

**FOR FURTHER INFORMATION CONTACT:**

Bruce A. Klein  
 Vice President- Finance and Chief Financial Officer  
 Rockford, Illinois  
 815-962-8867

**FOR IMMEDIATE RELEASE**  
**WEDNESDAY, JANUARY 14, 2004**

**CLARCOR REPORTS RECORD FOURTH QUARTER AND FISCAL 2003 RESULTS****FULL YEAR 2003 SALES UP 4% AND NET EARNINGS UP 17% OVER 2002****Fiscal Fourth Quarter and Full Year 2003 Highlights**

(Amounts in thousands, except per share data and percentages)

	Quarter Ended		% Change	Year Ended		% Change
	11/29/03	11/30/02		11/29/03	11/30/02	
Net Sales	\$193,442	\$191,423	1.1	\$741,358	\$715,563	3.6
Operating Profit	\$28,382	\$24,056	18.0	\$87,062	\$77,775	11.9
Net Earnings	\$17,605	\$15,811	11.3	\$54,552	\$46,601	17.1
Diluted Earnings Per Share	\$0.68	\$0.62	9.7	\$2.15	\$1.85	16.2
Average Diluted Shares Outstanding	25,741	25,319	1.7	25,373	25,172	0.8

*Note: A tax benefit arising from a research and experimental tax credit was recorded in the fourth quarter of fiscal 2002 and is included in the columns headed "Quarter Ended 11/30/02" and "Year Ended 11/30/02." The benefit reduced income tax expense in the fourth quarter 2002 and for the full year 2002 by approximately \$1.0 million and increased diluted earnings per share by \$0.04.*

**Fourth Quarter and Full Year 2003 Operating Review**

**ROCKFORD, IL, January 14, 2004-- CLARCOR Inc. (NYSE: CLC)** reported today that fourth quarter 2003 sales, net earnings and diluted earnings per share increased by 1%, 11% and 10%, respectively, compared to the same quarter in 2002. Fourth quarter operating profit increased by 18% and operating margin improved to 14.7% in 2003 compared to 12.6% in 2002. Comparisons of fourth quarter net earnings in 2003 were affected by last year's fourth quarter non-recurring after-tax gain of \$1 million or \$0.04 per share arising from a research and experimental tax credit. Earnings before income taxes increased 20% in 2003 from 2002, both for the fourth quarter and for the full year.

For the full year 2003, sales increased by 4% and net earnings and diluted earnings per share increased by 17% and 16%, respectively, compared to 2002. The growth in sales and profits for the year was primarily due to internal growth, as there were no acquisitions completed during fiscal 2003. Foreign currency fluctuations increased fiscal 2003 fourth quarter sales by \$4 million and full year sales by \$9 million.

Norm Johnson, CLARCOR's Chairman and Chief Executive Officer, said, "Fiscal 2003 marks CLARCOR's 11<sup>th</sup> consecutive year of earnings growth. Fourth quarter earnings were significantly stronger than we originally expected. This was due principally to higher margins in our filtration businesses, particularly in our Industrial/Environmental segment. Fourth quarter Industrial/Environmental segment margins improved to 10.0%, the highest level ever achieved by that segment, compared to 7.3% in last year's fourth quarter. For the full year, gross margins and operating margins both improved by nearly one percentage point in 2003 from 2002 levels, driven principally by productivity gains at our factories and cost reductions.

"Engine/Mobile Filtration sales increased by 5% in the fourth quarter of 2003 compared to the same quarter in 2002. Sales of heavy-duty filters through our traditional aftermarket distribution, both in domestic and international markets, were strong during the quarter. We also saw increasing sales of heavy-duty filters to OEM dealer organizations, a traditional market channel that we focused on expanding in 2003. Operating margin for the 2003 fourth quarter was 21.9% compared to 21.3% in the 2002 fourth quarter. Our Engine/Mobile Filtration factories are highly productive and the increase in sales for the quarter led to the 60 basis point increase in margin.

"Industrial/Environmental Filtration sales decreased by \$741,000 or 1% from last year's fourth quarter. As has been the case throughout 2003, filters sold to industrial markets used in applications in oil and gas drilling, defense and fluid power grew strongly in the fourth quarter. Sales of filtration equipment, such as dust collectors and electrostatic precipitators, were lower this year than last year. Interest in these products, which are sold mainly to manufacturers, is beginning to grow, but to date, we have not yet seen an increase in order rates. Sales of HVAC filters were also below last year's levels overall, although certain HVAC markets continue to grow, such as private label sales through retail mass merchants. The strong improvement in operating margin in the segment reflects the efforts made by our Industrial/Environmental segment employees throughout 2003 to reduce costs and improve operating efficiency. For the year, the segment's operating margin rose to 6.3% from last year's 5.4% and we expect further improvement in 2004 towards our goal of a 10% annual operating margin.

"While Packaging segment sales decreased 5% in the fourth quarter of 2003 compared to the fourth quarter of 2002, operating profit improved. The improvement in operating profit was due to a change in an inventory costing method and from cost reduction efforts begun early in 2003. Product demand was stable for flat sheet coating and decorating, but declined in plastics packaging. Our Packaging segment expects that sales will grow by more than 5% in 2004, primarily from its metal printing and coating business, based on current customer order rates. The operation is also undertaking a review of customer profitability and expects that certain customer relationships will be terminated or changed during 2004 where profitability is unacceptable and unlikely to change. Even so, we expect sales to increase in 2004 and margins to improve from eliminating unprofitable business.

“During the fourth quarter of 2003, cash from operations totaled \$34 million compared to \$22 million in the fourth quarter of 2002. For the year, cash from operations reached \$88 million, a new high for CLARCOR, up from \$85 million in 2002. Cash was used to further reduce our debt by \$28 million in the quarter and to make a \$3 million pension plan contribution. For the full year 2003, we reduced bank debt by nearly \$74 million. We now have a debt to total capital ratio of approximately 5%. Capital expenditures for the quarter and the year were \$4 million and \$13 million, respectively.

“We expect 2004 to be our 12<sup>th</sup> straight record year in both sales and earnings growth for CLARCOR, with continued strong cash flow. We expect diluted earnings per share to be in the range of \$2.25 to \$2.35 in 2004. As previously announced, CLARCOR will move its corporate headquarters to Nashville, TN in 2004. Costs for this move, which will largely be a one-time expense incurred primarily in 2004, are still being finalized and have not been reflected in the earnings per share estimate for 2004. However, we estimate that these costs will not exceed \$0.07 per share in 2004.

“Capital expenditures will increase from \$13 million in 2003 to \$25 to \$30 million in 2004. The additional expenditures over 2003 levels are focused on the development of new products through an expansion of our air filtration technical center in Louisville, Kentucky and our process liquid technical center in Greensboro, North Carolina, and to build a new aviation fuel test facility.

“Though it is still early in the new fiscal year, product demand for heavy-duty, aerospace, and specialty process liquid filters remains good, continuing the previous quarter’s momentum. HVAC filter sales are stable and we remain optimistic, though we have not seen any change as yet, that we will see an upturn for filtration systems sold into capital goods markets in 2004. We expect our Total Filtration Program to grow in 2004, coming off a slow 2003 caused by lower sales of maintenance filters to automobile and automotive parts manufacturers. The Total Filtration Program’s growth in the future is expected to come from increasing sales to non-automotive customers and expansion of our filter service business. In early 2004, we will complete the changeover of our 20 company-owned branches and stores from selling primarily air filtration HVAC products to selling our entire range of liquid and air filter products. These outlets will become CLARCOR Total Filter Stores.

“Although we made no acquisitions in 2003, we looked at many potential opportunities in the U.S., Europe and Asia. As we have for many years, we will continue to seek acquisitions for additional growth. With strong cash flow and relatively little debt, we have the ability to grow the company substantially if the right acquisition becomes available at the right price.

“If U.S. and European economies continue to improve as many economists believe, we expect to have a good 2004 with earnings at the high end of our estimated range. In Asia and particularly in China, we see great opportunity. We have had manufacturing operations in China for over eight years. Although currently less than 2% of our total revenues, sales of our China operations grew by 25% in 2003. We expect sales growth to continue in China at a double-digit pace. We plan to substantially expand production of filter products over the next several years in China. Our Chinese operations represent an opportunity of great promise, and though certainly a long-term investment, we will continue to invest and grow in that region.”

CLARCOR will be holding a conference call to discuss the fourth quarter and full year results at 10:00 am CST on January 15, 2004. Interested parties can listen to the conference call at [www.clarcor.com](http://www.clarcor.com) or [www.companyboardroom.com](http://www.companyboardroom.com). A replay will be available on these websites and also at 877-519-4471 or 973-341-3080 and providing confirmation code 4382605. The replay will be available through January 22, 2004 by telephone and for 30 days on the Internet.

CLARCOR is based in Rockford, Illinois, and is a diversified marketer and manufacturer of mobile, industrial and environmental filtration products and consumer and industrial packaging products sold in domestic and international markets. Common shares of the Company are traded on the New York Stock Exchange under the symbol CLC.

*The statements in this release concerning the Company's sales, earnings, business performance and prospects are forward-looking statements that involve significant risks and uncertainties, including the effect of changes in product demand, availability of labor, price and product competition, raw material costs, energy prices, productivity improvement and plant consolidation programs, distribution channels, acquisitions and divestitures, general economic conditions in both domestic and foreign markets, interest rates, currency fluctuations, the success of our Total Filtration Program, the success of sales and marketing programs and other factors discussed in filings made with the Securities and Exchange Commission.*

**TABLES FOLLOW**

**CONSOLIDATED STATEMENTS OF EARNINGS***(Dollars in thousands except per share data)*

For periods ended November 29, 2003 and November 30, 2002	Fourth Quarter		Twelve Months	
	2003	2002	2003	2002
Net sales.....	\$ 193,442	\$ 191,423	\$ 741,358	\$ 715,563
Cost of sales.....	132,853	133,701	519,667	508,273
Gross profit.....	60,589	57,722	221,691	207,290
Selling and administrative expenses.....	32,207	33,666	134,629	129,515
Operating profit.....	28,382	24,056	87,062	77,775
Other income (expense).....	(660)	(891)	(1,139)	(6,401)
Earnings before income taxes.....	27,722	23,165	85,923	71,374
Income taxes.....	10,117	7,354	31,371	24,773
Net earnings.....	\$ 17,605	\$ 15,811	\$ 54,552	\$ 46,601
Net earnings per common share:				
Basic.....	\$ 0.70	\$ 0.63	\$ 2.17	\$ 1.88
Diluted.....	\$ 0.68	\$ 0.62	\$ 2.15	\$ 1.85
Average shares outstanding:				
Basic.....	25,304,251	24,909,768	25,106,561	24,839,812
Diluted.....	25,741,481	25,319,279	25,372,806	25,171,931

**CONSOLIDATED BALANCE SHEETS***(Dollars in thousands)*

	November 29, 2003	November 30, 2002
<b>Assets</b>		
Current assets:		
Cash and cash investments.....	\$ 8,348	\$ 13,747
Accounts receivable, net.....	127,546	121,482
Inventories.....	99,673	101,846
Other.....	21,835	22,671
Total current assets.....	257,402	259,746
Plant assets, net.....	129,572	132,892
Acquired intangibles, net.....	122,351	122,529
Pension assets.....	20,153	21,771
Other assets.....	8,759	9,181
	\$ 538,237	\$ 546,119
<b>Liabilities</b>		
Current liabilities:		
Current portion of long-term debt..	\$ 674	\$ 68,456
Accounts payable and accrued liabilities.....	102,322	97,738
Income taxes.....	8,377	8,061
Total current liabilities.....	111,373	174,255
Long-term debt.....	16,913	22,648
Long-term pension liabilities.....	7,813	7,823
Other liabilities.....	31,746	25,932
	167,845	230,658
Shareholders' Equity.....	370,392	315,461
	\$ 538,237	\$ 546,119

**SUMMARY CASH FLOWS***(Dollars in thousands)*

	Twelve Months	
	2003	2002
<b>From Operating Activities</b>		
Net earnings.....	\$ 54,552	\$ 46,601
Depreciation.....	18,078	18,999
Amortization.....	907	761
Changes in assets and liabilities.....	14,118	18,436
Other, net.....	241	222
Total provided (used) by operating activities.....	87,896	85,019
<b>From Investing Activities</b>		
Plant asset additions.....	(13,042)	(12,204)
Business acquisitions.....	-	(6,677)
Other, net.....	56	(97)
Total provided (used) by investing activities.....	(12,986)	(18,978)
<b>From Financing Activities</b>		
Proceeds from line of credit.....	108,386	24,333
Payments on line of credit.....	(170,859)	(68,500)
Payments on long-term debt.....	(11,044)	(5,604)
Cash dividends paid.....	(12,406)	(11,975)
Other, net.....	5,254	1,972
Total provided (used) by financing activities.....	(80,669)	(59,774)
Effect of exchange rate changes on cash.....	360	62
<b>Change in Cash and Cash Investments.....</b>	\$ (5,399)	\$ 6,329

