Nominating and Corporate Governance Committee's recommendation or Board action regarding whether or not to accept the resignation. However, if each member of the Nominating and Corporate Governance Committee received a Majority Withheld Vote at the same meeting, then the remaining independent Directors who did not receive a Majority Withheld Vote shall consider the resignations and determine whether or not to accept them. If the Directors who did not receive a Majority Withheld Vote in the same election constitute three or fewer Directors, all Directors may participate in the action regarding whether to accept the resignations, provided, however, that each Director's resignation will be acted upon separately and no Director may participate in the Board action regarding whether or not to accept his or her resignation. A Director whose resignation is not accepted by the Board shall continue to serve until the next annual meeting at which he or she is up for election and until his or her successor is duly elected, or until his or her earlier resignation or removal. If a Director's resignation is accepted by the Board, or if a nominee for Director who is not an incumbent Director is deemed to have been elected and to have immediately resigned, then the Board, in its sole discretion, may fill any resulting vacancy pursuant to the Company's By-laws or may amend the

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Company's By-laws to decrease the size of the Board. The Nominating and Corporate Governance Committee will make a recommendation to the Board as to whether or not it should fill the vacancy or amend the Company's By-laws to reduce the size of Board.

What is the Company's policy regarding Director attendance at the Annual Meeting?

While the Company does not have a formal policy regarding Director attendance at the Annual Meeting of Shareholders, the Company's Directors, including persons nominated for election at the Annual Meeting, generally attend the Annual Meeting.

How often did the Board meet during 2008?

The Board held 7 meetings during 2008. The standing committees established by the Board held a total of 25 meetings in 2008. Each of the incumbent Directors attended at least 91% of the aggregate of the meetings of the Board and Board committees on which he or she served in 2008. Non-management Directors meet in regularly scheduled executive sessions (without management), at which the Chair of the Nominating and Corporate Governance Committee presides.

Where can additional Corporate Governance and related information be obtained?

The Company's corporate website (www.glatfelter.com) includes a Corporate Governance page consisting of, among others, the Company's Governance Principles and Code of Business Conduct, a listing of the Company's Board of Directors and Executive Officers, Nominating, Audit and Compensation Committees of the Board of Directors and their respective Charters, Code of Business Ethics for the CEO and Senior Financial Officers of Glatfelter, the Company's whistle-blower policy and other related material. The Company intends to satisfy the disclosure requirement for any future amendments to, or waivers from, its Code of Business Conduct or Code of Business Ethics for the CEO and Senior Financial Officers by posting such information on its website. The Company will provide a copy of its Code of Business Conduct or Code of Business Ethics for the CEO and Senior Financial Officers, without charge, to any person who requests one, by calling (717) 225-2724.

How were Directors compensated?

Base Compensation. Non-employee Directors received an annual retainer fee of \$35,000, two thirds of which consisted of shares of the Company's common stock with an equivalent market value on the grant date, with the balance paid in cash. In addition to the annual retainer, non-employee Directors were paid in cash \$2,000 for attendance at the annual Board retreat and \$1