

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K/A**

**CURRENT REPORT**

**Pursuant To Section 13 OR 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): February 11, 2008 (December 3, 2007)**

**CLARCOR INC.**

(Exact name of registrant as specified in its charter)

Delaware	1-11024	36-0922490
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)
840 Crescent Centre Drive, Suite 600, Franklin, TN		37067
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code 615-771-3100

(Former name or former address, if changed since last report).

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

CLARCOR Inc., a Delaware corporation (the “Company”), hereby amends this Current Report on Form 8-K, which was initially filed on December 4, 2007, to include the financial statements required by Item 9.01 hereof. These financial statements were intentionally omitted from the initial Current Report on Form 8-K because the Company did not have all of the necessary information to file such financial statements on that date. These financial statements are filed as Exhibits 99.2, 99.3 and 99.4 to this amendment of this Current Report on Form 8-K. Except for the filing of the financial statements required by Item 9.01 hereof, and the consent of Grant Thornton LLP filed herewith as Exhibit 23.1, this Current Report on Form 8-K is not being amended or updated in any other substantive manner (other than the update with respect to the payment of the post-closing adjustment set forth in Item 2.01 below).

### **Item 2.01 Completion of Acquisition or Disposition of Assets**

On December 3, 2007, CLARCOR Inc., a Delaware corporation (“CLARCOR”), completed its acquisition of Perry Equipment Corporation, a Texas corporation (“PECO”), pursuant to the Agreement and Plan of Merger, dated as of October 17, 2007 (the “Merger Agreement”), by and among CLARCOR, PECO Acquisition Company, a Delaware corporation and wholly-owned subsidiary of CLARCOR (“Merger Sub”), PECO, and PECO Management LLC, as the Shareholder Representative.

Under the terms of the Merger Agreement, PECO was merged with and into Merger Sub, with Merger Sub continuing as the surviving corporation and a wholly-owned subsidiary of CLARCOR. The merger consideration paid to the shareholders of PECO at closing was approximately \$163,000,000 (subject to certain adjustments described below), consisting of (i) 2,137,797 shares of CLARCOR common stock, par value \$1.00 per share and (ii) cash in the amount of approximately 80,050,000. The amount of the merger consideration was subject to a post-closing adjustment in favor of CLARCOR based on the adjusted working capital of PECO as of the closing in the amount of \$1,831,000, payable in cash to CLARCOR. Of the merger consideration, \$6,000,000 in cash and 278,513 shares of CLARCOR common stock having an approximate fair market value of \$10,000,000 (the “Escrowed Fund”) has been deposited in escrow to cover any claim by CLARCOR for indemnification in accordance with the terms of the Merger Agreement. All of the Escrowed Fund will be available to satisfy any claims made on or prior to January 31, 2009, \$10,000,000 will be available to satisfy certain claims made on or prior to January 31, 2011 and \$5,000,000 will be available to satisfy certain claims made on or prior to January 31, 2014.

### **Item 8.01 Other Events.**

On October 17, 2007, CLARCOR issued a press release announcing the completion of its acquisition of PECO. A copy of the press release is attached hereto as Exhibit 99.1.

### **Item 9.01 Financial Statements and Exhibits**

In connection therewith, the registrant hereby files the following financial statements and reports regarding this acquisition:

#### **(a) Financial Statements of Businesses Acquired**

The audited financial statements of PECO as of and for the fiscal year ended May 31, 2007 are filed herewith as Exhibit 99.2 and are incorporated in their entirety herein by reference.

The unaudited interim financial statements of PECO as of November 30, 2007 and for the six-months ended November 30, 2007 and 2006 are filed herewith as Exhibit 99.3 and are incorporated herein in their entirety by reference.

(b) Pro Forma Financial Information

The required pro forma financial information as of and for the twelve months ended November 30, 2007 is filed herewith as Exhibit 99.4 and is incorporated herein by reference.

(d) Exhibits

23.1 Consent of Grant Thornton LLP, independent certified public accountants, with respect to Perry Equipment Corporation's audited financial statements

99.1 Press Release dated December 3, 2007\*

99.2 Audited Consolidated Financial Statements of Perry Equipment Corporation for the fiscal year ended May 31, 2007

99.3 Unaudited Condensed Consolidated Financial Statements of Perry Equipment Corporation for the interim periods ended November 30, 2007 and 2006

99.4 Unaudited Pro Forma Condensed Combined Financial Statements for CLARCOR Inc. for the fiscal year ended November 30, 2007

---

\* Previously filed with the Company's Current Report on Form 8-K on December 4, 2007.



**Exhibit Index**

- 23.1 Consent of Grant Thornton LLP, independent certified public accountants, with respect to Perry Equipment Corporation's audited financial statements
- 99.1 Press Release dated December 3, 2007\*
- 99.2 Audited Consolidated Financial Statements of Perry Equipment Corporation for the fiscal year ended May 31, 2007
- 99.3 Unaudited Condensed Consolidated Financial Statements of Perry Equipment Corporation for the interim periods ended November 30, 2007 and 2006
- 99.4 Unaudited Pro Forma Condensed Combined Financial Statements for CLARCOR Inc. for the fiscal year ended November 30, 2007

---

\* Previously filed with the Company's Current Report on Form 8-K on December 4, 2007.

**CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

We have issued our report dated August 15, 2007, accompanying the consolidated financial statements of Perry Equipment Corporation and Subsidiaries for the year ended May 31, 2007 included in this Form 8-K/A. We hereby consent to the incorporation by reference of said report in the Registration Statements of CLARCOR Inc. on Form S-8 (Nos. 33-5456, 33-38590, 33-39387, 33-53763, 33-53899, 333-19735, 333-50583, 333-101767, 333-116466, 333-109359 and 333-110726).

/s/ Grant Thornton LLP

Dallas, Texas  
February 8, 2008

Item 9.01 (a) FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED

Perry Equipment Corporation and Subsidiaries  
May 31, 2007

Index

	<u>PAGE</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	2
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEET	3
CONSOLIDATED STATEMENT OF EARNINGS	5
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	6
CONSOLIDATED STATEMENT OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8

Report of Independent Certified Public Accountants

Board of Directors  
Perry Equipment Corporation

We have audited the accompanying consolidated balance sheet of Perry Equipment Corporation and Subsidiaries (the "Company") as of May 31, 2007, and the related consolidated statements of earnings, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Perry Equipment Corporation and Subsidiaries, as of May 31, 2007, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP

Dallas, Texas  
August 15, 2007

Perry Equipment Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEET

May 31, 2007  
(dollars in thousands)

ASSETS	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 8,326
Accounts receivable, net of allowance for doubtful accounts of \$802	24,431
Inventories, net	12,726
Other current assets	<u>3,979</u>
<b>Total current assets</b>	<b>49,462</b>
<b>PROPERTY, PLANT AND EQUIPMENT — AT COST</b>	
Buildings	4,653
Machinery and equipment	16,030
Furniture and fixtures	3,479
Transportation equipment	682
Construction in progress	<u>2,910</u>
	27,754
Less accumulated depreciation	<u>(18,792)</u>
	8,962
Land	<u>720</u>
	9,682
<b>OTHER ASSETS</b>	
Prepaid pension contribution	2,148
Due from shareholders	1,052
Deferred income taxes	762
Other	<u>1,607</u>
	5,569
	<u>\$ 64,713</u>

The accompanying notes are an integral part of these consolidated statements.

Perry Equipment Corporation and Subsidiaries  
CONSOLIDATED BALANCE SHEET — CONTINUED

May 31, 2007  
(dollars in thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	
Current maturities of long-term debt	\$ 400
Accounts payable	9,085
Accrued liabilities	5,909
Progress billings on contracts	14,463
Deferred income taxes	531
Income taxes payable	<u>2,253</u>
Total current liabilities	32,641
LONG-TERM DEBT, less current maturities	233
MINIMUM PENSION LIABILITY, net	1,513
COMMITMENTS AND CONTINGENCIES	
SHAREHOLDERS' EQUITY	
Common stock, no par value; 1,500,000 shares authorized, 412,921 shares issued, 264,643 shares outstanding	1,927
Accumulated other comprehensive loss	(1,532)
Retained earnings	<u>35,631</u>
	36,026
Less common stock in treasury at cost, 148,278 shares	<u>(5,700)</u>
	<u>30,326</u>
	<u>\$ 64,713</u>

The accompanying notes are an integral part of these consolidated statements.

Perry Equipment Corporation and Subsidiaries  
CONSOLIDATED STATEMENT OF EARNINGS

Year ended May 31, 2007  
(dollars in thousands)

Net sales	\$101,583
Cost of goods sold	<u>66,407</u>
Gross profit	35,176
Selling, general and administrative expenses	<u>23,348</u>
Operating income	11,828
Other income (expense)	
Interest income	93
Interest expense	(322)
Miscellaneous income	470
Loss on foreign currency	(17)
Loss on sale of fixed assets	<u>(19)</u>
Earnings before income taxes	12,033
Income tax expense	<u>3,331</u>
NET EARNINGS	<u>\$ 8,702</u>

The accompanying notes are an integral part of these consolidated statements.

Perry Equipment Corporation and Subsidiaries  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended May 31, 2007  
(dollars in thousands)

	Common stock	Accumulated other comprehensive loss	Retained earnings	Treasury stock	Total
Balances at May 31, 2006	\$ 1,927	\$ (3,199)	\$27,034	\$ (5,671)	\$20,091
Comprehensive income:					
Net earnings	—	—	8,702	—	8,702
Foreign currency translation adjustment	—	1,125	—	—	1,125
Change in minimum pension liability, net of tax of \$279	—	542	—	—	542
Total comprehensive income	—	1,667	—	—	1,667
Dividends	—	—	(105)	—	(105)
Purchase of treasury stock	—	—	—	(29)	(29)
Balances at May 31, 2007	<u>\$ 1,927</u>	<u>\$ (1,532)</u>	<u>\$35,631</u>	<u>\$ (5,700)</u>	<u>\$30,326</u>

The accompanying notes are an integral part of this consolidated statement.

Perry Equipment Corporation and Subsidiaries  
CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended May 31, 2007  
(dollars in thousands)

<b>Cash flows from operating activities</b>	
Net earnings	\$ 8,702
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities	
Deferred income taxes	(75)
Depreciation	1,164
Bad debt provision	516
Loss on disposal and sale of assets	19
Changes in operating assets and liabilities:	
Accounts receivable	10,297
Inventories	(3,057)
Other assets	(5,253)
Accounts payable	(8,936)
Accrued liabilities	(4,770)
Income taxes payable	(107)
Progress billings on contracts	<u>7,458</u>
Net cash provided by operating activities	5,958
<b>Cash flows from investing activities</b>	
Capital expenditures	<u>(4,707)</u>
Net cash used in investing activities	(4,707)
<b>Cash flows from financing activities</b>	
Principal payments on debt and line of credit	(6,281)
Purchase of treasury stock	(29)
Dividends paid	<u>(105)</u>
Net cash used in financing activities	(6,415)
Effect of exchange rate on cash	<u>632</u>
Net decrease in cash and cash equivalents	(4,532)
Cash and cash equivalents at beginning of year	<u>12,858</u>
Cash and cash equivalents at end of year	<u>\$ 8,326</u>
<b>Supplemental disclosures of cash flow information</b>	
Cash paid during the year for	
Interest	\$ 322
Income taxes	\$ 3,752

The accompanying notes are an integral part of these consolidated statements.

Perry Equipment Corporation and Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2007  
(dollars in thousands)

**NOTE A — NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

Perry Equipment Corporation (the “Company”) is a manufacturer of filtration equipment. The Company has manufacturing facilities in the United States of America, Canada, and Mexico. The Company also has operations in the United Kingdom, Italy, Romania and Malaysia. Sales are made to customers located throughout the world.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Inventories

Inventories which primarily consist of raw materials, work-in-process, and finished goods, are stated at the lower of weighted average cost not in excess of market. Costs included in inventories consist of materials, labor, and manufacturing overhead which are related to the purchase and production of inventories. The Company periodically assesses its inventories for potential obsolescence and lower of cost or market issues and provides reserves accordingly.

Warranty Costs

The Company provides product warranties for specific product lines and accrues for estimated future warranty costs in the period in which the revenue is recognized based on historical experience, expectation of future conditions, and the extent of concurrent supplier warranties in place.

Property, Plant and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Gains and losses resulting from sales or retirements are recorded as incurred, at which time related costs and accumulated depreciation are removed from the accounts. Depreciation is recognized utilizing the straight-line method for buildings and the double declining balance method for all other properties and equipment over the estimated useful lives of the assets.

Major classifications of property and equipment as of May 31, 2007 and their respective estimated useful lives are summarized below:

Buildings	39 years
Furniture, fixtures and equipment	3-7 years
Transportation equipment	7 years

Maintenance, repairs and minor replacements are charged to operations as incurred. Major repairs or replacements of property and equipment that extend the useful life of the asset are capitalized.

### Translation of Foreign Currencies

For foreign operations with functional currencies other than the U.S. dollar, assets and liabilities accounts are translated at the exchange rate as of the balance sheet date. All revenue and expense accounts are translated at a weighted-average exchange rate in effect during the year. Translation adjustments are recorded as a component of accumulated other comprehensive income. Gains or losses from foreign currency transactions are included in the consolidated statements of earnings.

### Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

### Revenue Recognition

Revenue is recognized on contracts over \$100 in value and six months in length utilizing the percentage of completion method based on costs incurred as a percentage of estimated total costs. Revenue recognized on uncompleted contracts in excess of amounts billed to customers is reflected as a current asset. Amounts billed to customers in excess of revenue recognized on uncompleted contracts are reflected as a current liability. When it is estimated that a contract will result in a loss, the entire amount of the estimated loss is accrued. The effect of revisions in cost and profit estimates for contracts is reflected in the accounting period in which the facts requiring the revisions become known. Contract progress billings are based upon contract provisions for customer advance payments, contract costs incurred and completion of specified contract milestones.

Revenue for contracts under \$100 or to be completed in less than six months are recognized as shipped or when the service is provided. Under these contracts, title passes at shipment. Revenue on contracts where post-shipment services (such as installation and acceptance) are required is recognized upon customer acceptance. Revenue for service contracts is recognized ratably over the life of the contract with related material costs expensed as incurred.

### Shipping and Handling Fees and Costs

The Company includes shipping and handling fees billed to customers in net sales. Shipping and handling costs associated with both inbound and outbound freight are included in cost of goods sold.

### Accounts Receivable

The Company sells its products to customers, both domestic and international, who are in the oil and gas industry. Credit is extended based on evaluation of a customer's financial condition. Accounts receivable are due within 30 days for domestic accounts and 60 days for foreign accounts, and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and industry as a whole. The Company writes-off accounts receivable when they become uncollectible, and payments subsequently received on accounts are credited to the allowance for doubtful accounts.

### Advertising Expense

Advertising costs are expensed as incurred. Advertising costs for the year ended May 31, 2007 were approximately \$244.

### Research and Development Expense

Research and development costs are expensed as incurred and are included in Selling, General and Administrative Expenses in the consolidated Statements of Earnings. Research and development costs for the year ended May 31, 2007 were approximately \$509.

### Income Taxes

The Company accounts for income taxes using the liability method. Under the liability method deferred tax assets and liabilities are recognized for the future consequences of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (temporary differences). Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are recovered or settled. Valuation allowances for deferred tax assets are established when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

### Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes: an Interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies SFAS No. 109, *Accounting for Income Taxes*, to indicate a criterion that an individual tax position would have to meet for some or all of the benefit of that position to be recognized in an entity's financial statements. FIN 48 applies to all business enterprises including not-for-profit organizations. In applying FIN 48, an entity must evaluate a tax position, as defined, using a two-step process.

- evaluation for recognition: An entity should recognize the financial statement benefit of a tax position if it determines that it is more likely than not (i.e., a likelihood of more than 50 percent) that the position will be sustained on examination.
- measurement of the benefit: The amount recognized should be the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement.

FIN 48 also allows for subsequent recognition and derecognition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is not able at this time to determine what impact, if any, adoption of FIN 48 will have on the results of operations.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs, an amendment of ARB No. 43, Chapter 4* (SFAS No. 151). While retaining the general principle that inventories are presumed to be stated at cost, SFAS No. 151 amends ARB No. 43 to clarify that:

- abnormal amounts of idle facilities, freight, handling costs, and spoilage should be recognized as charges of the current period.
- allocation of fixed production overheads to inventories should be based on the normal capacity of the production facilities

SFAS No. 151 defines normal capacity as the production expected to be achieved over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance.

SFAS No. 151 is effective for inventory costs incurred during fiscal years beginning after June 15, 2005 and should be applied prospectively. Early application is permitted. The Company adopted SFAS No. 151 effective for its fiscal year ended May 31, 2007 without any significant impact on the Company's consolidated financial position, results of operations or cash flow.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans: an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (SFAS No. 158). SFAS No. 158 will require the Company to recognize the funded status of its defined benefit postretirement plans in the Company's statement of financial position. The Statement does not change the accounting for the Company's defined contribution plans.

SFAS No. 158 also removes the existing option to use a plan measurement date that is up to 90 days prior to the date of the statement of financial position.

SFAS No. 158 will require the Company to include several enhanced disclosures of information related to its defined benefit plans in its financial statements to increase consistency and comparability. Additionally, in the year of application, the Company will be required to disclose the incremental effect of applying SFAS No. 158 on each individual line item in the year-end statement of financial position, as well as the separate adjustments to retained earnings and other comprehensive income.

SFAS No. 158 is effective for the Company's fiscal year ending May 31, 2008. The Statement is to be applied as of the end of the year of adoption. Retrospective application is not permitted. Early adoption is permitted; however, the Company does not intend to adopt Statement 158 prior to the required effective date. The actual impact of SFAS No. 158 on the Company's financial position at May 31, 2008, will ultimately be based on assumptions used at that time (including the discount rate). Application of the SFAS No. 158 will not change the calculation of net earnings, but will affect the amount recognized in equity and, in future periods, will affect the calculation of other comprehensive income. The Company has not yet begun to calculate the impact of adopting SFAS No. 158 on equity, if any, for the fiscal year ending May 31, 2008.

#### Comprehensive Income

Comprehensive income includes net earnings, changes in the adjustment resulting from foreign currency translation, and changes in the minimum pension liability.

#### Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **NOTE B — ACCOUNTS RECEIVABLE**

Principal components of accounts receivable are as follows:

Trade receivables	\$ 25,233
Less allowance for doubtful accounts	<u>(802)</u>
	<u>\$ 24,431</u>

Changes in the Company's allowance for doubtful accounts are as follows:

Beginning balance	\$ 349
Bad debt provision	516
Accounts written off	<u>(63)</u>
	<u>\$ 802</u>

### **NOTE C — INVENTORIES**

Principal components of inventories are as follows:

Raw materials	\$ 4,898
Work in process	6,130
Finished goods	2,664
Valuation reserve	<u>(966)</u>
Total inventories	<u>\$ 12,726</u>

**NOTE D — DUE FROM SHAREHOLDERS**

Due from shareholders consists of four notes receivable from officers and shareholders of the Company. The loans are primarily for life insurance policy premiums. Two of the notes are collateralized with life insurance policies with a cash value of \$603. The other notes are collateralized by common stock.

**NOTE E — ACCRUED LIABILITIES**

Accrued liabilities consist of the following:

Commissions	\$ 1,210
Salaries, wages and taxes	793
Warranty costs	518
Vacation	498
Professional fees	254
Bonuses	1,281
Other	1,355
	<u>\$ 5,909</u>

**NOTE F — LINE OF CREDIT**

The Company maintains lines of credit in the amount of \$17,500 with interest payable monthly at the bank's prime rate less 7/8% (7.375% at May 31, 2007), collateralized by accounts receivable, inventory and equipment. See Note G for restrictive loan covenants. The Company had no borrowings under these agreements at May 31, 2007. The Company had commitments to fund letters of credit outstanding of \$5,657 at May 31, 2007. A commitment fee equal to 0.50% of the unused portion is payable quarterly.

**NOTE G — LONG-TERM DEBT**

Long-term debt is as follows:

Note payable to bank, interest payments at the bank's prime rate, (8.25% at May 31, 2007) due monthly, balance due August 2009; collateralized by accounts receivable, inventory and equipment	\$ 633
Other	—
	<u>633</u>
Less current maturities	400
	<u>\$ 233</u>

The Company is required to comply with certain loan covenants and maintain certain financial ratios under the Lines of Credit and Notes Payable that relate to minimum net worth and other restrictions, as defined in the Agreement. The Company was in compliance with all financial covenants as of May 31, 2007.

Maturities of long-term debt at May 31, 2007 are as follows:

2008	\$ 400
2009	233
	<u>\$ 633</u>

**NOTE H — INCOME TAXES**

The provision for income tax expense (benefit) is comprised of the following:

	Domestic	Foreign	Total
Year ended May 31, 2007			
Current	\$ 2,696	\$ 710	\$ 3,406
Deferred	<u>624</u>	<u>(699)</u>	<u>(75)</u>
	<u>\$ 3,320</u>	<u>\$ 11</u>	<u>\$ 3,331</u>

The principal components of deferred income tax assets and liabilities are as follows:

Deferred income tax assets		
Foreign net operating loss and credit carryforwards		\$ 917
Inventories		499
Other		<u>58</u>
Total deferred tax assets		<u>\$ 1,474</u>
Deferred tax liabilities		
Property, plant and equipment		\$ (155)
Accrued expenses		<u>(1,088)</u>
Total deferred tax liabilities		<u>(1,243)</u>
Total net deferred tax asset		<u>\$ 231</u>

A reconciliation of income tax (benefit) expense using the Federal Statutory rate of 34% to the actual income tax expense (benefit) is as follows:

Income tax expense at statutory rate	\$ 4,197
Foreign income sales credit	(20)
Domestic manufacturers deduction	(82)
Unbenefitted foreign dividends	204
Foreign rate differential	(110)
Previously unbenefitted foreign losses and credits	(939)
State income taxes	187
Research and development tax credits	(144)
Other	<u>38</u>
	<u>\$ 3,331</u>

The previously unbenefitted foreign losses and credits, which were 100% reserved in prior years, primarily relate to foreign tax credits available in the UK foreign subsidiary for which taxable income is expected to be generated in future periods sufficient to realize the tax benefit.

**NOTE I — PENSION PLAN**

The Company has a defined benefit pension plan covering substantially all of its domestic employees, the Retirement Plan for Employees of Perry Equipment Corporation (the Plan). The benefits may be based on years of service or benefits may be earned for a year of service based on that year's compensation. The Company's funding policy is to contribute annually an amount at least equal to the amount necessary to satisfy the Internal Revenue Service's funding standards.

On June 19, 2000, the Company froze benefits in the Plan effective July 15, 2000. All future benefits under the Plan ceased on July 15, 2000. All active participants in the Plan on July 15, 2000 became 100% vested in their accrued benefits regardless of their length of service. Other terms of the Plan will remain in effect, but no additional benefits will accrue after July 15, 2000.

The Company has recognized a minimum pension liability of \$2,292 in 2007, due to the unfunded status of the accumulated benefit obligation. The change in the minimum pension liability is included in other comprehensive income.

The following table sets forth the plan's funded status and amounts recognized in the Company's balance sheet:

Accumulated and projected benefit obligation for service rendered to date	\$ 14,860
Plan assets at fair value	<u>14,716</u>
Funded status	(144)
Unrecognized net loss from past experience different than that assumed and effects of changes in assumptions	<u>2,292</u>
Prepaid pension cost, net	<u>\$ 2,148</u>
Net pension cost (income) includes the following components	
Interest cost on projected benefit obligation	\$ 796
Actual return on plan assets	(983)
Curtailment gain	<u>105</u>
Net periodic pension income	<u>\$ (82)</u>

Unrecognized prior service costs were amortized using the straight-line method over the average remaining employee service period of employees expected to receive benefits under the plan. However, when the plan was frozen, this cost was recognized as part of the curtailment gain.

The following economic assumptions were used:

Discount rate	6.00%
Long-term rate of return on plan assets	8.00%

The Company expects benefit payments at May 31, 2007 as follows:

2008	\$ 769
2009	753
2010	767
2011	762
2012	786
Thereafter	<u>4,550</u>
	<u>\$ 8,387</u>

**NOTE J — EMPLOYEE STOCK OWNERSHIP PLAN**

The Company established the PECO Employees' Stock Ownership Plan (ESOP) effective June 1, 1998. Substantially all domestic employees of the Company are eligible for participation in the ESOP. The ESOP is a non-contributory, qualified stock plan under which the Company contributes common stock from its treasury at the discretion of the Company's Board of Directors. Compensation cost is determined by the fair market value of the employers' common stock. No contributions to the plan were made in 2007.

The Company is required to repurchase shares held by participants upon separation from the plan as provided for in the ESOP. The Company, at its discretion may grant the Trust an option to assume the Company's rights and obligations at the time a participant exercises a put option under the provisions of the plan. The participant has no obligation to exercise their eligible put option.

As of May 31, 2007, the number of shares subject to repurchase in future years is 17,458. The fair value of the shares as of May 31, 2006 amounted to \$2,700. The Company made repurchases of \$26 during the year ended May 31, 2007.

**NOTE K — DEFINED CONTRIBUTION RETIREMENT PLAN**

The Company maintains a 401(k) plan that covers all eligible employees. The Company, at its discretion, can match up to 60% of the first 6% of employee contributions. These matching contributions begin vesting after two years at a rate of 20% per year and fully vest after 6 years. The Company made contributions of \$286 during the year ended May 31, 2007.

**NOTE L — COMMITMENTS**

The Company leases a portion of its facilities and equipment under non-cancellable operating leases. Total rental expense for these operating leases amounted to approximately \$432 in 2007. The following is a schedule of future minimum lease payments under these operating leases:

Year ending May 31,	
2008	\$ 463
2009	345
2010	212
2011	50
2012	15
Thereafter	—
	<u>\$ 1,085</u>

**NOTE M — CONTINGENCIES**Litigation

The Company is involved in various legal proceedings that have arisen in the normal course of business. While it is not possible to predict the outcome of such proceedings with certainty, management believes the outcome will not have a material impact on the financial position, liquidity or operations of the Company.

Contingencies

The Company has issued letters of credit of \$3,953 for the year ended May 31, 2007, related to guarantees given by banks and insurers in relation to indemnities to customers.

**NOTE N — ROMGAZ CONTRACT**

On February 1, 2005, Perry Equipment Limited, a wholly owned subsidiary of Perry Equipment Corporation, entered into a significant contract in the amount of \$53,477 to supply gas drying installations in Romania. The contract was completed in June 2007.

The Company has guaranteed the subsidiary performance under this contract by issuing two conditional letters of credit in favor of the customer. The first letter of credit is for \$11,530 in respect of the Company's performance of the contract and has a balance of \$304 at May 31, 2007. The amount of the letter of credit decreases as the contract is executed. The second letter of credit of \$2,785 is for commissioning (70% of the value of the letter of credit) and warranty (30% of the value of the letter of credit) obligations and has a balance of \$1,302 at May 31, 2007. The amount of the letter of credit decreases over the warranty period of the contract.

To guarantee the performance obligations of the principal subcontractors, the Company has received bank guarantees of \$2,125 from the subcontractors.

## UNAUDITED INTERIM INFORMATION

Perry Equipment Corporation and Subsidiaries  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (dollars in thousands)  
 Unaudited

	November 30, 2007	May 31, 2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 15,157	\$ 8,326
Accounts receivable, net of allowance for doubtful accounts of \$571 and \$802 at November 30 and May 31, respectively	19,558	24,431
Inventories, net	13,925	12,726
Deferred income taxes	1,468	—
Other current assets	4,176	3,979
	<u>54,284</u>	<u>49,462</u>
<b>PROPERTY, PLANT AND EQUIPMENT — AT COST</b>		
Buildings	4,653	4,653
Machinery and equipment	18,985	16,030
Furniture and fixtures	3,479	3,479
Transportation equipment	682	682
Construction in progress	2,389	2,910
	<u>30,188</u>	<u>27,754</u>
Less accumulated depreciation	(18,680)	(18,792)
	<u>11,508</u>	<u>8,962</u>
Land	720	720
	<u>12,228</u>	<u>9,682</u>
<b>OTHER ASSETS</b>		
Prepaid pension contribution	2,738	2,148
Due from shareholders	—	1,052
Deferred income taxes	1,035	762
Other	1,069	1,607
	<u>4,842</u>	<u>5,569</u>
	<u>\$ 71,354</u>	<u>\$ 64,713</u>

The accompanying notes are an integral part of these consolidated statements.

Perry Equipment Corporation and Subsidiaries  
CONDENSED CONSOLIDATED BALANCE SHEETS — CONTINUED  
(dollars in thousands)  
Unaudited

	<u>November 30, 2007</u>	<u>May 31, 2007</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 7,000	\$ —
Current maturities of long-term debt	411	400
Accounts payable	7,871	9,085
Accrued liabilities	9,945	5,909
Progress billings on contracts	10,401	14,463
Deferred income taxes	—	531
Income taxes payable	<u>2,707</u>	<u>2,253</u>
Total current liabilities	38,335	32,641
LONG-TERM DEBT, less current maturities	44	233
MINIMUM PENSION LIABILITY, net	2,717	1,513
OTHER NON-CURRENT LIABILITIES	65	—
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, no par value; 1,500,000 shares authorized, 412,921 shares issued, 264,643 shares outstanding	1,927	1,927
Accumulated other comprehensive loss	(2,694)	(1,532)
Retained earnings	<u>36,660</u>	<u>35,631</u>
	35,893	36,026
Less common stock in treasury at cost, 148,278 shares	<u>(5,700)</u>	<u>(5,700)</u>
	<u>30,193</u>	<u>30,326</u>
	<u>\$ 71,354</u>	<u>\$ 64,713</u>

The accompanying notes are an integral part of these consolidated statements.

Perry Equipment Corporation and Subsidiaries  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
Six Months ended November 30,  
(dollars in thousands)  
Unaudited

	<u>2007</u>	<u>2006</u>
Net sales	\$ 53,653	\$ 41,612
Cost of goods sold	<u>34,341</u>	<u>26,510</u>
Gross profit	19,312	15,102
Selling, general and administrative expenses	<u>17,558</u>	<u>10,416</u>
Operating income	1,754	4,686
Other income (expense)		
Interest income	53	—
Interest expense	(49)	(187)
Miscellaneous expense	(87)	(257)
Loss on foreign currency	<u>(84)</u>	<u>(56)</u>
Earnings before income taxes	1,587	4,186
Income tax expense	<u>532</u>	<u>1,186</u>
<b>NET EARNINGS</b>	<u><u>\$ 1,055</u></u>	<u><u>\$ 3,000</u></u>

The accompanying notes are an integral part of these consolidated statements.

Perry Equipment Corporation and Subsidiaries  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
Six months ended November 30,  
(dollars in thousands)  
Unaudited

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Net earnings	\$ 1,055	\$ 3,000
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities		
Deferred income taxes	(2,271)	14
Depreciation	595	330
Bad debt provision	(231)	(532)
Changes in operating assets and liabilities:		
Accounts receivable	4,115	7,126
Inventories	1,241	(6,689)
Other assets	(815)	(4,044)
Accounts payable	(907)	(3,947)
Accrued liabilities	3,924	(3,709)
Income taxes payable	312	(1,477)
Progress billings on contracts	<u>(4,041)</u>	<u>8,199</u>
Net cash used in operating activities	2,977	(1,729)
Cash flows from investing activities		
Capital expenditures	(3,166)	(683)
Cash flows from financing activities		
Net proceeds (payments) on line of credit	7,000	(3,302)
Principal payments on debt	(200)	437
Purchase of treasury stock	—	(82)
Dividends paid	<u>(26)</u>	<u>(26)</u>
Net cash provided by (used in) financing activities	6,774	(2,973)
Effect of exchange rate on cash	<u>246</u>	<u>(641)</u>
Net decrease in cash and cash equivalents	6,831	(6,026)
Cash and cash equivalents at beginning of period	8,326	12,858
Cash and cash equivalents at end of period	<u>\$ 15,157</u>	<u>\$ 6,832</u>
Supplemental disclosures of cash flow information		
Cash paid during the period for		
Interest	\$ 49	\$ 228
Income taxes	\$ 2,000	\$ 480

The accompanying notes are an integral part of these consolidated statements.

Perry Equipment Corporation and Subsidiaries  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(dollars in thousands)  
Unaudited

**NOTE A — GENERAL**

Presentation

The consolidated balance sheet as of November 30, 2007 and the consolidated statements of earnings and of cash flows for the six-month periods ended November 30, 2007 and 2006 are unaudited. They have been prepared on the same basis as the audited financial statements and related notes thereto of Perry Equipment Corporation and Subsidiaries (the “Company”) for the fiscal year ended May 31, 2007. These statements reflect all adjustments of a normal, recurring nature, which, in the opinion of management, are necessary for fair presentation of the financial position, results of operations and cash flows for the interim periods. Certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The results of operations for the period ended November 30, 2007 are not necessarily indicative of the operating results for the full year.

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. These estimates are based on information available as of the date of these financial statements. Actual results could differ from those estimates.

The financial statements and information included in this Exhibit 99.3 on this Form 8-K/A should be read in conjunction with the audited consolidated financial statements of Perry Equipment Corporation and Subsidiaries and the notes thereto for the fiscal year ended May 31, 2007 included in Exhibit 99.2 of this Form 8-K/A, as filed with the Securities and Exchange Commission.

Comprehensive Income

Comprehensive income includes net earnings, changes in the adjustment resulting from foreign currency translation and changes in the minimum pension liability.

	Six Months Ended November 30, 2007	November 30, 2006
Net earnings	\$ 1,055	\$ 3,000
Other comprehensive earnings, net of tax:		
Foreign currency translation adjustments	42	1,667
Minimum pension liability adjustments	(1,204)	—
<b>Total comprehensive income (loss)</b>	<b>\$ (107)</b>	<b>\$ 4,667</b>

The components of the ending balances of accumulated other comprehensive income are as follows:

	November 30, 2007	May 31, 2007
Minimum pension liability, net of taxes of \$1,399 and \$279, respectively	\$ (2,715)	\$(1,513)
Translation adjustments	21	(19)
<b>Accumulated other comprehensive loss</b>	<b>\$ (2,694)</b>	<b>\$(1,532)</b>

**NOTE B — INVENTORIES**

Principal components of inventories are as follows:

	November 30, 2007	May 31, 2007
Raw materials	\$ 3,884	\$ 4,898
Work in process	6,573	6,130
Finished goods	4,341	2,664
Valuation reserve	<u>(873)</u>	<u>(966)</u>
Total inventories	<u>\$ 13,925</u>	<u>\$ 12,726</u>

**NOTE C — DUE FROM SHAREHOLDERS**

At May 31, 2007, other assets included \$1,052 due from shareholders consisting of four notes receivable from officers and shareholders of the Company. The loans were primarily for life insurance policy premiums. Two of the notes were collateralized with life insurance policies with a cash value of \$670. The other notes were collateralized by common stock. All notes were paid prior to November 30, 2007.

**NOTE D — LINE OF CREDIT**

On July 17, 2007, the Company entered into an agreement to extend its existing line of credit through December 2009, to increase the amount available to \$18,500 and to establish a term debt line for \$5,000. The previous \$17,500 line of credit agreement was to expire in December 2008. Interest is payable monthly at the bank's prime rate less 7/8% (6.6625% and 7.375% at November 30 and May 31, 2007, respectively). The credit agreement is collateralized by certain accounts receivable, inventory and equipment. The Company had borrowings of \$7,000 under the agreement at November 30, 2007. No amounts were outstanding under the previous line of credit at May 31, 2007. A commitment fee equal to 0.50% of the unused portion is payable quarterly under both agreements.

The Company is required to comply with certain loan covenants and maintain certain financial ratios under the Lines of Credit and Notes Payable that relate to minimum net worth and other restrictions, as defined in the Agreements. The Company was in compliance with all financial covenants as of November 30, 2007.

The Company had commitments to fund letters of credit outstanding of \$6,307 and \$3,953 at November 30 and May 31, 2007, respectively.

**NOTE E — INCOME TAXES**

The anticipated effective annual tax rate for global operations at November 30, 2007 is 35.5%.

**NOTE F — PENSION PLAN**

The Company has a defined benefit pension plan covering substantially all of its domestic employees, the Retirement Plan for Employees of Perry Equipment Corporation (the Plan). The benefits may be based on years of service or benefits may be earned for a year of service based on that year's compensation. The Company's funding policy is to contribute annually an amount at least equal to the amount necessary to satisfy the Internal Revenue Service's funding standards.

On June 19, 2000, the Company froze benefits in the Plan effective July 15, 2000. All future benefits under the Plan ceased on July 15, 2000. All active participants in the Plan on July 15, 2000 became 100% vested in their accrued benefits regardless of their length of service. Other terms of the Plan will remain in effect, but no additional benefits will accrue after July 15, 2000.

The Company has recognized a minimum pension liability of \$4,116 and \$2,292 at November 30 and May 31, 2007, respectively, due to the unfunded status of the accumulated benefit obligation. The change in the minimum pension liability is included in other comprehensive income.

The company made contributions of \$480 and \$575 for the six months ended November 30, 2007 and 2006, respectively. The total contributions for the year ended May 31, 2007 were \$1,013 and are expected to be \$1,000 for the year ended May 31, 2008.

**NOTE G — EMPLOYEE STOCK OWNERSHIP PLAN**

The Company established the PECO Employees' Stock Ownership Plan (ESOP) effective June 1, 1998. Substantially all domestic employees of the Company are eligible for participation in the ESOP. The ESOP is a non-contributory, qualified stock plan under which the Company contributes common stock from its treasury at the discretion of the Company's Board of Directors. Compensation cost is determined by the fair market value of the employers' common stock. No contributions to the plan were made in 2007 and 2006.

The Company is required to repurchase shares held by participants upon separation from the plan as provided for in the ESOP. As of November 30, 2007, the number of shares subject to repurchase in future years is 17,458. The Company made repurchases of \$ — and \$27 during the periods ended November 30, 2007 and 2006, respectively.

**NOTE H — COMMITMENTS**

The Company leases a portion of its facilities and equipment under non-cancellable operating leases. Total rental expense for these operating leases amounted to approximately \$281 and \$216 for the six months ended November 30 2007 and 2006, respectively. The following is a schedule of future minimum lease payments under these operating leases:

	Year ending May 31,
2008	\$ 470
2009	207
2010	71
2011	16
2012	16
Thereafter	—
	<u>\$ 780</u>

**NOTE I — CONTINGENCIES**

Litigation

The Company is involved in various legal proceedings that have arisen in the normal course of business. While it is not possible to predict the outcome of such proceedings with certainty, management believes the outcome will not have a material impact on the financial position, liquidity or operations of the Company.

Contingencies

The Company has issued letters of credit of \$6,307 and \$3,953 for the periods ended November 30, and the year ended May 31, 2007, respectively, related to guarantees given by banks and insurers in relation to indemnities to customers.

**NOTE J – SUBSEQUENT EVENTS**

On December 3, 2007, the shareholders of Perry Equipment Corporation approved the sale of the company to CLARCOR Inc. for a sales price of approximately \$158,000, subject to a post-closing adjustment. The initial sales price was paid with a combination of cash and CLARCOR stock. As a result of the sale transaction, Perry Equipment Corporation incurred and paid \$6,386 to certain employees, which is not included in the statement of earnings for the six months ended November 30, 2007.

**Item 9.01 (b) PRO FORMA FINANCIAL INFORMATION (UNAUDITED)****i. Pro Forma Financial Information — Introduction**

The accompanying unaudited pro forma condensed combined financial statements (pro forma statements) present the effect of the acquisition of the Perry Equipment Corporation and its subsidiaries (hereinafter referred to as Peco) on the financial position and results of operations of CLARCOR Inc. (hereinafter referred to as CLARCOR or the Company). CLARCOR's fiscal year ends on the Saturday closest to November 30. The 2007 fiscal year ended December 1, 2007. In the pro forma condensed combined financial statements, fiscal year 2007 is shown to begin as of December 1 and end as of November 30 for clarity of presentation.

The unaudited pro forma condensed combined balance sheet as of November 30, 2007 is based upon the audited historical balance sheet of CLARCOR and the unaudited historical balance sheet of Peco as of November 30, 2007 and assumes the acquisition took place on November 30, 2007. The unaudited pro forma condensed combined statement of earnings for the year ended November 30, 2007 is based on the audited historical statement of earnings of CLARCOR for the fiscal year ended November 30, 2007 and the unaudited historical statement of earnings of Peco for the twelve months ended November 30, 2007 and has been prepared assuming the acquisition took place at the beginning of fiscal 2007. Peco had a May fiscal year-end. In order to prepare Peco's unaudited pro forma condensed combined statement of earnings for the twelve months ended November 30, 2007, Peco's unaudited operating results for the period from June 1, 2007 through November 30, 2007 were added to its audited results for the fiscal year ended May 2007 and the unaudited operating results for the period from June 1, 2006 through November 30, 2006 were deducted.

The unaudited pro forma condensed combined financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. They do not purport to be indicative of the results of operations or financial position of CLARCOR that would have occurred had the acquisition actually been completed on December 1, 2006, or which may occur in the future.

The acquisition will be accounted for by the purchase method of accounting pursuant to Statement of Accounting Standards (SFAS) No. 141, "Business Combinations" with CLARCOR treated as the acquirer. Under purchase accounting, the total purchase price and direct acquisition expenses paid by CLARCOR will be allocated to the acquired tangible and intangible assets and assumed liabilities of Peco based upon their respective fair values as of the effective time of the acquisition based on management's valuations and other studies which are not yet complete. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill.

A preliminary allocation of the estimated purchase price has been made to major categories of assets and liabilities in the accompanying pro forma statements based on available information and is currently subject to change. The allocation will be completed when CLARCOR finishes its appraisal of the assets acquired (which includes completing an assessment of the liabilities assumed) and finalizes the estimates associated with deferred taxes and other costs related to the acquisition. The actual allocation of the final purchase price and the resulting effect on income from operations may differ from the unaudited pro forma amounts included herein. The pro forma adjustments are described in the accompanying notes and represent CLARCOR's preliminary determination of purchase accounting adjustments based upon available information and certain assumptions that CLARCOR believes are reasonable. The unaudited pro forma condensed combined statement of earnings does not include the impact of any revenues, costs or other operating synergies and non-recurring charges expected to result from the acquisition. The unaudited pro forma condensed combined statement of earnings does include certain non-recurring expenses that Peco incurred as part of the transaction. See Note 3.c.

CLARCOR and Peco management have performed an initial review of their respective accounting policies and have preliminarily determined that conforming Peco's policies to CLARCOR's policies, where applicable, creates no significant differences that impact the unaudited pro forma statements.

The accompanying unaudited pro forma statements should be read in connection with the separate historical financial statements and notes thereto included in CLARCOR's Annual Report on Form 10-K for the fiscal year ended November 30, 2007 filed with the Securities and Exchange Commission on January 28, 2008, and Peco's historical financial statements and notes thereto included in Exhibits 99.2 and 99.3 on this Current Report on Form 8-K/A.

**CLARCOR Inc.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**November 30, 2007**

(Dollars in thousands)

	CLARCOR (*)	Peco (**)	Pro Forma Adjustments	Note 2	Combined Pro Forma
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 36,059	\$15,157	\$ (13,230)	a.	\$ 37,986
Restricted Cash	1,055	—	—		1,055
Short-term investments	4,884	—	—		4,884
Accounts receivable, less allowance for losses	166,912	19,558	—		186,470
Inventories	135,846	13,925	1,597	b.	151,368
Prepaid expenses and other current assets	6,968	4,176	—		11,144
Deferred income taxes	20,196	1,468	(595)	g.	21,069
<b>Total current assets</b>	<b>371,920</b>	<b>54,284</b>	<b>(12,228)</b>		<b>413,976</b>
Plant assets, at cost less accumulated depreciation	169,212	12,228	8,373	c.	189,813
Goodwill	124,718	—	90,530	d.	215,248
Acquired intangibles, less accumulated amortization	53,209	—	47,100	e.	100,309
Pension assets	8,341	2,738	(2,738)	f.	8,341
Deferred income taxes	294	1,035	(1,035)	f., g.	294
Other noncurrent assets	11,441	1,069	—		12,510
<b>Total assets</b>	<b>\$739,135</b>	<b>\$71,354</b>	<b>\$130,002</b>		<b>\$940,491</b>
<b>LIABILITIES</b>					
Current liabilities:					
Current portion of long-term debt	\$ 94	\$ 7,411	\$ (7,411)	a.	\$ 94
Accounts payable and accrued liabilities	109,619	28,217	—		137,836
Income taxes	4,458	2,707	—		7,165
<b>Total current liabilities</b>	<b>114,171</b>	<b>38,335</b>	<b>(7,411)</b>		<b>145,095</b>
Long-term debt, less current portion	17,329	44	80,000	a.	97,373
Postretirement health care benefits	947	—	—		947
Long-term pension liabilities	15,104	2,717	(1,339)	f.	16,482
Deferred income taxes	25,485	—	16,987	g.	42,472
Other long-term liabilities	5,792	65	—		5,857
Minority interests	4,577	—	—		4,577
<b>Total liabilities</b>	<b>183,405</b>	<b>41,161</b>	<b>88,237</b>		<b>312,803</b>
<b>SHAREHOLDERS' EQUITY</b>					
Capital stock:					
Preferred	—	—	—		—
Common	49,219	1,927	211	h.,i.	51,357
Capital in excess of par value	—	—	69,820	h.,i.	69,820
Accumulated other comprehensive earnings	5,912	(2,694)	2,694	f.,i.	5,912
Retained earnings	500,599	36,660	(36,660)	i.	500,599
Cost of treasury stock	—	(5,700)	5,700	i.	—
<b>Total shareholders' equity</b>	<b>555,730</b>	<b>30,193</b>	<b>41,765</b>		<b>627,688</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$739,135</b>	<b>\$71,354</b>	<b>\$130,002</b>		<b>\$940,491</b>

\* Derived from CLARCOR's financial statements as reported in its Annual Report on Form 10-K for the year ended December 1, 2007

\*\* Derived from Peco's historical financial statements provided in Exhibit 99.3 of this Form 8-K/A

See accompanying notes to unaudited pro forma condensed combined financial information

**CLARCOR Inc.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF EARNINGS**  
**for the year ended November 30, 2007**

(Dollars in thousands except per share data)

	CLARCOR (*)	Peco (**)	Pro Forma Adjustments	Note 3	Combined
Net sales	\$ 921,191	\$113,624	\$		\$ 1,034,815
Cost of sales	641,457	74,238	670	a.	716,365
Gross profit	279,734	39,386	(670)		318,450
			2,800	b.	
			(2,866)	c.	
			130	a.	
			595	d.	
Selling and administrative expenses	149,920	30,490	659		181,069
Operating Profit	129,814	8,896	(1,329)		137,381
Other income (expense):					
Interest expense	(1,010)	(184)	(4,371)	e.	(5,565)
Interest income	1,619	146			1,765
Other, net	86	595	(595)	d.	86
	695	557	(4,966)		(3,714)
Earnings before income taxes and minority interests	130,509	9,453	(6,295)		133,667
Provision for income taxes	39,675	2,677	(2,304)	f.	40,048
Earnings before minority interests	90,834	6,776	(3,991)		93,619
Minority interests in earnings of subsidiaries	(175)	—	—		(175)
Net earnings	\$ 90,659	\$ 6,776	\$ (3,991)		\$ 93,444
Net earnings per common share:					
Basic	\$ 1.80				\$ 1.78
Diluted	\$ 1.78				\$ 1.76
Average number of common shares outstanding:					
Basic	50,345,774		2,137,797	g.	52,483,571
Diluted	50,885,314		2,137,797	g.	53,023,111

\* Derived from CLARCOR's financial statements as reported in its Annual Report on Form 10-K for the year ended December 1, 2007

\*\* Derived from Peco's historical financial statements provided in Exhibits 99.2 and 99.3 of this Form 8-K/A.

See accompanying notes to unaudited pro forma condensed combined financial information

Item 9.01 (b) iv.

**NOTES TO PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**  
**(Dollars in thousands, except per share data) (Unaudited)**

Note 1. Description of Transaction

On December 3, 2007, the Company acquired Peco, a privately-owned manufacturer of engineered filtration products and technologies used in a wide array of industries, including oil and natural gas, refining, power generation, petrochemical, food and beverage, electronics, polymers and pulp and paper. Peco is based in Mineral Wells, Texas with operations in Mexico, Canada, the United Kingdom, Italy, Romania, Malaysia and China. Peco will be merged with the Company's Facet operations with its headquarters based in Mineral Wells. Peco was acquired to expand the Company's product offerings, technology, filtration solutions and customer base in the growing oil and natural gas industries. Its results will be included as part of the Company's Industrial/Environmental Filtration segment. The initial purchase price was approximately \$158,000 and was subject to a post-closing adjustment based on a formula in the purchase agreement. The post-closing adjustment resulted in a payment of approximately \$1,831 from the sellers to CLARCOR. The Company issued 2,137,797 shares of CLARCOR common stock with a value of approximately \$71,958 and paid the remaining purchase price with \$6,050 of cash on hand and approximately \$80,000 of cash borrowed under the Company's revolving credit agreement. The Company also incurred approximately \$1,600 in direct acquisition costs.

Note 2. Unaudited Pro forma Condensed Combined Balance Sheet

Under purchase accounting, the purchase price of Peco is allocated to the underlying assets acquired and liabilities assumed based on their respective fair values as of December 3, 2007 with any excess purchase price allocated as goodwill. The allocation of the purchase price is preliminary. Accordingly, further changes to the fair values of the assets acquired (including, but not limited to goodwill, identifiable intangible assets, net deferred tax assets and property, plant and equipment) and liabilities assumed will be recorded as the valuation and purchase price allocations for the acquisition are finalized during fiscal 2008.

The components of the purchase price were as follows:

Cash paid to Peco shareholders		\$ 86,050
CLARCOR common stock issued to Peco shareholders	2,137,797	
Average closing price per share of CLARCOR stock for the five trading days centered around the October 17, 2007 announcement of the purchase agreement	<u>\$ 33.66</u>	
Total value of CLARCOR common stock consideration		71,958
Estimate of CLARCOR direct acquisition costs		<u>1,600</u>
		\$159,608
Less estimated post-closing purchase price adjustment		<u>1,831</u>
Total consideration		<u>\$157,777</u>

For the purposes of determining the purchase price allocation, the fair market value of intangible assets was estimated as of December 3, 2007, the closing date of acquisition. The preliminary allocation of the purchase price was as follows:

Total consideration	\$157,777
Less cash balance acquired	<u>15,157</u>
Net Consideration	<u>\$142,620</u>

Allocated to:

Accounts Receivable	\$ 19,558
Inventories	15,522
Prepaid Expenses and Current Assets	4,176
Current Deferred Tax Assets	873
Property, Plant & Equipment	20,601
Goodwill	90,530
Acquired Identifiable Intangibles (see Note 2.e.)	47,100
Other Noncurrent Assets	1,069
Current Note Payable	(7,411)
Accounts Payable	(28,217)
Income Taxes Payable	(2,707)
Long-term Deferred Tax Liabilities	(16,987)
Long-term Liabilities	<u>(1,487)</u>
	<u>\$142,620</u>

The following adjustments have been reflected in the Unaudited Pro Forma Condensed Combined Balance Sheet:

- a. Records an \$80,000 increase to cash from borrowings under CLARCOR's line of credit and decreases to cash from the \$86,050 payment of the cash purchase price less the estimated post-closing purchase price adjustment of \$1,831 received by CLARCOR, the \$7,411 payment of Peco's borrowings under its pre-existing line of credit and the estimated \$1,600 payment of CLARCOR's direct acquisition costs. Cash resources are:

Cash and cash equivalents	\$ 36,059
Borrowing under line of credit	<u>80,000</u>
Total	<u>\$116,059</u>

On the date of acquisition, CLARCOR borrowed funds under its \$165,000 five-year multicurrency revolving credit agreement at an interest rate that is based upon either a defined Base Rate or the London Interbank offered Rate (LIBOR) plus or minus applicable margins. On December 18, 2007, the Company entered into a new five-year multicurrency revolving credit agreement with a group of financial institutions under which it may borrow up to \$250,000 under a selection of currencies and rate formulas. This credit agreement replaced the \$165,000 credit agreement described above which would have expired in April 2008. On December 1, 2006, CLARCOR had sufficient credit available under the \$165,000 line of credit to fund the acquisition and Peco's operations. The interest rate on the new credit agreement is based upon either a defined Base Rate or the London Interbank offered Rate (LIBOR) plus or minus applicable margins. Commitment fees, letter of credit fees and other fees are payable as provided in the new credit agreement.

- b. Reflects adjusting Peco's inventory on its consolidated balance sheet to its estimated selling price less costs to sell.
- c. Reflects an adjustment of the net book value of Peco's property, plant & equipment to its estimated fair value. Plant assets will be depreciated on a straight-line basis over the remaining estimated useful lives of the respective assets, which range from 3 years to 15 years.

- d. Adjusts goodwill to represent the purchase price remaining after the allocation to the fair value of tangible and identifiable intangible assets acquired less liabilities assumed.
- e. Recognizes the estimated fair value of Peco's identifiable intangible assets. The assets and their useful lives are estimated as follows:

Identifiable Intangible Asset	Value	Estimated Useful Life
Trade Name	\$ 11,800	Indefinite
Non-Compete Agreements	800	2 years
Customer Relationships	14,200	15 years
Developed Technology	20,300	16 years
<b>Total fair market value adjustment</b>	<b>\$47,100</b>	

- f. Represents an adjustment to the fair value of Peco's pension plan to reflect a net underfunded position of \$1,378. A deferred tax asset of \$1,399 and accumulated other comprehensive income of \$2,716 were removed as part of this adjustment.
- g. Records an estimate of net deferred tax liabilities as a result of the fair value adjustment of certain net assets and the tax planning strategies of the combined entity.
- h. Reflects the 2,137,797 shares of CLARCOR \$1 par value common stock issued (total value approximately \$71,958 or \$33.66 per share) as partial payment of the purchase price. Upon completion of the transaction, approximately 51,356,619 shares of CLARCOR stock would have been outstanding on November 30, 2007.
- i. Eliminates the Peco shareholders' equity accounts.

### Note 3. Unaudited Pro forma Condensed Combined Statement of Earnings

- a. Reflects estimated additional property, plant & equipment depreciation expense resulting from the fair value adjustment of Peco's plant assets, which will be depreciated on a straight-line basis over their respective estimated useful lives. Approximately \$670 is recorded as cost of sales and \$130 is recorded as selling and administrative expense.
- b. Records the estimated intangible asset amortization expense of \$2,800 as selling and administrative expense for the year ended November 30, 2007 based on estimated useful lives as described in Note 2.e.
- c. Removes the non-recurring legal and professional fees of \$2,866 that Peco incurred and expensed in the twelve-month period ending November 30, 2007 as a direct result of the acquisition transaction.
- d. Reclassifies certain items, such as currency gains and losses, that Peco included as non-operating items in their historical financial statements to conform to CLARCOR's financial statement presentation.
- e. Records the interest expense for the year ended November 30, 2007 on the \$80,000 debt incurred as payment of the purchase price assuming a weighted-average interest rate of 5.7935% (based on the \$165,000 multicurrency revolving credit agreement discussed in Note 2.a.) and removes the interest expense Peco recorded on its line of credit. A change in the interest rate of 1/8 of a percent would impact interest expense by approximately \$100.

- f. Represents the estimated tax effect of the pro forma adjustments based on CLARCOR's combined federal and state statutory tax rate of 36.6%.
- g. Reflects the issuance of 2,137,797 shares of common stock in consideration of part of the purchase price and assumes the shares were outstanding the entire year.

**Note 4. Computation of Earnings per Share**

The Company calculates basic earnings per share by dividing net earnings by the weighted average number of shares outstanding. Diluted earnings per share reflects the impact of outstanding stock options, restricted stock and other stock-based arrangements. The following table provides a reconciliation of the denominator utilized in the calculation of basic and diluted earnings per share for the twelve months ended November 30, 2007:

Pro Forma Net Earnings	\$ 93,444
<b>Basic EPS:</b>	
Pro forma weighted average number of common shares outstanding assuming the additional shares issued to Peco shareholders as part of the purchase price were outstanding all year	52,483,571
Basic per share amount	<u>\$ 1.78</u>
<b>Diluted EPS:</b>	
Pro forma weighted average number of common shares outstanding per above	52,483,571
Dilutive effect of stock-based arrangements common shares outstanding	<u>539,540</u>
Diluted weighted average number of common shares outstanding	53,023,111
Diluted per share amount	<u>\$ 1.76</u>

For twelve months ended November 30, 2007, 57,825 stock options with a weighted average exercise price of \$35.90 were not included in the computation of diluted earnings per share as the exercise prices of the options were greater than the average market price of the common shares during the respective period.

**Note 5. Non-recurring item**

Peco reversed an \$867 tax valuation allowance related to one of its international subsidiaries which decreased tax expense for the twelve months ended November 30, 2007. Without this adjustment, Peco's effective tax rate for the twelve months ended November 30, 2007 would have been approximately 33.5%.