

CLARCOR INC.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

OPERATING CHARTER

The Board of Directors of CLARCOR Inc. (the “Company”) has appointed an Audit Committee pursuant to authorization in Section 3.11 of Article III of the Company’s Bylaws. The objectives, composition and responsibilities of the Audit Committee are as follows:

PURPOSES:

The purpose of the Committee is to:

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

- (g) discuss policies with respect to risk assessment and risk management;
- (h) meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors;
- (i) review with the independent auditor any audit problems or difficulties and management's response;
- (j) set clear hiring policies regarding employment by the Company of employees or former employees of the independent auditors; and
- (k) report regularly to the full Board of Directors of the Company.

In fulfilling its purposes, the Committee shall have full access to all books, records, facilities and personnel of the Company and the power to retain and pay outside counsel, auditors or other experts for this purpose and is empowered to investigate any matter brought to its attention. The fees and expenses of such counsel, auditors and other experts shall be payable by the Company upon approval by the Committee.

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

The Committee shall review of this Charter on an annual basis.

COMPOSITION:

The Committee shall consist of not less than three members, all of whom shall meet the requirements, from time to time in effect, of the New York Stock Exchange and applicable law (including, without limitation, the Securities and Exchange Act of 1934, the Sarbanes-Oxley Act of 2002 and the regulations issued under such acts). No member of the Committee shall be, at the time he or she is serving as a member of the Committee, a member of more than two additional audit committees, or their equivalents, of other listed companies. The Board of Directors shall appoint the Chairperson and the members of the Audit Committee who

shall serve until their successors shall have been duly elected and qualified or until their earlier resignation or removal.

SPECIFIC DUTIES:

In carrying out its purposes, the Committee:

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

Internal Audit Director and the Outside Auditor the quality and adequacy of the Company's internal controls.

- shall receive from the Outside Auditor annually, a formal written statement delineating all relationships between the Outside Auditor and the Company consistent with Independence Standards Board Standard No. 1 and any other applicable rule;
- shall discuss with the Outside Auditor any such disclosed relationships and their impact on the Outside Auditor's independence;
- shall review with the Outside Auditor, the staffing, scope, planning and fees for each year's audit;
- shall review with the Outside Auditor and the Company's Internal Audit Director, the staffing, scope and planning for each year's internal audit activities and findings from prior internal audits;
- shall meet with the Internal Audit Director to discuss the ongoing internal audit activities;
- shall oversee the Company's policies which are disclosed to the Committee with respect to risk management and assessment;
- shall review proposals to hire a chief financial officer, chief accounting officer, Internal Audit Director or any person holding an equivalent position;
- shall annually oversee the preparation of an annual report to shareholders as required by the Securities and Exchange Commission;
- shall keep a record of acts and proceedings of the Audit Committee and report thereon to the Board;
- shall review quarterly, with the Company's legal counsel, legal compliance matters or any legal matter that could have a significant impact on the Company's financial statements which is brought to the Audit Committee's attention;
- shall perform such other activities, consistent with this Charter, the Company's Certificate of Incorporation, Bylaws

and governing law as the Audit Committee deems necessary or appropriate; and

- shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters and review periodically with management and Internal Audit Director these procedures and any significant complaints received.

QUALIFICATIONS, MEETINGS AND PROCEDURES:

The Board of Directors shall evaluate the performance of the Committee and the compliance by the Committee with this Charter, no less often than annually.

Reference is made to the Corporation's Corporate Governance Guidelines for Committee member qualifications, procedures, Committee member appointment and removal; and Committee structure and operations.

Adopted by the Board of Directors on December 15, 2003