CLARCOR INC
Form 10-Q
March 18, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

xQUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 26, 2011

OR

oTRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to ________

Commission File Number 1-11024

CLARCOR Inc.
(Exact name of registrant as specified in its charter)

DELAWARE	36-0922490
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

840 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067
(Address of principal executive offices)

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

No Change
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act:

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2) Yes ¨ No x

As of February 26, 2011, there were 50,414,409 common shares with a par value of $1 per share were outstanding.

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* Item omitted because no answer is called for or item is not applicable

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

CLARCOR Inc.
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
(Dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended February 26, 2011	Three Months Ended February 27, 2010
Net sales	$245,720	$215,131
Cost of sales	164,767	145,326
Gross profit	80,953	69,805
Selling and administrative expenses	49,662	46,909
Operating profit	31,291	22,896
Other income (expense):		
Interest expense	(44)	(123)
Interest income	37	21
Other, net	(200)	(392)
	(207)	(494)
Earnings before income taxes	31,084	22,402
Provision for income taxes	9,163	7,595
Net earnings	21,921	14,807
Net (earnings) loss attributable to noncontrolling interests	(40)	59
Net earnings attributable to CLARCOR Inc.	$21,881	$14,866
Net earnings per share attributable to CLARCOR Inc.:		
Basic	$0.43	$0.29
Diluted	$0.43	$0.29
Weighted average number of shares outstanding:		
Basic	50,568,499	50,594,234
Diluted	51,287,238	50,934,913

Dividends paid per share	$0.1050	$0.0975

See Notes to Consolidated Condensed Financial Statements

CLARCOR Inc.
CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in thousands)
(Unaudited)

	February 26, 2011	November 27, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 107,369	$ 117,022
Restricted cash	712	708
Accounts receivable, less allowance for losses of $11,620 for 2011 and $11,428 for 2010	185,061	188,186
Inventories	196,136	182,384
Deferred income taxes	25,086	25,081
Income taxes receivable	197	7,324
Prepaid expenses and other current assets	6,500	5,568
Total current assets	521,061	526,273
Plant assets, at cost, less accumulated depreciation of $281,907 and $275,372, respectively	186,659	181,175
Assets held for sale	2,000	2,000
Goodwill	236,811	228,105
Acquired intangibles, less accumulated amortization	102,873	91,174
Deferred income taxes	-	1,000
Other noncurrent assets	12,857	12,684
Total assets	$ 1,062,261	$ 1,042,411
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	$ 136	$ 146
Accounts payable and accrued liabilities	138,545	160,206
Income taxes	3,098	3,105
Total current liabilities	141,779	163,457
Long-term debt, less current portion	17,351	17,331
Long-term pension and postretirement healthcare benefits liabilities	66,387	66,124
Deferred income taxes	30,763	31,266
Other long-term liabilities	20,256	5,138
Total liabilities	276,536	283,316
Contingencies		
Redeemable noncontrolling interests	1,556	1,568
SHAREHOLDERS' EQUITY		
Capital stock	50,414	50,335
Capital in excess of par value	37,285	33,698

Accumulated other comprehensive loss	(28,690)	(35,041)
Retained earnings	724,051	707,478
Total CLARCOR Inc. equity	783,060	756,470
Noncontrolling interests	1,109	1,057
Total shareholders' equity	784,169	757,527
Total liabilities and shareholders' equity	$ 1,062,261	$ 1,042,411

See Notes to Consolidated Condensed Financial Statements

CLARCOR Inc.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Three Months Ended February 26, 2011	February 27, 2010
Cash flows from operating activities:		
Net earnings	$21,921	$ 14,807
Depreciation	6,998	6,989
Amortization	1,331	1,164
Other noncash items	(94)	1
Net gain on disposition of plant assets	(3)	-
Stock-based compensation expense	2,605	2,511
Excess tax benefit from stock-based compensation	(657)	(127)
Change in short-term investments	-	11,567
Change in assets and liabilities, excluding short-term investments	(23,271)	(1,750)
Net cash provided by operating activities	8,830	35,162
Cash flows from investing activities:		
Restricted cash	46	103
Business acquisitions, net of cash acquired	(10,455)	-
Additions to plant assets	(3,492)	(5,996)
Proceeds from disposition of plant assets	34	74
Proceeds from insurance claims	-	557
Net cash used in investing activities	(13,867)	(5,262)
Cash flows from financing activities:		
Net payments under multicurrency revolving credit agreement	-	(20,000)
Payments on long-term debt	(1,574)	(29)
Sale of capital stock under stock option and employee purchase plans	2,508	525
Purchase of treasury stock	(1,947)	-
Excess tax benefit from stock-based compensation	657	127
Cash dividends paid	(5,308)	(4,933)
Net cash used in financing activities	(5,664)	(24,310)
Net effect of exchange rate changes on cash	1,048	(3,760)
Net change in cash and cash equivalents	(9,653)	1,830
Cash and cash equivalents, beginning of period	117,022	59,277
Cash and cash equivalents, end of period	$107,369	$ 61,107
Cash paid during the period for:		
Interest	$36	$ 1,037
Income taxes, net of refunds	$1,740	$ 6,328

See Notes to Consolidated Condensed Financial Statements

CLARCOR Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(Unaudited)

1. CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Basis of Presentation

The Consolidated Condensed Statements of Earnings and the Consolidated Condensed Statements of Cash Flows for the periods ended February 26, 2011 and February 27, 2010 and the Consolidated Condensed Balance Sheet as of February 26, 2011 have been prepared by CLARCOR Inc. ("CLARCOR" or "the Company") without audit. The Consolidated Condensed Financial Statements have been prepared on the same basis as those in the Company's Annual Report on Form 10-K for the fiscal year ended November 27, 2010 ("2010 Form 10-K"). The November 27, 2010 Consolidated Condensed Balance Sheet data was derived from the Company's year-end audited Consolidated Financial Statements as presented in the 2010 Form 10-K but does not include all disclosures required by accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows have been made. The results of operations for the period ended February 26, 2011, are not necessarily indicative of the operating results for the full year. The information included in this Form 10-Q should be read in conjunction with the audited Consolidated Financial Statements and accompanying notes included in the Company's 2010 Form 10-K.

Inventories

Inventories are summarized as follows:

	February 26, 2011	November 27, 2010
Raw materials	$ 72,078	$ 67,011
Work in process	27,962	26,219
Finished products	96,096	89,154
	$ 196,136	$ 182,384

New Accounting Guidance

In October 2009, the Financial Accounting Standards Board ("FASB") issued guidance on revenue arrangements with multiple deliverables effective for the Company's 2011 fiscal year, although early adoption is permitted. The guidance revises the criteria for separating, measuring, and allocating arrangement consideration to each deliverable in a multiple element arrangement. The guidance requires companies to allocate revenue using the relative selling price of each deliverable, which must be estimated if the company does not have a history of selling the deliverable on a stand-alone basis or third-party evidence of selling price. The impact of adopting this guidance on November 28, 2010 was not material to the Consolidated Condensed Financial Statements.

CLARCOR Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
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In December 2010, the FASB issued guidance to modify the steps a company performs in preparing its goodwill impairment test. The guidance deals specifically with reporting units having zero or negative carrying amounts. For those reporting units, a company is required to perform the second step of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, a company should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The Company does not expect the adoption of this guidance on December 4, 2011 to have a material impact on the Consolidated Condensed Financial Statements.

In December 2010, the FASB also issued guidance which amends the pro forma disclosure requirements for business combinations and specifies that if a public company presents comparative financial statements, the company should disclose revenue and earnings of the combined entity as though business combinations occurring during the year had occurred as of the beginning of the comparable prior annual reporting period only. The guidance also expands the pro forma disclosure requirements to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The Company does not expect the adoption of this guidance on December 4, 2011 to have a material impact on the Consolidated Condensed Financial Statements.

2. BUSINESS ACQUISITIONS, INVESTMENTS AND REDEEMABLE NONCONTROLLING INTERESTS

Business Acquisitions

On December 29, 2010, the Company acquired 100% of the outstanding membership interests in TransWeb LLC ("TransWeb"), a privately-owned manufacturer of media used in a variety of end-use applications, including respirators and HVAC filters. Founded in 1996 and based in Vineland, New Jersey, TransWeb has supplied media to a subsidiary of the Company for several years. TransWeb was acquired to expand the Company's technology capabilities in the area of media development and to enhance the product offerings of our filtration operating companies. TransWeb's results are included in the Industrial/Environmental Filtration segment from the date of acquisition. Net sales and Operating profit attributable to TransWeb for the quarter ended February 26, 2011 were $2,375 and $334, respectively

The base purchase price to acquire TransWeb was $30,017, excluding cash acquired. Of the base purchase price, the Company withheld payment of $17,000 pending resolution of the 3M litigation, which funds may be used by the Company in connection with the same (see Note 11). A contingent liability for a potential earn-out payment to one of the former owners of $1,018, recorded at fair value by applying the income approach, was also recognized and is included in Other long-term liabilities in the Consolidated Condensed Balance Sheets. The Company assumed existing long term debt of $1,544, which was immediately repaid in connection with the closing. The Company paid the balance of the purchase price with available cash. The Company is in the process of finalizing the valuation of assets acquired and liabilities assumed; therefore, the fair values set forth below are subject to adjustment once the valuations are completed.

CLARCOR Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(Unaudited)

The following condensed balance sheet is based on the fair values of the assets acquired and liabilities assumed as of the acquisition date.

Cash	$14
Accounts receivable, less allowance for losses of $57	1,153
Inventory	1,045
Other current assets	93
Plant assets	7,291
Goodwill	7,976
Other acquired intangibles	13,000
Other assets	100
Total assets acquired	30,672
Accounts payable and accrued liabilities	(641)
Net assets acquired	$30,031

The fair value of the assets acquired includes accounts receivable, which are trade receivables. The Company does not anticipate any amounts to be uncollectible. The goodwill of $7,976, which is deductible for income tax purposes, represents the excess of cost over the fair value of the net tangible and intangible assets acquired. Factors that contributed to a purchase price resulting in the recognition of goodwill included TransWeb's strategic fit with the Company's products and services as well as the ability to enhance the Company's product offerings.

The fair value of the identifiable intangible assets and their respective lives are shown in the following table.

Identifiable Intangible Asset	Value	Estimated Useful Life
Customer relationships	$ 8,500	12 years
Developed technology	3,500	12 years
Trade names and trade marks	900	Indefinite
Non-compete agreements	100	2 years
Total fair value	$ 13,000	

The acquisition-date estimated fair value of the contingent consideration payment of $1,018 was recorded as a component of the consideration transferred in exchange for the equity interests of TransWeb in accordance with accounting guidance. The contingent liability for the earn-out payment will continue to be accounted for and measured at fair value until the contingency is settled during fiscal year 2016. The fair value measurement of the contingent liability is based on significant inputs not observed in the market and thus represents a Level 3 measurement as defined by accounting literature (see Note 6). The fair value of the contingent consideration was estimated using a probability-weighted discounted cash flow model with a discount rate of 11.9%. The contingent consideration payment is revalued to its current fair value at each reporting date. Any increase or decrease in the fair value, as a result of changes in significant inputs such as the discount rate, the discount period or other factors used in the calculation, is recognized in Selling and administrative expenses in the Consolidated Condensed Statements of Earnings in the period the estimated fair value changes.

CLARCOR Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
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Assuming this transaction had been made at the beginning of each of the periods presented, the consolidated pro-forma results would not be materially different from the results as reported. The Company incurred costs of $121 related to the acquisition of TransWeb which are included in Selling and administrative expenses in the Consolidated Condensed Statements of Earnings.

Investments

Effective May 1, 2008, the Company acquired a 30% share in BioProcessH2O LLC ("BPH"), a Rhode Island-based manufacturer of industrial waste water and water reuse filtration systems, for $4,000. Under the terms of the agreement with BPH, the Company has the right, but not the obligation, to acquire additional ownership shares and eventually complete ownership of the company over several years at a price based on, among other factors, BPH's operating income. The investment, with a carrying amount of $3,233 and $3,266, at February 26, 2011 and November 27, 2010, respectively, included in Other noncurrent assets in the Consolidated Condensed Balance Sheets, is being accounted for under the equity method of accounting. The carrying amount is adjusted each period to recognize the Company's share of the earnings or losses of BPH, included in Other, net in the Consolidated Condensed Statements of Earnings, based on the percentage of ownership, as well as the receipt of any dividends. During the three months ended February 26, 2011, the Company did not receive any dividends from BPH. During the three months ended February 27, 2010, the Company received dividends of $382 from BPH. The equity investment is periodically reviewed for indicators of impairment.

The Company also owns a 15% share in BioProcess Algae LLC ("Algae"), a Delaware-based company developing technology to grow and harvest algae which can be used to consume carbon dioxide and also be used as a renewable energy source. The investment, with a carrying amount of $398 and $398, at February 26, 2011 and November 27, 2010, respectively, included in Other noncurrent assets, is being accounted for under the cost method of accounting. Under the cost method, the Company recognizes dividends as income when received and reviews the cost basis of the investment for impairment if factors indicate that a decrease in value of the investment has occurred. The Company has not received any dividends from Algae.

Redeemable Noncontrolling Interests

In March 2007, the Company acquired an 80% ownership share in Sinfa SA ("SINFA"), a manufacturer of automotive and heavy-duty engine filters based in Casablanca, Morocco. As part of the purchase agreement, the Company and the noncontrolling owners each have an option to require the purchase of the remaining 20% ownership shares by the Company after December 31, 2012 which would result in SINFA becoming a wholly owned subsidiary. The remaining 20% of SINFA owned by the noncontrolling owners has been reported as Redeemable noncontrolling interests and classified as mezzanine equity in the Consolidated Condensed Balance Sheets. The Redeemable noncontrolling interests will be accreted to the redemption price, through equity, at the point at which the redemption becomes probable. The Company has not recorded any accretion to date.

CLARCOR Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
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3. INCENTIVE PLANS AND STOCK-BASED COMPENSATION

On March 23, 2009, the shareholders of CLARCOR approved the 2009 Incentive Plan, which replaced the 2004 Incentive Plan. The 2009 Incentive Plan allows the Company to grant stock options, restricted stock unit awards, restricted stock, performance awards and other awards to officers, directors and key employees of up to 3,800,000 shares during a ten-year period that ends in December 2019. Upon share option exercise or restricted stock unit award conversion, the Company issues new shares unless treasury shares are available. The key provisions of the Company's stock-based incentive plans are described in Note N of the Company's Consolidated Financial Statements included in the 2010 Form 10-K.

Stock Options

Nonqualified stock options are granted at exercise prices equal to the market price of CLARCOR common stock at the date of grant, which is the date the Company's Board of Directors approves the grant and the participants receive it. The Company's Board of Directors determines the vesting requirements for stock options at the time of grant and may accelerate vesting. In general, options granted to key employees vest 25% per year beginning at the end of the first year; therefore, they become fully exercisable at the end of four years. Vesting may be accelerated in the event of retirement, disability or death of a participant or change in control of the Company. Options granted to non-employee directors vest immediately. All options expire ten years from the date of grant unless otherwise terminated.

The following table summarizes compensation expense related to stock options during the quarter ended February 26, 2011 and February 27, 2010.

	Three Months Ended February 26, 2011	Three Months Ended February 27, 2010
Pre-tax compensation expense	$ 1,873	$ 1,778
Deferred tax benefits	(688)	(602)
Excess tax benefits associated with tax deductions over the amount of compensation expense recognized in the consolidated condensed financial statements	657	152

The following table summarizes activity with respect to stock options granted by the Company and includes options granted under the 1994 Incentive Plan, the 2004 Incentive Plan and the 2009 Incentive Plan.

	Shares Granted under Incentive Plans	Weighted Average Exercise Price
Outstanding at beginning of year	3,229,410	$ 29.07
Granted	432,250	$ 42.86
Exercised	(98,448)	$ 23.15
Surrendered	(6,863)	$ 36.74
Outstanding at February 26, 2011	3,556,349	$ 30.90

Options exercisable at February 26, 2011	2,590,375	$	28.46

CLARCOR Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(Unaudited)

At February 26, 2011, there was $5,712 of unrecognized compensation cost related to option awards which the Company expects to recognize over a weighted-average period of 2.9 years.

The following table summarizes information about the Company's outstanding and exercisable options at February 26, 2011.

	Options Outstanding				Options Exercisable			
Range of Exercise Prices	Number	Weighted Average Exercise Price	Intrinsic Value	Weighted Average Remaining Life in Years	Number	Weighted Average Exercise Price	Intrinsic Value	Weighted Average Remaining Life in Years
$11.50 - $13.75	79,711	$13.46	$ 2,208	0.76	79,711	$13.46	$ 2,208	0.76
$16.01 - $22.80	545,198	$20.11	11,470	2.22	545,198	$20.11	11,470	2.22
$25.31 - $34.40	1,996,135	$30.62	21,019	6.16	1,536,178	$30.06	17,038	5.48
$35.11 - $42.86	935,305	$39.25	2,508	8.17	429,288	$36.14	2,149	6.79
	3,556,349	$30.90	$ 37,205	5.96	2,590,375	$28.46	$ 32,865	4.87

The following table summarizes information about stock option exercises during the quarter ended February 26, 2011 and February 27, 2010.

	Three Months Ended	
	February 26, 2011	February 27, 2010
Fair value at issuance of options exercised	$ 616	$ 71
Total intrinsic value of options exercised	2,048	419
Cash received upon exercise of options	2,191	240
Tax benefit realized from exercise of options, net	655	152
Addition to capital in excess of par value due to exercise of stock options	2,750	372

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions by grant year.

	Three Months Ended	
	February 26, 2011	February 27, 2010
Weighted average fair value per option at the date of grant for options granted	$ 11.39	$ 8.38
Risk-free interest rate	2.42 %	2.76 %
Expected dividend yield	0.98 %	1.25 %
Expected volatility factor	25.84 %	26.28 %
Expected option term in years	6.1	5.7

CLARCOR Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(Unaudited)

The expected life selected for options granted during each year presented represents the period of time that the options are expected to be outstanding based on historical data of option holder exercise and termination behavior. Expected volatilities are based upon historical volatility of the Company's monthly stock closing prices over a period equal to the expected life of each option grant. The risk-free interest rate is selected based on yields from U.S. Treasury zero-coupon issues with a remaining term approximately equal to the expected term of the options being valued. Expected dividend yield is based on the estimated dividend yield determined on the date of issuance.

Restricted Stock Unit Awards

The Company's restricted stock unit awards are considered nonvested share awards. The restricted stock unit awards require no payment from the employee. Compensation cost is recorded based on the market price of the stock on the grant date and is recorded equally over the vesting period of four years. During the vesting period, officers and key employees receive compensation equal to the amount of dividends declared on common shares they would have been entitled to receive had the shares been issued. Upon vesting, employees may elect to defer receipt of their shares. There were 103,390 and 108,800 vested and deferred shares at February 26, 2011 and November 27, 2010, respectively.

The following table summarizes compensation expense related to restricted stock unit awards during the quarter ended February 26, 2011 and February 27, 2010.

	Three Months Ended February 26, 2011	Three Months Ended February 27, 2010
Pre-tax compensation expense	$ 732	$ 733
Deferred tax benefits	(269)	(248)
Excess tax expense associated with tax deductions under the amount of compensation expense recognized in the consolidated condensed financial statements	127	(25)
Fair value of shares vested	898	742

The following table summarizes the restricted stock unit awards.

	Units	Weighted Average Grant Date Fair Value
Nonvested at beginning of year	70,894	$ 33.23
Granted	29,467	$ 42.86
Vested	(26,710)	$ 33.60
Nonvested at February 26, 2011	73,651	$ 36.94

The Company has recognized $1,519 of compensation cost prior to February 26, 2011 related to nonvested restricted stock unit awards. As of February 26, 2011, there was $1,204 of total unrecognized compensation cost related to nonvested restricted stock unit awards that the Company expects to recognize during fiscal years 2011 through 2014.

CLARCOR Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(Unaudited)

4. COMPREHENSIVE EARNINGS

Total comprehensive earnings and its components are as follows:

		Other Comprehensive Earnings, Net of Tax:		
	Net Earnings (Loss)	Foreign Currency and Other Adjustments	Pension Liability Adjustments	Total Comprehensive Earnings
Three Months Ended				
February 26, 2011				
CLARCOR Inc.	$ 21,881	$ 4,823	$ 1,528	$ 28,232
Non-redeemable noncontrolling interests	52	-	-	52
Redeemable noncontrolling interests	(12)	-	-	(12)
	$ 21,921	$ 4,823	$ 1,528	$ 28,272
February 27, 2010				
CLARCOR Inc.	$ 14,866	$ (7,369)	$ 623	$ 8,120
Non-redeemable noncontrolling interests	45	(3)	-	42
Redeemable noncontrolling interests	(104)	53	-	(51)
	$ 14,807	$ (7,319)	$ 623	$ 8,111

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

	February 26, 2011	November 27, 2010
Pension liability, gross	$ (55,734)	$ (58,191)
Tax effect of pension liability	20,220	21,149
Pension liability, net of tax	(35,514)	(37,042)
Translation adjustments, gross	6,979	2,156
Tax effect of translation adjustments	(155)	(155)
Translation adjustments, net of tax	6,824	2,001
Accumulated other comprehensive loss	$ (28,690)	$ (35,041)

CLARCOR Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)
(Unaudited)

5. GOODWILL AND ACQUIRED INTANGIBLES ASSETS

The following table reconciles the activity for goodwill by segment for the three months ended February 26, 2011. All goodwill is stated on a gross basis, as the Company has not recorded any impairment charges against goodwill.

	Engine/Mobile Filtration	Industrial/ Environmental Filtration	Packaging	Total
November 27, 2010	$ 21,634	$ 206,471	$-	$228,105
Acquisition	-	7,976	-	7,976
Currency translation adjustments	425	305	-	730
February 26, 2011	$ 22,059	$ 214,752	$-	$236,811

The following table summarizes acquired intangibles by segment. Other acquired intangibles include parts manufacturer regulatory approvals, developed technology, patents and non-compete agreements.

	Engine/Mobile Filtration	Industrial/ Environmental Filtration	Packaging	Total
February 26, 2011				
Trademarks, gross - indefinite lived	$ 603	$ 41,919	$-	$42,522
Trademarks, gross - finite lived	311	488	-	799
Accumulated amortization	(63)	(289)	-	(352)
Trademarks, net	$ 851	$ 42,118	$-	$42,969
Customer relationships, gross	$ 4,191	$ 42,688	$-	$46,879
Accumulated amortization	(1,412)	(11,262)	-	(12,674)
Customer relationships, net	$ 2,779	$ 31,426	$-	$