

CLARCOR INC
Form 11-K
June 29, 2007

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CLARCOR 401(k) Plan

**Financial Statements and
Supplemental Schedule
As of and for the Years Ended
December 31, 2006 and 2005**

**CLARCOR 401(k) Plan
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Consent of Independent Accountants

Consent of Independent Accountants

Note: Supplemental schedules required by the Employee Retirement Income Security Act of 1974 not included herein are deemed not applicable to the CLARCOR 401(k) Plan.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Committee of the CLARCOR 401(k) Plan

We have audited the accompanying statements of net assets available for benefits of the CLARCOR 401(k) Plan (the Plan) as of December 31, 2006 and 2005, and the related statements of changes in net assets available for benefits for the years ended December 31, 2006 and 2005. 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 auditing 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, 2006 and 2005, and the changes in net assets available for benefits for the years ended December 31, 2006 and 2005, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2006 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary 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 schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nashville, Tennessee

June 26, 2007

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Statements of Net Assets Available for Benefits**

<i>December 31,</i>	2006	2005
Assets		
Investments , at fair value		
Common/collective trust	\$ 11,081,479	\$ 12,823,563
Mutual funds	49,570,449	43,335,510
CLARCOR Inc. Common Stock Fund	6,367,074	5,524,064
Participant loans	2,389,785	2,062,009
Total investments	69,408,787	63,745,146
Receivables		
Employer contributions	143,560	135,452
Participant contributions	239,123	219,652
Total receivables	382,683	355,104
Net Assets Available for Benefits	\$ 69,791,470	\$ 64,100,250

See accompanying notes to financial statements.

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**CLARCOR 401(k) Plan
Statements of Changes in Net Assets Available for Benefits**

<i>Year ended December 31,</i>	2006	2005
Additions		
Investment income		
Interest income from common/collective trust	\$ 508,510	\$ 506,641
Dividend income from CLARCOR Inc. Common Stock Fund	38,804	32,979
Interest income from participant loans	161,577	121,902
Dividend income from mutual funds	2,084,434	1,469,293
Total interest and dividends	2,793,325	2,130,815
Net appreciation in fair value of		
Mutual funds	3,165,051	1,244,724
CLARCOR Inc. Common Stock Fund	677,589	419,433
Total net appreciation	3,842,640	1,664,157
Net gain (loss) on sale of investments of		
CLARCOR Inc. Common Stock Fund	54,130	10,467
Mutual funds	280,474	(931)
Total net gain on sale of investments	334,604	9,536
Total investment income	6,970,569	3,804,508
Contributions		
Employer	2,759,918	2,653,469
Participant	4,816,627	4,580,794
Rollover	509,491	1,087,886
Other additions	47,954	601,812
Total contributions	8,133,990	8,923,961
Total additions	15,104,559	12,728,469

Table of Contents**CLARCOR 401(k) Plan
Statements of Changes in Net Assets Available for Benefits**

<i>Year ended December 31,</i>	2006	2005
Deductions		
Benefits paid to participants	\$ 9,237,783	\$ 6,486,548
Administrative fees	16,011	14,613
Transfers out to CLARCOR 401(k) Retirement Savings Plan	92,947	
Other deductions	66,598	26,149
Total deductions	9,413,339	6,527,310
Net Increase	5,691,220	6,201,159
Net Assets Available for Benefits, at beginning of year	64,100,250	57,899,091
Net Assets Available for Benefits, at end of year	\$ 69,791,470	\$ 64,100,250

See accompanying notes to financial statements.

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**CLARCOR 401(k) Plan
Notes to Financial Statements**

- 1. Description of Plan** The following brief description of the CLARCOR Inc. (the Company) 401(k) Plan (the Plan) is provided for general information purposes only. Participants should refer to the Summary Plan Description for a more complete description of the Plan s provisions.
- General** The Plan is a defined contribution plan established January 1, 2004, which covers eligible domestic employees of the Company who have three months of service and are 21 or older, and who are not continuing participation in the CLARCOR Inc. Pension Plan effective January 1, 2004. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).
- Each year, participants may contribute up to 50% of pretax annual compensation, as defined in the Plan, up to the Internal Revenue Code limitations. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Company contributes 100% of the first 3% and 50% of the next 2% of pretax compensation that a participant contributes to the Plan.
- Participant Accounts** Each participant s account is credited with the participant s contribution and allocations of the Company s contributions and Plan earnings. Allocations are based on participant account balances, as defined. The only benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers a common/collective trust, Company common stock and 17 mutual funds as investment options for participants.
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**CLARCOR 401(k) Plan
Notes to Financial Statements**

Vesting	As this is a safe harbor match plan, participants are immediately vested in their contributions and the Company's match, plus actual earnings thereon.
Participant Loans	Participants may borrow from their accounts a minimum of \$1,000 and participants may have only one loan outstanding. Loans are repaid through payroll deductions with principal and interest being credited to the participants' account balances. Loans may not exceed the lesser of 50% of the participant's vested balance or \$50,000 and loans are to be repaid over a period of time not to exceed five years, unless used for the purchase of a principal residence, in which case the payback period may not exceed 15 years. The loans are secured by the balance in the participant's account and bear interest at the prime rate plus 2% at the time of the loan.
Payment of Benefits	<p>Upon termination of service, death, disability or retirement, participants or their beneficiaries, will receive lump-sum benefit payments. Benefits paid are equal to the value of the participant's vested interest in his or her account.</p> <p>Subject to certain provisions specified in the Plan agreement, employed participants may withdraw their after-tax contributions and related earnings. Withdrawals from the Plan may also be made upon circumstances of financial hardship in accordance with provisions specified in the Plan.</p>
Forfeited Accounts	Forfeitures are used to reduce future Company contributions. Approximately \$25,765 and \$0 were used to reduce Company contributions during 2006 and 2005, respectively.
Administrative Expenses	The Company pays substantially all of the Plan's administrative expenses.

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Notes to Financial Statements****2. Summary of
Significant
Accounting Policies**

Basis of Accounting	The financial statements of the Plan are prepared under the accrual method of accounting.
Use of Estimates	The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting period and, when applicable, disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.
Risks and Uncertainties	The Plan provides for various investment options in any combination of stocks, bonds, fixed income securities, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market valuation and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits. Individual participants' accounts bear the risk of loss resulting from fluctuations in fund values.
Investment Valuation	The Plan's investments are stated at fair value. Quoted market prices are used to value investments. Shares of mutual funds and shares of the common/collective trust are valued at the net asset value of shares or units held by the Plan at year end. The Company common stock fund is valued at the year end unit closing price, based on the quoted market price of the Company common stock plus uninvested cash. Participant loans are valued at cost which approximates fair value.
Payment of Benefits	Benefits are recorded when paid.

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Notes to Financial Statements**

- 3. Significant Investments** The fair value of individual investments that represent 5% or more of the Plan's net assets are as follows:

<i>December 31,</i>	2006	2005
CLARCOR Inc. Common Stock Fund	\$ 6,367,074	\$ 5,524,064
Vanguard 500 Index Fund	14,014,121	12,050,258
Vanguard U. S. Growth Fund	4,040,965	3,770,910
Vanguard Wellington Fund	8,330,565	7,416,852
Vanguard Windsor II Fund	4,925,098	4,392,828
Vanguard Retirement Savings Trust	11,081,479	12,823,563

- 4. Related-Party Transactions** The Plan invests in shares of mutual funds managed by an affiliate of Vanguard Fiduciary Trust Company. Vanguard Fiduciary Trust Company acts as trustee for only those investments as defined by the Plan. Transactions in such investments qualify as party-in-interest transactions which are exempt from the prohibited transaction rules.

CLARCOR Inc. common stock fund contains shares of common stock issued by the Company. The Company is the plan sponsor as defined by the Plan and, therefore, these transactions qualify as party-in-interest.

- 5. Plan Termination** Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their employer contributions.

- 6. Tax Status** The Internal Revenue Service has determined and informed the Company by a letter dated June 27, 2005 that the Plan and related trust is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

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**CLARCOR 401(k) Plan
Notes to Financial Statements**

- 7. Prohibited Transactions**
- During 2006 and 2005, the Plan sponsor inadvertently failed to deposit approximately \$796 and \$3,942, respectively, of participant deferrals within the required timeframe as stated by the United States Department of Labor (DOL). The DOL considers late deposits to be prohibited transactions. The Plan sponsor will file Form 5330 and pay applicable excise tax. The excise tax payments will be made from the Plan sponsor's assets and not from the assets of the Plan. The Plan sponsor has taken measures to make a corrective contribution and to correct the underlying issue to prevent the error from recurring.
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Supplemental Schedule

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CLARCOR 401(k) Plan
Schedule of Assets (Held at End of Year)
 EIN: 36-0922490
 Plan Number: 010
 Schedule H, line 4i

December 31,

2006

(a)	(b) Identity of Issuer	(c) Description of Investment	(d) Cost	(e) Shares	(f) Current Value
*	CLARCOR Inc. Common Stock Fund	Company Common Stock	(a)	188,319	\$ 6,367,074
*	Vanguard Retirement Savings Trust	Common/Collective Trust	(a)	11,081,479	11,081,479
*	Vanguard Prime Money Market Fund	Mutual Fund	(a)	2,077,923	2,077,923
*	Vanguard Explorer Fund	Mutual Fund	(a)	32,910	2,458,725
*	Vanguard Wellington Fund	Mutual Fund	(a)	256,878	8,330,565
*	Vanguard Intermediate Term Investment Grade	Mutual Fund	(a)	230,665	2,239,754
*	Vanguard Intermediate Term Treasury Fund	Mutual Fund	(a)	248,583	2,674,751
*	Vanguard 500 Index Fund	Mutual Fund	(a)	107,314	14,014,121
*	Vanguard Windsor II Fund	Mutual Fund	(a)	141,729	4,925,099
*	Vanguard U.S. Growth Fund	Mutual Fund	(a)	222,275	4,040,965
*	Vanguard International Growth Fund	Mutual Fund	(a)	139,553	3,329,746
*	Vanguard Small Cap Index Fund	Mutual Fund	(a)	55,254	1,802,385
*	Vanguard Mid Cap Index Fund	Mutual Fund	(a)	133,227	2,635,235
*	Vanguard Target Retirement Income Fund	Mutual Fund	(a)	2,606	27,882

*	Vanguard Target Retirement 2005 Fund	Mutual Fund	(a)	2,840	32,578
*	Vanguard Target Retirement 2015 Fund	Mutual Fund	(a)	21,284	265,201
*	Vanguard Target Retirement 2025 Fund	Mutual Fund	(a)	24,510	319,604
*	Vanguard Target Retirement 2035 Fund	Mutual Fund	(a)	20,864	289,389

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CLARCOR 401(k) Plan
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- * Represents party-in-interest

 - (a) The cost of participant-directed investments is not required to be disclosed.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

CLARCOR 401(k) Plan

By /s/ Richard M. Wolfson

Richard M. Wolfson
Vice President, General Counsel and Corporate Secretary
CLARCOR Inc.

Date June 29,
2007