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CLARCOR INC
Form 11-K
July 12, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended: December 31, 2003

Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 1-11024

A. Full title of plan and address of the plan if different from that of the issuer named below:

CLARCOR 401(k) Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

CLARCOR Inc.
2323 Sixth Street
PO Box 7007
Rockford IL 61125

CLARCOR 401(k)
RETIREMENT SAVINGS PLAN

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

CLARCOR 401(k)
RETIREMENT SAVINGS PLAN

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

CLARCOR 401(k)

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RETIREMENT SAVINGS PLAN

CONTENTS

| | |
|--|------|
| REPORT OF INDEPENDENT REGISTERED ACCOUNTING FIRM | 3 |
| FINANCIAL STATEMENTS | |
| Statements of Net Assets Available for Benefits | 4 |
| Statements of Changes in Net Assets Available for Benefits | 5 |
| Notes to Financial Statements | 6-10 |
| SUPPLEMENTAL SCHEDULE | |
| Schedule of Assets (Held at End of Year) | 12 |

Note: Supplemental schedules required by the Employee Retirement Income Security Act of 1974 not included herein are deemed not applicable to the CLARCOR 401(k) Retirement Savings Plan.

2

| | | |
|------------|---|---|
| [BDO LOGO] | BDO Seidman, LLP Accountants and Consultants | 233 N. Michigan Ave., Suite 2500 Chicago, Illinois 60601 Telephone: (312) 856-9100 Fax: (312) 856-1379 |
|------------|---|---|

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Committee of the CLARCOR 401(k) Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of the CLARCOR 401(k) Retirement Savings Plan as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2003 and 2002, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held

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at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ BDO SEIDMAN, LLP

Chicago, Illinois
May 26, 2004

3

CLARCOR 401(k)
RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

| December 31, ----- | 2003 ---- | 2002 ---- |
|-----------------------------------|---------------|---------------|
| ASSETS | | |
| INVESTMENTS, at fair market value | | |
| Common/collective trust | \$ 21,591,076 | \$ 21,501,946 |
| Mutual funds | 57,780,952 | 45,544,162 |
| CLARCOR Inc. common stock fund | 6,028,727 | 4,077,999 |
| Participant loans | 2,262,247 | 2,293,501 |
| | ----- | ----- |
| Total investments | 87,663,002 | 73,417,608 |
| | ----- | ----- |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 87,663,002 | \$ 73,417,608 |
| | ===== | ===== |

See accompanying notes to financial statements.

4

CLARCOR 401(k)
RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

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| Year ended December 31, ----- | 2003 ---- | 2002 ---- |
|---|---------------|--------------|
| ADDITIONS | | |
| Investment income | | |
| Interest income from common/collective trust | \$ 898,619 | \$ 1,028,06 |
| Dividend income from CLARCOR Inc. common stock fund | 46,751 | 43,79 |
| Interest income from participant loans | 174,482 | 222,48 |
| Dividend income from mutual funds | 1,210,441 | 1,180,45 |
| | ----- | ----- |
| Total interest and dividends | 2,330,293 | 2,474,80 |
| | ----- | ----- |
| Net appreciation (depreciation) in fair value of | | |
| Mutual funds | 9,470,241 | (9,412,19 |
| CLARCOR Inc. common stock fund | 1,555,290 | 623,83 |
| | ----- | ----- |
| Total net appreciation (depreciation) | 11,025,531 | (8,788,35 |
| | ----- | ----- |
| Total investment income (loss) | 13,355,824 | (6,313,55 |
| | ----- | ----- |
| Contributions | | |
| Employer | 1,431,327 | 1,364,85 |
| Participant | 5,284,039 | 5,209,50 |
| Rollover | 224,493 | 222,01 |
| | ----- | ----- |
| Total contributions | 6,939,859 | 6,796,37 |
| | ----- | ----- |
| TOTAL ADDITIONS | 20,295,683 | 482,82 |
| | ----- | ----- |
| DEDUCTIONS | | |
| Benefits paid to participants | 6,042,529 | 5,003,89 |
| Administrative fees | 7,760 | 7,42 |
| | ----- | ----- |
| TOTAL DEDUCTIONS | 6,050,289 | 5,011,31 |
| | ----- | ----- |
| NET INCREASE (DECREASE) | 14,245,394 | (4,528,49 |
| | ----- | ----- |
| NET ASSETS AVAILABLE FOR BENEFITS, at beginning of year | 73,417,608 | 77,946,10 |
| | ----- | ----- |
| NET ASSETS AVAILABLE FOR BENEFITS, at end of year | \$ 87,663,002 | \$ 73,417,60 |
| | ===== | ===== |

See accompanying notes to financial statements.

5

CLARCOR 401(k)
RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN The following brief description of the CLARCOR Inc. (the "Company") 401(k) Retirement Savings Plan (the "Plan") is provided for general

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information purposes only. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

GENERAL

The Plan is a defined contribution plan covering substantially all domestic employees of the Company who have three months of service and are 21 or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Each year, participants may contribute up to 50% of pretax annual compensation, as defined in the Plan, up to the Internal Revenue Code limitations. Participants may also elect to make after-tax contributions to the Plan up to 10% of the participant's compensation, and may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Company contributes 50% of the first 3% of pretax compensation that a participant contributes to the Plan, with the exception of certain employees, as defined in the Plan, who receive Company contributions up to 40% of the first 6% of pretax contributions that a participant contributes to the Plan.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contribution and allocations of the Company's contributions and Plan earnings. Allocations are based on participant account balances, as defined. The only benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers a common/collective trust, Company common stock and 11 mutual funds as investment options for participants.

6

CLARCOR 401(k)
RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

VESTING

Participants are immediately vested in their contributions, plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. A participant is vested as follows:

| Total years of service ----- | Vested Percentage ----- |
|---------------------------------|----------------------------|
| 1 | 0% |
| 2 | 0% |

PARTICIPANT LOANS

Participants may borrow from their accounts a minimum of \$1,000 and participants may have only one loan outstanding. Loans are repaid through payroll deductions with principal and interest being credited to the participants' account balances. Loans may not exceed the lesser of 50% of the participant's vested balance or \$50,000 and loans are to be repaid over a period of time not to exceed five years, unless used for the purchase of a principal residence, in which case the payback period may not exceed 15 years. The loans are secured by the balance in the participant's account and bear interest at the prime rate plus 2% at the time of the loan.

PAYMENT OF BENEFITS

Upon termination of service, death, disability or retirement, participants, or their beneficiaries, will receive lump-sum benefit payments. Benefits paid are equal to the value of the participant's vested interest in his or her account.

Subject to certain provisions specified in the Plan agreement, employed participants may withdraw their after-tax contributions and related earnings. Withdrawals from the Plan may also be made upon circumstances of financial hardship in accordance with provisions specified in the Plan.

7

CLARCOR 401(k)
RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

FORFEITED ACCOUNTS

Forfeitures are used to reduce future Company contributions. Approximately \$ 76,962 and \$123,660 was used to reduce Company contributions during 2003 and 2002, respectively.

ADMINISTRATIVE EXPENSES

The Company pays substantially all of the Plan's administrative expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Plan are prepared under the accrual method of accounting.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting period and, when applicable, disclosure of contingent assets and liabilities at

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the date of the financial statements. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES

The Plan provides for various investment options in any combination of stocks, bonds, fixed income securities, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market valuation and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits. Individual participants' accounts bear the risk of loss resulting from fluctuations in fund values.

8

CLARCOR 401(k)
RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

INVESTMENT VALUATION

The Plan's investments are stated at fair market value. Quoted market prices are used to value investments. Shares of mutual funds and shares of the common/collective trust are valued at the net asset value of shares or units held by the Plan at year end. The Company common stock fund is valued at the year end unit closing price, based on the quoted market price of the Company common stock plus uninvested cash. Participant loans are valued at cost which approximates fair market value.

PAYMENT OF BENEFITS

Benefits are recorded when paid.

3. SIGNIFICANT INVESTMENTS

The fair market value of individual investments that represent 5% or more of the Plan's net assets are as follows:

| December 31, | 2003 | 2002 |
|--|--------------|--------------|
| CLARCOR Inc. common stock fund | \$ 6,028,727 | \$ 4,077,999 |
| Vanguard 500 Index Fund | 20,362,495 | 15,453,480 |
| Vanguard U. S. Growth Fund | 4,689,615 | * |
| Vanguard Intermediate Term Corporate Fund | * | 4,104,755 |
| Vanguard Wellington Fund | 13,394,381 | 10,850,852 |
| Vanguard Windsor II Fund | 4,741,372 | * |
| Vanguard Retirement Savings Trust | 21,591,076 | 21,501,946 |

* Value not greater than 5% of net assets.

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4. RELATED-PARTY
TRANSACTIONS

The Plan invests in shares of mutual funds managed by an affiliate of Vanguard Fiduciary Trust Company. Vanguard Fiduciary Trust Company acts as trustee for only those investments as defined by the Plan. Transactions in such investments qualify as party-in-interest transactions which are exempt from the prohibited transaction rules.

CLARCOR Inc. common stock fund contains shares of common stock issued by the Company. The Company is the plan sponsor as defined by the Plan and, therefore, these transactions qualify as party-in-interest.

9

CLARCOR 401(k)
RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

5. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their employer contributions.

6. TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated April 8, 2002 that the Plan and related trust is designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). Although the Plan has been amended since receiving the determination letter, the Plan Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

7. UBSEQUENT EVENT

Effective January 1, 2004, the Company restated and amended the Plan. Significant changes included an amendment to cover only those eligible employees who elected to continue participation in the CLARCOR Inc. Pension Plan. All other eligible employees may participate in the CLARCOR 401(k) Plan, a "safe harbor" tax-qualified 401(k) plan.

10

SUPPLEMENTAL SCHEDULE

CLARCOR 401(k)
RETIREMENT SAVINGS PLAN

STATEMENTS OF ASSETS (HELD AT END OF YEAR)

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EIN: 36-0922490
 Plan Number: 009
 Form 5500

December 31,

2003

| (a) | (b) IDENTITY OF ISSUER | (c) DESCRIPTION OF INVESTMENT | (d) COST | (e) CURRENT VALUE DECEMBER 31, 2003 |
|-----|---|----------------------------------|-------------|---|
| * | CLARCOR INC. COMMON STOCK FUND | COMPANY COMMON STOCK | (a) | \$ 6,02 |
| * | VANGUARD RETIREMENT SAVINGS TRUST | COMMON/COLLECTIVE TRUST | (a) | 21,59 |
| * | VANGUARD PRIME MONEY MARKET FUND | MUTUAL FUND | (a) | 1,27 |
| * | VANGUARD EXPLORER FUND | MUTUAL FUND | (a) | 2,38 |
| * | VANGUARD WELLINGTON FUND | MUTUAL FUND | (a) | 13,39 |
| * | VANGUARD INTERMEDIATE TERM CORPORATE FUND | MUTUAL FUND | (a) | 4,09 |
| * | VANGUARD INTERMEDIATE TERM TREASURY FUND | MUTUAL FUND | (a) | 2,88 |
| * | VANGUARD 500 INDEX FUND | MUTUAL FUND | (a) | 20,36 |
| * | VANGUARD WINDSOR II FUND | MUTUAL FUND | (a) | 4,74 |
| * | VANGUARD U.S. GROWTH FUND | MUTUAL FUND | (a) | 4,68 |
| * | VANGUARD INTERNATIONAL GROWTH FUND | MUTUAL FUND | (a) | 1,98 |
| * | VANGUARD SMALL CAP INDEX FUND | MUTUAL FUND | (a) | 79 |
| * | VANGUARD MID CAP INDEX FUND | MUTUAL FUND | (a) | 1,16 |
| * | PARTICIPANT LOANS | LOANS TO PARTICIPANTS | - | 2,26 |
| | | | | \$ 87,66 |

*Represents party-in-interest

(a) The cost of participant-directed investments is not required to be disclosed.

12

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan

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Administrator has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

CLARCOR 401(k) Retirement Savings Plan

Dated: June 25, 2004

By: /s/ David J. Lindsay
David J. Lindsay
Chairman, CLARCOR Inc.
401(k) Plan Committee
as Plan Administrator

INDEX TO EXHIBITS

EXHIBIT
NUMBER

DESCRIPTION

23.1 Consent of Independent Registered Public Accounting Firm