GLATFELTER P H CO
Form 11-K
June 28, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

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

For the fiscal year ended December 31, 2015

Or

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

FOR THE TRANSITION PERIOD from to

Commission file number 1-3560

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

GLATFELTER 401(K) SAVINGS PLAN FOR HOURLY EMPLOYEES

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

P. H. Glatfelter Company

96 SOUTH GEORGE STREET, SUITE 520

YORK, PA 17401

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GLATFELTER 401(K) SAVINGS PLAN

FOR HOURLY EMPLOYEES

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2015 AND 2014

GLATFELTER 401(K) SAVINGS PLAN FOR HOURLY EMPLOYEES

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December 31, 2015 and 2014

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Report of Independent Registered Public Accounting Firm

Investment Committee and Participants of the

Glatfelter 401(k) Savings Plan for Hourly Employees

We have audited the accompanying statements of net assets available for benefits of the Glatfelter 401(k) Savings Plan for Hourly Employees (the Plan) as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the years ended December 31, 2015 and 2014, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan s financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but include supplemental information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Baker Tilly Virchow Krause, LLP

York, Pennsylvania

June 28, 2016

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Glatfelter 401(k) Savings Plan for Hourly Employees

Statements of Net Assets Available for Benefits

	December 31, 2015	December 31, 2014
Assets		
Plan interest in the P. H. Glatfelter 401(k) Savings and Profit Sharing Master Trust - at fair value	**$ 82,310,932**	$ 82,574,260
Notes receivable from participants	**2,883,099**	2,829,326
Net Assets Available for Benefits	**$ 85,194,031**	$ 85,403,586

See Notes to Financial Statements.

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GLATFELTER 401(K) SAVINGS PLAN FOR HOURLY EMPLOYEES

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Years Ended December 31, 2015	2014
INVESTMENT (LOSS) INCOME IN INTEREST IN P.H. GLATFELTER 401(K) SAVINGS AND PROFIT SHARING MASTER TRUST	**$ (2,612,708)**	$ 4,373,030
INTEREST ON NOTES RECEIVABLE FROM PARTICIPANTS	**117,655**	121,358
CONTRIBUTIONS		
Participants	**6,008,283**	5,757,264
Rollovers	**142,477**	37,059
Employer	**1,341,699**	1,255,293
Total Contributions	**7,492,459**	7,049,616
NET TRANSFERS IN (OUT)	**36**	(332,591)
BENEFITS PAID TO PARTICIPANTS	**(5,194,650)**	(6,912,585)
ADMINISTRATIVE EXPENSES	**(12,347)**	(8,686)
NET (DECREASE) INCREASE IN NET ASSETS	**(209,555)**	4,290,142
NET ASSETS AVAILABLE FOR BENEFITS - BEGINNING OF YEAR	**85,403,586**	81,113,444
NET ASSETS AVAILABLE FOR BENEFITS - END OF YEAR	**$ 85,194,031**	$ 85,403,586

See Notes to Financial Statements.

GLATFELTER 401(K) SAVINGS PLAN FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE 1 - DESCRIPTION OF PLAN

General - The following description of the Glatfelter 401(k) Savings Plan for Hourly Employees (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions. The Plan, as restated effective November 2012, covers eligible hourly employees of P. H. Glatfelter Company s Pennsylvania (PA) Group and its Ohio Group, each as defined in the Plan (collectively, the Company) who have completed the requisite eligibility period as defined in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Participation - An employee becomes a participant in the Plan on the first full pay period following the date eligibility requirements are met.

Contributions - Each year, each participant may contribute, through payroll deductions, up to 50% of their compensation as defined in the Plan. In general, participant contributions made by an eligible hourly employee are matched by the Company contributions in an amount equal to 50% of the first 3% of each participant s payroll deduction contributions. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Below are the exceptions to the general policy, which are outlined in the plan document.

Hourly PA Group participants hired on or after January 17, 2011, as a condition of employment, are required to contribute a minimum of 3% of their eligible compensation per pay period for the first five years of employment and are matched 50% by the Company. Additionally, the Company contributes 2.3% of eligible compensation per pay period.

Hourly Ohio Group participants represented by Local 731 or 988 of the USW and hired on or after November 14, 2012, and OH group participants represented by Local 422 of the OPEIU who were hired on or after January 21, 2014, as a condition of employment, are required to contribute a minimum of 3% of their eligible compensation per pay period for the first five years of employment and are matched 50% by the Company. Additionally, the Company contributes 2.3% of eligible compensation per pay period.

Eligible participants may elect to contribute a portion of or all of any profit sharing bonus they receive, subject to Internal Revenue Service (IRS) mandated maximum contributions, in addition to any payroll reduction savings and Company matching contributions described above.

Participants may allocate contributions among available investment options. Prior to December 4, 2015, all of the Company matching contributions, including the hourly PA and OH Group s Company contribution of 2.3% were initially invested in the P. H. Glatfelter Stock Fund. Participants could change these investments at any time. Effective December 4, 2015, employer-matching contributions are made in cash and participants choose the investment funds into which these cash contributions are invested. Participants can change their investment allocations at any time, however, no more than 15% of any contributions may be directed into the P.H. Glatfelter Stock Fund.

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GLATFELTER 401(K) SAVINGS PLAN FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE 1 - DESCRIPTION OF PLAN (CONTINUED)

Participant Accounts and Vesting - Participant payroll deduction contributions, rollover contributions, catch-up contributions, and profit sharing deferral contributions are fully vested upon receipt by the Plan. The Company matching and fixed contributions are subject to a graded vesting schedule through which a participant becomes fully vested after attaining five years of service as follows:

Years of Vesting Service	Vesting Percentage
Less than 2 years	0
2 years	25
3 years	50
4 years	75
5 or more years	100

Each participant s account is credited with the participant s contribution and allocations of (a) the Company s contribution, (b) the Plan s earnings, and (c) an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

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

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

In certain instances participants may withdraw amounts for an immediate and heavy financial hardship that cannot be reasonably met from other sources.

Notes Receivable from Participants - Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum of the lesser of $50,000 or 50% of the participant s vested account balance. Notes receivable are secured by the balance in the participant s account. Interest is payable at rates based on prime rate plus 100 basis points at the time the borrowing is approved. As of December 31, 2015, interest rates ranged from 4.25% to 9.25%. Terms range from one to five years, or up to 15 years if the note receivable is extended for the purchase of a primary residence. Notes receivable are stated at their unpaid principal plus accrued but unpaid interest. At December 31, 2015 and 2014, outstanding notes receivable totaled $2,883,099, and $2,829,326, respectively.

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GLATFELTER 401(K) SAVINGS PLAN FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE 1 - DESCRIPTION OF PLAN (CONTINUED)

Administrative Costs - Administrative costs of the Plan are absorbed by the Company, with certain exceptions. Expenses that are paid by the Company are excluded from these financial statements. Fees related to the administration of notes receivables from participants are charged directly to the participant s account and are included in administrative expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

***Investments* -** The Plan s investments held in the P.H. Glatfelter 401(k) Savings and Profit Sharing Master Trust (the Master Trust) are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 3 for discussion of the fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Master Trust s gains and losses on investments bought and sold as well as held during the year.

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

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

***Recent Accounting Pronouncements* -** In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).* ASU 2015-07 removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value practical expedient in Accounting Standards Codification 820. ASU 2015-07 requires retrospective application and permits, as elected by the Plan, early adoption. Accordingly, the standard was retrospectively applied.

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GLATFELTER 401(K) SAVINGS PLAN FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In July 2015, the FASB issued ASU No. 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965) - I. Fully Benefit-Responsive Investment Contracts; II. Plan Investment Disclosures, and III. Measurement Date Practical Expedient.* Part I requires fully-benefit responsive investment contracts to be measured, presented, and disclosed only at contract value. Part II requires that investments that are measured using fair value (both participant-directed and nonparticipant-directed investments) be grouped only by general type, eliminating the need to disaggregate the investments by nature, characteristics, and risks. Part II also eliminates the disclosure of individual investments that represent 5 percent or more of net assets available for benefits and the disclosure of net appreciation or depreciation for investments by general type, requiring only presentation of net appreciation or depreciation in investments in the aggregate. Additionally, if an investment is measured using the net asset value per share as a practical expedient and that investment is a fund that files a U.S. Department of Labor Form 5500, as a direct filing entity, disclosure of that investment s strategy is no longer required. Part III of the update permits plans to measure investments and investment-related accounts (e.g., a liability for a pending trade with a broker) as of a month-end date that is closest to the plan s fiscal year-end, when the fiscal period does not coincide with month-end. Parts I and III are not applicable to the Plan. The amendments in ASU 2015-12 are effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The amendments within Part II require retrospective application. Management has elected to early adopt the provisions of Part II of this new standard. Accordingly, these provisions were retrospectively applied.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Plan measures its investments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1-	Fair value is based on unadjusted quoted prices in active markets that are accessible to the Plan for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.
Level 2-	Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets or liabilities, quoted market prices in inactive markets for identical or similar assets, and other observable inputs
Level 3-	Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

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GLATFELTER 401(K) SAVINGS PLAN FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Plan s interest in Master Trust: Valued based on the beginning of the year value of the Plan s interest in the Master Trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. Quoted market prices are used to value money market and mutual fund investments in the Master Trust. The unitized stock fund in the Master Trust is valued at the net value of participation units which are generally valued by the trustee based upon quoted market prices on a recognized securities exchange at the last reported price of the last business day of each year of the underlying assets of the unitized fund, which include common stock of the Company and a money market fund. Comingled pension fund are valued at the net asset value (NAV) of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value.

NOTE 4 - MASTER TRUST INFORMATION

Investments of the Plan are maintained along with the investments of Glatfelter 401(k) Savings Plan in the Master Trust managed by Fidelity Management Trust Company, the trustee as defined by the plan (Trustee).

The Plan s undivided interest in the net assets of the Master Trust was approximately 46% at December 31, 2015 and 2014.

The following table presents the net assets of the Master Trust as of December 31, 2015 and 2014. Investment income (loss) for the Master Trust for the years ended December 31, 2015 and 2014 includes investments bought and sold, as well as held during the years.

	December 31, 2015	December 31, 2014
Net appreciation (depreciation) in fair value of investments:		
P. H. Glatfelter Company Stock Fund	**$ (5,713,067)**	$ (1,547,727)
Mutual and Comingled Funds	**(6,095,074)**	3,242,677
Total	**(11,808,141)**	1,694,950
Interest and dividends:		
P. H. Glatfelter Company Stock Fund	**392,582**	348,386
Mutual and Comingled Funds	**5,879,387**	7,506,191
Total	**6,271,969**	7,854,577

Total investment income (loss)	**$ (5,536,172)**	$ 9,549,527

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GLATFELTER 401(K) SAVINGS PLAN FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE 4 - MASTER TRUST INFORMATION (CONTINUED)

The following are the changes in net assets for the Master Trust for the year ended December 31, 2015 and 2014:

	December 31,	
	2015	**2014**
Net appreciation (depreciation) in fair value of investments	**$ (11,808,141)**	$ 1,694,950
Interest and dividends	**6,271,969**	7,854,577
Net investment income (loss)	**(5,536,172)**	9,549,527
Net transfers	**2,868,444**	(1,903,532)
Administrative expenses	**(14,651)**	(8,287)
Increase (decrease) in net assets	**(2,682,379)**	7,637,708
Net assets:		
Beginning of year	**179,052,657**	171,414,949
End of year	**$ 176,370,278**	$ 179,052,657

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GLATFELTER 401(K) SAVINGS PLAN FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE 4 - MASTER TRUST INFORMATION (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Master Trust s assets at fair value as of December 31:

	Assets at Fair Value as of December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market fund	**$ 10,058,633**	**$**	**$**	**$ 10,058,633**
Mutual funds	**105,746,886**			**105,746,886**
Unitized stock fund	**15,849,241**			**15,849,241**
Total assets in the fair value hierarchy	**$ 131,654,760**	**$**	**$**	**131,654,760**
Investments measured at net asset value (a)				**44,715,518**
Investments at fair value				**$ 176,370,278**

	Assets at Fair Value as of December 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market fund	$ 9,750,402	$	$	$ 9,750,402
Mutual funds	108,270,390			108,270,390
Unitized stock fund	21,101,798			21,101,798
Total assets in the fair value hierarchy	$ 139,122,590	$	$	139,122,590
Investments measured at net asset value (a)				39,930,067
Investments at fair value				$ 179,052,657

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Net Assets Available for Benefits.

For the years ended December 31, 2015 and 2014, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

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GLATFELTER 401(K) SAVINGS PLAN FOR HOURLY EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE 4 - MASTER TRUST INFORMATION (CONTINUED)

Investments Measured Using NAV per Share Practical Expedient

The following table summarizes investments for which fair value is measured using NAV per share practical expedient as of December 31, 2015 and 2014, resp