
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 29, 2008

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 29, 2008, P. H. Glatfelter (the "Company") reported its results of operations for the three months ended March 31, 2008. 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 29, 2008, during which members of management discussed the Company's financial performance for the first quarter of 2008 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 29, 2008, to report results of operations for the three months ended March 31, 2008, is furnished herewith as Exhibit 99.1.

A copy of the transcript from the Company's teleconference held on April 29, 2008, 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

May 1, 2008

By: *David C. Elder*

Name: David C. Elder

Title: Corporate Controller

Exhibit Index

Exhibit No.	Description
99.1	Press release issued by the company to report its results of operations for the three months ended March 31, 2008
99.2	Transcript of conference call held on April 29, 2008 to discuss results of operations for the three months ended March 31, 2008.

For Immediate Release

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GLATFELTER REPORTS 2008 FIRST QUARTER RESULTS

YORK, Pennsylvania – April 29, 2008 – Glatfelter (NYSE: GLT) today reported that net sales increased 8.7% to \$305.5 million for the first quarter of 2008, compared with \$281.0 million for the first quarter of 2007. Net income for the 2008 first quarter was \$19.7 million, or \$0.43 per diluted share, compared with net income of \$3.3 million, or \$0.07 per diluted share, for the prior-year period.

First quarter 2008 net income includes \$8.7 million of gains on timberland sales and \$0.4 million of acquisition integration costs, each after-tax. The results for the previous year's first quarter included \$1.9 million in gains from the sale of timberlands, a \$3.7 million charge to increase the Company's reserve for environmental matters at the Fox River, \$0.1 million in shutdown and restructuring charges, and \$0.4 million in acquisition integration costs, all after taxes. Excluding these items from each period's results, first quarter 2008 adjusted earnings per share, which constitute a non-GAAP financial measure, were \$0.25 per diluted share, compared to \$0.12 per diluted share in the first quarter of 2007. For a reconciliation of adjusted earnings to GAAP earnings, refer to the tabular presentation at the end of this release.

“The significant improvement in year-over-year performance reflects successful implementation of our profit improvement initiatives supported by favorable demand trends and price increases,” said George H. Glatfelter II, Chairman and Chief Executive Officer. “With further evidence emerging of a slowing U.S. economy and record high energy costs, aggressive management of our cost structure remains necessary to ensure that our success continues. Accordingly, we are intensifying our process improvement and cost reduction initiatives across the Company and are making targeted investments at several facilities to increase productivity and output. We believe these actions will help sustain the Company's progress despite the challenging environment.”

First-Quarter Business Unit Results

Specialty Papers

First quarter 2008 net sales in the Specialty Papers business unit totaled \$200.9 million, a 2.1% increase compared with \$196.9 million in the first quarter of last year. Higher average selling prices contributed \$6.0 million of the increase in net sales and volumes shipped increased 4%. These price and volume increases were partially offset by expected mix changes between carbonless papers and uncoated papers, as well as lower sales of scrap paper.

Specialty Papers' operating income for the first quarter 2008 totaled \$11.4 million, a 71.6%, or \$4.8 million, improvement from the same quarter of 2007. The higher operating income for the first quarter 2008 reflects progress achieved in the last half of 2007 in executing Chillicothe's profit improvement initiatives. The benefits of higher average selling prices were offset by \$9.1 million of higher costs, largely driven by fiber and energy. Unplanned operating downtime at the Spring Grove and Chillicothe facilities also reduced operating results by \$1.7 million in the current year quarter.

Composite Fibers

Composite Fibers' net sales increased 24.3% to \$104.5 million for the quarter. The higher sales were primarily driven by the inclusion of the November 2007 Caerphilly acquisition, foreign currency translation and improved shipping volumes in most product lines. On a constant currency basis, average selling prices benefited net sales by \$0.8 million which partially offset the impact of higher input costs.

Operating income for the Composite Fibers business unit totaled \$6.1 million for the first quarter of 2008, compared to \$5.0 million in the same quarter a year ago. During the fourth quarter of 2007, the Company completed a machine upgrade at its Lydney, U. K. facility, with startup extending into the first quarter of 2008, lowering production volumes and operating income by approximately \$1.7 million, consistent with previously announced expectations. This upgrade is targeted at increasing capacity to serve the growing tea bag market and the Company expects to begin realizing productivity improvements from it over the next several quarters. As expected, the operation of the Caerphilly facility was slightly dilutive to first quarter 2008 earnings. As previously announced, the Company continues to expect that Caerphilly will be neutral to earnings for 2008 and slightly accretive in 2009.

Other Financial Highlights

Selling, general and administrative ("SG&A") expenses decreased by \$4.6 million in the quarter-to-quarter comparison and totaled \$24.1 million in the first quarter of 2008. The comparison reflects a \$6 million pre-tax charge for environmental matters included in the first quarter of 2007 and a \$1.5 million recovery in a litigation matter, net of related legal fees, recorded in the first quarter of 2008. The effect of foreign currency translation and the inclusion of the Caerphilly acquisition unfavorably impacted the SG&A quarter-to-quarter comparison.

Net interest expense decreased \$2.1 million in the quarter-to-quarter comparison to \$4.5 million for the first quarter of 2008. The decrease was primarily due to lower debt levels and a lower interest rate environment in 2008.

The Company's effective income tax rate reflected in adjusted earnings for the first quarter of 2008 and 2007 was 29.1% and 35.5%, respectively. The lower tax rate includes the benefit of a reduction in a valuation allowance on certain deferred tax assets.

Timberland Sales Update

During the first quarter, approximately 3,595 acres were sold for \$15.0 million in cash. To date, the Company has realized \$116.6 million of proceeds since the implementation of the program in 2006. Due to changes in market conditions, the Company does not expect significant sales during the remainder of 2008, but will remain opportunistic should market conditions improve or selective opportunities develop.

Outlook

In Specialty Papers, the Company expects volume in the second quarter of 2008 to be in line with the same quarter of 2007, and selling prices are expected to be slightly higher than the first quarter of 2008. In Composite Fibers, shipping volumes in the second quarter of 2008 are expected to exceed 2007 second quarter levels primarily due to the Caerphilly acquisition. Selling prices are expected to be slightly higher than the first quarter of 2008. However, continuing increases in input costs, primarily driven by fiber and energy, could offset increased selling prices during the remainder of 2008 compared to the same period of 2007.

As previously announced, the Company will complete its annually scheduled maintenance outages at both its Spring Grove and Chillicothe facilities in the second quarter, with an estimated \$0.22 to \$0.25 per share impact. In the second quarter of 2007, the outages also impacted results by \$0.22 per share.

In addition, the Company plans to complete an upgrade of a paper machine in Germany during the second quarter of 2008 to respond to the higher demand for tea and coffee papers. This will require downtime on the machine for the month of June with start up to occur during July. The Company expects this project to negatively impact EPS by \$0.01 during each of second and third quarters of 2008, respectively.

Conference Call

As previously announced, the Company will hold a conference call today at 11:00AM (Eastern) to discuss its first-quarter results. 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 below.

Interested persons who wish to hear the live webcast should go to 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.

You may also participate by calling 888-335-5539 within the US and 973-582-2857 internationally (conference ID 42348111) at 10:55 AM (Eastern) on April 29, 2008. A taped replay of the conference call will be available within two hours of the conclusion of the call and until May 13, 2008. To access the taped replay, call 800-642-1687 within the US and 706-645-9291 internationally and enter conference ID 42348111.

Caution Concerning Forward-Looking Statements

This document includes certain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. Although the Company makes such statements based on assumptions that it believes to be reasonable, there can be no assurance that actual results will not differ materially from the Company’s expectations. Actual results may differ materially from these expectations due to changes in, among others, industry conditions, demand for or pricing of its products; risks associated with integrating acquisitions; global political, economic, business, competitive and market conditions; tax legislation; growth strategies and cost reduction initiatives; orderly execution of regularly scheduled maintenance outages; environmental matters surrounding the former Neenah facility and former Ecusta Division; successful execution of the Timberland Strategy with acceptable market conditions; and other factors. More information about these factors is contained in Glatfelter’s filings with the U.S. Securities and Exchange Commission.

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, the Philippines, and a representative office in China. Glatfelter’s sales exceed \$1 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	
	2008	2007
Net sales	\$305,499	\$280,989
Energy sales – net	1,984	2,214
Total revenue	307,483	283,203
Costs of products sold	263,225	246,494
Gross profit	44,258	36,709
Selling, general and administrative expenses	24,135	28,727
Shutdown and restructuring charges	–	225
Gains on dispositions of plant, equipment and timberlands, net	(14,518)	(3,194)
Operating income	34,641	10,951
Nonoperating income (expense)		
Interest expense	(6,145)	(7,337)
Interest income	1,604	741
Other – net	68	631
Total other income (expense)	(4,473)	(5,965)
Income before income taxes	30,168	4,986
Income tax provision	10,493	1,733
Net income	\$ 19,675	\$ 3,253
Weighted average shares outstanding		
Basic	45,157	44,889
Diluted	45,468	45,301
Earnings per share		
Basic	\$ 0.44	\$ 0.07
Diluted	0.43	0.07

Business Unit Financial Information (unaudited)

Three months ended March 31

<i>In thousands</i>	Specialty Papers		Composite Fibers		Other and Unallocated		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Net sales	\$200,946	\$196,904	\$104,552	\$84,084	\$ 1	\$ 1	\$305,499	\$280,989
Energy sales, net	1,984	2,214	—	—	—	—	1,984	2,214
Total revenue	202,930	199,118	104,552	84,084	1	1	307,483	283,203
Cost of products sold	177,276	177,920	88,396	70,790	(2,447)	(2,216)	263,225	246,494
Gross profit (loss)	25,654	21,198	16,156	13,294	2,448	2,217	44,258	36,709
SG&A	14,207	14,527	10,020	8,312	(92)	5,888	24,135	28,727
Shutdown and restructuring charges	—	—	—	—	—	225	—	225
(Gains) losses on dispositions of plant, equipment and timberlands	—	—	—	—	(14,518)	(3,194)	(14,518)	(3,194)
Total operating income (loss)	11,447	6,671	6,136	4,982	17,058	(702)	34,641	10,951
Non-operating income (expense)	—	—	—	—	(4,473)	(5,965)	(4,473)	(5,965)
Income (loss) before income taxes	\$ 11,447	\$ 6,671	\$ 6,136	\$ 4,982	\$ 12,585	\$(6,667)	\$ 30,168	\$ 4,986
Supplementary Data								
Net tons sold	182,211	175,120	21,339	18,204	—	—	203,550	193,324
Depreciation expense	\$ 8,632	\$ 8,650	\$ 6,086	\$ 5,083	—	—	\$ 14,718	\$ 13,733

Selected Financial Information (unaudited)

<i>In thousands</i>	Three months ended March 31	
	2008	2007
Cash Flow Data		
Cash provided (used) by:		
Operating activities	\$ (12,631)	\$ (1,989)
Investing activities	5,778	(2,404)
Financing activities	13,767	(7,259)
Depreciation, depletion and amortization, excluding shutdown charges	14,718	13,733
Capital expenditures	9,257	5,790
March 31 2008		December 31 2007
Balance Sheet Data		
Cash and cash equivalents	\$ 37,638	\$ 29,833
Total assets	1,335,400	1,287,067
Total debt	330,954	313,185
Shareholders' equity	509,330	476,068

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 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.

<i>In thousands, except per share</i>	Three months ended March 31			
	2008		2007	
	After tax income	Diluted EPS	After tax income	Diluted EPS
Net income	\$19,675	\$ 0.43	\$ 3,253	\$ 0.07
Gains on sales of timberland	(8,662)	(0.19)	(1,914)	(0.04)
Acquisition integration costs	411	0.01	406	0.01
Environmental remediation charge	–	–	3,695	0.08
Shutdown and restructuring charges	–	–	147	0.00
Adjusted earnings	<u>\$11,424</u>	<u>\$ 0.25</u>	<u>\$ 5,587</u>	<u>\$ 0.12</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 — IR-Corporate Finance Group

George Glatfelter

Glatfelter — Chairman, CEO

Dante Parrini

Glatfelter — Executive VP, COO

John Jacunski

Glatfelter — Senior VP, CFO

CONFERENCE CALL PARTICIPANTS

Mark Wilde

Deutsche Bank — Analyst

PRESENTATION

Operator

Good morning. My name is Cheryl and I will be your conference operator today. At this time I would like to welcome everyone to the Glatfelter First Quarter Earnings Release Conference Call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks there will be a question and answer period. (Operator Instructions).

Thank you. It is now my pleasure to turn the call over to your host, Glenn Davies. Sir you may begin your conference.

Glenn Davies - Glatfelter — IR-Corporate Finance Group

Thank you Cheryl. Good morning and welcome to Glatfelter's 2008 First Quarter Earnings Conference Call. My name is Glenn Davies and I'm with the company's Corporate Finance Group.

Here with me this morning are 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 CFO.

Before we begin our presentation this morning, I need to make a few comments. First in our earnings release and in the comments you will hear shortly, we use the term adjusted earnings. As many of you may know this is a non-GAAP financial measure, since it excludes from our results the effects of certain items that we do not consider to be part of our core business operation.

In our earnings release we provided a reconciliation of adjusted earnings to our GAAP based results together with a discussion of why we use adjusted earnings. The earnings release and the reconciliation are available on our Investor Relations page of our corporate website Glatfelter.com.

I'd also like to remind you that statements made today concerning our future expectations may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Please refer to our 2007 Annual Report filed with the SEC for important factors that could cause our actual results to differ materially from any results which might be projected, forecasted, or estimated in any of our forward-looking statements.

And finally, on our website and through the webcast provider we've made available slides to accompany today's presentation. We will refer to these during our presentation to supplement the discussion of our results for the quarter.

Thank you and I will now turn the call over to George.

George Glatfelter - Glatfelter — Chairman, CEO

Thanks Glenn. Good morning everyone and thank you for joining us. As you know earlier today we issued our results for the first quarter of 2008, and I trust you've had a chance to review the press release that was issued this morning.

We reported net sales of \$305.5 million and net income of \$19.7 million, or \$0.43 per share. On an adjusted earnings basis, first quarter earnings were \$0.25 per share. That's a 108% increase compared to the first quarter of 2007.

As we've seen for the past several quarters our results benefited from the profits improvement initiatives we've taken at our Chillicothe facility. In addition to that, a recovery in litigation matter as well as a favorable tax rate improved our earnings.

Our results compare favorably to the performance reported in the first quarter of 2007 due in large part to the improvements generated in the Specialty Papers business unit at both Chillicothe and Spring Grove. In addition, both the Specialty Papers and Composite Fibers business units experienced favorable demand and generally higher prices for their products during the quarter.

We continue to emphasize new product development and our efforts continue to produce results. In the first three years — the first three months of this year revenue from new products totaled \$164 million, or 54% of our total revenue stream. And I remain well pleased with our progress in this area of the business.

A word about cost. Our financial results, like many in the paper industry and elsewhere, continue to be severely impacted by rising input costs. Compared with the first quarter of last year our input cost increased over \$10 million, and we do not expect this situation to change in the near-term. It requires our continuing attention. During the call we will discuss some of the actions we've taken and those we intend to take to address this issue.

Finally, we sold approximately 36,000 acres of timberlands in the first quarter for about \$15 million. Since we began this program two years ago we've generated almost \$120 million of proceeds. Our performance in this respect has been pretty strong. However, we've repeatedly said that we intend to be very thoughtful in the monetization of our woodland asset. Therefore, unless market conditions improve or attractive opportunities develop I do not expect significant sales during the remainder of 2008.

I'll now ask John Jacunski to provide a more in-depth discussion of the first quarter financial results. John.

John Jacunski - Glatfelter — Senior VP, CFO

Thank you George. For the first quarter of 2008 we reported net income of \$19.7 million, or \$0.43 per diluted share compared with \$3.3 million and \$0.07 per share last year. In both of these periods the reported amounts include certain non-core business items which are discussed in more detail in this morning's release. If you exclude these items, adjusted earnings this quarter were \$0.25 per share compared with \$0.12 per share a year ago. You can find a reconciliation of reported earnings with adjusted earnings in this morning's release and in the Appendix to this morning's slides.

As shown on Slide 4, for those with access to the slides on our website, overall the primary drivers of the improvement in adjusted earnings per share were improved operating income from Specialty Papers' increased earnings per share by \$0.07. Composite Fibers operating income increased EPS by \$0.01. Lower interest expense increased earnings per share by \$0.03. A lower effective tax rate increased earnings per share by \$0.02, and the recovery from a litigation matter, net of legal fees, increased EPS by \$0.02, but this was offset by other corporate costs.

Specialty Papers' operating income improved almost 72% to \$11.4 million for the quarter. As shown on Slide 7, the improvement was led by progress achieved in the last half of 2007 in executing Chillicothe's profit improvement initiatives and a \$6 million benefit from higher average selling prices in comparison, which was more than offset by significantly higher input costs. In addition, Specialty Papers' results in the first quarter were negatively affected by approximately \$1.7 million due to unplanned downtime at both of the unit's facilities.

Internationally, the Composite Fibers business unit which accounted for approximately 34% of net sales had operating income of \$6.1 million, a 23% increase from the same period a year ago. As shown on Slide 10, this unit's results benefited from improved shipping volume and slightly higher selling prices.

At the end of 2007, we completed a machine upgrade at the Composite Fibers Lidney facility in the UK. As we reported on our call February, the startup of the machine lasted into the first quarter of 2008. As a result of the slow startup, the unit's results were negatively affected by approximately \$1.7 million. And as we expected, the recently completed Caerphilly acquisition was slightly diluted through our results.

I also want to remind you that we have maintenance outages in our Spring Grove and Chillicothe facilities that will occur during the second quarter. We expect these outages to have an earnings impact at the higher end of our previously communicated range of \$0.22 to \$0.25 per share.

During 2007 we announced our plan to invest \$10 million in an inclined-wire machine in Gernsbach, Germany. This will require us to take the machine down for the month of June with startup to occur during July. We expect this project to negatively impact EPS by \$0.01 during each of the second and third quarters.

Capital expenditures in the first quarter totaled \$9.1 million compared to depreciation expense of \$14.8 million. For the full year we expect capital expenditures to total \$52 million to \$57 million including the \$10 million investment I mentioned a moment ago.

Turning to the balance sheet, during the first quarter we successfully monetized \$37 million of the \$43 million note receivable from the Virginia land sale in late 2007. As of March 31, we have total of \$70.7 million of cash collateralized debt related to the two timberland installment sales we have completed. Excluding the collateralized debt instruments at March 31, our net debt was \$223 million, down \$26 million since the end of 2007.

This concludes my comments on our financial results. Dante will now discuss the quarter from an operational perspective.

Dante Parrini - Glatfelter — Executive VP, COO

Thank you John. As you just heard our Specialty Papers business unit reported a 72% increase in operating income reflecting the progress achieved in the last half of 2007 at Chillicothe. In Specialty Papers, selling prices were higher across all market segments and our net sales increased 2.1% in comparison to the first quarter of last year.

Volumes shipped by the Specialty Papers business unit increased 4% this quarter led by book publishing which was up 12%, envelope which was over 9%, and engineered products which was up nearly 3%. The increases in these segments along with the Forms business offset the reduction in carbonless rolls and sheet volume which was 10.7% lower than the first quarter of 2007, and consistent with our expectations. Each of our product lines experienced generally higher average selling prices in the quarter-over-quarter comparison.

Operationally we had a challenging quarter at both of our Specialty Papers facilities. At Spring Grove production was curtailed for about two days due to unplanned boiler downtime, and at Chillicothe, one of its larger paper machines had unexpected downtime. These events negatively impacted our quarterly results by approximately \$1.7 million on a pretax basis.

Despite these operational problems we were able to increase paper production by 2.5% at Spring Grove and 1.3% at Chillicothe as a result of our continuing focus on improving productivity and reducing overall costs.

From an outlook perspective, our Specialty Papers business unit backlogs have softened a bit but remain solid, and despite this, we expect volumes in the second quarter of 2008 to be consistent with the same period in 2007. We remain concerned about the slowing U.S. economy and the potential impact to our segments, that are more sensitive to GDP. However, we are aggressively taking actions to reduce costs, control spending, and improve product performance and service which I believe will help mitigate any impact from an unfavorable economic environment.

As for pricing, we expect selling prices to be slightly higher than first quarter levels. Earlier in the year we announced price increases in certain product lines including carbonless and forms, book publishing and envelope, as well as certain other products. We should begin to see the impact of these in our results beginning the second quarter of 2008.

In Composite Fibers, operating income increased 23% and net sales increased over 24% compared to the same quarter a year ago, reflecting foreign currency translation, the inclusion of the Caerphilly operation, and improved shipping volumes in most product lines. Specifically food and beverage shipments were up about 2% despite the very tight abaca fiber supply environment. Composite laminates increased 4%, technical specialties was up 7%, and Metallized almost doubled due the Caerphilly acquisition.

As for pricing in Composite Fibers, on a constant currency basis we saw moderate improvement in average selling prices for food and beverage, as well as composite laminates. Pricing in our other product lines was generally flat. Composite Fibers facilities ran well during the quarter with exception of the previously mentioned slower startup of an upgraded paper machine at the Lidney, UK facility. We expect this investment to improve product quality, productivity, and output in the coming quarters.

Otherwise Composite Fibers had a good quarter operationally supported by an 8.8% increase in paper production at the Gernsbach, Germany facility, which is this unit's largest mill. We will be making a significant investment this June to upgrade an inclined-wire paper machine in Gernsbach. This investment is primarily focused on supporting the growth in tea and coffee market by increasing our capacity to produce filter papers for the food and beverage segment. From an outlook perspective for the Composite Fibers business unit we expect pricing and volume for the second quarter of 2008 to be ahead of the comparable quarter of 2007.

To summarize, our focus for the remainder of 2008 will be on intensifying cost reduction and productivity improvement activities throughout the business necessary to mitigate the impact of rising input costs and a softening economic outlook.

This concludes my remarks. I'll turn it back to you George.

George Glatfelter - Glatfelter — Chairman, CEO

Thank you Dante. As you've just heard we had a respectable quarter considering the impact of rising input costs and the slowing U.S. economy. Our business units benefited from favorable demand and pricing trends, and we are looking forward to the improvement we expect to see from the targeted investments that Dante mentioned in key areas of our business. However, as referred to several times already during this call, our enthusiasm is moderated by the challenges confronting us, including the adverse effects of the current economic environment and their potential impact on the demand side of our business, as well as the continuing pressure on our margins from increased cost of fiber and energy related inputs. Over the past several years we have successfully dealt with a multitude of challenges of this nature and I'm confident in our ability to deal with those that confront us today.

As we move into the remainder of 2008, our focus will be first to further improve productivity at Chillicothe by generating better operating efficiency and aggressively managing the cost structure of this facility. We'll work to maximize the growth opportunities within food and beverage where demand is strong, and our customers depend on us to meet their filter paper requirements. In this respect, we need a well executed paper machine rebuild on PM 11 in Gernsbach and a smooth and timely startup.

We'll continue to focus on reducing costs across the span of the company and we will instill continuous improvement processes to ensure we remain cost competitive in the future. And finally, we will work to achieve the business targets of our recent acquisition in Caerphilly.

There's a lot of to work on, but these four activities are the most important things we can do to further improve the performance of the company and generate value for our shareholders.

That concludes our prepared remarks for today's call. I would again like to thank you for your interest, and at this point ask Cheryl to open the line to address whatever questions you may have.

QUESTION AND ANSWER

Operator

Thank you. (Operator Instructions). We'll pause for just a moment to compile the Q&A roster.

Your first question is coming from Mark Wilde of Deutsche Bank.

Mark Wilde - Deutsche Bank — Analyst

Good morning George, morning Dante, and John.

George Glatfelter - Glatfelter — Chairman, CEO

Good morning.

Mark Wilde - Deutsche Bank — Analyst

I have a few questions. One is just with regards to the guidance for Q2. I ordinarily don't place huge emphasis on this but it seems to me if you take that high end of the maintenance range that you've suggested, as well as the penny there in Gernsbach, that you're essentially pointing to something that's not far off of what you did in the second quarter of last year, and that's kind of a break in the pattern of steady year-over-year improvement you've been showing in recent quarters. Any thoughts on that?

John Jacunski - Glatfelter — Senior VP, CFO

Well Mark as you know, we haven't provided specific guidance for the quarter. I would say that we expect to continue to see benefits from Chillicothe, and Composite Fibers has performed better year-over-year in the last four quarters or so than previously. So we are expecting to have decent results from them.

We are continuing to see the challenges of input costs over the last three quarters. We've seen input costs rising faster than pricing, but we did as Dante mentioned, announce price increases in the first quarter, many of which were not put in place until March, or effective in April. So I do believe that there is some opportunity for us to see improved results from those pricing, but it's going to be a challenging environment.

Mark Wilde - Deutsche Bank — Analyst

Okay, another question I had. I thought I had seen something recently about at least one of your competitors over in Europe with a fairly significant increase in carbonless, and I just — I know part of their issue has to be a combination of input costs and currency, but I just wondered and when we see these announcements in Europe in carbonless, how should we think about this rolling or not rolling into your North American business?

Dante Parrini - Glatfelter — Executive VP, COO

Mark, it's Dante. It's always a complicated topic to opine on other people's strategies and what pricing does in each region of the world, but if I were to generalize, if you're seeing European producers announcing rather substantial price increases, it would suggest that generally speaking from a trade flow perspective that the U.S. producers

would be more competitive in their domestic markets and perhaps begin to see some additional opportunities in export markets.

Mark Wilde - Deutsche Bank — Analyst

Okay, alright. You guys export right? Do you yourselves export much right now?

Dante Parrini - Glatfelter — Executive VP, COO

We do export although the vast majority of our business to date is within North America.

Mark Wilde - Deutsche Bank — Analyst

Okay. And then finally, George, can you just provide us a little recap of where you're at in terms of the land sale program. You've said that you want to be kind of thoughtful and rational about how you approach this. I think you've said that you don't assume that we're going to have a lot more land sales this year. Just if we think about the next two to five years, how should we think about the program as best you can see it right now?

George Glatfelter - Glatfelter — Chairman, CEO

Okay Mark. I guess two thoughts come to my mind and you mentioned the first one, we're going to continue to be thoughtful. But the second thought I think is also important and I think we've mentioned it as well. We'll also be purposeful.

We have spoken I think a number of times about our desire to monetize this asset and that certainly hasn't changed. We've certainly seen the negative impacts from the economy on the markets at this point in time and we think it's prudent to watch that and let it play out. But in no way has it changed our view ultimately on monetizing these assets over the longer term, so I think that as things begin to settle out economically and those markets begin to revitalize themselves, you'll see us back in the same path that you saw us before these changes occurred.

Mark Wilde - Deutsche Bank — Analyst

Okay, could you just, George, can you give us kind of a breakdown of where the portfolio stands right now? The stuff in Virginia versus kind of Southern Pennsylvania versus whatever might be left on the Delaware?

George Glatfelter - Glatfelter — Chairman, CEO

Sure, in fact what I'd like to do is just defer that to John. I think he's got the numbers right in front of him.

John Jacunski - Glatfelter — Senior VP, CFO

Yeah Mark, we have about 10,000 acres in Virginia. We have about the same in Delaware and the balance is in Pennsylvania which would approach about 20,000 acres.

Mark Wilde - Deutsche Bank — Analyst

Okay.

John Jacunski - Glatfelter — Senior VP, CFO

Maybe a little less than that. Maybe 15,000 acres, and as George mentioned the Delaware and the Virginia properties are the areas that have been most impacted by market changes and we'll have to see where those go.

Mark Wilde - Deutsche Bank — Analyst

I mean you got pretty good value for the stuff that was sold this quarter. Where was all that land?

John Jacunski - Glatfelter — Senior VP, CFO

That was in Pennsylvania.

George Glatfelter - Glatfelter — Chairman, CEO

That was — yeah, right outside of Gettysburg, Mark.

Mark Wilde - Deutsche Bank — Analyst

So that looked like about \$4,200 an acre?

George Glatfelter - Glatfelter — Chairman, CEO

That's correct.

John Jacunski - Glatfelter — Senior VP, CFO

Yes.

Mark Wilde - Deutsche Bank — Analyst

I'll take that. Alright thanks, I'll pass it on too.

George Glatfelter - Glatfelter — Chairman, CEO

We will too, thank you.

Operator

Thank you. (Operator Instructions). Thank you, there appear to be no further questions. This concludes today's Glatfelter First Quarter Earnings Release Conference Call. You may now disconnect.