

CLARCOR INC
Form 11-K
June 29, 2007

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K
ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

b Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended: December 31, 2006

o Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number: 1-11024

- A. Full title of plan and address of the plan, if different from that of the issuer named below:
CLARCOR 401(k) Retirement Savings Plan
- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

CLARCOR Inc.
840 Crescent Centre Drive
Suite 600
Franklin, TN 37067

Table of Contents

**CLARCOR 401(k)
Retirement Savings Plan
Financial Statements and
Supplemental Schedule
As of and for the Years Ended
December 31, 2006 and 2005**

**CLARCOR 401(k)
Retirement Savings Plan
Contents**

<u>Report of Independent Registered Public Accounting Firm</u>	3
---	---

Financial Statements

<u>Statements of Net Assets Available for Benefits</u>	4
--	---

<u>Statements of Changes in Net Assets Available for Benefits</u>	5-6
---	-----

<u>Notes to Financial Statements</u>	7-11
--------------------------------------	------

Supplemental Schedule

<u>Schedule of Assets (Held at End of Year)</u>	13-14
---	-------

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) Retirement Savings Plan.

2

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying statements of net assets available for benefits of the CLARCOR 401(k) Retirement Savings 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

Table of Contents

**CLARCOR 401(k)
Retirement Savings Plan
Statements of Net Assets Available for Benefits**

<i>December 31,</i>	2006	2005
Assets		
Investments , at fair value		
Common/collective trust	\$ 10,079,642	\$ 10,519,272
Mutual funds	35,328,330	31,033,926
CLARCOR Inc. Common Stock Fund	4,501,085	4,031,337
Participant loans	1,233,426	1,271,386
Total investments	51,142,483	46,855,921
Receivables		
Employer contributions	20,777	22,092
Participant contributions	93,727	89,539
Total receivables	114,504	111,631
Net Assets Available for Benefits	\$ 51,256,987	\$ 46,967,552

See accompanying notes to financial statements.

4

Table of Contents

**CLARCOR 401(k)
Retirement Savings 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	\$ 426,984	\$ 429,736
Dividend income from CLARCOR Inc. Common Stock Fund	26,408	24,451
Interest income from participant loans	89,284	77,386
Dividend income from mutual funds	1,552,717	1,133,388
Total interest and dividends	2,095,393	1,664,961
Net appreciation in fair value of		
Mutual funds	2,585,594	685,125
CLARCOR Inc. Common Stock Fund	490,045	303,284
Total net appreciation	3,075,639	988,409
Net gain (loss) on sale of investments		
CLARCOR Inc. Common Stock Fund	66,094	2,125
Mutual funds	222,335	(799)
Total net gain (loss) on sale of investments	288,429	1,326
Total investment income	5,459,461	2,654,696
Contributions		
Employer	436,650	460,507
Participant	1,985,820	1,946,057
Rollover	48,809	
Other additions	66,598	26,149
Total contributions	2,537,877	2,432,713
Transfers in from CLARCOR 401(k) Plan	92,947	

Total additions	8,090,285	5,087,409
------------------------	------------------	------------------

5

Table of Contents

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

<i>Year ended December 31,</i>	2006	2005
Deductions		
Benefits paid to participants	\$ 3,770,964	\$ 5,010,768
Administrative fees	4,120	3,518
Other deductions	25,766	601,811
Total deductions	3,800,850	5,616,097
Net Increase (Decrease)	4,289,435	(528,688)
Net Assets Available for Benefits, at beginning of year	46,967,552	47,496,240
Net Assets Available for Benefits, at end of year	\$ 51,256,987	\$ 46,967,552

See accompanying notes to financial statements.

6

Table of Contents

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

1. Description of Plan

The following brief description of the CLARCOR Inc. (the Company) 401(k) Retirement Savings 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. Effective January 1, 2004, the Plan was restated and amended to cover only those eligible employees who elected to continue participation in the CLARCOR Inc. Pension Plan. 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 elect to make after-tax contributions to the Plan up to 10% of the participant s compensation, and may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Company contributes 50% of the first 3% 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.

Vesting

Participants are immediately vested in their contributions, plus actual earnings thereon. Vesting in the Company s contribution portion of their accounts is based on years of continuous service. A participant is vested as follows:

Total years of service	Vested Percentage
1	0%
2	0%
3	100%

7

Table of Contents

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

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

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.

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.

Forfeited Accounts

Forfeitures are used to reduce future Company contributions. Approximately \$0 and \$32,175 were used to reduce Company contributions during 2006 and 2005, respectively.

**Administrative
Expenses**

The Company pays substantially all of the Plan's administrative expenses.

Table of Contents

**CLARCOR 401(k) Retirement Savings Plan
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.

Table of Contents**CLARCOR 401(k) Retirement Savings Plan
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	\$ 4,501,085	\$ 4,031,337
Vanguard 500 Index Fund	11,608,711	10,619,508
Vanguard Wellington Fund	8,744,642	7,650,519
Vanguard Windsor II Fund	3,969,782	3,596,984
Vanguard Retirement Savings Trust	10,079,642	10,519,272

- 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 April 8, 2002 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.

Table of Contents

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

- 7. Prohibited Transactions** During 2006 and 2005, the Plan sponsor inadvertently failed to deposit approximately \$716 and \$2,781, 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 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

11

Table of Contents

Supplemental Schedule

Table of Contents

CLARCOR 401(k)
Retirement Savings Plan
Schedule of Assets (Held at End of Year)
 EIN: 36-0922490
 Plan Number: 009
 Schedule H, Line 4i

December 31,

(a)	(b)	(c)	(d)	(e)	(f)
	Identity of Issuer	Description of Investment	Cost	Shares	Current Value
*	CLARCOR Inc. Common Stock Fund	Company Common Stock	(a)	133,129	\$ 4,501,085
*	Vanguard Retirement Savings Trust	Common/Collective Trust	(a)	10,079,642	10,079,642
*	Vanguard Prime Money Market Fund	Mutual Fund	(a)	804,131	804,131
*	Vanguard Explorer Fund	Mutual Fund	(a)	15,037	1,123,444
*	Vanguard Wellington Fund	Mutual Fund	(a)	269,647	8,744,642
*	Vanguard Intermediate Term Investment Grade	Mutual Fund	(a)	230,550	2,238,638
*	Vanguard Intermediate Term Treasury Fund	Mutual Fund	(a)	76,105	818,895
*	Vanguard 500 Index Fund	Mutual Fund	(a)	88,894	11,608,711
*	Vanguard Windsor II Fund	Mutual Fund	(a)	114,238	3,969,782
*	Vanguard U.S. Growth Fund	Mutual Fund	(a)	86,728	1,576,708
*	Vanguard International Growth Fund	Mutual Fund	(a)	66,760	1,592,903
*	Vanguard Small Cap Index Fund	Mutual Fund	(a)	19,239	627,573
*	Vanguard Mid Cap Index Fund	Mutual Fund	(a)	50,033	989,659
*	Vanguard Target Retirement Income Fund	Mutual Fund	(a)	614	6,574
*	Vanguard Target Retirement 2005 Fund	Mutual Fund	(a)	43,045	493,728
*	Vanguard Target Retirement 2015 Fund	Mutual Fund	(a)	40,548	505,226
*	Vanguard Target Retirement 2025 Fund	Mutual Fund	(a)	13,380	174,478

13

Table of Contents

**CLARCOR 401(k)
Retirement Savings Plan
Schedule of Assets (Held at End of Year)**
EIN: 36-0922490
Plan Number: 009
Schedule H, Line 4i

December 31,

(a)	(b) Identity of Issuer	(c) Description of Investment	(d) Cost	(e) Shares	(f) 2006 Current Value
*	Vanguard Target Retirement 2035 Fund	Mutual Fund	(a)	959	\$ 13,305
*	Vanguard Target Retirement 2045 Fund	Mutual Fund	(a)	2,789	39,933
*	Participant Loans	Loans to participants			1,233,426
					\$ 51,142,483

* Represents
party-in-interest

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

14

Table of Contents

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) Retirement Savings Plan

By /s/ Richard M. Wolfson

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

Date June 29,
2007