

CLARCOR

Filtration fuels the future.

annual report 2005

FINANCIAL HIGHLIGHTS (DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)

YEARS ENDED NOVEMBER 30	2005	2004	% CHANGE
Net Sales	\$873,974	\$787,686	11.0
Operating Profit	118,492	98,177	20.7
Net Earnings	76,393	63,997	19.4
Percent of Net Sales	8.7%	8.1%	
Percent of Beginning Shareholders' Equity	17.8%	17.3%	
Basic Earnings per Share	1.48	1.26	17.5
Diluted Earnings per Share	1.46	1.24	17.7
Cash Dividends Paid per Share	0.2588	0.2513	3.0
Working Capital	203,463	177,718	14.5
Total Debt (Current and long-term)	16,242	24,550	-33.8
Shareholders' Equity	482,833	428,462	12.7
Per Share at Year-End	9.36	8.36	12.0
Debt as Percent of Total Capital	3.3%	5.4%	
Shares Outstanding at Year-End	51,594,781	51,223,054	0.7
Employees At Year-End	5,034	5,035	0.0

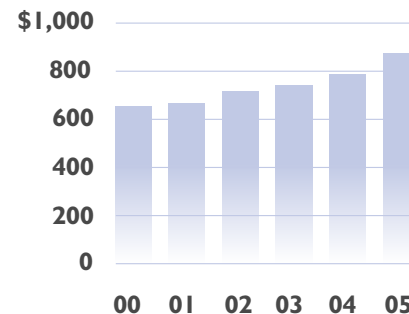
2004 amounts were restated for 2005 stock split

CLARCOR

CLARCOR is a global provider of filtration products, filtration systems and services. We have a worldwide customer base, superb product quality, leading brands, an extensive distribution network, the industry's broadest product range and its largest sales force. Our focus on a consumable, disposable product that is continually purchased, used and then repurchased provides CLARCOR with a stable source of recurring business. Our goal is to achieve compound annual growth rates in earnings per share of 10% to 15% driven by internal growth programs, cost reduction initiatives and acquisitions.

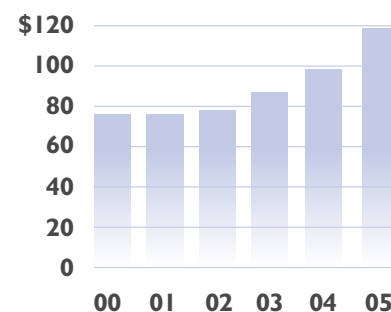
NET SALES

IN MILLIONS



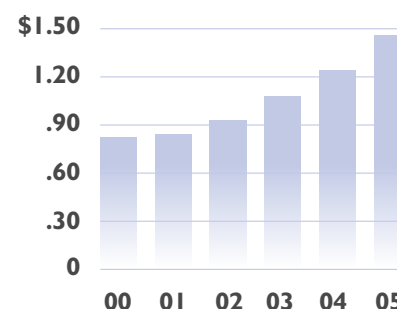
OPERATING PROFIT

IN MILLIONS



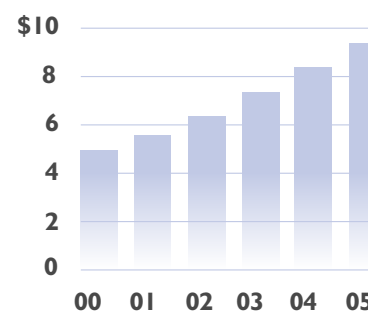
DILUTED EARNINGS

PER SHARE



SHAREHOLDERS' EQUITY

PER SHARE



CLARCOR Inc.

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TRANSFER AGENT & REGISTRAR DIVIDEND REINVESTMENT PLAN

National City Bank
Corporate Trust Operations
Locator 5352
P.O. Box 92301
Cleveland, Ohio 44193-0900
800-622-6757

AUDITORS

PricewaterhouseCoopers LLP
500 West Main Street
Suite 1800
Louisville, Kentucky 40202-4264

ANNUAL MEETING

CLARCOR Inc.
840 Crescent Centre Drive, Suite 600
Franklin, Tennessee 37067
Monday, March 27, 2006
9:00 a.m. C.S.T.

SEC FORM 10-K

A copy of the 2005 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

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		
	High	Low	Dividend
February 26, 2005	\$ 28.55	\$ 24.60	\$ 0.06375
May 28, 2005	28.66	24.75	0.06375
August 27, 2005	31.79	26.61	0.06375
December 3, 2005	31.98	25.89	0.06750
Total Dividends			\$ 0.25875

Quarter Ended	Market Price		
	High	Low	Dividend
February 28, 2004	\$ 22.91	\$ 20.60	\$ 0.06250
May 29, 2004	22.73	20.08	0.06250
August 28, 2004	22.92	21.16	0.06250
November 27, 2004	26.30	21.83	0.06375
Total Dividends			\$ 0.25125

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.

BOARD OF DIRECTORS

J. Marc Adam
Retired Vice President, Marketing
3M (A diversified manufacturer)
St. Paul, Minnesota
Age: 67
Director Since: 1991

James W. Bradford, Jr.
Dean, Owen Graduate School of Management
Vanderbilt University
Nashville, Tennessee
Age: 58
Director Since: January 2006

Robert J. Burgstahler
Retired Senior Vice President,
Business Development & Corporate Services
3M (A diversified manufacturer)
St. Paul, Minnesota
Age: 61
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: 58
Director Since: 2003

Robert H. Jenkins
Retired Chairman
Hamilton Sundstrand Corporation
(A diversified manufacturer)
Rockford, Illinois
Age: 62
Director Since: 1999

Norman E. Johnson
Chairman, President & Chief Executive Officer
CLARCOR Inc.
Franklin, Tennessee
Age: 57
Director Since: 1996

Philip R. Lochner, Jr.
Retired Corporate Executive
Age: 62
Director Since: 1999

James L. Packard
Chairman
REGAL-BELOIT Corporation
(A diversified manufacturer)
Beloit, Wisconsin
Age: 63
Director Since: 1998

EXECUTIVE OFFICERS

Norman E. Johnson
Chairman, President & Chief Executive Officer
Age: 57
15 Years of Service

Marcia S. Blaylock
Vice President, Controller
Age: 49
31 Years of Service

Sam Ferrise
President
Baldwin Filters, Inc.
Age: 49
4 Years of Service

Bruce A. Klein
Vice President – Finance & Chief Financial Officer
Age: 58
11 Years of Service

David J. Lindsay
Vice President – Administration & Chief Administrative Officer
Age: 50
18 Years of Service

Richard M. Wolfson
Vice President, General Counsel & Corporate Secretary
Age: 39
Elected January 20, 2006

DEAR SHAREHOLDERS:

We are very pleased to report that 2005 was another year of record sales and profits, our 13th in a row. Sales grew by 11% and profits by 19%. 2005 was a 53-week year compared to 2004 which was a 52-week year, but even excluding the extra week's sales and profits, 2005 was still a record for CLARCOR. We are proud of being able to sustain consistent sales and profit growth for 13 consecutive years. I want to describe how we have achieved this and why we believe we can continue to grow in the future.

Filtration: A Growing Worldwide Industry

CLARCOR is very fortunate to serve an industry that has grown consistently over many years. People want to live in a world of cleaner air and cleaner water. Businesses of all types - from hospitals to semi-conductor plants to automobile factories to pharmaceutical plants to restaurants - need increasingly cleaner air and fluids to operate efficiently and safely. Environmental laws are becoming more stringent in almost every country. Virtually every building, every vehicle and every machine require some element of filtration. CLARCOR did not begin as a filtration company, but over 30 years ago, through a small acquisition, we started to make filters, and we have now grown to be one of the premier filtration companies in the world. Independent research indicates that the filtration industry is expected to grow faster than the world economy, and our own experience tells us that this is true. A company's future is never assured, but if I had to choose an industry that I thought would continue to grow and I would want to work in, filtration would be at the top of my list.

Encouraging Our Companies to Work Together

CLARCOR is a decentralized organization with three operating segments. The advantage of a decentralized organization is that each entity operates with a strong entrepreneurial spirit and a focus on what it does best. Our two filtration segments have much in common as each sells a wide array of filtration products and systems. So every quarter, and more often if it is necessary, my management team and I visit each of our major operations. We review operating results and equally importantly, strategies and plans for the future. It is our job to encourage our operating management teams to work together in those areas where they can help one another: selling products through each other's distribution networks, identifying customer needs, cooperating on product development, sharing manufacturing solutions to improve plant productivity, combining raw material purchases to reduce product costs and providing technical expertise when implementing new resource planning systems.

Attention to Costs

It would be easy after so many successful years to pay less attention to controlling our costs. If we fell into that trap, it would be a terrible mistake. We know that we have strong competitors and that we have to continually work at reducing our operating costs. Our annual operating budget includes cost reduction goals for both product costs and administrative expenses. In addition, we have separate productivity and efficiency goals for our manufacturing facilities which require reducing the costs to manufacture our products. To ensure that our employees focus on cost reductions, our profit sharing and bonus programs, which we have for virtually all of our employees, are based upon several targets: exceeding last year's profits, meeting or exceeding this year's profit budget and achieving a minimum return on our investment in operating and productive capital. These targets, which are revised annually, would be nearly impossible to achieve, without a continual focus on costs and cost reduction programs.

Continued Investment in New Technologies

Growth requires new products that our customers want and need. It requires working closely with our customers to understand their expectations, but also envisioning the next generation of filter products that will be needed. In 2005, we opened a Media Technology Center in Cincinnati, Ohio which is developing new filter media for all our operations. During the past year, this Center focused on new technologies to enhance traditional filter media with nanofibers to improve filtration efficiency and dirt holding capacity. Early in 2006, we will open a new aviation fuel filtration testing facility in Greensboro, North Carolina. This facility is the first one built in many years designed exclusively to test aviation fuel filters. It will enable CLARCOR to provide the filter quality and durability that commercial and military aircraft must have to ensure clean aviation fuel.

Over the past fifteen years, we have opened major technical centers for both our Engine/Mobile and Industrial/Environmental filtration operating segments. These centers are focused on new product development and testing of our own and competitors' products. Each center is part of a major manufacturing facility so that the development and manufacturing of new products is coordinated and product ideas can move quickly into production. Every year, we are awarded new design and production patents that are initiated by engineers working in our technical centers. It is these investments that have enabled CLARCOR to develop hundreds of new products every year which become part of our entire product range with well over 100,000 different applications. It is

critically important that we are technical leaders in the filtration industry.

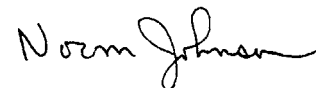
Although we are primarily a filtration company, our J.L. Clark subsidiary, which is a metal and plastic packaging business, also had an outstanding year in 2005. It, too, has invested in new technologies, such as enhanced imaging, holographic lamination and color spectrodensitometer measuring, to provide state-of-the art lithography capabilities for its customers. As a result, J.L. Clark has been able, in partnership with many of its consumer product customers, to develop new packaging concepts and designs, particularly for the confectionery and cosmetic industries.

A Balance Between Internal Growth and Acquisitions

CLARCOR has grown both organically and through acquisitions. Filtration is so diverse, with so many technologies, applications and uses, that it would not be possible for all of our growth to be internal. We believe that we are the most diverse filtration company in the world, with more types of products than any of our competitors. Many years ago, we looked at diversifying into other industries, but nothing seemed then to have the potential of filtration. It still seems true today. We will continue investing to grow our current businesses; our capital spending in 2006 is budgeted to rise by 25%. Historically, about half our growth has been internal, about half through acquisitions. Our goal is to increase the rate of internal growth by investing in technology, product development and marketing programs. But we will also continue to expand our portfolio of filtration products and technologies, and this will require acquisitions. We firmly believe that the most diverse filtration company will have the most opportunities. We intend for that company to be CLARCOR.

2005 was an outstanding year. Each of our business segments grew, and each of our business segments improved their operating profitability and margins. We bought two filter companies, Martin Kurz and Niagara Screen, and we expect great things from each company. We continued to expand geographically with faster growth this year in both Asia and Europe. We expect this to continue. We also brought to market hundreds of new products in 2005, as we do every year, and this should continue.

Our employees, throughout the world, performed superbly and brought to our shareholders another year of increasing share price and increased dividends. I fully expect that 2006 will be a similar year of record growth in both sales and profits.



Norman E. Johnson
Chairman, President and Chief Executive Officer

February 1, 2006

11-Year Financial Review

(Restated to reflect a two-for-one stock split effective April 29, 2005)

	2005	2004	2003	2002
PER SHARE				
Equity	\$ 9.36	\$ 8.36	\$ 7.32	\$ 6.33
Diluted Net Earnings	1.46	1.24	1.08	0.93
Dividends	0.2588	0.2513	0.2463	0.2413
Price: High	31.98	26.30	22.97	17.00
Low	24.60	20.08	15.53	12.52
EARNINGS DATA (\$000)				
Net Sales	\$ 873,974	\$ 787,686	\$ 741,358	\$ 715,563
Operating Profit	118,492	98,177	87,062	77,775
Interest Expense	636	446	1,767	6,073
Pretax Income	117,922	99,060	86,059	71,450
Income Taxes	40,968	34,717	31,371	24,773
Net Earnings	76,393	63,997	54,552	46,601
Diluted Average Shares Outstanding	52,216	51,507	50,746	50,344
EARNINGS ANALYSIS				
Operating Margin	13.6%	12.5%	11.7%	10.9%
Pretax Margin	13.5%	12.6%	11.6%	10.0%
Effective Tax Rate	34.7%	35.0%	36.5%	34.7%
Net Margin	8.7%	8.1%	7.4%	6.5%
Return on Beginning Assets	12.2%	11.9%	10.0%	8.8%
Return on Beginning Shareholders' Equity	17.8%	17.3%	17.3%	17.0%
Dividend Payout to Net Earnings	17.5%	20.1%	22.7%	25.7%
BALANCE SHEET (\$000)				
Current Assets	\$ 324,933	\$ 303,990	\$ 257,402	\$ 259,746
Plant Assets, Net	149,505	142,242	129,572	132,892
Total Assets	675,272	627,797	538,237	546,119
Current Liabilities	121,470	126,272	111,373	174,255
Long-Term Debt	16,009	24,130	16,913	22,648
Shareholders' Equity	482,833	428,462	370,392	315,461
BALANCE SHEET ANALYSIS (\$000)				
Debt to Capitalization (A)	3.3%	5.4%	4.5%	22.4%
Working Capital	\$ 203,463	\$ 177,718	\$ 146,029	\$ 85,491
Current Ratio	2.7	2.4	2.3	1.5
CASH FLOW DATA (\$000)				
From Operations	\$ 89,346	\$ 71,806	\$ 87,896	\$ 85,019
For Investment	(51,512)	(62,209)	(12,986)	(18,978)
From/(For) Financing	(35,699)	1,063	(80,669)	(59,774)
Change in Cash & Equivalents	1,082	11,572	(5,399)	6,329
Capital Expenditures	24,032	22,352	13,042	12,204
Depreciation & Amortization	21,087	19,151	18,985	19,760
Dividends Paid	13,385	12,834	12,406	11,975
Net Interest Expense (Income)	(292)	61	1,532	5,612
Income Taxes Paid	29,483	25,633	22,607	17,678

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

	2001		2000		1999		1998		1997		1996		1995
\$	5.57	\$	4.96	\$	4.39	\$	3.90	\$	3.53	\$	3.23	\$	2.90
	0.84		0.82		0.73		0.65		0.55		0.54		0.49
	0.2363		0.2313		0.2263		0.2213		0.2175		0.2142		0.2108
	13.80		10.72		10.69		12.31		10.40		8.38		9.00
	8.44		8.03		7.13		7.13		6.67		6.21		6.04
\$	666,964	\$	652,148	\$	477,869	\$	426,773	\$	394,264	\$	372,382	\$	330,110
	75,810		75,987		56,077		51,663		44,424		42,596		38,728
	10,270		11,534		3,733		2,336		2,759		3,822		3,418
	65,734		63,487		55,615		51,347		44,192		41,405		36,631
	23,804		23,201		20,137		19,262		17,164		15,315		13,060
	41,893		40,237		35,412		32,079		26,918		25,945		23,500
	49,784		49,012		48,628		49,297		48,688		48,434		48,410
	11.4%		11.7%		11.7%		12.1%		11.3%		11.4%		11.7%
	9.9%		9.7%		11.6%		12.0%		11.2%		11.1%		11.1%
	36.2%		36.5%		36.2%		37.5%		38.8%		37.0%		35.7%
	6.3%		6.2%		7.4%		7.5%		6.8%		7.0%		7.1%
	8.3%		8.5%		11.6%		11.4%		10.1%		10.6%		11.4%
	17.3%		19.1%		19.0%		18.7%		17.4%		18.8%		19.1%
	27.6%		27.9%		30.5%		33.4%		38.2%		36.7%		39.7%
\$	244,350	\$	230,479	\$	227,670	\$	168,173	\$	160,527	\$	140,726	\$	133,286
	137,316		140,121		126,026		86,389		82,905		84,525		73,047
	530,617		501,930		472,991		305,766		282,519		267,019		245,697
	94,931		97,826		97,475		61,183		54,237		51,297		49,841
	135,203		141,486		145,981		36,419		37,656		43,449		41,860
	274,261		242,093		210,718		186,807		171,162		154,681		138,144
	33.9%		37.8%		41.8%		16.5%		18.5%		24.8%		26.4%
\$	149,419	\$	132,653	\$	130,195	\$	106,990	\$	106,290	\$	89,429	\$	83,445
	2.6		2.4		2.3		2.7		3.0		2.7		2.7
\$	63,290	\$	54,130	\$	38,642	\$	42,267	\$	41,632	\$	26,675	\$	21,092
	(51,353)		(42,125)		(160,658)		(19,290)		(8,193)		(18,934)		(29,044)
	(15,326)		(15,862)		103,501		(19,943)		(21,850)		(8,774)		7,226
	(3,446)		(3,881)		(18,576)		2,997		11,497		(964)		(684)
	18,204		29,005		21,822		15,825		11,349		22,230		14,471
	21,850		21,079		15,372		12,380		11,600		10,704		9,145
	11,575		11,207		10,814		10,717		10,290		9,512		9,330
	9,616		10,836		2,282		1,053		1,739		2,991		2,560
	26,858		16,458		22,234		16,199		15,112		11,230		11,939

CLARCOR

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