
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):

February 19, 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 February 19, 2008, P. H. Glatfelter (the "Company") reported its results of operations for the three months and year ended December 31, 2007. 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 February 19, 2008, during which members of management discussed the Company's financial performance for the fourth quarter of 2007 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 February 19, 2008, to report results of operations for the three months and year ended December 31, 2007, is furnished herewith as Exhibit 99.1.

In addition, a copy of the transcript from the Company's teleconference held on February 19, 2008, to discuss its results of operations is furnished herewith as Exhibit 99.2.

The information in this Form 8-K and the Exhibits attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 except as shall be expressly set forth by specific reference in such filing.

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

February 22, 2008

By: *David C. Elder*

Name: David C. Elder

Title: Corporate Controller and Chief Accounting Officer

Exhibit Index

Exhibit No.	Description
99.1	Press release issued by the Company to report its results of operations for the three months and year ended December 31, 2007
99.2	Transcript of conference call held February 19, 2008 to discuss results of operations for the three months ended December 31, 2007

www.glatfelter.com

For Immediate Release

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Glatfelter Reports Record Sales for 2007 and 2007 Fourth Quarter Results

~ Annual sales exceed \$1.1 billion, a record in 144 year Company history ~

~ Adjusted Quarterly Earnings, which excludes timberland sales, increased 32% ~

~ Gains from Timberland sales totaled \$67.5 million, pre-tax ~

York, PA, February 19, 2008: Glatfelter (NYSE: GLT) today reported net sales of \$287.4 million for the fourth quarter of 2007, compared with \$268.6 million for the fourth quarter of 2006. Net income was \$50.4 million, or \$1.11 per diluted share, compared with \$15.0 million, or \$0.33 per diluted share, for the prior-year period.

Fourth quarter 2007 net income includes, on an after tax basis, \$37.2 million in gains from the sale of timberlands and the year-earlier quarter included \$8.0 million in timberland gains. Also, in the fourth quarter of 2006 the Company recorded \$1.2 million in shutdown and restructuring charges and acquisition integration costs of \$1.8 million, all after taxes. Excluding these items from each period's results, fourth quarter 2007 adjusted earnings per share, which constitutes a non-GAAP financial measure, were \$0.29 per diluted share, compared to \$0.22 per diluted share in the fourth quarter of 2006. For a reconciliation of adjusted earnings to GAAP earnings, refer to the tabular presentation at the end of this release.

"Our revenue and earnings growth, including a 32% increase in adjusted EPS for the fourth quarter, reflects solid performance in both business units," said George H. Glatfelter II, Chairman and Chief Executive Officer. "In Specialty Papers, we achieved strong volumes and continued to make progress improving Chillicothe's performance. As a result, we remain well positioned to achieve our accretion targets in 2008. The Composite Fibers business unit also had a solid quarter, although this performance was masked by a fire that temporarily interrupted production at our Lydney facility. Within Composite Fibers, we remain excited about the recent acquisition of Metallised Products Limited, which expands our offering in this high-value niche market."

Fourth Quarter Business Unit Results

Specialty Papers

Specialty Papers' operating income for the fourth quarter 2007 totaled \$14.9 million, an 81% or \$6.7 million improvement from the same quarter of 2006. The improvement in operating income was driven by success in executing the Chillicothe improvement initiatives, particularly paper machine performance, yield improvements and raw material usage. Fourth quarter net sales totaled \$194.9 million, a 4.9% increase compared with \$185.8 million in the year-earlier quarter. Higher average selling prices contributed \$4.3 million of the increase in net sales and volumes shipped increased 7.6%. The benefit of higher average selling prices were more than offset by higher input costs totaling \$7.9 million largely driven by energy, pulp and wood.

Composite Fibers

Composite Fibers' net sales increased 11.7% to \$92.5 million for the quarter driven by improved shipping volume and favorable foreign currency translation. Operating income for the Composite Fibers business unit totaled \$5.9 million for the fourth quarter of 2007, compared to \$6.2 million in the same quarter a year ago.

On a constant currency basis, average selling prices benefited net sales by \$0.2 million and volumes increased 4.9%, including the Caerphilly acquisition. Operating income was adversely impacted by \$0.6 million due to a fire at the Lydney mill, which interrupted production for 6 days. As expected, the November 30, 2007 acquisition of Metallised Products Limited, now operating as Glatfelter Caerphilly, was slightly dilutive to fourth quarter 2007 results. As previously announced, the Company expects the acquisition to be neutral to earnings in 2008 and slightly accretive in 2009.

Other Financial Highlights

Selling, general and administrative ("SG&A") expenses decreased \$4.7 million in the quarter-to-quarter comparison and totaled \$21.4 million for the fourth quarter of 2007. The decrease was mainly due to \$2.8 million of integration costs included in the prior year quarter.

The Company's effective income tax rate reflected in adjusted earnings for the fourth quarter of 2007 and 2006 was 22.9% and 21.9%, respectively.

The Company's net debt declined \$92.3 million, or 25%, since the end of 2006. Cash generated from operations during the fourth quarter of 2007 totaled \$42.6 million compared with \$17.9 million in the same quarter a year ago.

Timberland Sales Update

During the fourth quarter of 2007 approximately \$74.1 million of timberland sales were completed for a gain of \$67.5 million. Timberlands sold in 2007 totaled \$87.3 million. Since the implementation of the Company's timberland monetization program in 2006, \$104.4 million of timberland has been sold.

Year to Date Results

Net sales for 2007 were \$1.1 billion, a 16% increase from \$986.4 million a year earlier. The Company reported net income of \$63.5 million, or \$1.40 per diluted share in 2007, compared with net loss of \$12.2 million, or (\$0.27) per diluted share in 2006. The year-to-date results for 2007 include \$44.1 million in gains from the sale of timberlands, and charges of \$16.0 million for the Fox River environmental matter and \$1.6 million in acquisition integration, shutdown and restructuring costs, all after taxes. Reported results for 2006 include, all on an after-tax basis, shutdown and restructuring charges of \$35.2 million, acquisition integration costs of \$8.6 million and a debt redemption premium of \$1.8 million and insurance recoveries and gains on the Company's dispositions of timberlands aggregated \$8.9 million. Excluding these items, adjusted earnings per share, which is a non-GAAP measure, increased 47.3% to \$0.81 per diluted share for 2007, compared with \$0.55 per diluted share for the prior year. For a reconciliation of adjusted earnings to GAAP earnings, refer to the tabular presentation at the end of this release.

2007 Highlights

The Company continues to successfully execute a number of its key strategic focus points including

- Successfully implementing the Chillicothe Profit Improvement Plan which was focused on optimizing the facility's productivity and efficiency. As a result, the Company is on track to achieve its annual accretion target of \$0.45 to \$0.50 per share in 2008.
- Aggressively integrating the Lydney mill acquisition achieving the \$9 million annual run rate contribution to operating income six months ahead of schedule.
- Generating revenue growth in targeted markets resulted in a 16% growth in net sales and record \$1.1 billion of annual revenue.
- Enhancing the Company's product mix in growing, high-margin niche markets by acquiring Metallised Products Limited, a \$54 million manufacturer of metallized paper products based in Caerphilly, Wales. In addition to substantially increasing the company's European production scale, the acquisition complements Composite Fibers' existing metallized paper production capacity based in Gernsbach, Germany.
- Significantly improving cash flow and strengthening the Company's balance sheet by a \$92.3 million reduction in net debt.

Mr. Glatfelter continued, "During 2007, Glatfelter experienced strong growth and profitability with a 47% increase in adjusted EPS. As we look to 2008, we remain confident that the continued execution of our optimization and growth strategies will further strengthen our operations and improve efficiencies in both of our businesses and increase value for our shareholders."

Outlook

In Specialty Papers, the Company expects volume to improve slightly in the first quarter of 2008 compared to the same quarter of 2007. While there are indications that economic growth in the U.S. has slowed and may slow further, this has not yet had a meaningful impact on Glatfelter's business. Selling prices are expected to be slightly higher than the fourth quarter of 2007. In Composite Fibers, average selling prices and volumes in the first quarter of 2008 are expected to be above 2007 first quarter levels.

However, the Company has continued to experience significant increases in input costs, driven primarily by energy and fiber, which are expected to more than offset increases to selling prices at least during the first quarter of this year. In addition, Composite Fibers completed a machine upgrade during December 2007 with the startup extending into January 2008. This startup affected production volume during January and will negatively impact operating results during the first quarter by approximately \$1.7 million.

Conference Call

As previously announced, the Company will hold a conference call today at 11:00AM (Eastern) to discuss its fourth 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 www.glatfelter.com/about_us/investor_relations/financial.aspx prior to the starting time to register and to download and install any necessary software.

You may also participate today by calling 888-335-5539 within the US and 973-582-2857 internationally (conference ID 33103284) at 10:55 AM (Eastern). A taped replay of the conference call will be available within two hours of the conclusion of the call and until March 4, 2008. To access the taped replay, call 800-642-1687 within the US and 706-645-9291 internationally and enter conference PIN 33103284.

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. U.S. operations include facilities in Spring Grove, PA, 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 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)

	Three Months Ended December 31		Twelve Months Ended December 31	
<i>In thousands, except per share</i>	2007	2006	2007	2006
Net sales	\$287,384	\$268,596	\$1,148,323	\$986,411
Energy sales – net	2,316	2,716	9,445	10,726
Total revenues	289,700	271,312	1,157,768	997,137
Costs of products sold	245,777	229,919	1,001,456	891,843
Gross profit	43,923	41,393	156,312	105,294
Selling, general and administrative expenses	21,444	26,154	116,144	92,481
Shutdown and restructuring charges	(127)	2,141	35	30,318
Gains on dispositions of plant, equipment and timberlands, net	(67,497)	(15,386)	(78,685)	(17,394)
Gains from insurance recoveries	–	–	–	(205)
Operating income (loss)	90,103	28,484	118,818	94
Non operating income (expense)				
Interest expense	(6,692)	(6,878)	(29,022)	(24,453)
Interest income	1,365	782	3,933	3,132
Other – net	(175)	(159)	205	(1,001)
Total other nonoperating income (expense)	(5,502)	(6,255)	(24,884)	(22,322)
Income (loss) before income taxes	84,601	22,229	93,934	(22,228)
Income tax provision (benefit)	34,192	7,246	30,462	(9,992)
Net income (loss)	\$ 50,409	\$ 14,983	\$ 63,472	\$ (12,236)
Weighted average shares outstanding				
Basic	45,126	44,798	45,035	44,584
Diluted	45,469	45,278	45,422	44,584
Earnings (loss) per share				
Basic	\$ 1.12	\$ 0.33	\$ 1.41	\$ (0.27)
Diluted	1.11	0.33	1.40	(0.27)

Business Unit Financial Information

(unaudited)

Business Unit Performance <i>In thousands</i>	For the three months ended December 31							
	Specialty Papers		Composite Fibers		Other and Unallocated		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Net sales	\$194,889	\$185,754	\$92,495	\$82,842	\$ —	\$ —	\$287,384	\$268,596
Energy sales, net	2,316	2,716	—	—	—	—	2,316	2,716
Total revenue	197,205	188,470	92,495	82,842	—	—	289,700	271,312
Cost of products sold	169,740	165,286	77,967	68,835	(1,930)	(4,202)	245,777	229,919
Gross profit (loss)	27,465	23,184	14,528	14,007	1,930	4,202	43,923	41,393
SG&A	12,525	14,924	8,595	7,850	324	3,380	21,444	26,154
Shutdown and restructuring charges	—	—	—	—	(127)	2,141	(127)	2,141
Gains on dispositions of plant, equipment and timberlands	—	—	—	—	(67,497)	(15,386)	(67,497)	(15,386)
Gain on insurance recoveries	—	—	—	—	—	—	—	—
Total operating income (loss)	14,940	8,260	5,933	6,157	69,230	14,067	90,103	28,484
Non-operating income (expense)	—	—	—	—	(5,502)	(6,255)	(5,502)	(6,255)
Income (loss) before income taxes	\$ 14,940	\$ 8,260	\$ 5,933	\$ 6,157	\$ 63,728	\$ 7,812	\$ 84,601	\$ 22,229
Supplementary Data								
Net tons sold	177,687	165,161	18,557	17,699	—	—	196,244	182,860
Depreciation expense	\$ 8,267	\$ 8,337	\$ 5,441	\$ 4,562	\$ —	\$ —	\$ 13,708	\$ 12,899

Business Unit Performance <i>In thousands</i>	For the twelve months ended December 31							
	Specialty Papers		Composite Fibers		Other and Unallocated		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Net sales	\$802,293	\$693,660	\$346,030	\$292,751	\$ —	\$ —	\$1,148,323	\$986,411
Energy sales, net	9,445	10,726	—	—	—	—	9,445	10,726
Total revenue	811,738	704,386	346,030	292,751	—	—	1,157,768	997,137
Cost of products sold	721,216	635,143	287,606	246,797	(7,366)	9,903	1,001,456	891,843
Gross profit (loss)	90,522	69,243	58,424	45,954	7,366	(9,903)	156,312	105,294
SG&A	56,561	50,285	32,541	28,458	27,042	13,738	116,144	92,481
Shutdown and restructuring charges	—	—	—	—	35	30,318	35	30,318
Gains on dispositions of plant, equipment and timberlands	—	—	—	—	(78,685)	(17,394)	(78,685)	(17,394)
Gain on insurance recoveries	—	—	—	—	—	(205)	—	(205)
Total operating income (loss)	33,961	18,958	25,883	17,496	58,974	(36,360)	118,818	94
Nonoperating income (expense)	—	—	—	—	(24,884)	(22,322)	(24,884)	(22,322)
Income (loss) before income taxes	\$ 33,961	\$ 18,958	\$ 25,883	\$ 17,496	\$ 34,090	\$ (58,682)	\$ 93,934	\$ (22,228)
Supplementary Data								
Net tons sold	726,657	653,734	72,855	68,148	—	10	799,512	721,892
Depreciation expense	\$ 34,882	\$ 32,824	\$ 21,119	\$ 17,197	\$ —	\$ —	\$ 56,001	\$ 50,021

Selected Financial Information
(unaudited)

<i>In thousands</i>	Twelve Months Ended December 31	
	2007 2006	
Cash Flow Data		
Cash provided (used) by:		
Operating activities	\$ 100,332	\$ (28,427)
Investing activities	4,733	(181,831)
Financing activities	(99,371)	173,388
Depreciation, depletion and amortization	56,001	50,021
Capital expenditures	28,960	44,460
	December 31	
	2007	2006
Balance Sheet Data		
Cash and cash equivalents	\$ 29,833	\$ 21,985
Total assets	1,287,067	1,225,643
Total debt	313,185	397,613
Shareholders' equity	476,068	388,368

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 are 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, restructuring charges, merger integration costs, the charge for the early redemption of the Company's 6-7/8% notes due July 2007 and insurance recoveries 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 and insurance recoveries are distinct from revenues generated from paper product sales. Unlike items such as cost of raw materials and overhead costs, restructuring costs, the charge for early redemption of outstanding debt, and merger integration 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.

Three Months Ended December 31				
<i>In thousands, except per share</i>	2007		2006	
	After tax income	Diluted EPS	After tax income	Diluted EPS
Net income	\$ 50,409	\$ 1.11	\$14,983	\$ 0.33
Gains on sales of timberland	(37,237)	(0.82)	(7,980)	(0.17)
Shutdown and restructuring charges	(85)	0.00	1,178	0.02
Acquisition integration	97	0.00	1,830	0.04
Adjusted earnings	<u>\$ 13,184</u>	<u>\$ 0.29</u>	<u>\$10,011</u>	<u>\$ 0.22</u>

Twelve Months Ended December 31				
<i>In thousands, except per share</i>	2007		2006	
	After tax income	Diluted EPS	After tax income	Diluted EPS
Net income (loss)	\$ 63,472	\$ 1.40	\$(12,236)	\$(0.27)
Gains on sales of timberland	(44,052)	(0.97)	(8,812)	(0.20)
Insurance recoveries	—	—	(130)	—
Shutdown and restructuring charges	24	0.00	35,212	0.79
Acquisition integration	1,569	0.03	8,647	0.19
Redemption premium	—	—	1,820	0.04
Fox River reserve	15,979	0.35	—	—
Adjusted earnings	<u>\$ 36,992</u>	<u>\$ 0.81</u>	<u>\$ 24,501</u>	<u>\$ 0.55</u>

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

Conference Call Transcript

GLT — Q4 2007 Glatfelter Earnings Conference Call

EVENT DATE/TIME: FEB. 19. 2008 / 11:00AM ET

CORPORATE PARTICIPANTS

Glenn Davies

Glatfelter — IR, Corporate Finance Group

George Glatfelter

Glatfelter — CEO & Chairman

John Jacunski

Glatfelter — SVP & CFO

CONFERENCE CALL PARTICIPANTS

Hamzah Mazari

Credit Suisse — Analyst

Christopher Chun

Deutsche Bank — Analyst

PRESENTATION

Operator

Good morning. My name is Shawanna, and I will be your conference operator today. At this time I would like to welcome everyone to the Glatfelter fourth-quarter earnings conference call. (OPERATOR INSTRUCTIONS).

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

Glenn Davies - *Glatfelter — Corporate Finance Group*

Thank you. Good morning and welcome to Glatfelter's fourth-quarter earnings conference call. My name is Glenn Davies, and I'm with the Company's Corporate Finance Group. I'm joined this morning by George Glatfelter, our Chairman and Chief Executive Officer, and John Jacunski, our Senior Vice President and Chief Financial Officer.

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

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 the Investor Relations page of our corporate website, Glatfelter.com.

I would 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. I would ask you to refer to our 2006 annual report filed with the SEC for important factors that could cause our actual results to differ materially from any results which we might project, forecast or estimate in any of our forward-looking statements.

And finally, again this quarter we have made available, both on our website and through the webcast provider, slides to accompany today's presentation. John or George may refer to these as they comment on our results to enhance your understanding of the results for the quarter.

Thank you and I would now like to ask George to make his comments.

George Glatfelter - *Glatfelter — CEO & Chairman*

Thank you, Glenn. Good morning, everyone, and welcome. As you know, earlier this morning we announced results for the fourth-quarter 2007, and I trust that you've had an opportunity to review the release. We reported fourth-quarter net income of \$50.4 million or \$1.11 per share concluding what we consider to be a very successful year for

Glatfelter.

Our results for the past two quarters reflect the significant progress we have made to date by implementing our Chillicothe improvement plan. This progress allowed us to achieve an earnings per share accretion run-rate for Chillicothe of \$0.37 during the first quarter. We are confident we will be able to achieve our previously provided guidance of \$0.45 to \$0.50 of accretion in 2008.

Excluding noncore business items, fourth-quarter earnings were \$0.29 per share, a 32% increase compared to the fourth quarter of 2006. As for the performance of our core business, both of our business units delivered solid results. Specialty Papers results in the comparison benefited from the significant progress achieved in implementing the Chillicothe improvement initiatives and through strong shipping volumes. The Composite Fibers business unit again delivered solid results with continued strong shipments of food and beverage filter paper products.

Finally, in the fourth quarter, we completed a significant amount of timberland sales. This quarter approximately 33,000 acres were sold for \$74 million. For the year we have completed \$87 million worth of sales. We believe we obtained very attractive prices for this property and that we are effectively executing our timberland monetization strategy.

Some of you may have noticed that Dante is not with us on the call this morning. He was invited to speak at the Global Dubai Tea Forum in the United Arab Emirates. He will rejoin us for our next quarterly call. So after John provides more in-depth comments on our financial results, I will discuss our operations during the quarter and offer some concluding remarks, after which we will open the line for questions.

I would now like to ask John to review our fourth-quarter financial results with you. John?

John Jacunski - Glatfelter — SVP & CFO

Thank you, George. As George stated, this morning we reported net income of \$50.4 million or \$1.11 per diluted share for the fourth quarter 2007 compared to \$15 million and \$0.33 per share last year. The results for both periods include what we consider to be noncore business items, primarily gains on timberlands sales and in 2006 integration and restructuring costs.

If you exclude these items, adjusted earnings for the fourth quarter of 2007 were \$0.29 per share compared with \$0.22 per share last year. You can find a reconciliation of reported earnings with adjusted earnings on this morning's release.

As shown on slide five, for those of you with access to the slides on our website, overall the primary drivers of the improvement in adjusted earnings per share quarter-over-quarter were improved operating income from our Specialty Papers business unit which increased earnings per share by \$0.10, and lower non-cash pension income that reduced earnings per share by \$0.02. Specialty Papers operating income was \$14.9 million, an 81% improvement in the comparative. As shown on slide eight, the improvement was led by benefits realized from our Chillicothe improvement initiatives and a 7.6% increase in shipping volumes. Although we did realize higher average selling prices in the comparison, this benefit was more than offset by significantly higher input costs, a trend we saw throughout 2007.

In the Composite Fibers business unit, operating income of \$5.9 million was down slightly from the same period a year ago. As shown on slide 11, the negative comparable reflects the impact of a fire in our Lydney mill and the slightly dilutive results from the acquisition of Metallised Products Limited.

As we have commented previously, each of our business units results continue to be adversely impacted by rising input costs, particular for energy and fiber. Although we have been successful in realizing higher selling prices for many of our products, the benefits are being offset by the higher input costs. We expect this trend to continue at least during the first quarter and possibly beyond.

In addition, during the fourth quarter of 2007, we completed a machine upgrade at our Lydney facility with the startup expanding into January 2008. Although the upgrade will benefit future operations, during the startup period in January, lower production volumes will negatively impact our first-quarter operating income by approximately \$1.7 million on a pre-tax basis.

With respect to our newly acquired Caerphilly facility, for the year we expect this acquisition to be neutral to earnings. However, it will be slightly dilutive during the first quarter as we implement our business plan.

I also want to remind you that our maintenance outages for our Spring Grove and Chillicothe facilities will occur during the second quarter. In line with our prior guidance, we expect these outages to have an impact of \$0.23 to \$0.25 per share during the quarter.

We will also complete the previously announced upgrade to our paper machine in our German facility during the second quarter. 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 earnings per share by approximately \$0.01 during each of Q2 and Q3.

Looking at cash flow, during the fourth quarter, we had positive cash flow of \$52 million, which resulted in our net debt declining to approximately \$284 million. Since the beginning of the year, our net debt has been reduced by \$92 million. This has been driven by much improved cash flow from operations, as well as from timberland sales.

Timberland sales completed during 2007 totaled \$87 million, including \$74 million during the fourth quarter. Included in the fourth quarter is a \$43 million transaction that was structured as an installment sale to allow us to defer the tax on the gain for 20 years. However, the monetization of this installment sale note receivable was not completed until January. So during the first quarter, we received cash proceeds of approximately \$37 million from the monetization of this note.

You may recall that we completed a similar transaction during 2003 worth \$34 million. As a result, we will see our total debt that is collateralized by installment sale notes receivable increase to \$71 million as of the end of the first quarter.

At the end of 2007, we had approximately 40,000 acres of timberland remaining, but we expect our sales in 2008 to decline substantially based on recent changes in market conditions. For 2008 we expect pre-tax proceeds from timberland sales of \$15 million to \$20 million.

Capital expenditures for the fourth quarter of 2007 totaled \$9.7 million and were \$29 million for the year compared to depreciation expense of \$56 million. In 2008 we expect

capital expenditures to total \$52 million to \$57 million, including the \$10 million investment to upgrade our capabilities at one of our inclined-wire paper machines in Germany.

This concludes my comments on our financial results, and I will turn the call back to George.

George Glatfelter - Glatfelter — CEO & Chairman

Thank you, John. As you have just heard, our Specialty Papers business unit had a very strong quarter compared to last year as operating income increased by 81%. This improvement was driven largely by progress implementing our profit improvement initiatives at Chillicothe.

In the third quarter, we began to see the results of the actions we implemented, and we are now seeing significant benefits from these actions. The benefits are primarily attributable to improved material usage across the facility, cost reduction initiatives and improved paper machine yields.

In Specialty Papers total revenues increased 4.9% in comparison to the fourth quarter of last year, and selling prices were higher across all market segments. Our quarter-over-quarter results showed higher volumes of approximately 7.6%, led by strong volumes in book publishing which was up 15% and envelope which was up nearly 12%.

Despite these favorable factors, rising input costs continue to put pressure on our margins. Most notably fiber costs were up about 10%, and energy costs increased approximately 20%.

From an operations perspective, Spring Grove again performed well, and as I commented a moment ago, Chillicothe delivered a strong quarter.

Looking forward, Specialty Papers business unit backlogs are relatively strong, and we expect volumes to improve slightly in the first quarter of 2008 compared to the first quarter of 2007.

Although there are clear indications that economic growth has slowed in the US, we are not yet seeing much of an impact on our business. However, this risk remains as we move through 2008.

As for pricing, we expect selling prices to be slightly higher than fourth-quarter levels. The recently announced price increases in uncoated and envelope products are not expected to significantly benefit our results until the second quarter of 2008.

In Composite Fibers net sales increased almost 12% compared to the same quarter a year ago, primarily reflecting translation of foreign currencies and the inclusion of the newly acquired Caerphilly operation for the month of December. Before including the impact of this acquisition, volumes shipped by Composite Fibers were essentially unchanged in the quarter to quarter comparison. We continue to see strong demand for our tea and coffee filter paper products.

With the acquisition of the Metallised operations, volumes for these products increased 13% in the quarter over quarter comparison. Within Composite Fibers, all facilities ran well during the quarter, except for the impact of the small fire at the Lydney facility. Although the fire was quickly contained, it did interrupt production for about six days. Otherwise, operationally Composite Fibers had a good quarter.

From an outlook perspective for this business unit, we expect pricing and volume for the first quarter of 2008 to be ahead of the comparable quarter of 2007. However, a slower startup of the upgraded paper machine at Lydney will affect our overall results.

So to sum it up, the fourth quarter was another successful quarter in a number of areas, and we are continuing the momentum that we generated throughout 2007 into 2008.

During 2007 we made significant progress with the execution of our business strategy. Highlights included achieving record sales of \$1.1 billion and increasing adjusted earnings per share by 47%. Successfully implementing the Chillicothe improvement plan, thereby positioning us to achieve the accretion target of \$0.45 to \$0.50 per share in 2008. Integrating the Lydney acquisition and achieving the financial benefits of \$11 million of EBITDA, nearly six months ahead of schedule. Implementing a continuous improvement initiative at our Spring Grove facility to drive down costs and achieving record production at this facility at a level of 7% higher than 2006. Completing the Caerphilly acquisition, which expanded our capabilities to serve the attractive market for metallized papers. And finally, delivering on our timberland sales program, enabling us to reduce our net debt by 25% during the year.

As we move into 2008, our focus will be on continuing to generate improvements from Chillicothe and achieving those accretion targets. Maximizing the growth opportunities within food and beverage and other attractive specialty niche markets. Improving the cost efficiency of our supply chain and executing creative cost-out projects at each of our facilities as we combat the ever rising input costs for raw materials in energy. And integrating and achieving the business targets of our recent acquisition in Caerphilly. These four things are the most important things that we can do to further improve the performance of the Company, differentiate Glatfelter from others in our industry and generate value for shareholders.

That concludes our prepared remarks for today's call. I would again like to thank you for your interest and open the line to address your questions. Shawanna, if you would open the line, please.

QUESTION AND ANSWER

Operator

(OPERATOR INSTRUCTIONS). [Hamrun Mazari], Credit Suisse.

Hamzah Mazari - Credit Suisse — Analyst

Just a couple of questions. Can you talk about the competitive situation in your uncoated free-sheet business? We know that a lot of the big players are trying to push more into specialties. How much of that are you seeing in your business?

George Glatfelter - Glatfelter — CEO & Chairman

I can comment on that. Over the years we have adopted the strategy of specializing the Glatfelter business, both by virtue of the products that we produce and the manner in which we go to market. We have actually benefited from the consolidation that has transpired within the industry during that period as larger more commodity-oriented producers find it more difficult and less lucrative to serve the high-value niche markets that Glatfelter today operates in.

On the other side of the spectrum has been the closure of a number of smaller specialty mills that has enabled our Company to grow our specialized business principally in North America as a result of their demise.

Getting to the question that you asked, we, frankly, at this point have seen little incursion from commodity producers into the markets in which we participate. We believe that there are barriers to entry to many or most of those markets that are reflective either in the complexity of the products we produce or the service requirements required to sell the products and keep them sold. But that is really the heart of the Glatfelter business model.

Hamzah Mazari - Credit Suisse — Analyst

Great. Just one or two more questions. In your book paper business, how is that business holding up? Any secular changes there or any changes in the approach of your competitors? We saw Boise get into that business a few years ago. Any kind of color you can give us on how that business is doing?

George Glatfelter - Glatfelter — CEO & Chairman

Yes. The book business is basically served by Glatfelter and one or two other competitors today. The most notable change affecting the book business has been the acquisition of the Weyerhaeuser white paper assets by Domtar that happened towards the end of last year. We have been able to grow that business over the year in 2007. We believe that we've got a very solid value proposition.

And even though, as you referred to, in the past, other companies such as Boise or in the past Weyerhaeuser may have entered those markets, they had never been able to establish sustainability in the eyes of customers. It is my assessment that Glatfelter is viewed by our customers as a sustainable and totally dedicated supplier to that market, and that is a huge part of our value proposition.

Hamzah Mazari - Credit Suisse — Analyst

Great. Last question. As a group, your businesses tend to be broadly exposed to economic activity, but not necessarily your individual products. Can you talk a little about what your expectations are of the economic outlook for your various businesses?

George Glatfelter - Glatfelter — CEO & Chairman

I can. As I mentioned earlier in the call, obviously the economic influence more broadly has been pretty profound, but in all honesty, we have not experienced that in the markets that we serve. The markets that are probably most closely oriented to the economic influences that are currently in play would be our markets like envelope where we have grown market share substantially over the past year and in our composite laminates business out of Europe whereby papers for overlay are used in the housing industry and the furniture industry. Actually we have seen renewed strength in that market as well as the year has transpired.

So we have not at this point experienced the general malaise that I believe others may have from an economic point of view. Carbonless papers is a big market here in the states that is hypothetically at least transactionally based. Even in that market, we have not seen any deterioration in that market beyond what we had projected.

So at this point, we have been able to maintain or grow our markets virtually across the board. We continue to be concerned with the continuing rise of input costs, principally in areas of fiber, energy and other raw materials, and as I mentioned, I think that that is a concern going into 2008.

Operator

Christopher Chun, Deutsche Bank.

Christopher Chun - Deutsche Bank — Analyst

I just wanted to follow up on the earlier question about the book paper market but from a demand perspective. Because if you look at certain industry data out there, it suggests that demand is falling, but I think, George, you said that your shipment of book papers were up.

So I was wondering if you could talk about whether you're taking market share or how you feel about the industry statistics about the market declining and your level of concern about how that might affect volumes in the future?

George Glatfelter - Glatfelter — CEO & Chairman

Okay, Chris. Sure. First of all, I think it is important to try to frame the subject because the book publishing market that we participate in is a very, very small subsegment of the overall printing and writing market. But, as you had indicated, we have been successful in growing that market. Last year our revenue, our gross revenue, grew by 11%. In book publishing pricing was virtually flat. And actually that revenue growth accelerated in the quarter to quarter comparison.

So I think that there are a couple of things that are operable with respect to our book business. First of all, I go back to the comments I made earlier.

I do believe that Glatfelter is viewed by our customers as the supplier of choice with a long-term commitment to that business. I think that there has been a fair amount of churn candidly with respect to the printing and writing papers business through recent consolidations, acquisitions and rationalizations that has caused customers to be perhaps a little uneasy about suppliers in the industry, and Glatfelter has been able to consistently deliver as promised to that particular market. And I think our growth is reflective of that.

We do not look at the book publishing market by the way as a market that is in decline. We look at it as a market that is mature, that tends to track GDP, and we managed it that way.

Christopher Chun - Deutsche Bank — Analyst

Okay. And are you seeing any impact from the recent capacity closure announcements by Domtar and also from Fraser?

George Glatfelter - Glatfelter — CEO & Chairman

Well, I think it is a little too soon to comment on the Frazier closures, but the comments I made previously I think reflect the impact of some of the Domtar rationalization moves. Coupled with an emphasis that we have had in that market over the past couple of years to go to market with the best service package in the business. So it is a combination of things, and as further rationalization occurs, I like where we are positioned, frankly, in the book market.

It is not a market that is easy to get into, and it is not a market that as history has shown that is really one that suppliers can jump in and out of with ease.

Christopher Chun - Deutsche Bank — Analyst

Okay, that is helpful. And then I would like to ask you about your land sales program, George. Can you remind us how much land is left and where that is located?

George Glatfelter - Glatfelter — CEO & Chairman

Yes. We have got about 40,000 acres left. About 20,000 of that is in Pennsylvania, and the remainder is split between Virginia, Northern Virginia and Delaware.

Christopher Chun - Deutsche Bank — Analyst

Right, okay. And then can you talk a little bit about the market conditions that you referenced in terms of slowing down the pace of your sales?

George Glatfelter - Glatfelter — CEO & Chairman

Sure, I will turn that over to John. He is a little closer to it than I am.

John Jacunski - Glatfelter — SVP & CFO

Yes, I think the Pennsylvania market, most of our sales are into the recreational use market, and Pennsylvania has held up pretty well. The other markets that we sell into have land in Delaware and Virginia, certainly have been impacted by the housing issues, and as a result of that, we think that sales there will slow down. We just don't think the values will be there in the next year or so. And so we will look and we might opportunistically sell some property in Delaware and Virginia, but I would not expect us to sell a significant portion of that. We will continue to monetize the Pennsylvania lands as long as the pricing remains at the current levels.

Christopher Chun - Deutsche Bank — Analyst

Great. Thanks, John. And my final question just has to do with clarifying your outlook comment in your press release. Can you give us a little more color to the magnitude to which you expect input costs to outweigh your selling price increases in 1Q, and how that dynamic is shaping up for 2Q and beyond?

John Jacunski - Glatfelter — SVP & CFO

I can give you a little more color commentary. I think certainly we have seen the continuing pressure of energy costs, particularly oil costs, that have impacted a whole host of our raw material inputs, and we're seeing continuing pressure. I'm not going to be able to quantify that for you for the first quarter, but our pricing, while we expect it to be a little bit higher in the first quarter than the fourth quarter, we're not going to see significant movements. The price increases for Specialty Papers that were announced in February will have very little impact in the first quarter, and we will start to see that in the second quarter.

In composite fibers I expect there to be a little bit better balance. So I think input costs will be rising, but we will see a little bit better price appreciation. So there will be a little bit better balance, but certainly we are going to see a negative drag on our results. I just don't have a number I can give you for the first quarter.

Christopher Chun - Deutsche Bank — Analyst

Right. That is fair, but do you think that market conditions allow you to at least fully recover the negative impact of the input cost inflation starting in 2Q?

John Jacunski - Glatfelter — SVP & CFO

I certainly think the gap will be narrowed substantially. We have price increases in the US announced for most of our product line, including the carbonless increase that we announced last year that will roll through some contracts starting in April. So yes, I expect that the gap will be significantly narrowed.

It is a little bit difficult to say at the moment whether they will even each other out given that oil prices have fluctuated. It will depend in part on where oil prices land and how that impacts things like transportation costs and things of that sort.

Operator

This does conclude today's Glatfelter conference call. You may all disconnect, and have a great day.