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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

April 28, 2009

P. H. Glatfelter Company

(Exact name of registrant as specified in its charter)

Pennsylvania

001-03560

23-0628360

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

96 S. George Street, Suite 500, York,
Pennsylvania

17401

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

717 225 4711

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On April 28, 2009, P. H. Glatfelter (the "Company") reported its results of operations for the three months ended March 31, 2009. A copy of the press release issued by the Company is furnished herewith as Exhibit 99.1.

In addition, as stated in its earnings press release, the Company held a teleconference call on April 28, 2009, during which members of management discussed the Company's financial performance for the first quarter of 2009 and other matters relating to its business. A copy of the teleconference transcript is furnished herewith as Exhibit 99.2.

Item 9.01 Financial Statements and Exhibits.

A copy of the press release dated April 28, 2009, to report results of operations for the three months ended March 31, 2009, is furnished herewith as Exhibit 99.1.

A copy of the transcript from the Company's teleconference held on April 28, 2009, to discuss its results of operations is furnished herewith as Exhibit 99.2.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

P. H. Glatfelter Company

April 30, 2009

By: *David C. Elder*

Name: David C. Elder

Title: Vice President and Corporate Controller

Exhibit Index

Exhibit No.	Description
99.1	Copy of the press release issued by management to report the Company's results of operations for the three months ended March 31, 2009.
99.2	Copy of the transcript of the teleconference held by management on April 28, 2009 to discuss the Company's results of operations for the three months ended March 31, 2009.

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For Immediate Release

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– GLATFELTER REPORTS STRONG FIRST-QUARTER 2009 RESULTS –
- Specialty Papers Operating Profit Up 60% -
- Food & Beverage Product Shipments Increased 4.4% -

YORK, Pennsylvania – April 28, 2009 – Glatfelter (NYSE: GLT) today reported first quarter of 2009 adjusted earnings of \$11.2 million, or \$0.24 per diluted share, compared with \$11.4 million, or \$0.25 per diluted share, in 2008 despite a \$0.07 per share adverse impact from the change in pension expense. The 2009 first quarter results include a \$0.02 per share impact from pension expense while a year ago adjusted earnings included a \$0.05 per share benefit from pension income. Adjusted earnings is a non-GAAP measure that excludes from the Company's GAAP-based results certain non-core business items. For a reconciliation of adjusted earnings to GAAP earnings, refer to the tabular presentation at the end of this release.

Net income on a GAAP basis for the first quarter was \$11.5 million, or \$0.25 per diluted share, compared with net income of \$19.7 million, or \$0.43 per diluted share, for the same quarter last year. The 2009 first-quarter net income benefited from \$0.4 million in after-tax gains from the sale of timberlands, while the first-quarter 2008 benefited by \$8.7 million from the sale of timberlands and had \$0.4 million of acquisition integration costs. Consolidated net sales during the first quarter of 2009 were \$291.6 million, a 4.6 percent decrease compared with \$305.5 million for the first quarter of 2008, primarily due to foreign currency changes.

“We had another very successful quarter,” said George H. Glatfelter II, Chairman and Chief Executive Officer. “Our broad product portfolio, product development capabilities, and compelling value proposition to our customers have enabled us to deliver strong results despite severe economic challenges. While certain markets, such as carbonless and composite laminates, have been significantly impacted by the global recession, we were able to successfully address this downward pressure through operating flexibility, effective management of our product mix and by growing selective segments of our business to offset declines in others. In this respect, our specialized business model has demonstrated considerable and distinctive resiliency to the external challenges that have confronted the broader economy.”

First-Quarter Business Unit Results

Specialty Papers

<i>Dollars in thousands</i>	For the quarter ended Mar 31		change	
	2009	2008		
Net sales	\$199,607	\$200,946	\$(1,339)	—%
Tons shipped	185,061	182,211	2,850	1.6
Gross margin percent	15.1 %	12.8 %	—	—
Operating income	\$ 18,368	\$ 11,447	6,921	60.5

Net sales from the Company's Specialty Papers business unit declined by \$1.3 million to \$199.6 million for the first quarter of 2009, compared with \$200.9 million for the first quarter of 2008. Volumes shipped increased slightly in the quarter-to-quarter comparison, with growth in envelope and other uncoated products offsetting declines in carbonless products, however the mix was unfavorable. Higher average selling prices contributed \$7.5 million to sales in the quarter-over-quarter comparison.

Ongoing cost reduction and productivity improvement initiatives continued to generate results and contributed an additional \$7.4 million to operating income during the quarter. However, prices for energy and raw materials continued to be above 2008 levels and reduced operating income by \$3.3 million. In addition, the Company estimates that market-related downtime adversely impacted operating income by \$1.6 million in the first quarter of 2009 compared with the same period a year ago. As a result, overall operating income increased \$6.9 million, or 60.5 percent, to \$18.4 million during the first quarter of 2009, compared with \$11.4 million in the first quarter of 2008.

Composite Fibers

<i>Dollars in thousands</i>	For the quarter ended Mar 31		change	
	2009	2008		
Net sales	\$91,945	\$104,552	\$(12,607)	(12.1)%
Tons shipped	19,191	21,339	(2,148)	(10.1)
Gross margin percent	15.6 %	15.5 %	—	—
Operating income	\$ 5,476	\$ 6,136	(660)	(10.8)

Net sales from the Composite Fibers business unit declined \$12.6 million, or 12.1 percent, to \$91.9 million in the first quarter of 2009. Demand for tea and coffee filter papers increased 4.4 percent, although this growth was more than offset by lower shipments of composite laminates and metallized products which declined 31.0 percent and 15.6 percent, respectively, primarily due to continued weakness in the overall economy. On a constant currency basis, higher average selling prices contributed approximately \$4.2 million to net sales; however, the translation of foreign currencies unfavorably affected net sales by approximately \$14.3 million.

The Composite Fibers business unit was adversely impacted by higher energy and raw material costs totaling approximately \$4.6 million. In addition, this unit's 2009 first-quarter performance was adversely impacted by approximately \$1.4 million in costs from downtime due to weak demand for metallized products and composite laminate products partially offset by improved paper machine performance at the Company's Lydney facility.

Other Financial Highlights

Net pension expense of \$1.7 million was recorded in the first quarter of 2009, compared with net pension income of \$3.8 million in the same quarter a year ago due to the decline in the value of the Company's pension assets in 2008 as a result of the adverse conditions in the global equity and debt markets. This negatively impacted earnings by \$0.07 per share in the comparison. The Company expects pension expense to total \$6.7 million for 2009 compared to pension income of \$16.1 million in 2008. However, the Company does not expect to be required to make cash contributions to its qualified defined benefit pension plans during 2009.

Consolidated selling, general and administrative expenses totaled \$24.5 million, an increase of approximately \$0.4 million. Benefits from the Company's cost control initiatives were offset by the adverse impact of the increase in pension expense discussed above.

For the first quarter of 2009, the Company's effective tax rate on adjusted earnings was 22.5 percent compared with 29.1 percent in the same quarter of 2008. This lower rate was primarily driven by changes in the mix of jurisdictions in which earnings are generated.

Balance Sheet and Other Information

During the first quarter of 2009, capital expenditures totaled \$5.2 million compared with \$9.3 million in 2008. This decrease reflects the decision to significantly reduce discretionary spending due to the current economic environment. Capital expenditures are expected to be approximately \$35 million for 2009 compared with \$52.5 million for the full-year 2008.

Net debt, excluding cash collateralized borrowings, was \$221.2 million at March 31, 2009, an increase of \$10.8 million compared with December 31, 2008. At March 31, 2009, the Company had \$24 million of cash and \$182 million of borrowing capacity under its revolving credit agreement which matures in April 2011.

Alternative Fuel Credits

Glatfelter may be eligible for an excise tax refund under the Internal Revenue Code for alternative fuel mixtures used as a fuel in a taxpayer's business. The credit is equal to \$0.50 per gallon of alternative fuel contained in the mixture and is refundable in cash to the taxpayer. The Company began mixing black liquor and diesel fuel in late February 2009 and filed an application to be registered as an alternative fuel mixer with the Internal Revenue Service in March 2009. The Company continues to accumulate the necessary information to file for refunds; however, before any cash is received, the registration application requires approval by the Internal Revenue Service. There can be no assurances that the Company's application will be approved, that the regulations that allow the credit will remain unchanged, or that the Company will be successful in receiving payments under the program.

Outlook

Mr. Glatfelter commented, "To date, our business has demonstrated considerable resiliency to the global economic challenges that have impacted our industry. We intend to remain focused on executing the strategies that have served us well in these times, specifically, leveraging our new product development capabilities and flexible operating platforms, while focusing on cost control and generating operational efficiencies. However, considerable uncertainty remains in the global economy, and, as we move further into 2009, we are certain to face many challenges. As a result, we remain committed to maintaining the strength of our balance sheet by aggressively managing cash flows."

For Specialty Papers, the Company noted that it expects volumes in the second quarter of 2009 to be approximately 5% lower than the 2009 first quarter and that selling prices for most products in the second quarter will be relatively in line with the first quarter of 2009. Further, the Company added it expects to incur additional downtime in this business unit as a result of managing capacity in response to demand changes. The Company also reported that it will complete in the second quarter of 2009 the annually scheduled maintenance outages at both the Chillicothe and Spring Grove facilities. The outages are expected to impact second quarter results by approximately \$0.22 to \$0.25 per share. In the second quarter of 2008, the outages impacted results by \$0.22 per share.

In the Composite Fibers business unit, the Company anticipates shipping volumes in the second quarter of 2009 to be higher than the first quarter as demand for its Metallized products increases. Selling prices and input costs are expected to be in line with the 2009 first quarter. Composite Fibers facilities will schedule additional market-driven downtime on select paper machines during the second quarter to reduce inventory levels, resulting in overall higher costs when compared with second-quarter 2008.

Conference Call

As previously announced, the Company will hold a conference call today at 11:00 a.m. (Eastern) to discuss its first-quarter results. You may listen to the presentation either by a live webcast or via telephone. If you wish to hear the live webcast, please visit the Company's Investor Relations web page at <http://www.glatfelter.com/about—us/investor—relations/default.aspx> prior to the starting time to register, download and install any necessary audio software. If you would like to listen to the teleconference, you may participate by calling 888-335-5539 within the US and 973-582-2857 internationally (conference ID 93232884) at 10:55 AM (Eastern).

During the conference call, management will be referring to a slide presentation to supplement their prepared remarks. This presentation is available on the Company's Investor Relations web page as well as through the webcast discussed above.

A taped replay of the conference call will be available within two hours of the conclusion of the call and until May 12, 2009. To access the taped replay, call 800-642-1687 within the US and 706-645-9291 internationally and enter conference ID 93232884.

Caution Concerning Forward-Looking Statements

Any statements included in this press release which pertain to future financial and business performance, conditions and strategies and other financial and business matters, are “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and are subject to numerous risks, uncertainties and other unpredictable or uncontrollable factors which may cause actual results or performance to differ materially from the Company’s expectations. Various risks and factors that could cause future results to differ materially from those expressed in the forward-looking statements include, but are not limited to: changes in industry, business, market, political and economic conditions in the U.S. and in other countries in which Glatfelter currently does business, demand for or pricing of its products; changes in tax legislation, governmental laws, regulations and policies and actions of regulatory bodies; orderly execution of regularly scheduled maintenance outages; technological changes and innovations and other factors. In light of these risks, uncertainties and other factors, the forward-looking events discussed in this press release may not occur and readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements speak only as of the date of this press release and Glatfelter undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after the date of this press release. More information about these factors is contained in Glatfelter’s filings with the U.S. Securities and Exchange Commission, which are available at www.glatfelter.com.

About Glatfelter

Headquartered in York, PA, Glatfelter is a global manufacturer of specialty papers and engineered products, offering over a century of experience, technical expertise and world-class service. U.S. operations include facilities in Spring Grove, PA and Chillicothe and Fremont, OH. International operations include facilities in Germany, France, the United Kingdom and the Philippines and a representative office in China. Glatfelter’s sales exceed \$1.2 billion annually and its common stock is traded on the New York Stock Exchange under the ticker symbol GLT. Additional information may be found at www.glatfelter.com.

P. H. Glatfelter Company and subsidiaries
Consolidated Statements of Income
(unaudited)

<i>In thousands, except per share</i>	Three months ended March 31 2009 2008	
Net sales	\$291,552	\$305,499
Energy sales – net	<u>1,931</u>	<u>1,984</u>
Total revenues	293,483	307,483
Costs of products sold	<u>250,169</u>	<u>263,225</u>
Gross profit	43,314	44,258
Selling, general and administrative expenses	24,513	24,135
Gains on dispositions of plant, equipment and timberlands, net	<u>(699)</u>	<u>(14,518)</u>
Operating income	19,500	34,641
Non-operating income (expense)		
Interest expense	(5,126)	(6,145)
Interest income	708	1,604
Other – net	17	68
Total other income (expense)	<u>(4,401)</u>	<u>(4,473)</u>
Income before income taxes	15,099	30,168
Income tax provision	<u>3,561</u>	<u>10,493</u>
Net income	<u>\$ 11,538</u>	<u>\$ 19,675</u>
Earnings per share		
Basic	\$ 0.25	\$ 0.44
Diluted	0.25	0.43
Cash dividends declared per common share	0.09	0.09
Weighted average shares outstanding		
Basic	45,595	45,157
Diluted	45,610	45,468

Business Unit Financial Information
(unaudited)

Three months ended March 31

<i>In thousands</i>	Specialty Papers		Composite Fibers		Other and Unallocated		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Net sales	\$199,607	\$200,946	\$91,945	\$104,552	\$ -	\$ 1	\$291,552	\$305,499
Energy sales, net	1,931	1,984	-	-	-	-	1,931	1,984
Total revenue	201,538	202,930	91,945	104,552	-	1	293,483	307,483
Cost of products sold	171,330	177,276	77,646	88,396	1,193	(2,447)	250,169	263,225
Gross profit	30,208	25,654	14,299	16,156	(1,193)	2,448	43,314	44,258
SG&A	11,840	14,207	8,823	10,020	3,850	(92)	24,513	24,135
Gains on dispositions of plant, equipment and timberlands	-	-	-	-	(699)	(14,518)	(699)	(14,518)
Total operating income (loss)	18,368	11,447	5,476	6,136	(4,344)	17,058	19,500	34,641
Non-operating income (expense)	-	-	-	-	(4,401)	(4,473)	(4,401)	(4,473)
Income (loss) before income taxes	\$ 18,368	\$ 11,447	\$ 5,476	\$ 6,136	\$(8,745)	\$ 12,585	\$ 15,099	\$ 30,168
Supplementary Data								
Net tons sold	185,061	182,211	19,191	21,339	-	-	204,252	203,550
Depreciation, deletion and amortization	\$ 8,867	\$ 8,632	\$ 5,561	\$ 6,086	\$ -	\$ -	\$ 14,428	\$ 14,718
Capital expenditures	3,582	2,695	1,652	6,562	-	-	5,234	9,257

Selected Financial Information
(unaudited)

<i>In thousands</i>	Three months ended March 31	
	2009	2008
Cash Flow Data		
Cash provided (used) by:		
Operating activities	\$ (1,185)	\$ (12,631)
Investing activities	(4,506)	5,778
Financing activities	(1,893)	13,767
Depreciation, depletion and amortization	14,428	14,718
Capital expenditures	5,234	9,257
March 31	<u>2009</u>	December 31 <u>2008</u>
Balance Sheet Data		
Cash and cash equivalents	\$ 23,672	\$ 32,234
Total assets	1,034,309	1,057,309
Total debt	315,576	313,285
Shareholders' equity	341,960	342,707

Reconciliation of GAAP Financial Information to Non-GAAP Financial Information

This press release includes a discussion of earnings before the effects of certain specifically identified items, which is referred to as adjusted earnings, a non-GAAP measure. The Company uses non-GAAP adjusted earnings to supplement the understanding of its consolidated financial statements presented in accordance with GAAP. Non-GAAP adjusted earnings is meant to present the financial performance of the Company's core papermaking operation, which consists of the production and sale of specialty papers and composite fibers papers. Management and the Company's Board of Directors use non-GAAP adjusted earnings to evaluate the performance of the Company's fundamental business in relation to prior periods. The performance of the Company's papermaking operations is evaluated based upon numerous items such as tons sold, average selling prices, gross margins and overhead, among others. Gains on the sale of timberlands, charges for environmental reserves, acquisition integration costs and shutdown and restructuring charges are excluded from the Company's calculation of non-GAAP adjusted earnings because management believes each of these items is unique and not part of the Company's core papermaking business, and will only impact the Company's financial results for a limited period of time. Gains from timberland sales are distinct from revenues generated from paper product sales. Unlike items such as cost of raw materials and overhead costs, shutdown and restructuring costs are unique items that do not represent direct costs incurred in the manufacture and sale of the Company's products.

Unlike net income determined in accordance with GAAP, non-GAAP adjusted earnings does not reflect all charges and gains recorded by the Company for the applicable period and, therefore, does not present a complete picture of the Company's results of operations for the respective period. However, non-GAAP adjusted earnings provides a measure of how the Company's core papermaking operations are performing, which management believes is useful to investors because it allows comparison of such papermaking operations from period to period.

Non-GAAP adjusted earnings should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with GAAP. The following tables set forth a reconciliation of results determined in accordance with accounting principles generally accepted in the United States of America to non-GAAP adjusted earnings discussed herein.

<u>In thousands, except per share</u>	Three months ended March 31			
	2009		2008	
	After tax income	Diluted EPS	After tax income	Diluted EPS
Net income	\$11,538	\$ 0.25	\$19,675	\$ 0.43
Gains on sales of timberland	(378)	(0.01)	(8,662)	(0.19)
Acquisition integration costs	<u>—</u>	<u>—</u>	411	0.01
Adjusted earnings	<u>\$11,160</u>	<u>\$ 0.24</u>	<u>\$11,424</u>	<u>\$ 0.25</u>

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

CORPORATE PARTICIPANTS

Glenn Davies

Glatfelter Corporate Finance Group

George Glatfelter

Glatfelter — Chairman/CEO

John Jacunski

Glatfelter — SVP/CFO

Dante Parrini

Glatfelter — EVP/COO

CONFERENCE CALL PARTICIPANTS

Christopher Chun

Deutsche Bank — Analyst

Bruce Klein

Credit Suisse — Analyst

PRESENTATION

Operator

Thank you for standing by, and welcome to the first quarter earnings release conference call. All lines have been placed on mute, to prevent any background noise. After the speakers' remarks, there will be a question and answer session. (Operator Instructions) I would now like to turn the conference over to Mr. Glenn Davies, you may begin your conference.

Glenn Davies - Glatfelter Corporate Finance Group — IR

Thank you TK. Good morning, and welcome to Glatfelter's first quarter conference call. My name is Glenn Davies and I'm with the Company's Corporate Finance Group. Also on the call this morning is George Glatfelter, our Chairman and Chief Executive Officer; Dante Parrini, Executive Vice President and Chief Operating Officer; as well as John Jacunski, our Senior Vice President and Chief Financial Officer. After each of these individuals provides their prepared remarks, the call will be opened for your questions.

A few comments before we begin our presentation. First I want to remind you that the term adjusted earnings is a non-GAAP financial measure, as it excludes from our GAAP based results certain items that we do not consider to be part of our core operations. In our earnings release we provided a reconciliation of adjusted earnings to our GAAP based results, together with a discussion of why we use this measure.

In addition, any statements made today concerning our expectations about future trends or business performance may constitute forward-looking-statements. Please refer to our 2008 annual report filed with the SEC for important factors that could cause our actual results to differ materially from any of these forward-looking-statements.

And finally, during our presentation we will refer to a slide presentation that is available on our website and through the web cast provider. You may want to refer to these slides to enhance your understanding of our results this quarter. Thank you, and I will now turn the call over to George.

George Glatfelter - Glatfelter — Chairman/CEO

Thank you Glenn. Good morning everyone and welcome to the call. Earlier this morning we issued our earnings release for the first quarter of 2009. Although adverse economic conditions continue in nearly all global markets, we delivered another strong quarter by effectively managing our specialized business model.

On an adjusted earnings basis, first quarter earnings were \$0.24 per share compared with \$0.25 per share in 2008. Our results were adversely impacted by a \$0.07 per share charge from pension expense this year, versus pension income in the first quarter of 2008. Excluding the effect of this pension expense, we delivered strong results this quarter, led by a 36% increase in operating profits from our business units. The fact that we were able to deliver these results, despite very unfavorable economic conditions, reflects the diversity of our product offerings and the success of our new product development capabilities.

We believe we have earned a strong reputation with our customers as their supplier of choice. In fact, while demand in the broader North American Printing and Writing Papers market declined greater than 20%, volumes shipped by our specialty papers business unit increased 1.6% compared with the first quarter of 2008. In the Composite Fibers business unit, demand for food and beverage filter papers increased by 4.4%.

Although certain market segments have been more significantly impacted by the global economic downturn than others, our operating flexibilities have allowed us to respond quickly to the changing needs of the markets we serve. In addition to our new product development activities, which accounted for 54% of total revenues in the first quarter, continue to generate attractive results.

As we operate in these uncertain times, we've taken steps we believe will sustain the financial strength of our business and enhance our value proposition to customers. We continue to believe the current economic situation, while certainly challenging, also offers unique opportunity to leverage our strengths and emerge from the downturn as a better company. I'd now like to ask John Jacunski to provide a more in depth discussion of the first quarter financial results. John?

John Jacunski - Glatfelter — SVP/CFO

Thank you George. For the first quarter of 2009 we reported adjusted earnings of \$11.2 million, or \$0.24 per share, compared to \$11.4 million and \$0.25 per share a year ago. As shown on slide 4, the primary changes in earnings and the comparison were higher operating income from the Specialty Papers business unit increased earnings per share by \$0.11. Pension expense in the first quarter of 2009 compared with pension income in the first quarter of 2008 decreased earnings per share by \$0.07. Lower operating income from Composite Fibers business unit decreased earnings per share by \$0.01. A lower tax rate increased earnings per share by \$0.02, and other items, including a gain related to the resolution of a legal matter in 2008 and higher legal costs related to the Fox River litigation in 2009, reduced earnings per share by \$0.06.

Looking at the performance of each of our business units this quarter compared with the same quarter of 2008, Specialty Papers operating income improved by \$6.9 million or 60% for the quarter. As shown on slide 7, the improvement in this business unit's results was primarily driven by a \$7.5 million benefit from higher average selling prices, together with productivity improvements and cost reduction initiatives, aggregating \$7.4 million.

However these benefits were partially offset by an unfavorable mix that adversely impacted results by \$4.3 million, as well as \$3.3 million in higher input costs, primarily consisting of caustic and coal. This unit's total shipping volumes increase 1.6% in the quarter over quarter comparison, however as a result of weakening demand in some market segments we had unplanned down time that negatively impacted the results by approximately \$1.6 million.

Operating income for the Composite Fibers business unit totaled \$5.5 million in the first quarter of 2009 or \$660,000 lower than the same quarter a year ago. As shown on slide 10, the decline was largely due to increased input costs that offset the benefits from higher average selling prices. Total volume shipped in the business unit declined 10% due to weak composite laminate and metallized demand, however demand for food and beverage filter paper products increased by more than 4%. During the quarter we incurred down time that adversely impacted our results by \$1.4 million. In the first quarter of 2009 we recorded pre-tax pension expense of \$1.7 million, compared to net pension income of \$3.8 million in the same quarter last year. This is largely due to the decline in the value of our pension assets in 2008, driven by the decline in the global debt and equity markets. On an after tax basis, this adversely impacted results by \$0.07 per share. We expect pension expense to total \$6.7 million for all of 2009 compared to pension income of \$16.1 million in 2008, resulting in a negative impact to earnings per share of \$0.31 in a year over year comparison. However, we do not expect to be required to make cash contributions to our qualified defined benefit pension plans during 2009.

During the quarter our effective tax rate on adjusted earnings was approximately 22.5%. This lower rate was driven primarily by changes in the mix of jurisdictions in which earnings were generated. For the remainder of 2009 we expect our effective tax rate to be approximately 25%.

Now looking at capital expenditures, as we previously reported, given the current economic environment we have deferred nearly all discretionary capital expenditures for 2009. Accordingly, capital expenditures in the first quarter of 2009 were \$5.2 million or \$4 million less than the first quarter of 2008. We estimate capital expenditures for all of 2009 to be approximately \$35 million.

Turning to our balance sheet as of the end of March 2009, excluding the collateralized debt instruments related to prior timberland sales, our net debt was \$221.2 million, which is \$10.8 million higher than at the end of 2008. The higher debt level is primarily the result of cash used for working capital during the first quarter, which is normal for our business.

Overall our balance sheet remains strong, and we have significant available liquidity. At the end of the first quarter we had \$24 million of cash, and \$182 million of borrowing capacity available under our revolving credit agreement, which does not mature until April 2011.

Looking into the second quarter, I want to remind you that we have our regularly scheduled annual maintenance outages at our Chillicothe and Spring Grove facilities. We expect these outages to have an earnings impact in the range of \$0.22 to \$0.25 per share. Last year these outages had an impact of \$0.22 per share.

And lastly, as we reported in this morning's release, in March we filed an application with the Internal Revenue Service to become registered as an alternative fuel mixture producer. If we are approved, we may be eligible for an excise tax refund. However, as you may know, this process can take several months before a decision is made, and there can be no assurances that we will be approved, or that we would be successful in receiving any funds. This concludes my comments on our financial results, Dante will now provide comments about our business unit performance.

Dante Parrini - Glatfelter — EVP/COO

Thank you John, and good morning. Let's start with Specialty Papers. As you heard earlier, this unit had a strong quarter with operating income increasing 60%. Net sales declined slightly during the quarter due to product mix changes, however average selling prices for most products increased compared to a year ago.

Total volume shipped by Specialty Papers were 1.6% higher, this compares quite favorably with the broader North American Printing and Writing markets, which were down more than 20% this quarter.

Now I would like to provide some details by segment. Envelop volumes increased by 9%; Carbonless was off 12%, largely reflecting the economic sensitivity of this market. In addition, the mix between Carbonless sheets and Carbonless roles was unfavorable in the comparison as smaller transaction oriented customers continued to experience a considerable slowdown in volume. And Book Publishing Papers were off 1%, due in part to the successful marketing of other publishing and printing related products.

This quarter again demonstrated the flexibility in our operating platform, as well as the strength of our new product development efforts in Specialty Papers. Despite slowing demand in the book market, and the expected decline in carbonless, we were able to maintain our overall shipment volumes by intensifying efforts toward market segments with more near-term opportunities.

As the challenging economic environment continues, this aspect of our business will remain a key component of our strategy. Despite the softness in most of our market

segments, pricing has held up well. We have taken down time as necessary to balance our supply and demand, and our Specialty Papers inventories are at levels similar to year end. In the second quarter we expect our shipping volume to be approximately 5% below the first quarter. As a result, we will be taking down time to appropriately manage the supply/demand balance.

As we discussed on prior calls, we renewed supply contracts for caustic, coal, and certain other chemicals at market prices for 2009. As a result, we are incurring higher year over year prices. However purchased pulp, and nearly all other raw materials and energy prices are trending down, and as a result we expect our input costs to be flat to slightly favorable when compared to both first quarter of 2009 and the second quarter of 2008.

Turning to North America mill operations, the Spring Grove and Chillicothe mills ran very well during the quarter, despite the need to take market related down time to match production capacity with demand. Our initiatives in Chillicothe to improve asset utilization and productivity has significantly improved the financial results of Specialty Papers. And at Spring Grove, continuous improvement initiatives continue to produce meaningful benefits. Combined, the productivity improvements and cost reduction initiatives have generated over \$7 million of financial benefits during the first quarter of 2009 compared to the first quarter last year.

Now let's turn to Composite Fibers. Net sales declined 12% compared to the first quarter of 2008. This was primarily due to the unfavorable effect of foreign currency translation. Overall shipping volumes for this business unit declined 10%. In the more economically sensitive Composite Laminates product line, shipments were off 30%, reflecting continuing weakness in the housing and related consumer discretionary markets.

Metallized shipments were down nearly 16%, however demand more recently is improving, as we enter our busy season. Technical Specialties were down nearly 13%. And shipments for our largest product line, food and beverage, increased 4.4% compared to a year ago, despite softness in the Russian and Eastern European markets.

The overall decline in volume for this business unit resulted in down time during the quarter, and we expect to incur a higher level of down time in the second quarter of 2009, as we look to reduce inventory levels. With the exception of the unplanned down time, Composite Fibers facilities ran well during the quarter.

From an outlook perspective, we expect demand to be mixed over the short-term. As I mentioned earlier, demand for metallized products is increasing and we expect this to continue through the second quarter as we enter the warmer summer season, and as more European beer producers move to metallized labels. Food and beverage filter paper demand for the second quarter of 2009 is expected to be in line with the first quarter, and Composite Laminates will continue to experience weak demand. Overall we expect second quarter shipments to be slightly ahead of the first quarter of 2009. This concludes my remarks, I'll now turn the call back to you, George.

George Glatfelter - Glatfelter — Chairman/CEO

Thank you Dante. As you can appreciate, with respect to the economy we're in uncharted waters. As we move further into 2009, we expect to face many challenges, including uncertain demand levels and erratic order patterns. In response we'll heighten our tactical focus on improving cash flow and maintaining low levels of debt, thereby preserving the strength of our balance sheet.

However, I think it's important to note that we delivered strong operating results this quarter, particularly in light of the current economic environment. I believe this performance again establishes the soundness of our operating strategy, and the strength of the value proposition that we offer to our customers.

To date our business has demonstrated considerable, and I believe distinctive, resiliency to the global economic downturn. For this reason we intend to remain focused on executing the strategy that has served us well in these times.

There are several aspects of our specialized business model that have supported this resiliency. Specifically, Glatfelter's broad and globally diverse product portfolio has thus far proven to be a valuable asset of the business. Operating platforms that are both nimble and flexible have enabled active management of the product mix to address market dynamics that are continually changing.

Clearly, well established new product development capabilities and rapid response to business development opportunities have allowed the Company to offset declines in certain economically sensitive markets. And we've come to better appreciate the importance that our customers ascribe to our financial strength and stability. It's clear that in difficult times, customers place high value on supply chain partners they can depend upon.

From a strategic perspective, our primary objective is to preserve the strength of the Company during the downturn while positioning ourselves to take timely advantage of opportunities for strategic and commercial growth as economic conditions stabilize. I believe these opportunities will present themselves and I expect Glatfelter to be prepared to pursue them.

That concludes our prepared remarks for today's call. At this point, we will open the line to address any questions that you may have.

QUESTION AND ANSWER

Operator

(OPERATOR INSTRUCTIONS)

Your first question comes from the line of Christopher Chun with Deutsche Bank.

Christopher Chun - Deutsche Bank — Analyst

Thanks, good morning, guys.

George Glatfelter - Glatfelter — Chairman/CEO

Good morning.

Christopher Chun - Deutsche Bank — Analyst

Congratulations on a fine quarter.

Dante Parrini - Glatfelter — EVP/COO

Thank you.

George Glatfelter - Glatfelter — Chairman/CEO

Thank you.

Christopher Chun - Deutsche Bank — Analyst

I was especially struck by how your volumes in Specialty Papers were up, year-over-year when, you know, the broader industry trends were shrinking. And I thought your growth in envelope papers was especially striking. Can you talk a little more about how you managed to do that?

George Glatfelter - Glatfelter — Chairman/CEO

Thank you, Chris. I'll start and perhaps Dante may choose to add some color.

I think there are a couple of things that are differentiating factors in this quarter. First of all, we did experience some operating issues late in the fourth quarter. Those are behind us. But we also had solid operations at Chillicothe. That continues a trend that really began to build through the second quarter and third quarters and fourth quarter of last year. I talked about the customer value proposition; that's been huge. We've been able to grow markets and generate business that hadn't existed for the Company before presenting more near-term opportunities than we had experienced before.

And I guess the fourth point is the point that Dante mentioned earlier. Input costs have declined a little faster than we might've expected. Dante is there anything that you'd care to add?

Dante Parrini - Glatfelter — EVP/COO

Yes, just a couple of other comments, Chris, one, at an aggregate level. The fact that our shipments are performing at a level that's better than the broader industry is not unique to just this quarter. If you look back as far as 2005, we've demonstrated a pretty consistent track record of having Glatfelter shipments in Specialty Papers grow at a rate faster than the North American uncoated free sheet space. And that's really attributed to the model that George described in our focus on new product development and developing sticky relationships with customers.

To specifically address your question regarding Envelope and this is a question that has come up from time to time, it, again, is an example of the fact that we have a very unique service proposition to this particular market segment that offers very quick turns. And in a business environment when order books are very shallow and your outlook to where the next order may come from, your ability to align with suppliers that can assist you in responding very quickly is a strategic advantage.

And the fact that our Chillicothe operation has added capacity has allowed us to expand the geographic scope as to where this business model would be effective. And at the end of the day, when there are uncertain times, customers place a high degree of value in aligning themselves with suppliers that they can rely upon.

Christopher Chun - Deutsche Bank — Analyst

Okay. And then you also talked about how you grew volumes in other uncoated markets. Can you talk a little more about some of those markets that you're growing in?

Dante Parrini - Glatfelter — EVP/COO

Sure. As you know, for a number of years now, we've placed a high degree of emphasis on our new product development and business development capabilities and establishing a target of greater than 50% of our sales coming from products that are less than five years old. So, a lot of the work that had been done in 2008 is yielding benefits in 2009.

We've expanded the range of products that we can sell and bundle to our customers in every one of our North American segments. And as more mills are perceived to be at risk or, in fact, are at risk, customers again are reassessing the viability of their supply chain and we've had the opportunity to quote on new pieces of business due to customers' concern over the incumbent supplier's ability to make it through this downturn. So, it really spans all of our segments, Chris. It's no one product line.

Christopher Chun - Deutsche Bank — Analyst

Okay. And then, concerning your outlook for Q2, can you talk about — in the Specialty Papers, what the costs will look like, quarter-over-quarter? Obviously, the maintenance outages will be a huge factor but, you know, net of those outages?

George Glatfelter - Glatfelter — Chairman/CEO

Yes, Chris. I think, as Dante mentioned, we expect that we're going to have some higher costs, year-over-year from some of the new contracts that re-priced, as of January 1 in caustic and coal, primarily. But those will be offset by reductions in things like purchased pulp, energy and some other chemicals.

When we net all that out, we expect that our costs for Q2 are going to be sort of in line to slightly lower than they were for Q1. Of course, as you mentioned, we have the

maintenance outages that have an impact on the costs.

Christopher Chun - Deutsche Bank — Analyst

Right, okay. And then, in terms of Composite Fiber volumes, you said that they were going to go a bit higher. Can you quantify that at all?

George Glatfelter - Glatfelter — Chairman/CEO

No. I think the only guidance we provided is slightly higher. So, we're expecting the second quarter to have stronger shipments from Metallized but we haven't quantified that.

Christopher Chun - Deutsche Bank — Analyst

Yes, okay. And then, can you remind us how much timber land you have left?

John Jacunski - Glatfelter -SVP/CFO

We have about 33,000 acres.

Christopher Chun - Deutsche Bank — Analyst

Okay. Can you give us a bit of a break down on where that is?

John Jacunski - Glatfelter -SVP/CFO

It's about 10,000 acres — no, I'm sorry. About 15,000 acres in Pennsylvania and the balance is between Virginia and Delaware, split about evenly.

Christopher Chun - Deutsche Bank — Analyst

Okay. I'll go ahead and turn it over; thanks for your help

Operator

(OPERATOR INSTRUCTIONS)

Your next question comes from the line of Bruce Klein with Credit Suisse.

Bruce Klein - Credit Suisse — Analyst

Hi, good morning.

George Glatfelter - Glatfelter — Chairman/CEO

Good morning, Bruce.

Bruce Klein - Credit Suisse — Analyst

I was wondering, just on product prices, I know some of the commodity uncoated free sheet grades in [specialty], which you guys aren't overly in [involved] with but more specialty stuff is the (inaudible) stuff, I guess has gotten hit. You know, the price has drifted down but, can you just [try to tell us] that your prices are holding? It sounds like they're holding up. Is there a lag, meaning they'll contractually come down? Or do you think they're going to hold in if uncoated free sheet commodity stuff stabilizes here?

Dante Parrini - Glatfelter — EVP/COO

Bruce, this is Dante. I would say that, at the aggregate level, the sequential quarter outlook is that our prices will largely be flat in Q2, vs. Q1. There are a number of moving parts if you were to disaggregate our business. Clearly, we had some parts of our business, like Engineered Products, where we had contracts expire at the end of '08 and we reset pricing and we experienced price increases.

We've seen our Program business and Contract business, by and large, remain pretty stable. And then, those parts of our business that tend to have pricing that moves with the market, as you've seen on some of the more commodity white papers where there may be some adjacency between parts of our product line and the broader market, we've seen a little bit of pricing atrophy. So, it's a bit of a mixed bag but, in aggregate, we're holding up quite well.

Bruce Klein - Credit Suisse — Analyst

Okay and then on the — in terms of recent trends, I know it's still in April here but some of the — certain companies we track sort of have seen a pick up in volumes or in backlog in the first couple of weeks of April, have you seen anything like that? Or are things getting better or worse or pretty much flat line the last month or two?

Dante Parrini - Glatfelter — EVP/COO

I would categorize it as more flat than anything else, and lumpy. You know, the economic environment is still a little bit unsettled and unstable. So, it ebbs and flows but, on balance, I would say it's pretty consistent with what we've experienced.

Bruce Klein - Credit Suisse — Analyst

Okay and lastly, just the alternative fuel; I know there's a lot of [posturing] and language about this timing, etc., but is there any targeted — if funds did come in, is there any use of proceeds that you talked about require if money potentially did come in?

George Glatfelter - Glatfelter — Chairman/CEO

Bruce, this is George. We haven't disclosed any of that and there's just such a large amount of uncertainty around it that I don't think any further disclosure is appropriate at this point.

Bruce Klein - Credit Suisse — Analyst

Okay. Thanks, guys.

Operator

(OPERATOR INSTRUCTIONS)

There are no further questions at this time. I would now like to turn the conference back over to Mr. Glatfelter for any closing remarks or comments.

George Glatfelter - Glatfelter — Chairman/CEO

Okay, TK. First of all, thank you to everyone who participated today for your questions and your interest in Glatfelter. It was a good quarter. We felt good about it and I look forward to speaking with you next quarter. Have a good day.

Operator

Thank you. This concludes today's conference call. You may now disconnect.