

GLATFELTER P H CO  
Form 11-K  
June 29, 2009

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 11-K**

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the fiscal year ended December 31, 2008**

**Or**

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**FOR THE TRANSITION PERIOD from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 1-3560**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

GLATFELTER 401(K) SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of the principal executive office:

P. H. GLATFELTER COMPANY  
96 SOUTH GEORGE STREET, SUITE 500  
YORK, PA 17401

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***Glatfelter 401(k) Savings Plan***  
Financial Report  
December 31, 2008

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*Glatfelter 401(k) Savings Plan*  
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**December 31, 2008 and 2007**

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**Report of Independent Registered Public Accounting Firm**

To the Finance Committee  
Glatfelter 401(k) Savings Plan

We have audited the accompanying statements of net assets available for benefits of Glatfelter 401(k) Savings Plan (the Plan) as of December 31, 2008 and 2007, and the related statements of changes in net assets available for benefits for the years then ended. The Plan's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2008 and 2007, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule of assets (held at end of year) as of December 31, 2008 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplementary schedule is the responsibility of the Plan's management. The supplementary schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/Beard Miller Company LLP  
Beard Miller Company LLP  
York, Pennsylvania  
June 26, 2009

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***Glatfelter 401(k) Savings Plan***

**Statements of Net Assets Available for Benefits**

|   | <b>December 31,</b>  |               |
|---|----------------------|---------------|
|   | <b>2008</b>          | <b>2007</b>   |
| <b>Assets</b>   |                      |               |
| Plan interest in the P. H.Glatfelter 401(k) Savings and Profit Sharing Master Trust at fair value | <b>\$ 43,221,284</b> | \$ 63,609,976 |
| Participant loans at fair value   | <b>994,681</b>       | 1,104,848     |
| <br>  |                      |               |
| <b>Net Assets Available for Benefits</b>  | <b>\$ 44,215,965</b> | \$ 64,714,824 |

*See notes to financial statements.*

**Table of Contents*****Glatfelter 401(k) Savings Plan*****Statements of Changes in Net Assets Available for Benefits**

|  | <b>Years Ended December 31,</b> |              |
|--|---------------------------------|--------------|
|  | <b>2008</b>                     | <b>2007</b>  |
| <b>Investment Income (Loss)</b>                              |                                 |              |
| Net appreciation (depreciation) in fair value of investments | \$(22,780,116)                  | \$ 1,269,169 |
| Interest and dividends                                       | 1,216,117                       | 4,653,333    |
|  | <b>(21,563,999)</b>             | 5,922,502    |
| <b>Interest on Participant Loans</b>                         | <b>85,773</b>                   | 83,280       |
| <b>Contributions</b>   |                                 |              |
| Participants   | 4,429,160                       | 4,352,212    |
| Rollovers  | 255,499                         | 831,267      |
| Employer   | 666,590                         | 857,125      |
|  | <b>5,351,249</b>                | 6,040,604    |
| <b>Net Transfers In</b>                                      | <b>148,212</b>                  | 131,935      |
| <b>Benefits Paid to Participants</b>                         | <b>(4,514,106)</b>              | (7,887,536)  |
| <b>Administrative Expenses</b>                               | <b>(5,988)</b>                  | (5,503)      |
| <b>Net Increase (Decrease) in Net Assets</b>                 | <b>(20,498,859)</b>             | 4,285,282    |
| <b>Net Assets Available for Benefits Beginning of Year</b>   | <b>64,714,824</b>               | 60,429,542   |
| <b>Net Assets Available for Benefits End of Year</b>         | <b>\$ 44,215,965</b>            | \$64,714,824 |

*See notes to financial statements.*

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***Glatfelter 401(k) Savings Plan***

**Notes to Financial Statements**

**Note 1 Description of Plan**

**General** The following description of the Glatfelter 401(k) Savings Plan (the Plan ) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions. The Plan covers all eligible salaried and non-union hourly employees, as defined in the Plan of P. H. Glatfelter Company s U.S. based operations including the Glatfelter Pulp Wood Company (the Companies ) who have completed a 60-day period of eligibility service.

**Participation** An employee is eligible to become a participant in the Plan on the first day of the calendar month coinciding with or next following the date eligibility requirements are met.

**Contributions** Each participant may contribute, through payroll deductions, up to 50% of their compensation as defined in the Plan. The Companies will provide a matching contribution in an amount equal to 25% of the first 6% of each participant s payroll reduction contributions. Prior to June 1, 2007, Ohio-based employees received matching contributions in an amount equal to 100% or the first 3% of each participant s payroll reduction contributions plus 50% of the next 2% of each participant s payroll reduction contributions.

Participants will continue to be able to contribute to the Plan a portion of or all of any profit sharing allocations, subject to IRS mandated maximum contributions, in addition to any payroll deduction savings and matching contributions described above. The Companies profit sharing allocations are funded based upon the profit sharing formula defined in the Plan document.

Effective January 1, 2007, the Plan was amended to allow eligible employees who have attained age 50 before the close of the Plan year to make catch-up contributions subject to limitations in the Internal Revenue Code. Such catch-up contributions shall not be taken into account in determining the Company s matching contributions. Participants may allocate contributions among available investment options. All employer-matching contributions are initially invested in the P. H. Glatfelter Stock Fund. Effective January 1, 2007, the Plan was amended to allow participants to make an investment election at any time with respect to their matching contribution account and that the trustee shall invest the matching contributions account in accordance with such election. Prior to January 1, 2007, employer matching contributions must have been in the Plan for at least twelve months before being redirected among the other investment options at the participant s discretion.



**Table of Contents****Glatfelter 401(k) Savings Plan****Notes to Financial Statements****Note 1 Description of Plan (Continued)**

**Participant Accounts and Vesting** Payroll reduction contributions, rollover contributions, catch-up contributions, and profit sharing deferral contributions are fully vested upon receipt by the Plan. With the exception of Ohio-based employees, matching contributions are subject to a graded vesting schedule through which a participant becomes fully vested after attaining five years of service as follows:

| <b>Years of Vesting Service</b> | <b>Vesting Percentage</b> |
|---------------------------------|---------------------------|
| Less than 2 years               | 0                         |
| 2 years                         | 25                        |
| 3 years                         | 50                        |
| 4 years                         | 75                        |
| 5 or more years                 | 100                       |

With respect to the Ohio-based employees, matching contributions are fully vested upon receipt by the Plan and fixed company contributions and transition company contributions are fully vested after the completion of three years of service.

Investment income and market appreciation or depreciation are allocated monthly to the participants in the ratio that the balance in each participant's account bears to the total amount of all such account balances as of the end of the preceding month.

Forfeited balances of terminated participants' non-vested accounts are used to reduce future Company contributions.

**Benefits** Upon retirement, disability or death, distributions will be paid as soon as administratively possible in a lump sum or as an annuity. Upon termination of service other than by retirement, disability, or death, a participant will receive a lump sum payment if the total of their vested account balance does not exceed \$1,000. If the vested account balance exceeds \$1,000, but is less than \$5,000, in the absence of specific participant direction, the balance shall be distributed in a direct rollover to an IRA account of the Plan Administrator's choosing, set up in the name of the participant. If the vested account balance exceeds \$5,000, the assets may be held until the participant's normal or early retirement date. However, terminated participants may elect to receive their vested account balance as soon as administratively possible following termination.

**Participant Loans** Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum of \$50,000, but in no case can a loan exceed 50% of the borrowing participant's vested account balance. Loans are secured by the balance in the participant's account. Interest is payable at a rate commensurate with local prevailing rates at the time the loan is approved. The trustee of the Plan will determine whether the loan application is to be approved after an evaluation of all necessary documentation regarding the creditworthiness of the applicant. Loan terms range from one to five years, or up to 15 years if the loan is extended for the purchase of a primary residence. At December 31, 2008 and 2007, loans outstanding amounted to \$994,681 and \$1,104,848, respectively.

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***Glatfelter 401(k) Savings Plan***

**Notes to Financial Statements**

**Note 2 Summary of Significant Accounting Policies**

***Basis of Presentation*** The financial statements of the Plan are presented on the accrual basis of accounting.

***Investments*** The Plan's investments are stated at fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

The Master Trust invests in various securities including mutual funds and corporate stocks. Investment securities in general are exposed to various risks; such are interest rates, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amount reported in the statement of net assets available for Plan benefits.

***Payment of Benefits*** Benefit payments to participants are recorded when paid.

***Use of Estimates*** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

***Investment Fees*** Net investment returns reflect certain fees paid by the investment funds to their affiliated investment advisors, transfer agents, and others as further described in each fund prospectus or other published documents. These fees are deducted prior to allocation of the fund's investment earnings activity to the Master Trust and thus are not separately identifiable as an expense.

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***Glatfelter 401(k) Savings Plan***

**Notes to Financial Statements**

**Note 3 Fair Value Measurements**

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Plan's interest in master trust:* Valued based on the beginning of the year value of the Plan's interest in the Master Trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. Quoted market prices are used to value money market and mutual fund investments in the Master Trust. Unitized funds in the Master Trust are valued at the net value of participation units which are generally valued by the trustee based upon quoted market prices of the underlying assets of the unitized fund.

*Participant loans:* Valued at their outstanding balances, which approximates fair value.

**Table of Contents****Glatfelter 401(k) Savings Plan****Notes to Financial Statements****Note 3 Fair Value Measurements Continued**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2008:

|                                  | <b>2008</b>   |  |  |                   |
|----------------------------------|---|--|--|-------------------|
|                                  | <b>Fair Value Measurement Using:</b>                                  |  |  |                   |
| <b>Fair Value</b>                | <b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b> | <b>Significant Other Observable Inputs (Level 2)</b> | <b>Significant Unobservable Inputs (Level 3)</b> |                   |
| Plan's interest in master trust: |   |  |  |                   |
| Mutual funds                     | \$ 39,041,981   | \$ 39,041,981  | \$   | \$                |
| Unitized stock fund              | 4,179,303   | 4,179,303  |  |                   |
| Participant loans                | 994,681   |  |  | 994,681           |
|                                  | <b>\$ 44,215,965</b>  | <b>\$ 43,221,284</b>                                 | <b>\$</b>  | <b>\$ 994,681</b> |

The following table sets forth a summary of the changes in the fair value of the Plan's level 3 investments for the year ended December 31, 2008:

|  | <b>Participant Loans</b> |
|--|--------------------------|
| Balance January 1, 2008                          | \$ 1,104,848             |
| Purchases, sales, issuances and settlements, net | (110,167)                |
| Balance December 31, 2008                        | \$ 994,681               |

Effective January 1, 2008, the Plan adopted the provisions of SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ( SFAS No. 159 ). SFAS No. 159 permits companies to measure many financial instruments and certain other assets and liabilities at fair value on an instrument by instrument basis. SFAS No. 159 also establishes presentation and disclosure requirements to facilitate comparisons between companies that select different measurement attributes for similar types of assets and liabilities.

**Table of Contents****Glatfelter 401(k) Savings Plan****Notes to Financial Statements****Note 3 Fair Value Measurements Continued**

In accordance with SFAS No. 159 implementation options, the Plan chose not to elect the fair value option for its financial assets and liabilities that had not been previously measured at fair value. As such, the adoption of this statement had no impact on the Plan's financial statements

**Note 4 Master Trust Information**

Investments of the Plan are maintained along with the investments of Glatfelter 401(k) Savings Plan for Hourly Employees in the P. H. Glatfelter 401(k) Savings and Profit Sharing Master Trust ( the Master Trust ) managed by Fidelity Management Trust Company.

At December 31, 2008 and 2007, the Plan's aggregate interest in the net assets of the Master Trust was approximately 57% and 58%, respectively. The Plan's interest in individual Master Trust investment options varies based upon investment selections of Plan participants.

The following is a summary of information regarding the Master Trust, a portion of which is included in the Plan's trust statements prepared by Fidelity Management Trust Company, the trustee of the Plan, and furnished to the Plan administrator.

| <b>Investment Assets Held as of:</b>                 | <b>December 31,</b>  |                       |
|--|----------------------|-----------------------|
|  | <b>2008</b>          | <b>2007</b>           |
| At Fair Value as Determined by Quoted Market Prices: |                      |                       |
| P. H. Glatfelter Company Stock Fund                  | \$ 6,362,045         | \$ 9,264,914          |
| Mutual Funds and Cash                                | 69,396,134           | 99,989,486            |
|  | <b>\$ 75,758,179</b> | <b>\$ 109,254,400</b> |

Investment income for the Master Trust for the years ended December 31, 2008 and 2007 were as follows:

|   | <b>December 31,</b>   |                    |
|---|-----------------------|--------------------|
|   | <b>2008</b>           | <b>2007</b>        |
| Net appreciation (depreciation) in fair value of investments: |                       |                    |
| P. H. Glatfelter Company Stock Fund                           | \$ (3,631,590)        | \$ (77,715)        |
| Mutual Funds  | (35,623,991)          | 2,034,885          |
| Interest and dividends:                                       |                       |                    |
| P. H. Glatfelter Company Stock Fund                           | 211,848               | 204,150            |
| Mutual Funds  | 2,023,128             | 7,824,429          |
|   | <b>\$(37,020,605)</b> | <b>\$9,985,749</b> |

**Table of Contents****Glatfelter 401(k) Savings Plan****Notes to Financial Statements****Note 4 Master Trust Information Continued**

The Plan's share of the underlying investments of the Master Trust that represent five percent or more of the Plan's net assets available for benefits are separately identified as of December 31:

| Investments  | 2008        | 2007         |
|--|-------------|--------------|
| At Fair Value as Determined by Quoted Market Prices: |             |              |
| Mutual funds:  |             |              |
| Fidelity Disciplined Equity Fund                     | \$8,790,793 | \$14,233,811 |
| Fidelity Contrafund                                  | 6,623,970   | 10,752,074   |
| Fidelity Retirement Money Market Fund                | 5,520,025   |              |
| Artio International Equity Fund                      | 3,001,443   |              |
| Julius Baer International Equity Fund                |             | 5,366,068    |
| Fidelity Intermediate Bond Fund                      | 2,661,342   | 3,265,131    |
| Unitized Stock Fund                                  |             |              |
| P. H. Glatfelter Stock Fund                          | 4,179,303   | 6,331,330    |

**Note 5 Plan Termination**

While the Company has not expressed any intent to discontinue its contributions or terminate the Plan, it is free to do so at any time in whole or in part.

Upon the complete or partial termination of the Plan, the accounts of all affected participants become fully vested and non-forfeitable. The Employee Benefits Committee of the Board of Directors will direct the Trustee to distribute the assets remaining in the trust fund to or for the exclusive benefit of participants or their beneficiaries in a manner in accordance with ERISA and the terms of the Plan document.

**Note 6 Tax Status**

The Plan obtained its latest determination letter on October 3, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. The Plan Administrator and advisors believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and that the Plan is qualified and the related trust is exempt from taxes as of the financial statement date.

**Table of Contents*****Glatfelter 401(k) Savings Plan*****Notes to Financial Statements****Note 7 Related Party Transactions**

Certain investments in the Plan's interest in the Master Trust are shares of investment funds managed by Fidelity Management Trust Company, the trustee as defined by the Plan. The Plan provides participants the election of an investment in P. H. Glatfelter's common stock through the P. H. Glatfelter Stock Fund, a unitized company stock fund. As discussed in Note 1, all employer-matching contributions are initially invested in the P. H. Glatfelter Stock Fund. For the years ended December 31, 2008 and 2007, recordkeeper and investment management fees are netted against investment income.

As of December 31, 2008, the Plan held 600,557 units of the P. H. Glatfelter common stock fund at a per-unit price of \$6.96. As of December 31, 2007, the Plan held 574,537 units of the P. H. Glatfelter common stock fund at a per-unit price of \$11.02. Units held as of December 31, 2008 and 2007 were equivalent to 439,500 and 405,711 shares of P. H. Glatfelter common stock, respectively. Assets held in this fund are expressed in terms of units and not shares of stock. Each unit represents a proportionate interest in all of the assets of this fund. The value of each participant's account is determined each business day by the number of units to the participant's credit, multiplied by the current unit value. The return on the participant's investment is based on the value of units, which, in turn, is determined by the market price of P. H. Glatfelter common stock and by the interest earned on a percentage of the fund's market value held in a money market fund. As of December 31, 2008, P. H. Glatfelter common stock fund had a market value of \$4,087,347 invested in the unitized company stock fund. As of December 31, 2007, P. H. Glatfelter common stock fund had a market value of \$6,211,438 invested in the unitized company stock fund. A percentage of the total market value of the unitized company stock fund is held in a money market fund to facilitate daily participant trading.

In addition, the Plan issues loans to participants, which are secured by balances in the respective participant accounts. The above related transactions qualify as party-in-interest transactions. All other transactions which may be considered party-in-interest transactions relate to normal Plan management and administrative services, and the related payment of fees.

**Note 8 Transfers**

During the Plan year ended December 31, 2008 and 2007, several participants were reclassified between the Glatfelter 401(k) Savings Plan and Glatfelter 401(k) Savings Plan for Hourly Employees. Accordingly, a net increase of \$148,212 and \$131,935 is included in the accompanying statements of changes in net assets available for benefits for the Plan year ended December 31, 2008 and 2007, respectively.

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*Glatfelter 401(k) Savings Plan*

**Employer Identification Number : 23-0628360**

**Plan Number : 017**

**Schedule H Line 4i**

**Schedule of Assets (Held at End of Year)**

**December 31, 2008**

| (a) | (b)   | (c)<br>Description of Investment<br>Including Maturity Date,<br>Rate of Interest, Collateral,<br>Par, or<br>Maturity Value | (d)<br>Cost | (e)<br>Current<br>Value |
|-----|---|--|-------------|-------------------------|
| *   | Identity of Issue, Borrower,<br>Lessor, or Similar Party<br>Participant Loans | 5.00% - 10.00%   |             | 994,681                 |
|     | <b>Total Investments</b>  |  |             | \$ 994,681              |

\* Party-in-interest



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Pursuant to the requirements of the Securities Exchange Act of 1934, the Board of Directors has duly caused this Annual Report to be signed by the undersigned hereunto duly authorized.

GLATFELTER 401(K) SAVINGS PLAN

June 26, 2009

By: /s/ George Amoss  
George Amoss  
Plan Administrator

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**EXHIBIT INDEX**

| <b>Exhibit<br/>Number</b> | <b>Description</b>   |
|---------------------------|--|
| 23.1                      | Consent of Beard Miller Company LLP, Independent Registered Public Accounting Firm |