



CLARCOR

ANNUAL REPORT 2008

16 CONSECUTIVE YEARS OF
RECORD SALES AND EARNINGS.



- Over the last 16 years, our sales have increased by 10% annually and our net earnings by 13% annually.

- Over the last 16 years, our stock price has increased at an annual rate of 11%.

- In 2008, our sales increased by 15% and our operating profit by 17%.



STOCK PRICE & DIVIDEND INFORMATION

CLARCOR common stock is traded on the New York Stock Exchange under the symbol CLC. The tables set forth the high and low market prices as quoted on the New York Stock Exchange and dividends paid for each quarter of the last two fiscal years.

Quarter Ended	Market Price		Dividend
	High	Low	
March 1, 2008	\$ 40.62	\$ 34.03	\$ 0.0800
May 31, 2008	44.20	33.25	0.0800
August 30, 2008	44.25	32.68	0.0800
November 29, 2008	43.17	25.03	0.0900
Total Dividends			\$ 0.3300

Quarter Ended	Market Price		Dividend
	High	Low	
March 3, 2007	\$ 35.32	\$ 30.25	\$ 0.0725
June 2, 2007	34.00	29.57	0.0725
September 1, 2007	44.01	32.31	0.0725
December 1, 2007	40.00	32.90	0.0800
Total Dividends			\$ 0.2975

SAFE HARBOR STATEMENT

The Company desires to take advantage of the "Safe Harbor" provision of the Private Securities Litigation Reform Act of 1995 and is making this cautionary statement in connection with such safe harbor legislation. Some of the information provided in this annual report constitutes forward-looking statements which reflect the Company's current views with respect to future events and financial performance, but involve uncertainties that could significantly impact results. All forecasts and projections are "forward-looking" statements and are based on management's current expectations of the Company's near-term results. There can be no assurance that actual results will not differ materially from its expectations. For a more detailed explanation of the safe harbor statement and the risks, see the Company's Form 10-K filed with the SEC.



Dear Shareholders and Employees:

As I write this, the U.S. and world economies are in the midst of a serious recession which will undoubtedly hurt many companies and many individuals. Yet, even with that backdrop, I am proud to report that CLARCOR's 2008 fiscal year was our 16th consecutive record year in sales, operating profit and net earnings. For the year, sales increased by 15% and exceeded \$1 billion for the first time, and net earnings increased by 6%. Even in our fourth quarter as the recession took hold and economies worsened, we reported a record quarter with sales up by 12% and net earnings up by 9%.

CLARCOR is certainly not immune to economic forces. Demand for our products rises and falls as it does for other companies. But there are two elements that make CLARCOR a little different: our broad diversification across more filter markets with more filter products than any other filter company in the world, and our focus on the replacement aftermarket. We are certainly not the largest filter company, but we believe that we are the most diversified and the most focused on the aftermarket.

Diversification and an Aftermarket Focus

Not every market we sell to always grows. In 2008, the oil and gas market was exceptionally strong and driven, at least until the end of the year, by increasing oil and natural gas prices. Price increases spurred drilling and the building of transmission facilities and pipelines, and therefore the sale of filtration systems and filter elements. On the other hand, the increase in oil prices results in higher diesel fuel prices which was one cause of a reduction in over-the-road truck mileage and reduced replacement filter demand in that market. The backlog in manufacturing new aircraft kept demand for aerospace filters strong throughout 2008. The slowing of consumer product demand in 2008 resulted in fewer goods shipped on the nation's railroads and impacted filter sales to railroads and locomotive manufacturers. Dust collector systems and cartridges were strong in 2008. But you will not be surprised that filter sales to automobile companies and automotive parts suppliers were very weak.

Certainly every market is important to us, but no single market is dominant. For example, sales to automobile companies and automotive part companies constitute no more than 4% of our total sales. Even our largest markets, which are over-the-road trucks and natural gas, do not individually make up more than 12% of our total sales. Our single largest customer is less than 3% of our total sales. We literally sell hundreds of thousands of products to thousands of customers.

Diversification means that our operating results are more consistent and less volatile when compared to companies with a greater concentration on specific markets or customers or products. It would be unusual for a single new product or a new initiative to significantly affect our overall results in the short-term. What is important is that we have many initiatives at all of our operations and that enough of these are successful so that our medium and long-term results add up to consistent performance.

How does our consistency help you, our shareholders and our employees? As I noted, we have had 16 consecutive years of sales and profit growth and have grown to over \$1 billion in sales. Since we first became a public company in 1964, we have never had a losing year, and our compounded annual growth rate has been over 9% in sales and nearly 11% in net earnings, a pretty good 44 year record. Similarly, we have paid a dividend every year since 1964, and have raised our dividend every year as well. And in that period, we have built manufacturing plants throughout the world and have added over 4,000 new employees.

Over 80% of our filter sales are replacements products sold into the aftermarket. That is, our products are purchased by our customers, used and then repurchased every day, in good times and in bad times. In tough economic periods, companies and individuals may not buy a new home, build a new office building or plant, buy new equipment, or purchase a new truck or airplane, but they maintain what they already own. And that is the heart of the aftermarket. The cost of a filter is often insignificant compared to the cost of letting a facility or piece of equipment that you already own deteriorate or become unusable, and so we sell thousands of filters every day and tens of millions of filters every year.

Essentially, what we sell is a product that removes contaminants from what we breathe, drink or use in our lives. This creates a continuing demand to replace our filters as they help clean the environment. The furnace in your home that comes with a brand-new filter will probably use the same type of replacement filter for its entire life. The original filter may last only a few months, but the purchase of the replacement filter will happen dozens of times. So as you can see, the aftermarket is often many times larger than the original equipment market, and because of our emphasis on the aftermarket so are our opportunities to sell our filters.

I would like to repeat one point: our products clean the environment. This could mean the air in a building, wastewater from a food manufacturing plant prior to draining into a municipal sewage facility, contaminants in tea and wine that must be removed before sale, particles in an airplane's hydraulic lines and many other uses. I cannot think of a single place where a cleaner environment is not desired. And the demand for a cleaner world, and therefore our filters, seems to grow every year. We are very lucky to be in this industry.

The Future

Rather than recounting specific achievements in 2008, I would rather talk about our future and what we see for 2009. Every year we develop hundreds of new products, and it is the accumulation of these products and other new initiatives that drive our growth. But still, I would like to list several which I believe will lead to continuing growth in the future:

- A growing line of ChannelFlow® air filters for truck engines which provides increased filtration efficiency and capacity in a smaller footprint.
- Increased investment in developing new filter media at our expanded media research center near Cincinnati, Ohio. This facility developed our new nanofiber media, named ProTura®, which we use in our dust collector

cartridges. ProTura® has been extremely successful since its introduction in 2006, and we are currently developing other products using ProTura® for engine and air filtration markets.

- A major investment to expand the natural gas aftermarket filter program at Perry Equipment Corporation, a company we acquired early in 2008.
- Introduction of a new, lower-cost filter for off-shore oil drilling manufactured at our plant in Weifang, China.
- Completion of our CLC Air restructuring program in 2009 which we expect to substantially improve operating results at this company. The program began in 2006 and involved the consolidation of manufacturing plants, the purchase of a substantial amount of new equipment and the introduction of a large number of new filter products for the HVAC market.
- Broadening the sales of our wastewater filtration systems in Spain to the rest of Europe. We have already sold several hundred of these systems in Spain. We have also recently invested in another industrial wastewater filtration company based in the U.S.
- A new line of weld fume filtration systems for both mobile and stationary welding systems that we believe will experience significant growth over the next several years.

Each of these projects is important, but not one by itself is enough. It is the sum of the many programs we have invested in throughout our history, the hundreds of current programs we have and the new ones that start every day that will drive our current and future success.

There is no doubt that 2009 will be a very difficult year economically. Despite our 16 consecutive years of growth, even through the last two recessions, it is certainly possible that this string may be broken this year. As I write this letter, there is more pessimism about the new year than I have frankly ever seen before. It is certainly possible that this economic downturn will be more severe and more long-lasting than any since the 1930's. I obviously cannot predict the future, but what I can tell you is that I believe that we are better situated than many companies to weather a recession, and that I expect 2009 to be another year of increased sales and profits.

Our consistent performance over the years has not led us to undertake excessive risks. We have a very strong balance sheet and substantial capital and financial resources. I have no doubt that we can weather the current recession, no matter how severe. But perhaps more importantly, we are in a position to take advantage of the opportunities that will inevitably arise as other companies, without our diversification, our focus on recurring revenue products, our participation in a growing industry and our strong capital base, struggle. As I said, we expect to continue to grow, even in 2009, and to emerge from the recession an even stronger company.

Our Responsibility

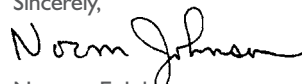
For our shareholders, 2008 started out as a great year as our share price hit a new all-time high in June. Even though our share price fell by year-end, the relative decline was less than for most other companies. Still, it affected everyone that owned our common stock. It is unusual for our stock price to be lower at year-end than it had been at the end of the preceding year. But if you look at our stock price over the last 16 years, you will see a trend that most companies cannot match, and I am confident that this trend will re-emerge. It is our responsibility to make this happen.

For our employees, I understand how worried you may be with daily reports of layoffs and plant closings at other companies. I cannot promise you that your jobs at CLARCOR will always be there and that there will never be any terminations. What I can tell you is that CLARCOR has been in business for 104 years and it has been over 50 years since we have not made a profit. The most important responsibility I have as the Chief Executive at CLARCOR is to provide you with opportunities to prosper and a safe and secure working environment. I am confident that, with all of us working together, we will have a good 2009.

If CLARCOR does as well in the future as I expect, then the next 16 years and indeed the next century will be as productive and rewarding as our history has been. I want to thank each of you, our shareholders and our employees, for your faith in our company and for your hard work.

Finally, I would like to note the sad passing in September of our former Chairman and CEO, Larry Gloyd. Larry joined CLARCOR's Board of Directors in 1984, became President in 1986 and CEO in 1988. Larry was an outstanding business and civic leader. He provided CLARCOR with vision and dedication, and he also gave enormous amounts of his time to many charitable and educational organizations. He was a mentor to me and many other CLARCOR employees throughout his career.

Sincerely,



Norman E. Johnson

Chairman, President and Chief Executive Officer

11-Year Financial Review

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
PER SHARE											
Equity	\$ 12.83	\$ 11.29	\$ 10.52	\$ 9.36	\$ 8.36	\$ 7.32	\$ 6.33	\$ 5.57	\$ 4.96	\$ 4.39	\$ 3.90
Diluted Net Earnings	1.86	1.78	1.59	1.46	1.24	1.08	0.93	0.84	0.82	0.73	0.65
Dividends	0.3300	0.2975	0.2750	0.2588	0.2513	0.2463	0.2413	0.2363	0.2313	0.2263	0.2213
Price: High	44.25	44.01	36.72	31.98	26.30	22.97	17.00	13.80	10.72	10.69	12.31
Low	25.03	29.57	26.87	24.60	20.08	15.53	12.52	8.44	8.03	7.13	7.13
EARNINGS DATA (\$000)											
Net Sales	\$ 1,059,601	\$ 921,191	\$ 904,347	\$ 873,974	\$ 787,686	\$ 741,358	\$ 715,563	\$ 666,964	\$ 652,148	\$ 477,869	\$ 426,773
Operating Profit	151,923	129,814	126,328	118,492	98,177	87,062	77,775	75,810	75,987	56,077	51,663
Interest Expense	6,532	1,010	814	636	446	1,767	6,073	10,270	11,534	3,733	2,336
Pretax Income	145,371	130,509	126,941	117,922	99,060	86,059	71,450	65,734	63,487	55,615	51,347
Income Taxes	49,310	39,675	43,795	40,968	34,717	31,371	24,773	23,804	23,201	20,137	19,262
Net Earnings	95,654	90,659	82,710	76,393	63,997	54,552	46,601	41,893	40,237	35,412	32,079
Diluted Average Shares Outstanding	51,410	50,885	52,177	52,216	51,507	50,746	50,344	49,784	49,012	48,628	49,297
EARNINGS ANALYSIS											
Operating Margin	14.3%	14.1%	14.0%	13.6%	12.5%	11.7%	10.9%	11.4%	11.7%	11.7%	12.1%
Pretax Margin	13.7%	14.2%	14.0%	13.5%	12.6%	11.6%	10.0%	9.9%	9.7%	11.6%	12.0%
Effective Tax Rate	33.9%	30.4%	34.5%	34.7%	35.0%	36.5%	34.7%	36.2%	36.5%	36.2%	37.5%
Net Margin	9.0%	9.8%	9.1%	8.7%	8.1%	7.4%	6.5%	6.3%	6.2%	7.4%	7.5%
Return on Beginning Assets	12.9%	12.5%	12.2%	12.2%	11.9%	10.0%	8.8%	8.3%	8.5%	11.6%	11.4%
Return on Beginning Shareholders' Equity	17.2%	16.9%	17.1%	17.8%	17.3%	17.3%	17.0%	17.3%	19.1%	19.0%	18.7%
Dividend Payout to Net Earnings	17.6%	16.6%	17.2%	17.5%	20.1%	22.7%	25.7%	27.6%	27.9%	30.5%	33.4%
BALANCE SHEET (\$000)											
Current Assets	\$ 432,571	\$ 371,920	\$ 380,340	\$ 324,933	\$ 303,990	\$ 257,402	\$ 259,746	\$ 244,350	\$ 230,479	\$ 227,670	\$ 168,173
Plant Assets, Net	192,599	169,212	146,529	149,505	142,242	129,572	132,892	137,316	140,121	126,026	86,389
Total Assets	957,882	739,135	727,516	675,272	627,797	538,237	546,119	530,617	501,930	472,991	305,766
Current Liabilities	143,503	114,171	118,428	121,470	126,272	111,373	174,255	94,931	97,826	97,475	61,183
Long-Term Debt	83,822	17,329	15,946	16,009	24,130	16,913	22,648	135,203	141,486	145,981	36,419
Shareholders' Equity	651,759	555,730	537,509	482,833	428,462	370,392	315,461	274,261	242,093	210,718	186,807
BALANCE SHEET ANALYSIS (\$000)											
Debt to Capitalization (A)	11.4%	3.0%	2.9%	3.3%	5.4%	4.5%	22.4%	33.9%	37.8%	41.8%	16.5%
Working Capital	\$ 289,068	\$ 257,749	\$ 261,912	\$ 203,463	\$ 177,718	\$ 146,029	\$ 85,491	\$ 149,419	\$ 132,653	\$ 130,195	\$ 106,990
Current Ratio	3.0	3.3	3.2	2.7	2.4	2.3	1.5	2.6	2.4	2.3	2.7
CASH FLOW DATA (\$000)											
From Operations	\$ 107,136	\$ 137,324	\$ 63,581	\$ 89,346	\$ 71,806	\$ 85,396	\$ 85,019	\$ 63,290	\$ 54,130	\$ 38,642	\$ 42,267
For Investment	(108,900)	(47,867)	(21,342)	(51,512)	(62,209)	(12,986)	(18,978)	(51,353)	(42,125)	(160,658)	(19,290)
From/(For) Financing	16,155	(85,522)	(33,641)	(35,699)	1,063	(80,669)	(59,774)	(15,326)	(15,862)	103,501	(19,943)
Change in Cash & Equivalents	4,656	7,008	10,549	1,082	11,572	(7,899)	6,329	(3,446)	(3,881)	(18,576)	2,997
Capital Expenditures	34,908	37,024	17,588	24,032	22,352	13,042	12,204	18,204	29,005	21,822	15,825
Depreciation & Amortization	30,388	23,389	23,079	21,087	19,151	18,985	19,760	21,850	21,079	15,372	12,380
Dividends Paid	16,845	15,024	14,203	13,385	12,834	12,406	11,975	11,575	11,207	10,814	10,717
Net Interest Expense (Income)	5,159	(609)	(913)	(292)	61	1,532	5,612	9,616	10,836	2,282	1,053
Income Taxes Paid	42,346	41,517	44,446	29,483	25,633	22,607	17,678	26,858	16,458	22,234	16,199

(A) Total Debt (current and long-term) divided by Total Debt plus Shareholders' Equity.

BOARD OF DIRECTORS

J. Marc Adam
Retired Vice President, Marketing
3M (A diversified manufacturer)
St. Paul, Minnesota
Age: 70
Director Since: 1991

James W. Bradford, Jr.
Dean, Owen Graduate School of Management
Vanderbilt University
Nashville, Tennessee
Age: 61
Director Since: 2006

Robert J. Burgstahler
Retired Senior Vice President,
Business Development & Corporate Services
3M (A diversified manufacturer)
St. Paul, Minnesota
Age: 64
Director Since: 2000

Paul Donovan
Retired Executive Vice President & Chief
Financial Officer
Wisconsin Energy Corporation
(A diversified utility and energy holding company)
Milwaukee, Wisconsin
Age: 61
Director since: 2003

Robert J. Jenkins
Retired Chairman
Hamilton Sundstrand Corporation
(A diversified manufacturer)
Rockford, Illinois
Age: 65
Director Since: 1999

Norman E. Johnson
Chairman, President & Chief Executive Officer
CLARCOR Inc.
Franklin, Tennessee
Age: 60
Director Since: 1996

Philip R. Lochner, Jr.
Retired Corporate Executive
Age: 65
Director Since: 1999

James L. Packard
Retired Chairman
REGAL-BELOIT Corporation
(A diversified manufacturer)
Beloit, Wisconsin
Age: 66
Director Since: 1998



CLARCOR Inc.

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Shareholder Services Operations
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P.O. Box 92301
Cleveland, Ohio 44101-4301
800.622.6757

AUDITORS

PricewaterhouseCoopers LLP
10 Tenth Street
Suite 1400
Atlanta, GA 30309

ANNUAL MEETING

CLARCOR Inc.
840 Crescent Centre Drive, Suite 600
Franklin, Tennessee 37067
Monday, March 23, 2009
9:00 a.m. CST

SEC FORM 10-K

A copy of the 2008 Form 10-K
may be obtained from:

Corporate Secretary
CLARCOR Inc.
840 Crescent Centre Drive, Suite 600
Franklin, Tennessee 37067
or at www.clarcor.com

EXECUTIVE OFFICERS

Norman E. Johnson
Chairman, President & Chief Executive Officer
Age: 60
18 Years of Service

Sam Ferrise
President
Baldwin Filters, Inc.
Age: 52
7 Years of Service

Richard C. Larson
President
Industrial/Environmental Filtration
Age: 59
7 Years of Service

Bruce A. Klein
Vice President – Finance & Chief Financial Officer
Age: 61
14 Years of Service

David J. Lindsay
Vice President – Administration & Chief
Administrative Officer
Age: 53
21 Years of Service

Richard M. Wolfson
Vice President – General Counsel & Corporate
Secretary
Age: 42
3 Years of Service



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