

## CLARCOR INC.

### AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

#### CHARTER

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#### PURPOSES:

The purpose of the Committee is to:

- (a) assist Board oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence, and (iv) the performance of the Company's internal audit function and independent auditors;
- (b) prepare an Audit Committee report as required by the Securities and Exchange Commission to be included in the Company's annual proxy statement;
- (c) at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company;
- (d) discuss the Company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
- (e) discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
- (f) discuss policies with respect to risk assessment and risk management;
- (g) meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors;
- (h) review with the independent auditor any audit problems or difficulties and management's response; and
- (i) set clear hiring policies regarding employment by the Company of employees or former employees of the independent auditors.

The Committee's job is one of oversight and it recognizes that the Company's management is responsible for preparing the Company's financial statements and that the outside auditor is responsible for auditing those financial statements. Additionally, the Committee recognizes that financial management, including the internal audit staff as well as the outside auditor, has more time, knowledge and more detailed information on the Company than the Committee members do. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any assurance as to the Company's financial statements or any professional certification as to the outside auditor's work.

#### **SPECIFIC DUTIES:**

In carrying out its purposes, the Committee shall:

- annually appoint a public accounting firm (the "Outside Auditor") for the purpose of issuing an audit report (and related work) with regard to the annual financial statements of the Company and its subsidiaries. The Outside Auditor shall report directly to the Audit Committee. The Committee shall determine the compensation to be paid by the Company to the Outside Auditor, shall be responsible for the oversight of the work of the Outside Auditor and shall be responsible for the resolution of any disagreement between the Company or its management and the Outside Auditor;
- have the power to terminate the appointment of the Outside Auditor for any cause or for no cause;
- approve in advance any non-audit services proposed to be provided by the Outside Auditor to the Company;
- annually appoint a person (the "Internal Audit Director") responsible for the internal audit function of the Company. The Committee shall have the power to terminate the appointment of the Internal Audit Director for any cause or for no cause;
- review with management, the Internal Audit Director and the Outside Auditor the audited financial statements to be included in the Company's Annual Report on Form 10-K and review and consider with the Outside Auditor the matters required to be discussed by Statement of Auditing Standards ("SAS") No. 61;
- review with management and the Outside Auditor, (a) the Company's interim financial results to be included in the Company's quarterly reports to be filed with the Securities and Exchange Commission and the matters to be discussed by SAS No. 61 and (b) the related earnings press release. This review shall occur prior to the filing of Form 10-Q for such quarter;
- review the Outside Auditor's Management Letter and the Company's response and discuss with management, the Internal Audit Director and the Outside Auditor the quality and adequacy of the Company's internal controls;

- receive from the Outside Auditor annually, a formal written statement delineating all relationships between the Outside Auditor and the Company consistent with the applicable requirements of the Public Company Accounting Oversight Board and any other applicable rule;
- discuss with the Outside Auditor any such disclosed relationships and their impact on the Outside Auditor's independence;
- review with the Outside Auditor, the staffing, scope, planning and fees for each year's audit;
- review with the Outside Auditor and the Company's Internal Audit Director, the staffing, scope and planning for each year's internal audit activities and findings from prior internal audits;
- meet with the Internal Audit Director to discuss and oversee ongoing internal audit activities;
- oversee the Company's policies which are disclosed to the Committee with respect to risk management and assessment;
- review proposals to hire a chief financial officer, chief accounting officer, Internal Audit Director or any person holding an equivalent position;
- annually oversee the preparation of an annual report to shareholders as required by the Securities and Exchange Commission;
- review quarterly, with the Company's legal counsel, legal compliance matters or any legal matter that could have a significant impact on the Company's financial statements which is brought to the Audit Committee's attention;
- establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters and review periodically with management and Internal Audit Director these procedures and any significant complaints received;
- review (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the company's internal controls and any special audit steps adopted in light of material control deficiencies, (ii) analyses prepared by management and/or the Outside Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements, (iii) the effect of

regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company, and (iv) the type and presentation of information to be included in earnings press releases (paying particular attention to any use of “pro forma,” or “adjusted” non-GAAP, information), as well as review any financial information and earnings guidance provided to analysts and rating agencies;

- no less than annually (including the time it appoints the Outside Auditor), evaluate the Outside Auditor’s qualifications, performance, fees, and independence. This evaluation shall include the review and evaluation of the lead partner of the Outside Auditor. In making its evaluation, the Audit Committee shall take into account the opinions of management and the Company’s Internal Audit Director. The Audit Committee shall report its findings to the Board of Directors; and
- perform such other activities, consistent with this Charter, the Company’s Certificate of Incorporation, Bylaws and governing law as the Audit Committee deems necessary or appropriate;

#### **QUALIFICATIONS, MEETINGS AND PROCEDURES:**

Reference is made to the Company’s Corporate Governance Guidelines for Committee member qualifications; procedures for Committee member appointment and removal; and Committee structure and operations, including Committee performance evaluations, reports to the Board, Charter review and retention of advisors.

#### **DELEGATION:**

The Audit Committee may delegate authority to act upon specific matters within defined parameters to a subcommittee consisting of one or more members of the Audit Committee, consistent with applicable law. Any such subcommittee shall report any action to the full Audit Committee at the next meeting.

**Adopted by the Board of Directors on December 15, 2003, and amended on:**

- **January 20, 2007**
- **March 23, 2009**