FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-09-30**
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FILER

GLATFELTER P H CO

CIK:**41719**| IRS No.: **230628360** | State of Incorp.:**PA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-03560** | Film No.: **96663515**
SIC: **2621** Paper mills

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7172254711

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

FORM 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1996

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to ____________________

Commission File No. 1-3560

P. H. GLATFELTER COMPANY

(Exact name of registrant as specified in its charter)

Pennsylvania	23-0628360
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

228 South Main Street, Spring Grove, Pennsylvania 17362

(Address of principal executive offices) (Zip Code)

(717) 225-4711

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___.

Shares of Common Stock outstanding at November 12, 1996 were 42,527,041.

P. H. GLATFELTER COMPANY

INDEX

Part I -- Financial Information

PART I -- FINANCIAL INFORMATION

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(IN THOUSANDS, EXCEPT NUMBER OF SHARES AND PER SHARE AMOUNTS)
(UNAUDITED)

	Three Months Ended	Nine Months Ended

	9/30/96	9/30/95	9/30/96	9/30/95
<S>	<C>	<C>	<C>	<C>
Net sales	$ 139,748	$ 160,771	$ 424,770	$ 482,687
Other income -- net				
Energy sales -- net	2,156	2,713	6,863	6,657
Interest on investments and other -- net	466	339	1,042	968
Gain (loss) from property dispositions, etc., -- net	(50)	21	245	1,065
Total	142,320	163,844	432,920	491,377
Costs and expenses				
Cost of products sold	109,311	124,210	327,041	375,615
Selling, general and administrative expenses	8,960	9,064	27,588	27,899
Interest on debt -- net	2,313	2,475	6,957	7,892
Total	120,584	135,749	361,586	411,406
Income before income taxes	21,736	28,095	71,334	79,971
Income tax provision				
Current taxes	4,640	5,497	14,916	15,255
Deferred taxes	3,859	5,495	12,935	16,074
Total	8,499	10,992	27,851	31,329
Net income	13,237	17,103	43,483	48,642
Retained earnings at beginning of period	447,069	412,718	431,762	396,635
Total	460,306	429,821	475,245	445,277
Common stock dividends declared	7,441	7,648	22,380	23,104
Retained earnings at end of period	$ 452,865	$ 422,173	$ 452,865	$ 422,173
Weighted average number of common shares outstanding	42,788,792	44,351,935	42,977,978	44,392,116
Net income per common share	$ .31	$ .39	$ 1.01	$ 1.10
Dividends declared per common share	$ .175	$ .175	$ .525	$ .525

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</TABLE>

See accompanying notes to condensed consolidated financial statements.

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

ASSETS

<TABLE>
<CAPTION>

	9/30/96 (unaudited)	12/31/95
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 23,533	$ 18,864
Marketable securities	111	111
Accounts receivable -- net	53,213	52,052
Inventories:		
Raw materials	29,888	25,577
In process and finished products	29,475	30,821
Supplies	32,186	30,680
Total inventory	91,549	87,078
Prepaid expenses and other current assets	6,682	2,318
Total current assets	175,088	160,423
Plant, equipment and timberlands -- net	451,278	451,461
Other assets	69,650	61,223
Total assets	$ 696,016	$ 673,107

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 35,436	$ 34,623
Dividends payable	7,441	7,597
Federal, state and local taxes	4,323	235
Accrued compensation, other expenses and deferred income taxes	36,169	41,553
Total current liabilities	83,369	84,008
Long-term debt	150,000	150,000
Deferred income taxes	94,162	80,682
Other long-term liabilities	46,796	43,011
Commitments and contingencies		

Shareholders' equity:		
Common stock	544	544
Capital in excess of par value	41,475	40,921
Retained earnings	452,865	431,762
	---------	---------
Total	494,884	473,227
Less cost of common stock in treasury	(173,195)	(157,821)
	---------	---------
Total shareholders' equity	321,689	315,406
Total liabilities and shareholders' equity	$ 696,016	$ 673,107
	=========	=========

</TABLE>

See accompanying notes to condensed consolidated financial statements.

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

<TABLE>
<CAPTION>

	Nine Months Ended	
	9/30/96	9/30/95
	-------	-------
<S>	<C>	<C>
Cash Flows from Operating Activities:		
Net income	$ 43,483	$ 48,642
Items included in net income not using (providing) cash:		
Depreciation and depletion	25,600	24,699
Gain on disposition of fixed assets	(45)	(739)
Expense related to employee stock purchase and 401(k) plans	954	700
Change in assets and liabilities:		
Accounts receivable	(1,161)	(10,779)
Inventories	(4,471)	(2,217)
Prepaid expenses and other assets	(12,791)	(7,918)
Accounts payable, accrued compensation, other expenses, deferred income taxes and other long-term liabilities	1,381	12,648
Federal, state and local taxes	4,088	1,750
Deferred income taxes -- non-current	13,480	13,426
	--------	--------
Net cash provided by operating activities	70,518	80,212
	--------	--------
Cash Flows from Investing Activities:		
Sale of marketable securities and long-term investments	--	2,861
Proceeds from disposal of fixed assets	93	984
Additions to plant, equipment and timberlands	(25,397)	(19,282)
Decrease in liabilities related to fixed asset acquisitions	(957)	(6,596)

Net cash used in investing activities	(26,261)	(22,033)
Cash Flows from Financing Activities:		
Repayment of short-term debt	--	(22,800)
Dividends paid	(22,536)	(23,184)
Purchases of common stock	(18,220)	(11,651)
Proceeds from issuance of common stock under employee stock purchase plans and key employee long-term incentive plan	1,168	2,254
Net cash used in financing activities	(39,588)	(55,381)
Net increase in cash and cash equivalents	4,669	2,798
Cash and Cash Equivalents:		
At beginning of period	18,864	3,133
At end of period	$ 23,533	$ 5,931
Supplemental Disclosure of Cash Flow Information:		
Cash paid for:		
Interest	$ 9,665	$ 10,328
Income taxes	15,278	14,565

</TABLE>

See accompanying notes to condensed consolidated financial statements.

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. A reconciliation between the income tax provision computed by applying the statutory federal income tax rate of 35% to income before income taxes, and the actual income tax provision follows in thousands:

<TABLE>
<CAPTION>

<S>	Three Months Ended 9/30/96 <C>	Three Months Ended 9/30/95 <C>	Nine Months Ended 9/30/96 <C>	Nine Months Ended 9/30/95 <C>
Federal income tax provision at statutory rate	$7,608	$ 9,833	$24,967	$27,990
State income taxes after deducting federal income tax benefit	808	1,249	2,688	3,583
Other	83	(90)	196	(244)
Actual income tax provision	$8,499	$10,992	$27,851	$31,329

</TABLE>

The deferred income tax provisions for the nine-month periods ended September 30, 1996 and 1995 result from the following temporary differences (in thousands):

<TABLE>
<CAPTION>

<S>	Nine Months Ended 9/30/96 <C>	9/30/95 <C>
Depreciation	$ 8,950	$15,453
Pensions	3,673	3,045
Alternative minimum tax	2,087	(107)
Other	(1,775)	(2,317)
	$12,935	$16,074

</TABLE>

The provision for deferred income taxes is, in part, estimated based on an allocation of the appropriate amount relative to the number of months reported herein and in conformance with existing tax regulations.

2. The number of shares of common stock outstanding decreased by 888,406 in the first nine months of 1996. This decrease was due to the repurchase of 1,083,573 shares of common stock for the treasury, which more than offset the delivery of 116,843 treasury shares pursuant to the various employee stock purchase and 401(k) plans of the Registrant, the delivery of 6,131 treasury shares pursuant to the exercise of stock options under the Registrant's 1992 Key Employee Long-Term Incentive Plan, and the delivery of 72,193 treasury shares pursuant to stock awards granted under the Registrant's 1988 Restricted Common Stock Award Plan. At September 30, 1996, 11,815,074 shares of common stock were held in treasury.

3. The Registrant's Board of Directors has authorized the repurchase in the open market or in privately negotiated transactions of up to 12,000,000 shares of the Registrant's common stock in the aggregate. Repurchased shares are added to the treasury and are available for future sale. Under these authorizations, as of September 30, 1996, the Registrant had repurchased an aggregate of 11,037,803 shares for a total consideration of $186,822,126.

4. Pursuant to the Registrant's 1992 Key Employee Long-Term Incentive Plan (the "Plan"), on May 1, 1996, the Registrant granted to certain key employees, excluding officers, non-qualified stock options to purchase an aggregate of 92,000 shares of common stock. Of this amount, stock options for 82,000 shares of common stock, subject to certain conditions, are exercisable for 25% of such shares beginning on January 1, 1997 and for an additional 25% of such shares beginning on January 1 of each of the next three years. Subject to certain conditions, the remaining 10,000 stock options became exercisable on November 1, 1996. All 92,000 stock options expire on April 30, 2006 and were granted at an exercise price of $16.625 per share, representing the fair market value of the Registrant's common stock on May 1, 1996.

5. The Registrant is subject to loss contingencies resulting from regulation by various federal, state, local and foreign governmental authorities with respect to the environmental impact of air and water emissions and noise from its mills as well as its disposal of solid waste generated by its operations. In order to comply with environmental laws and regulations, the Registrant has incurred substantial capital and operating expenditures over the past several years. The Registrant anticipates that environmental regulation of the Registrant's operations will continue to become more burdensome and that capital expenditures will continue and operating expenditures will continue, and perhaps increase, in the future. In addition, the Registrant may incur obligations to remove or mitigate any adverse effects on the environment resulting from its operations, including the restoration of natural resources, and liability for personal injury and damage to property, including natural resources. Because other paper companies located in the United States are generally subject to the same environmental regulations, the Registrant does not believe that its competitive position in the United States paper industry will be materially adversely affected by its capital expenditures for, or operating costs of, pollution abatement facilities for its present mills, any other environmental-related obligations it may incur or the limitations which environmental compliance may place on its operations.

   The amount and timing of future expenditures for environmental compliance, clean-up, remediation and personal injury and property damage liability cannot be ascertained with any certainty due to, among other things, the unknown extent and nature of any contamination, the extent and timing of any technological advances for pollution control, the remedial actions which may be required and the number and financial resources of any other responsible parties. The Registrant continues to evaluate its exposure and the level of its reserves. Management's current assessment, after consultation with legal counsel, is that such expenditures are not likely to have a material adverse effect on the Registrant's financial condition, results of operations or liquidity, but there can be no assurance that its reserves will be adequate or that such an effect will not occur at some future time.

6. In the opinion of the Registrant, the accompanying unaudited condensed consolidated financial statements contain all adjustments (which comprise only normal recurring accruals) necessary for a fair presentation of the financial information contained therein. These unaudited condensed consolidated financial statements should be read in conjunction with the more complete disclosures contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1995. The accompanying unaudited condensed consolidated financial statements have been reviewed by the Registrant's independent public accountants, Deloitte & Touche LLP, in accordance with the established professional standards and procedures for such limited review. No additional adjustments or disclosures were required as a result of this review.

INDEPENDENT ACCOUNTANTS' REPORT

P. H. Glatfelter Company:

We have reviewed the accompanying condensed consolidated balance sheet of P. H. Glatfelter Company and subsidiaries as of September 30, 1996, and the related condensed consolidated statements of income and retained earnings for the three-month and nine-month periods ended September 30, 1996 and 1995 and of cash flows for the nine-months ended September 30, 1996 and 1995. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of P. H. Glatfelter Company and subsidiaries as of December 31, 1995, and the related consolidated statements of income and retained earnings and of cash flows for the year then ended (not presented herein); and in our report dated February 2, 1996, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1995 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Deloitte & Touche LLP
Philadelphia, Pennsylvania
October 14, 1996

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Any statements set forth below or otherwise made in writing or orally by the Registrant with regard to its expectations as to financial results and other aspects of its business may constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Registrant makes such statements based on assumptions which it believes to be reasonable, there can be no assurance that actual results will not differ materially from the Registrant's expectations. Accordingly, the Registrant hereby identifies the following important factors which, among others, could cause its results to differ from any results which might be projected, forecast or estimated by the Registrant in any such forward looking statements: (i) variations in demand for its products, (ii) changes in the cost or availability of raw materials used by the Registrant, in particular market pulp, pulp substitutes and wastepaper; (iii) changes in industry paper production capacity, including the construction of new mills, the closing of mills and incremental changes due to capital expenditures or productivity increases; (iv) the gain or loss of significant customers; (v) cost and other effects of environmental compliance, cleanup, damages, remediation or restoration, or personal injury or property damage related thereto, such as the cost of natural resource restoration or damages related to the presence of PCBs in the lower Fox River on which the Registrant's Neenah mill is located; (vi) significant changes in cigarette consumption, both domestically and internationally; (vii) enactment of adverse state or federal legislation or changes in government policy or regulation; (viii) adverse results in litigation; and (ix) disruptions in production and/or increased costs due to labor disputes.

RESULTS OF OPERATIONS:

A summary of the period-to-period changes in the principal items included in the condensed consolidated statements of income is shown below.

<TABLE>
<CAPTION>

	Comparison of Three Months Ended Sept. 30, 1996 and Sept. 30, 1995		Nine Months Ended Sept. 30, 1996 and Sept. 30, 1995	
	(Decrease) (dollars in thousands)			
<S>	<C>	<C>	<C>	<C>
Net sales	$(21,023)	-13.1%	$(57,917)	-12.0%
Other income -- net	(501)	-16.3%	(540)	-6.2%
Cost of products sold	(14,899)	-12.0%	(48,574)	-12.9%
Selling, general and administrative expenses	(104)	-1.1%	(311)	-1.1%
Interest on debt	(162)	-6.5%	(935)	-11.8%
Income tax provision	(2,493)	-22.7%	(3,478)	-11.1%
Net income	(3,866)	-22.6%	(5,159)	-10.6%

</TABLE>

NET SALES

The Registrant classifies product sales into two groups: 1) printing papers; and 2) tobacco and other specialty papers. Overall net sales declined $21,023,000, or 13.1%, in the third quarter of 1996 compared to the third quarter of 1995, and $57,917,000, or 12.0%, in the first nine months of 1996 compared to the corresponding period in the prior year. Printing paper net sales for the third quarter of 1996 decreased $24,064,000, or 20.1%, compared to the corresponding period in 1995 due to decreased sales volume and average net selling prices of 4.5% and 16.3%, respectively. For the first nine months of 1996 compared to the first nine months of 1995, printing paper net sales declined $62,295,000, or 17.2%. This decline was a result of decreased sales volume and average net selling prices of 8.8% and 9.3%, respectively.

Modest deterioration in pricing was noted for printing papers during the third quarter of 1996 compared to the second quarter of 1996. Price increases for a few of these same products, however, have successfully been implemented in

October.

A decrease in printing paper demand led to the decline in sales volume in the third quarter and first nine months of 1996 compared to the corresponding periods of 1995. Although no unscheduled operating downtime was required during the third quarter of 1996, approximately seven days of unplanned downtime were taken at the Registrant's Spring Grove, Pennsylvania mill in the first quarter of the year. This unplanned downtime was the result of a decrease in printing paper demand as well as adverse weather conditions. In contrast, during the first nine months of 1995, no scheduled downtime was taken at any of the Registrant's mills.

Net sales of tobacco and other specialty papers increased $3,041,000, or 7.4%, in the third quarter of 1996 compared to the third quarter of 1995. Although average prices, net of mix impact, for tobacco and other specialty products remained relatively flat in the third quarter of 1996 compared to the corresponding period in 1995, net sales volume increased 7.7%. In the

first nine months of 1996, net sales of tobacco and other specialty papers improved $4,378,000, or 3.6%, over the first nine months of 1995. This improvement was due to increased average net selling prices and net sales volume of 2.6% and 1.0%, respectively.

Strong demand for tobacco and other specialty products for the first nine months of 1996 has allowed the Registrant to enhance margins by enriching product mix. To meet increased demand for coated specialty papers, the Registrant has added a third shift to its Spring Grove mill coating operation. The Registrant believes that customer demand will support this level of production until at least the end of the year.

The Registrant's export sales increased by approximately $2,100,000 and $3,600,000 in the third quarter and for the first nine months of 1996, respectively, compared to the corresponding periods in 1995. These increases were primarily due to an increase in average net selling prices and sales volume of tobacco and other specialty products.

Cost of Products Sold

The Registrant's gross margin increased from 22.2% for the first nine months of 1995 to 23.0% for the first nine months of 1996. A reduction in the cost of products sold per ton more than offset the negative impact of lower net selling prices per ton. The reduction in cost per ton was due primarily to lower costs for market pulp, pulp substitutes and wastepaper in 1996 versus 1995. These raw material cost decreases more than offset the unfavorable impact of lower production during the first nine months of 1996 compared to the corresponding period of 1995. The Registrant's lower production resulted in higher fixed costs per ton as fixed costs were absorbed over fewer tons produced.

On a quarterly basis, the Registrant's gross margin of 21.8% for the third quarter of 1996 was less than the 22.7% gross margin realized in the comparable quarter of 1995. Although the impact of lower raw material costs continued to favorably impact the Registrant's gross margin, this impact was more than offset by significantly lower printing paper net selling prices per ton in the third quarter of 1996 versus the third quarter of 1995.

The Registrant's third quarter financial results, as compared to other quarters in the year, are always negatively impacted by planned annual maintenance shutdowns. This is due to higher maintenance expense and lower production resulting in higher fixed costs per ton produced. Such shutdowns were taken at the Registrant's three mills during the third quarters of 1996 and 1995.

Market pulp costs increased modestly effective July 1, 1996 and further increases were announced for October. It is difficult to determine whether these higher prices will hold and whether further increases will follow. Higher pulp costs typically provide an environment conducive to improved prices for printing papers, which could more than offset the negative impact of higher fiber costs.

Selling, General and Administrative Expenses

The Registrant's selling, general and administrative expenses for the third quarter and first nine months of 1996 were $104,000 and $311,000 less than the selling, general and administrative expenses for the corresponding periods of 1995. These decreases were primarily the result of lower profit sharing and incentive expenses, which were partially offset by increased miscellaneous general and administrative expenses.

Interest on Debt

The Registrant's interest on debt for the third quarter and first nine months of 1996 was $162,000 and $935,000 less than the corresponding periods of 1995. Reduced short-term bank borrowings accounted for $53,000 and $677,000 of these amounts, respectively. Interest on debt was approximately $109,000 and $258,000 less in the third quarter and first nine months of 1996 compared to the comparable periods in 1995 due to a lower variable interest rate on the Registrant's interest rate swap agreement which has a total notional principal amount of $50,000,000. The variable rate on the swap agreement is recalculated in March and September of each year until the termination of the agreement on March 1, 1998. Based upon the interest rate recalculation on September 3, 1996, during the fourth quarter the Registrant's interest on its swap agreement will be approximately $21,000 less than for the comparable period of 1995. The Registrant does not anticipate the need for short-term bank borrowings during the balance of 1996.

Income Tax Provision

The Registrant's provision for income taxes decreased by $2,493,000 and $3,478,000 for the third quarter and first nine months of 1996 compared to the same periods in 1995, primarily due to lower taxable income.

FINANCIAL CONDITION:

Liquidity:

The Registrant's cash, cash equivalents, and marketable securities increased by

$4,669,000 during the first nine months of 1996. Cash provided by operating activities of $70,518,000 exceeded cash used in investing activities of $26,261,000 and cash used in financing activities of $39,588,000. Significant uses of cash in the first nine months of 1996 were $18,220,000 for purchases of common stock for the treasury, $22,536,000 for the payment of dividends, and $26,354,000 for the funding of capital projects.

The Registrant expects to meet all of its near and long-term cash needs, including the retirement of the $150,000,000 principal amount of its 5 7/8% notes due March 1, 1998, from a combination of internally generated funds, cash, cash equivalents, marketable securities, existing bank lines of credit, and if prudent, long-term debt.

ENVIRONMENTAL MATTERS:

The Registrant is subject to loss contingencies resulting from regulation by various federal, state, local and foreign governmental authorities with respect to the environmental impact of air and water emissions and noise from its mills as well as its disposal of solid waste generated by its operations. In order to comply with environmental laws and regulations the Registrant has incurred substantial capital and operating expenditures over the past several years. The Registrant anticipates that environmental regulation of the Registrant's operations will continue to become more burdensome and that capital expenditures will continue and operating expenditures will continue, and perhaps increase, in the future. In addition, the Registrant may incur obligations to remove or mitigate any adverse effects on the environment resulting from its operations, including the restoration of natural resources, and liability for personal injury and damage to property, including natural resources. The Registrant's current assessment, after consultation with legal counsel, is that such expenditures are not likely to have a material adverse effect on its financial condition, results of operations or liquidity, but there can be no assurance that its reserves will be adequate or that such an effect will not occur at some future time.

The Registrant's negotiations with the Wisconsin Department of Natural Resources ("DNR") concerning the presence of polychlorinated biphenyls ("PCBs") in the lower Fox River and Green Bay continue both within and without the Fox River Coalition. The Registrant anticipates that before the end of 1997 the DNR and the United States Fish and Wildlife Service will commence an action against the parties which have been notified that they are potentially responsible for the PCBs. The Registrant has a variety of substantive defenses to such an action and also believes the claims to be barred by the statute of limitations. The Registrant believes that an amendment to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") may be proposed during the next Congress which may revive such stale claims.

On August 23, 1996, the Department of the Interior published in the Federal Register a draft Plan of Assessment for the lower Fox River and Green Bay (the "Plan") setting out the methodologies for completion of the Natural Resource Damages Assessment ("NRDA"). Comments on the Plan are due by November 22. The Registrant intends to comment on the Plan, including portions of the Plan which the Registrant believes to be incomplete.

On September 16, 1996, the United States District Court for the Western District of Wisconsin dismissed the Menominee Tribe of Wisconsin's claim for off-reservation usufructuary rights to natural resources, including the lower Fox River, which forms the predicate for the Tribe's natural resource damage claims. The Tribe has moved for reconsideration of that decision and, if the trial court does not reverse itself, the Tribe may appeal.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

During 1990 and again in 1991, the Pennsylvania Department of Environmental Protection ("DEP") proposed to reissue the Registrant's waste water discharge permit on terms with which the Registrant does not agree. The Registrant intends to contest those terms should they be included in the final permit. The Registrant expects DEP to propose to reissue the permit yet again in the fourth quarter of 1996. A local environmental group has expressed an intention to appeal the reissuance of that permit if it is not on terms acceptable to the group.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

<TABLE>
<CAPTION>

Number	Description of Documents
<S>	<C>
11	Computation of Net Income per Share
15	Letter in Lieu of Consent Regarding Review Report of Unaudited Interim Financial Information
27	Financial Data Schedule

</TABLE>

(b) Reports on Form 8-K

None

SIGNATURE

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 thereunto duly authorized.

P. H. GLATFELTER COMPANY

Date: November 13, 1996

____

R. P. Newcomer
Senior Vice President, Treasurer
and Chief Financial Officer

INDEX OF EXHIBITS

<TABLE>
<CAPTION>

Number	Description of Documents
<S>	<C>
11	Computation of Net Income per Share
15	Letter in Lieu of Consent Regarding Review Report of Unaudited Interim Financial Information
27	Financial Data Schedule

</TABLE>

EXHIBIT 11

P. H. GLATFELTER COMPANY AND SUBSIDIARIES

Computation of Net Income Per Share

<TABLE>
<CAPTION>

	For the 3 Months Ended		For the 9 Months Ended	
	9/30/96	9/30/95	9/30/96	9/30/95
<S>	<C>	<C>	<C>	<C>
Weighted average number of common and common share equivalents:				
Common Shares:				
Shares outstanding,				

beginning of period..........	42,646,126	44,064,947	43,435,312	44,199,829
Less shares purchased for treasury.........	(18,600) (1)	(177,850) (2)	(744,561) (1)	(165,179) (2)
Shares issued:				
Employee Stock Purchase Plans.	226 (3)	913 (4)	22,051 (3)	51,031 (4)
Key Employee Long-Term Incentive Plan.	467 (5)	2,814 (6)	3,221 (5)	2,788 (6)
401(k) Plan.....	5,171 (7)	--	27,154 (7)	--
Restricted Common Stock Award Plan.....	--	--	40,312 (8)	--
Total..........	42,633,390	43,890,824	42,783,489	44,088,469
Common share equivalents applicable to outstanding stock awards and option grants	155,402 (9)	461,111 (9)	194,489 (9)	303,647 (9)
Total..........	42,788,792	44,351,935	42,977,978	44,392,116
Net income...........	$13,236,398	$17,102,967	$43,482,624	$48,641,806
Net income per common share................	$ .31	$ .39	$ 1.01	$ 1.10

</TABLE>

(1) Weighted average effect of 137,300 common shares repurchased in the third quarter of 1996 and 1,083,573 common shares repurchased in the first nine months of 1996.
(2) Weighted average effect of 329,900 common shares repurchased in the third quarter of 1995 and 565,500 common shares repurchased in the first nine months of 1995.
(3) Weighted average effect of 20,804 common shares issued from treasury on September 30, 1996 and 63,236 common shares issued from treasury in the first nine months of 1996.
(4) Weighted average effect of 42,028 common shares issued from treasury on September 30, 1995 and 140,611 common shares issued from treasury in the first nine months of 1995.
(5) Weighted average effect of 2,000 common shares issued from treasury in the third quarter of 1996 and 6,131 common shares issued from treasury in the first nine months of 1996.
(6) Weighted average effect of 9,568 common shares issued from treasury in the third quarter of 1995 and 11,703 common shares issued from treasury in the first nine months of 1995.
(7) Weighted average effect of 15,276 common shares issued from treasury in the

third quarter of 1996 and 53,607 common shares issued from treasury in the first nine months of 1996.

(8) Weighted average effect of 72,193 common shares issued from treasury on May 1, 1996.

(9) Weighted average effect of shares subject to outstanding awards under the Registrant's 1988 Restricted Common Stock Award Plan and weighted average effect of shares issuable under the Registrant's 1992 Key Employee Long-Term Incentive Plan.

EXHIBIT 15

LETTER IN LIEU OF CONSENT REGARDING REVIEW REPORT OF UNAUDITED INTERIM FINANCIAL INFORMATION

P. H. Glatfelter Company:

We have reviewed, in accordance with standards established by the American Institute of Certified Public Accountants, the unaudited condensed consolidated financial statements of P. H. Glatfelter Company and subsidiaries for the three-month and nine-month periods ended September 30, 1996 and 1995, as indicated in our report dated October 14, 1996; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, is incorporated by reference in Registration Statements Nos. 33-24858, 33-25884, 33-37198, 33-49660, 33-53338, 33-54409, 33-62331 and 33-12089 on Form S-8.

We are also aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

Deloitte & Touche LLP
Philadelphia, Pennsylvania
October 14, 1996

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