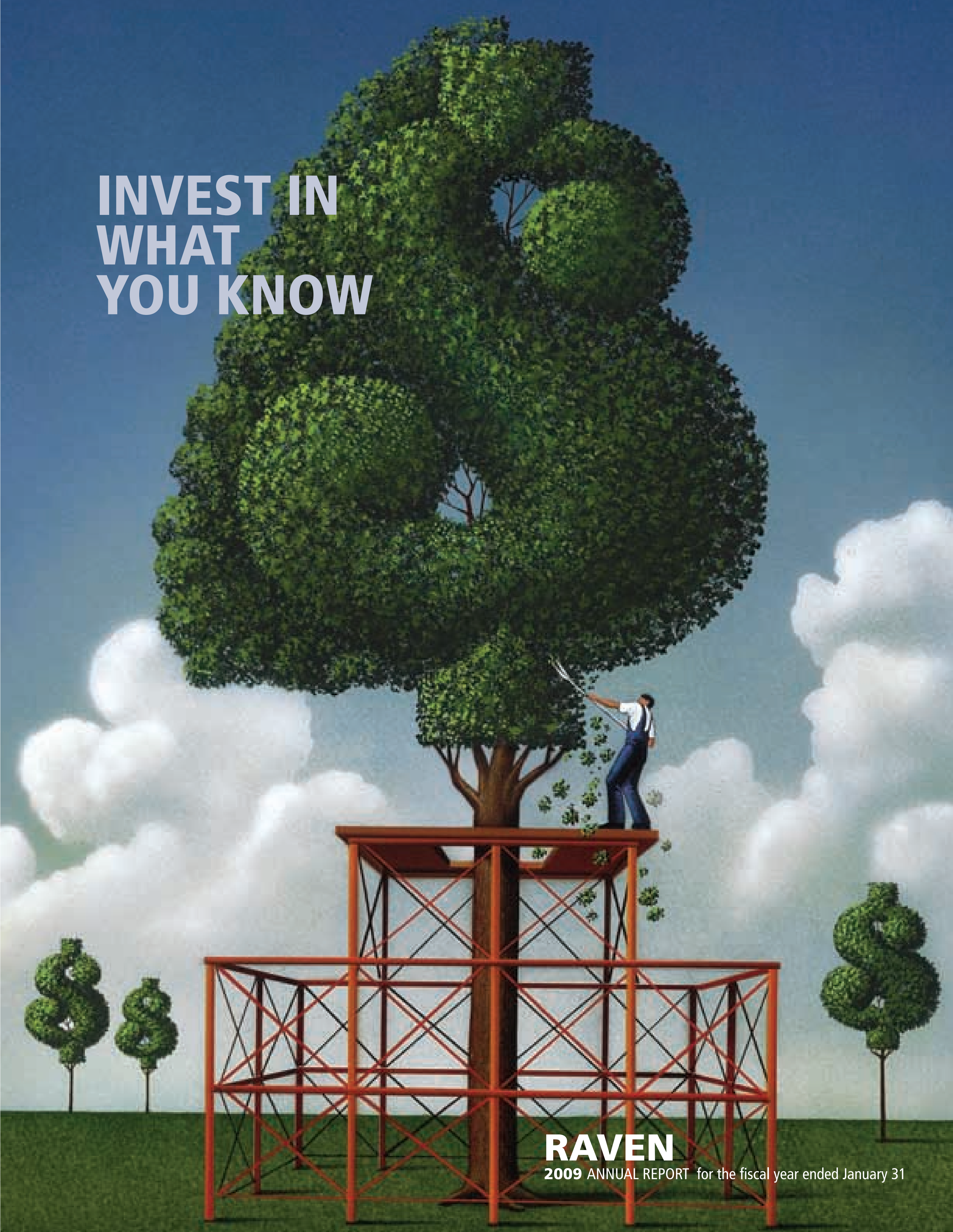
INVEST IN WHAT YOU KNOW



RAVEN

2009 ANNUAL REPORT for the fiscal year ended January 31

Protect the Core

Raven's conservative approach to its operations has generated solid financial results for more than 50 years. Year-over-year profitable growth has always been our goal. In today's environment, that is no longer the imperative. We have entered the most challenging economy in the company's history and are taking the right actions for long-term viability:

- Right-sizing our businesses and pruning all non-essentials to the core
- Preserving profitability and financial strength
- Deploying capital in our core businesses, but at a reduced rate
- Generating strong cash flow to minimize our need for debt

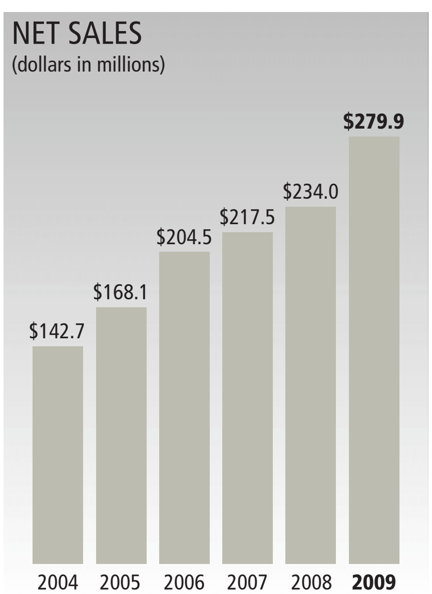
We will take advantage of the opportunities presented to us and create growth where we can. In the past year, this enabled us to achieve our ninth-consecutive year of record earnings per share and our 22nd-consecutive increase in the annual dividend—plus a special dividend.

Inside this Report

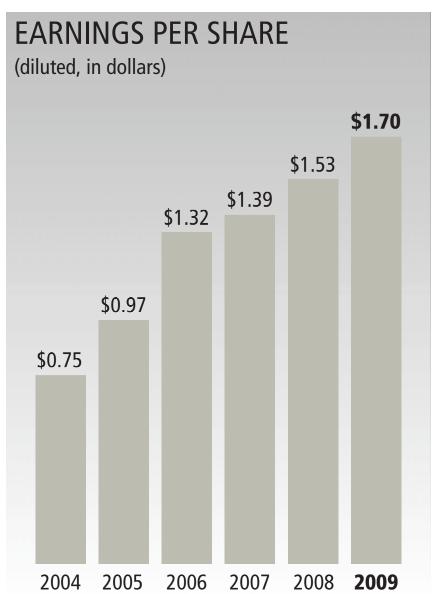
FINANCIAL HIGHLIGHTS

Dollars in thousands, except per-share data	For the years ended January 31 **2009**	2008	Change
OPERATIONS			
Net sales	**$279,913**	$233,957	19.6%
Operating income	**46,394**	41,145	12.8%
Net income	**30,770**	27,802	10.7%
PER SHARE			
Net income—diluted	**$ 1.70**	$ 1.53	11.1%
Cash dividends	**0.52**[(a)]	0.44	18.2%
Book value	**6.30**	6.52	–3.4%
PERFORMANCE			
Operating income margin	**16.6%**	17.6%	–5.7%
Return on net sales	**11.0%**	11.9%	–7.6%
Return on average assets	**21.1%**	20.8%	1.4%
Return on beginning shareholders' equity	**26.0%**	28.3%	–8.1%
Shares and stock units outstanding, year end (in thousands)	**18,027**	18,130	–0.6%

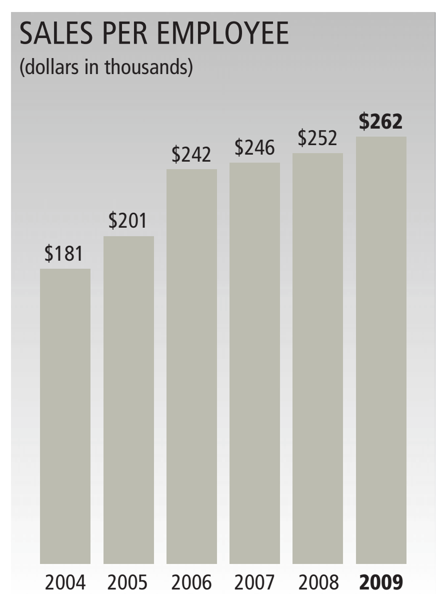
(a) Excludes a special dividend of $1.25 per share that was paid during the fourth quarter of fiscal 2009.



Revenues rose 20% to a new high. This reflected much stronger sales at Applied Technology and Aerostar, and a slight increase for Engineered Films.



The 11% increase in net income lifted earnings per share to its ninth-consecutive record year.



Sales per employee rose nearly 4% for the latest period, making this its 11th-consecutive record year.

To Our Shareholders, Employees And Customers

Ronald M. Moquist
President &
Chief Executive Officer

Raven posted its ninth-consecutive record year—as great success in our agricultural markets more than offset difficult conditions in other key markets. It was a year with two distinct parts. In the first three quarters, net income was up 20% over the previous year, driven primarily by the stunning growth in our Applied Technology Division (previously known as the Flow Controls Division). Then there was the fourth quarter, when net income dropped 22% (after 31-consecutive quarters of year-over-year record earnings) as demand for engineered films was down 28%.

Good Results—Mixed Performance

We had good results this past year, but didn't accomplish them in the way we planned. The Applied Technology Division had a great year and Aerostar did well. But our Engineered Films Division and Electronic Systems Division both had major earnings shortfalls.

- **Sales increased 20% to a record $280 million.**
- **Net income grew 11% to a record $30.8 million, and earnings per share were up from $1.53 the previous year to $1.70.**
- **A total of $37.1 million was returned to shareholders through stock repurchases and dividends.**
- **The quarterly dividend rose 18%: our 22nd-consecutive annual increase. A special one-time dividend of $1.25 per share was paid on November 14, 2008.**
- **The year ended with no debt and $16.3 million in cash.**

Adapting to a Changing World

The worldwide economy is in the worst shape I have experienced in my 40 years in business. Consumers and businesses are deleveraging after 20 years of excess spending and consumption. We over-built, we over-bought, and we over-borrowed. What we have done is pull trillions of dollars of future consumption into the present. Now the federal government is trying to stimulate the economy by leveraging up and putting us into even more debt.

In this environment, you cannot rely on the same old playbook. Traditional long-range strategic planning becomes meaningless. Anyone doing a three- or five-year strategic plan is wasting valuable corporate resources.

At Raven, our plan is based on the belief that no meaningful turn-around will take place until at least mid-2010, and that it will be a long and slow recovery. Corporate and consumer balance sheets must be repaired and excess capacity must be excised before sustain-able growth can occur.

Not all of our businesses are positioned for growth in this difficult environment, but *together* they provide Raven with the strength to remain financially strong and profitable. That gives us a big advan-

tage when one of our businesses with solid fundamentals is going through a down-cycle in a weak market. It also gives us staying power against single-product competitors.

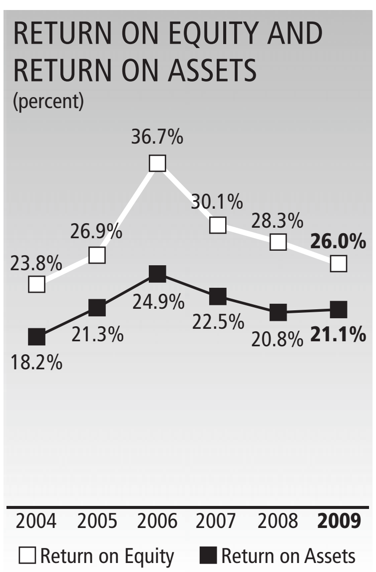
Engineered Films Continues to Struggle

The Engineered Films Division (EFD) produces high-performance plastic sheeting for construction, oil field, industrial, agricultural and geomembrane applications. It was another difficult year for EFD, with sales up 5% but operating income down 38%. High raw material costs and competitive pricing again combined to drive down profitability.

Oil field applications and construction projects each contribute 40% of sales volume, and both of these markets are in the tank. Oil drilling in North America drops dramatically when oil prices go below $60 a barrel. As this letter is being written, prices are under that level. While residential construction was down all of last year, commercial construction held up for the first nine months. Now both are suffering, with no relief in sight. We don't foresee a pickup in either market, so sales and income in EFD will drop significantly in the coming year.

Our game plan for this business is to emphasize product differentiation, raw material cost controls and improved efficiencies. We have the capability to produce high-performance, multi-layer films using our modern, state-of-the-art plastic extruders. We will focus on creating high quality films at prices comparable to our competitor's lower performing *commodity* films, giving customers better value at the same price.

We are the most financially sound company in the industrial films marketplace, which should allow us to negotiate better prices and terms on raw materials. These commodities account for 60-70% of our films' price, so this is a key consideration in driving profit margins. Our extrusion equipment is new, highly efficient and productive, and can hold film thicknesses to tight tolerances, which conserves material and again gives us a competitive advantage.



We are committed to investing in the right assets that provide a good return on our shareholders' investment.

Applied Technology Builds on Success

The Applied Technology Division (ATD) had an amazing performance last year. Sales were up 60% and operating income grew 77%. ATD provides precision solutions for agriculture—such as GPS steering devices, planting and spraying controls and data collection—to reduce operating costs and improve yields.

Agriculture has been one of the few bright spots in the economy. Farm income was at an all-time high last year as commodity prices peaked. Prices are down from their mid-year highs, and input costs such as seed, chemicals and fertilizer are up—putting a squeeze on net income. Farm income will drop in 2009, but overall, growers are in good shape and the debt they are carrying is manageable.

ATD will drive growth in two ways. First, we will increase the distribution of our products and continue to expand internationally. Second, we will create new products that make farming more productive. Our range of products gives us advantages over competitors, since we can offer total solutions and not just single-purpose devices. Our strategy is to supplement our complete offering of products with a suite of advisory and information services, such as these being launched or currently in development:

- Collecting and distributing critical input data
- Providing recommendations and prescriptions for field operations
- Supplying advanced hardware and software to execute those recommendations
- Helping growers build a database that over time can take variability out of operations

Demand for grain to feed people and cattle, and to produce fuel, should continue at a high level. The drive to improve crop yields and productivity world-wide is ongoing. We just finished a great year. Beating that performance will be a challenge.

Electronic Systems Had a Tough Year

Sales in our Electronic Systems Division (ESD) were down 9%, and operating income dropped 43%. ESD is an electronics contract manufacturer specializing in low-volume, high-mix production requiring a high degree of engineering support and customer service. We build printed circuit boards and assemblies for a small base of Fortune 500 companies. Sales focus on three markets:

- Electronic bed controls
- Printed circuit boards for avionics
- Secure communication devices for government agencies

Sales for bed controls were down 52% and gross profits dropped by almost 75%. That comes after a large drop the previous year, as this product is directly linked to residential construction and home remodeling. Bed control sales will drop even further in the coming year as the housing market continues to suffer.

The other two markets are good ones: avionics and secure communications. Avionics is our largest business, making up more than 50% of sales in ESD. Sales of printed circuit boards for avionics were up 33% for the year. This business has the potential to grow, unless Boeing and Airbus aircraft production schedules are pushed out or cancelled in the coming year.

Sales of communication devices were down 36% as we lost a large customer last year. That situation has now stabilized. Although it is relatively small at $16 million in annual sales, our communications business should hold up well in a recession because of increased government spending.

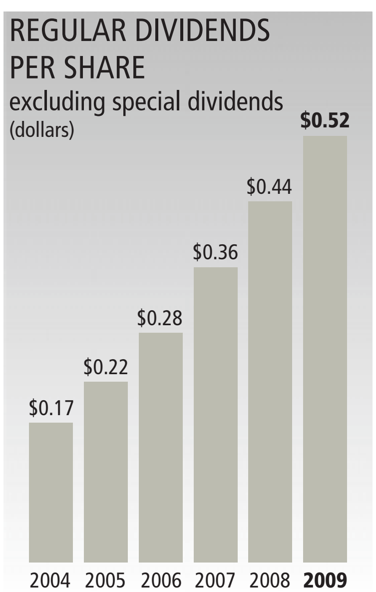
ESD is becoming more competitive when total delivered cost is considered. Quality and supply chain disruption issues associated with Asian competitors are becoming especially acute. Customers are looking for best price, but they are also aware that a break in the supply chain can have disastrous consequences. The financial stability and reliability of suppliers will become increasingly important. That should benefit ESD.

Aerostar Continues to Improve

Our Aerostar subsidiary had a 57% sales increase, and operating income more than doubled. Aerostar's results were right on target, and continuing improvements are expected in the year ahead.

We are an important supplier of parachutes, specialty protective outerwear and aerostats for military, commercial and scientific markets. Aerostar is in a strong position to weather the recession. We have contracts for parachutes and specialty outerwear, and our aerostat orders are mainly a military, scientific or NASA purchase.

Our growth plan is to develop and promote tethered aerostats, as they have wide-ranging applications for communications, surveillance and intelligence work. We go into the year in good shape, as most of our projected sales are already booked.



Our policy is to return earnings to shareholders in the form of a dividend. As a result, our regular dividend has seen a 25% five-year compound annual growth rate.

Invest in What You Know

When I joined Raven in 1975, our board of directors was heavily invested financially and emotionally in the company's success. One of our founding board members counseled management to invest in Raven, because that was the one business we really understood—and if it were a good business, we should own a part of it. That was good advice, so I made my first purchase of Raven stock two months later.

For 53 years, Raven has been a conservatively run, profitable operation. That will not change. Our philosophy has always been to deploy capital in our core businesses where we can get high returns. At Raven, we invest in what we know: where we understand the risks and rewards.

New Priorities

Raven has the resources to come out of this recession a strong survivor, but we have to re-calibrate our thinking and implement a new strategy. For the near term, growing the business at previous target rates is no longer the imperative. This is our new strategy:

- Protect the core
- Generate and preserve cash
- Invest in quality

Protect the Core

This is not just about survival: it's about protecting core assets and core values. We will outperform the competition during the worst of the recession and thrive when we come out by taking these actions:

- Get rid of everything that is non-core. This includes customers, product lines, assets and jobs.
- Defend core assets. Protect businesses that have performed well in the past but will struggle in this recessionary environment.
- Protect core values and beliefs.

Generate and Preserve Cash

While the conservative approach to our business won't change, we will use these strategies to defend the balance sheet, reduce our risk profile and improve working capital turnover:

- Turn non-core assets to cash
- Improve inventory and accounts receivable turns
- Extend accounts payable terms
- Reduce capital investments
- Cut expenses to the bone
- Suspend stock buy-backs

At the same time, we will continue to *pay the dividend,* because returning cash to shareholders is one of our "core" values.

From left to right:
Daniel Rykhus, Executive Vice President; Ronald Moquist, President & Chief Executive Officer; Barbara Ohme, Vice President–Administration; Thomas Iacarella, Vice President & Chief Financial Officer

Invest in Quality

We will emphasize quality in everything we do:

- **Customers—They must be financially sound and prospective long-term partners.**
- **Suppliers—They must be reliable. A break in the supply chain can be more devastating than losing a customer.**
- **Products—We must eliminate waste, scrap and re-work.**
- **R&D—Not all good product development projects will make the cut. They must have high projected returns and relatively low risk.**

Meeting the Challenges Ahead

This coming year will be the most challenging in our history. Under these difficult conditions, we do not expect to top last year's record earnings of $1.70 per share. What we *can* do, and have always done, is to optimize performance regardless of how the markets play out, and be ready to take advantage of opportunities.

On April 1, 2009, Conrad Hoigaard will be stepping down as Raven's chairman of the board, a position he has held since April 1980. I am deeply grateful for his 29 years of leadership and exemplary service as chairman. He will remain a director.

Finally, my thanks to all Raven employees. Their talent and dedication once again earned us the honor of being named by *Forbes* Magazine as "One of the Best Small Companies in America." This is our third-consecutive year on the list, and our highest ranking: coming in at 45, after previous years at 85 and 68. It is a privilege to lead such a great company.

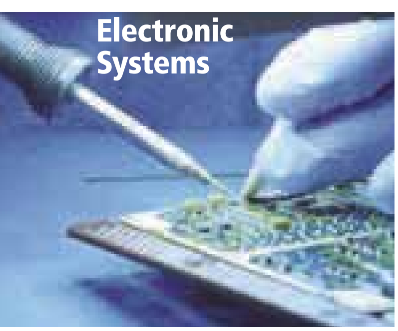
R M Moquist

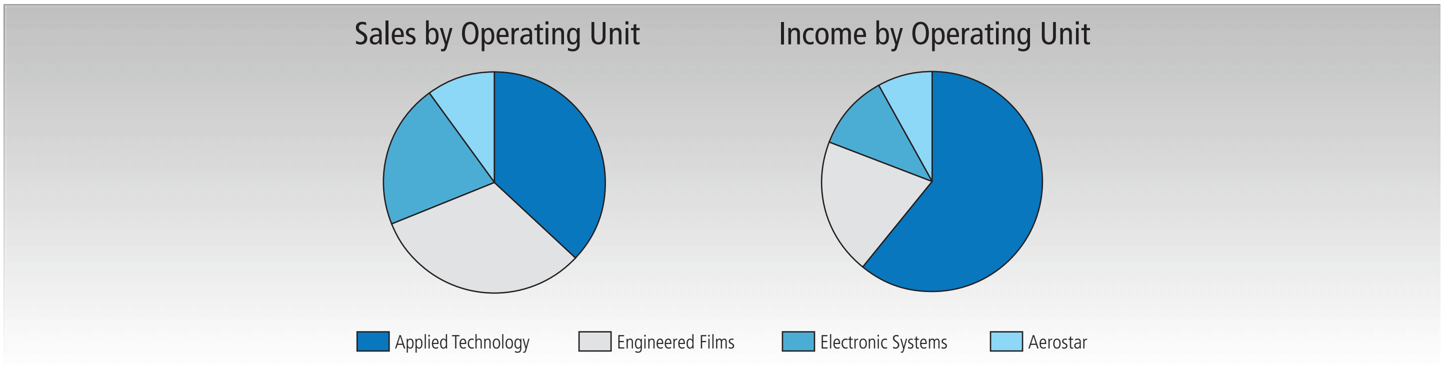
Ronald M. Moquist
President & CEO
March 24, 2009

Business Profile

Raven is a diversified company that strives for an intergrated approach to drive success:

- Significant share in a niche market, with additional opportunities for profitable expansion
- A business model that avoids labor-intensive commodity products—and offshore competition
- Strong cash generation that funds reinvestment and shareholder returns
- A high level of customer service, including consultative sales, materials management, strong quality control and after-sales support

Operating Unit	Products or Services	Markets/Product Uses
 **Applied Technology** (formerly Flow Controls)	• Ag equipment guidance systems: Cruizer™ • Spray equipment rate controllers: SCS Series™ • Precision agricultural product application, steering and data management systems: Viper™, Envizio Pro™ • Ag equipment boom management and applications systems: SmartBoom™, AccuBoom™, AutoBoom™ • Tractor steering systems: SmarTrax™, QuickTrax™, FarmPRO™ • Navigational guidance for professional ship pilots: Wheelhouse II™	• Domestic and international agricultural OEMs and sprayer manufacturers • Agricultural equipment aftermarket • Marine ship pilots
 **Engineered Films**	• String reinforced plastic (polyethylene) sheeting: DURA-SKRIM® • Extruded polyethylene film that can be formulated and tailored to a customer's specifications: RUFCO® • Silage bunker covers that protect grain and animal feed: FeedFresh™ • Vapor & gas retarders/barriers to prevent moisture and radon from migrating through concrete slabs or walls: VaporBlock®	• Energy and geomembrane: oilfield pit liners, floating covers, remediation liners and covers, landfill caps and interim covers, pond and canal linings • Construction: temporary building enclosures, house wraps, disaster films, vapor retarders, gas barriers • Manufactured housing: transit enclosures, house wraps • Industrial: multilayer packaging films, lamination films, containment tubing • Agriculture: temporary grain covers, silage bunker covers, poultry house ceilings, waste disposal liners
 **Electronic Systems**	• Contract manufacturing of low volume/high mix industrial products that stand up to harsh environments with great reliability • Repair/warranty service management and product distribution • High levels of engineering support and customer service	• Fortune 500 and industrial OEMs in North America • End markets served by customers include controls and instrumentation, aerospace/aviation, communication, defense
 **Aerostar International**	• High-altitude research balloons carrying scientific payloads • High-altitude airships that reach near-space (60,000-80,000 feet) for communications, data relay, surveillance • Tethered aerostats (blimps) for military, homeland security, scientific use • Military parachutes • Clothing to protect from exposure to biochemicals, fuels and fumes, extreme cold water immersion • Customized inflatable military decoys	• U.S. and foreign governments • U.S. and international military forces • Homeland security • NASA • Scientific agencies and universities

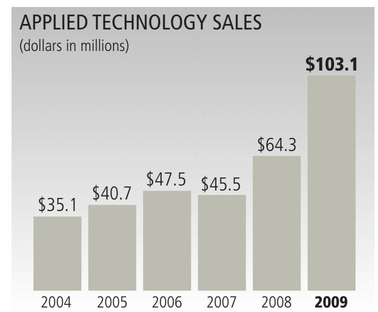


Competitive Strengths

Milestones

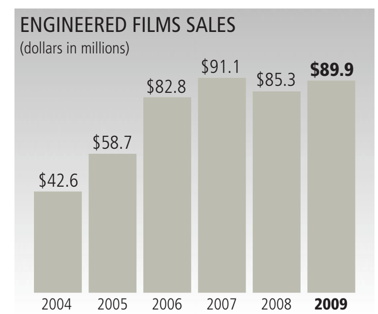
- Market leader for agricultural sprayer controls
- Large installed base of sprayer controls
- Solid brand recognition and distribution network
- Wide range of precision agricultural products that control input costs
- Excellent after-sale support through a strong, centralized service system

- Increased revenues 60% and operating income 77%
- Strong demand for Cruizer, Envizio Pro
- Continued overseas expansion led international sales to 17% of total revenues
- Successfully scaled manufacturing and service operations to handle higher sales



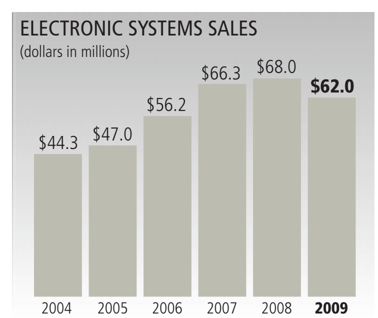
- Vertically integrated manufacturer: offering extruded blown film, lamination and conversion
- Broad product line including mono- to seven-layer co-extruded film and reinforced laminated sheeting, from .001 to .045 inches thick
- Superior target marketing
- R&D team develops customized solutions for customers
- ISO 9001:2000 certification

- Introduced the industry's first reinforced silage covers to prevent oxygen intrusion; radon barrier films; house wrap films
- Added horizontal cast line extrusion capabilities to geomembrane production
- Maintained market share in difficult environment



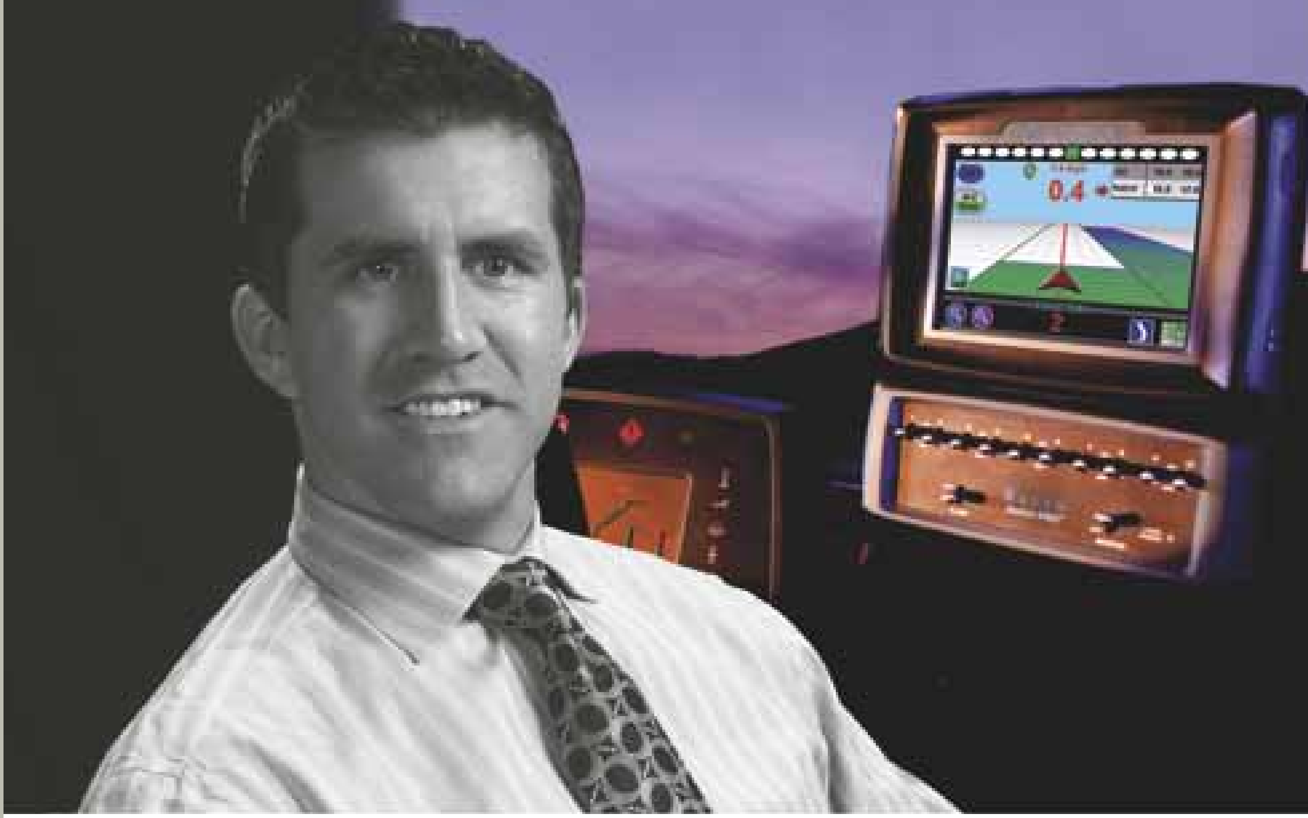
- Advanced manufacturing technology
- Full-service provider: from design through engineering, manufacturing and customer service
- Close partnership with customers
- IPC certification to produce lead-free electronics assemblies
- ISO 9001:2000 certification

- Consolidated two facilities into one while improving efficiencies
- Kaizen events led to improvements in all processes, from order through delivery
- Replaced most of sales lost from slowing markets and a customer that was acquired
- Continued to generate solid cash flow



- Sole source in U.S. for scientific research balloons
- Over 50 years of experience in manufacturing stratospheric balloons
- Best technology for high-speed sewing and sealing of specialty fabric and films

- Reported record sales and operating profits
- Won U.S. Army contract to provide series of small tethered aerostats as decoys in Iraq
- Doubled production of parachutes and protective wear for military personnel
- Revitalized sales of high-altitude scientific research balloons to NASA



"Investing in what we know means committing resources to the strategy that has been in place for five years. We leveraged earlier investments: in Starlink, which helped us develop a stronger steering product; in Montgomery Industries, which gave us AutoBoom and a presence in Canada; and in new applications for field computers. We invested in capacity and efficiency to keep pace with growing demand. These actions—and the new products that resulted—gave us a strong, broad precision ag offering that saves money for growers while providing the information they need."

Matthew T. Burkhart
General Manager—
Applied Technology Division

APPLIED TECHNOLOGY DIVISION

The Envizio Pro™ offers a complete package (equipment guidance, chemical control, and implement control) that is easy to incorporate into the cab of a sprayer—and for growers to use.

A Phenomenal Year

In the summer of 2008, agricultural market conditions in the U.S. and other geographies we serve were particularly strong. High prices for corn and rising costs for fuel, fertilizer and seed created ideal market conditions. Growers had more discretionary funds, and many wanted to invest these in precision agriculture products to reduce their input costs and help them better manage farming-related information. This helped us grow faster than the overall industry for a second year—and to achieve the goals we had set.

We continued to expand internationally. Overseas markets contributed 17% of revenues, up from 16% last year and closer to our 25% goal. We ended the year with 19 people in our international sales and service staff, a significant investment for a company our size.

Progress was made in Canada, where we are developing relationships with OEMs and expanding our dealer network. We added a new major distributor in Australia to help us more effectively reach growers there. In Western Europe, we capitalized on opportunities in the U.K., France and Germany, and saw strong double-digit growth from our relatively small distributor base. We are proceeding cautiously in South America and Eastern Europe, because local markets are less stable.

We refined our product line. Our engineering staff improved the design of our products, so they are easier to install, simpler to operate, and more reliable. This process will bring long-term benefits for existing and future offerings.

We also focused on enhancing existing products. One example was adding VRA (variable rate application) technology to our popular Envizio Pro™ field computer. Growers now can control input costs by using lower amounts of fertilizer and pesticides in areas where these are less desirable, while maintaining levels where these can maximize yields.

Ready for the Challenge

In addition to our strong financial performance, we accelerated implementation of our strategy to increase visibility in the global precision agricultural marketplace. We will not match the unsustainably high levels of growth seen last year, and continued increases in revenue will be difficult to achieve. Current indications are that corn, wheat and soybean prices will remain near the levels seen at the end of 2008, and higher input costs will constrain farm income. This means the progress we make on the following goals will be critical to our continued success.

First, we plan to establish a more comprehensive U.S. grower distribution channel. This will happen as we develop additional dealer-direct links, which would mean at least 70 new dealer locations offering our products.

Our second goal is to improve international operations by continuing to build a stronger support system at our headquarters. We will invest in system engineers and product support engineering that allows us to "localize" products for different markets, and accelerates our pursuit of new joint development projects in overseas markets.

Thirdly, we expect to develop alliances with other precision agricultural providers to expand our market reach. These relationships will take us to the next level in three areas: 1) creating distribution channel opportunities to reach more growers, 2) filling technology gaps in or giving us access to emerging technologies, and 3) collaborating on product development.

On February 1, 2009, Matt Burkhart became general manager of Applied Technology. Dan Rykhus assumed additional corporate responsibilities, with the general managers of Applied Technology and Electronic Systems reporting to him, along with the information technology function. We also changed the division's name from "Flow Controls" to "Applied Technology." This reflects the broader approach we are taking to our market. ■

"Investing in what we know means focusing on innovation. The progression of our business frequently involves providing a commodity film product to a customer, establishing trust, and then working closely with the customer to design films that offer greater benefits—from weight to strength to cost savings. That final step is where we really add value and introduce films that can bring long-term growth."

James D. Groninger
Division Vice President
and General Manager–
Engineered Films Division

ENGINEERED FILMS DIVISION

VaporBlock® films prevent moisture from seeping from the ground to damage expensive coatings and floor coverings, or the structural integrity of buildings under construction.

Innovation in a Difficult Year

For the first nine months, Engineered Films sales were relatively strong. This was due in part to serving diverse end markets, where strength in one area could offset slowness in another. In the final quarter, the recession hit the markets where we had been performing well: particularly oil and gas exploration. As a result, while we were unable to close out the year as we would have liked, Engineered Films still had some notable accomplishments.

We used new manufacturing processes to become more innovative. This truly distinguishes us from our competition. We have invested in new extrusion and conversion technology, providing us with the flexibility to go beyond just offering commodity films to customers. This includes giving them the opportunity to work with our engineers to design products to their specifications, and conducting trial runs of those films on our state-of-the-art manufacturing lines, so customers can see the processes and costs involved.

We introduced new products. Notable among these was our VaporBlock® Plus™ multilayer barrier film. When placed under concrete slabs in commercial and residential construction, this material restricts the migration of naturally occurring gasses (such as methane and radon) 50- to 200-times more effectively than other premium polyethylene films.

Another important addition was FeedFresh™ silage covers. Because of its oxygen barrier, FeedFresh reduces the amount of spoilage in cattle feed. This saves money for farmers while increasing the amount of milk that dairy cows can produce, or improving daily weight gains for steers and heifers.

We have a number of other products in trials, and some are being evaluated as private label opportunities for our customers. Potential applications for our higher performance products span a diverse set of markets, including environmental, agricultural and industrial.

Keeping Costs in Line with Opportunities

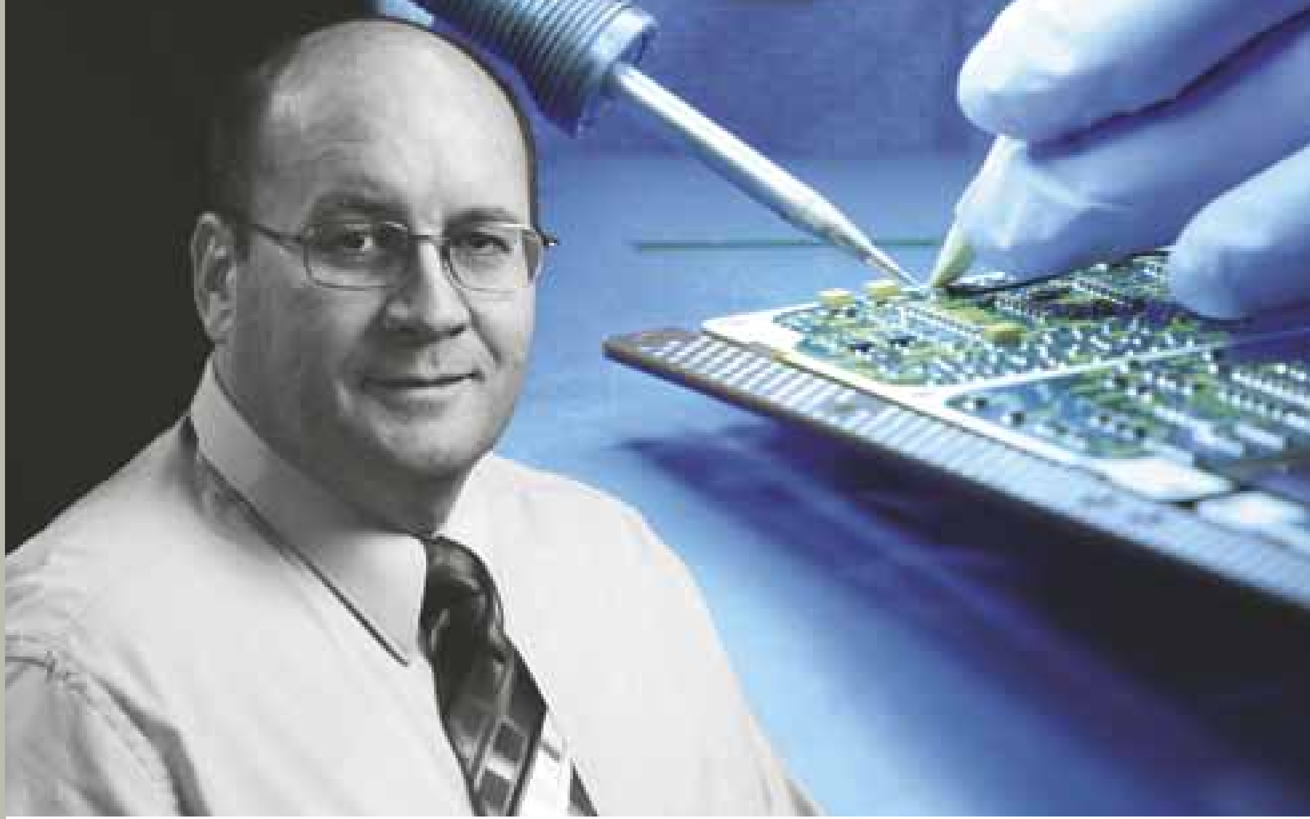
The film industry is looking for its end-use markets to find a floor in this soft economy. Once this happens, we believe there will be opportunities for growth.

In the meantime, we will build on the disciplines put in place during this past year. We will keep our capital expenditures low, fine-tuning prior investments so we can continue to meet customers' needs. We will expand on our fourth-quarter workforce reductions by carefully controlling selling and other indirect expenses.

We believe opportunities in the coming year will arise from two sources. First, customers will want to reduce their costs while still getting the performance they need from films. They will be attracted to our unique ability to formulate value-added products to their specifications—and within their budgets.

Second, we have the capacity to serve new markets. By extending the lives of our products and developing new formulations to provide a better value to potential users of our films, we can reach additional customers.

While it will take some time to return to the levels of profitability seen in past years, we remain committed to this goal. Watching our costs, working closely with customers, and having an innovative product line that will reach beyond current markets should help us achieve this. ■



"During this past year, we were investing in what we know by enhancing operational excellence. We completed a facility consolidation that improved customer service and reduced costs. Kaizen events were used to identify ways to strengthen our processes. These efforts allowed us to continue generating cash to fuel Raven's growth. The results also put us in a good position to increase the Electronic Systems Division's operating profit in the coming year—despite an uncertain economy."

David R. Bair
Division Vice President
and General Manager—
Electronic Systems Division

ELECTRONIC SYSTEMS DIVISION

What differentiates Electronic Systems from its competitors is the ability to produce short runs of a component—maybe only a handful a year—with high quality and reliability.

Improved Operations

We set three goals for the past fiscal year: 1) to improve inventory turns, 2) to strive for a higher on-time delivery rate, and 3) to add a new customer. The combination of two very weak customer end-user markets, and the loss of a customer through acquisition, meant we did not make as much progress toward these goals as we would have liked. But important advances were made.

We focused on markets with growth potential. Industrial controls—from bed controls to security monitoring equipment—were hit by issues in residential housing and commercial real estate. That led to a significant drop in sales to this area. However, we were able to increase revenues from aerospace/aviation. This reflected continued demand for fuel efficient planes for the airlines, and having our products incorporated into a number of different defense aircraft and missile programs. Products also were shipped to our sister division, Applied Technology, for the first full fiscal year.

We increased our operating efficiency. A key action was the September consolidation of two Sioux Falls manufacturing facilities into one, which eliminated the issues and expenses of moving products between the two of them. In addition, on-time delivery improved slightly, and we increased our operating efficiency during the second half of the year. Despite having a lower margin product mix this year, these actions contributed to a stronger operating margin in the second half compared with the first six months.

We conducted four Kaizen (process improvement) events in the third and fourth quarters. The first covered nearly every aspect of our processes, from receiving an order until the product is delivered. We identified more than 20 opportunities to cut waste and improve our approach. Then we concentrated on the engineering change order process, new product introductions, and schedule changes, and came up with 100 more areas to strengthen. These will become our focus in the new fiscal year.

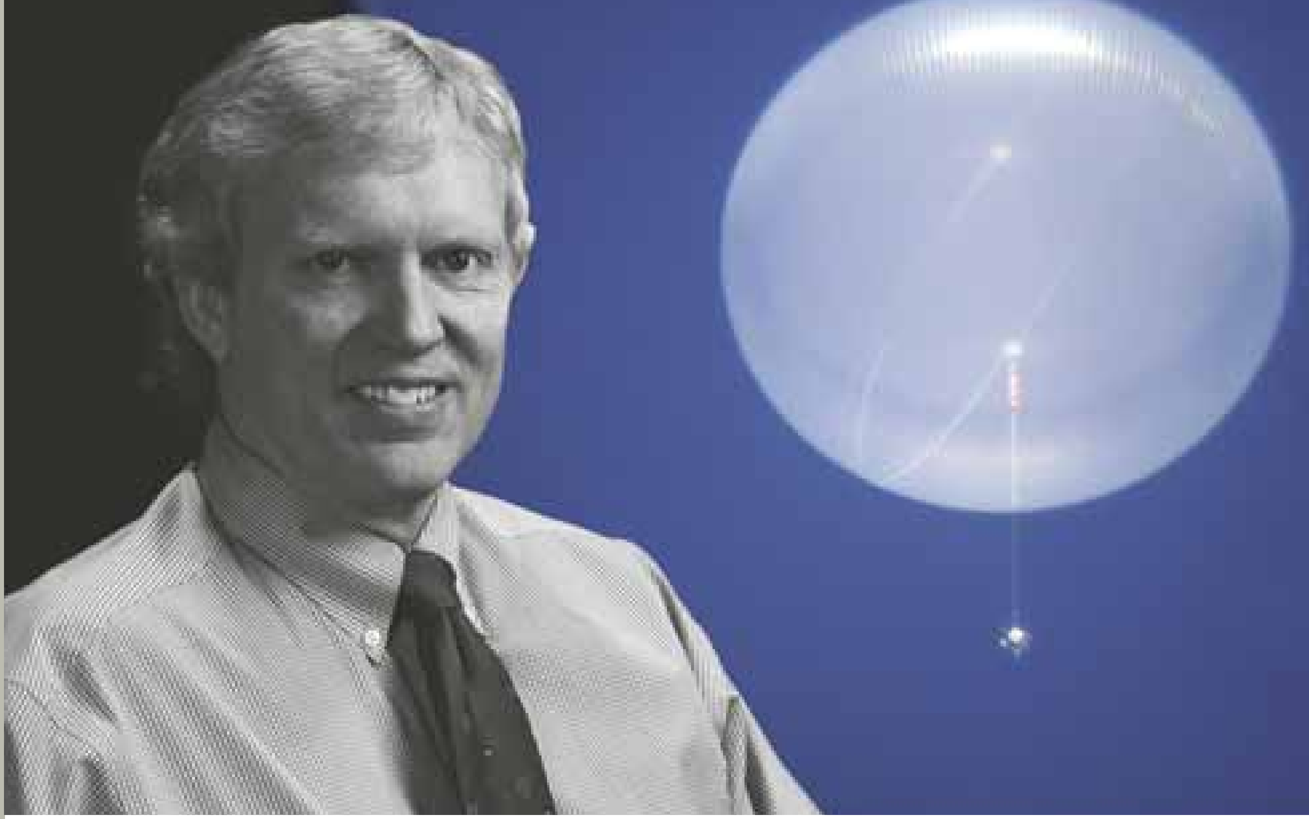
More Progress Expected on Goals

We do not anticipate any improvement in the industrial controls market during the year, and we hope it is near the bottom. Most of our growth will come from aerospace/aviation. While these are lower margin products for us, this year will see us producing more existing products rather than new ones, which should help profitability. As we hold more Kaizen events and streamline our processes, our margins should improve.

With this in mind, we are working toward four goals for fiscal 2010. First, we plan to increase on-time delivery to above 90% by focusing on what causes late releases—from material availability, to maintaining schedule integrity, to strengthening communication between our customers and ourselves. Second, we expect to raise our productivity by more than 5% through holding at least one Kaizen event each month.

Third, we will continue to improve our inventory turns, which increased slightly in fiscal 2009. Tactics for achieving this include more discipline regarding customer schedule changes and better communication with vendors. Fourth, we are working hard to add a major customer. The process of integrating a new customer can take 12 to 18 months, so we would expect to begin seeing the benefits of this in fiscal 2011.

These goals reflect how we are investing our resources in Electronic Systems Division's long-term future. We plan to achieve them—despite poor conditions in some end-use markets—while cutting capital spending by about 50% from fiscal 2009 levels. This should help us continue to generate good amounts of cash for the year. ■



"Here's how we invested in what we know. One, we doubled our production of military parachutes and protective wear—while automated systems meant we only increased related staff by 20%. Two, we created closer relationships with customers—and other companies that serve them—to cultivate long-term growth. Both actions reflected our philosophy of leveraging Aerostar's foundation business in aerostats and sewn products."

Mark L. West
President—
Aerostar International, Inc.

AEROSTAR INTERNATIONAL

This super-pressure balloon, produced by Aerostar and launched by NASA from Antarctica in December 2008, set a new record for the longest balloon flight: more than 50 days.

Delivering on Goals for the Year

Most of Aerostar's revenues come from government contracts, which are not as directly affected by the changes in the economy. This helped us meet nearly every goal we set for the year.

We exceeded our revenue goal in parachutes and protective wear, as shipments of both products ramped up throughout the year. Because these contracts are in their second year—past the period for prototypes and approvals—their profitability reached our targeted levels, too. This reflects our efficient approach to high-speed manufacturing.

We took a new approach to building the large tethered aerostat business. The original goal was to follow our successful October 2007 flight by booking orders for the product. This did not happen. The military appreciates the role aerostats can play in solving problems—such as better communication with troops in the field—but it does not usually buy aerostats directly.

As a result, the best way to generate business is by partnering with large defense electronics contractors that need our aerostats to carry their communication payloads. We spent the year meeting and forming relationships with these firms. Interest has been good, and we are quoting programs that we believe will generate sales in future years.

We met our revenue goal for this business by selling small tethered aerostats. We began shipments under a $1.8 million government contract for aerostats to be used as decoys in Iraq. We also made our first delivery in Spain as part of opening the European market for this product.

The high-altitude research balloon business saw its highest sales in a decade. This interest is being driven by scientists who want longer duration flights to gather more information. We have worked with NASA for years to develop a new type: the super-pressure balloon. A successful flight of this product occurred in Antarctica in December, and we already are building one that is twice as large.

More progress is needed for high-altitude airships. While our June 2008 flight was not the unqualified success we had hoped for, the U.S. military saw the potential for this airship and is proceeding with the program. We learned a number of lessons from that launch, including new techniques to deal with air turbulence, and are applying them to our next flight scheduled for this fall.

Creating Opportunities

While the new presidential administration will subject military spending to greater scrutiny, the products we provide have two advantages. First, they are connected with the safety of our troops, such as parachutes. Second, they are small programs so may be less likely to face cuts.

We enter the year with most of our expected revenues in place. Our biggest challenge will be creating opportunities to generate the rest.

The stage has been set for parachutes. The MC-6 program, which involved 20,000 parachutes, will conclude at the end of this year. We have qualified for the follow-on contract: the 52,000-parachute T-11 program. Because many of its components are the same as the MC-6's, we believe Aerostar has an edge in gaining this business.

For tethered aerostats, we will continue cultivating relationships with defense contractors that should lead to future orders. Our current-year goal for high-altitude balloons and airships is to ensure their key flights go smoothly. Should this happen, we believe demand for these products could accelerate quickly over the next few years, providing a significant driver for Aerostar's revenue and profit growth for years to come. ■

ELEVEN-YEAR FINANCIAL SUMMARY

Dollars in thousands except per-share data	For the years ended January 31 **2009**	2008	2007
OPERATIONS FOR THE YEAR			
Net sales			
Ongoing operations	**$279,913**	$233,957	$217,529
Sold businesses[a]	**—**	—	—
Total	**279,913**	233,957	217,529
Gross profit	**67,881**	59,148	54,882
Operating income			
Ongoing operations	**46,394**	41,145	38,302
Sold businesses[a]	**—**	—	—
Total	**46,394**	41,145	38,302
Income before income taxes	**46,901**	42,224	38,835
Net income	**$ 30,770**	$ 27,802	$ 25,441
Net income as % of sales	**11.0%**	11.9%	11.7%
Net income as % of beginning equity	**26.0%**	28.3%	30.1%
Cash dividends	**$ 31,884[b]**	$ 7,966	$ 6,507
FINANCIAL POSITION			
Current assets	**$ 98,073**	$100,869	$ 73,219
Current liabilities	**23,322**	22,108	16,464
Working capital	**$ 74,751**	$ 78,761	$ 56,755
Current ratio	**4.21**	4.56	4.45
Property, plant and equipment	**$ 35,880**	$ 35,743	$ 36,264
Total assets	**144,415**	147,861	119,764
Long-term debt, less current portion	**—**	—	—
Shareholders' equity	**$113,556**	$118,275	$ 98,268
Long-term debt / total capitalization	**0.0%**	0.0%	0.0%
Inventory turnover (CGS / year-end inventory)	**5.9**	4.8	5.8
CASH FLOWS PROVIDED BY (USED IN)			
Operating activities	**$ 39,037**	$ 27,151	$ 26,313
Investing activities	**(7,000)**	(4,433)	(18,664)
Financing activities	**(36,969)**	(8,270)	(10,277)
Increase (decrease) in cash and cash equivalents	**(5,005)**	14,489	(2,626)
COMMON STOCK DATA			
Net income per share–basic	**$ 1.71**	$ 1.54	$ 1.41
Net income per share–diluted	**1.70**	1.53	1.39
Cash dividends per share	**1.77[b]**	0.44	0.36
Book value per share	**6.30**	6.52	5.45
Stock price range during year			
High	**$ 47.82**	$ 45.85	$ 42.70
Low	**20.60**	26.20	25.46
Close	**$ 21.81**	$ 30.02	$ 28.43
Shares and stock units outstanding, year-end (in thousands)	**18,027**	18,130	18,044
Number of shareholders, year-end	**8,268**	8,700	8,992
OTHER DATA			
Price / earnings ratio	**12.83**	19.6	20.5
Average number of employees	**1,070**	930	884
Sales per employee	**$ 262**	$ 252	$ 246
Backlog	**$ 80,361**	$ 66,628	$ 44,237

All per-share, shares outstanding and market price data reflect the October 2004 two-for-one stock split, the January 2003 two-for-one stock split and the July 2001 three-for-two stock split. All other figures are as reported.

Price / earnings ratio is determined as closing stock price divided by net income per share–diluted.

Book value per share is computed by dividing total shareholders' equity by the number of common shares and stock units outstanding.

(a) In fiscal 2003, 2001, and 2000, the company sold its Beta Raven Industrial Controls, Plastic Tank, and Glasstite businesses, respectively.

2006	2005	2004	2003	2002	2001	2000	1999
$204,528	$168,086	$142,727	$119,589	$112,018	$113,360	$107,862	$108,408
—	—	—	1,314	6,497	19,498	42,523	46,798
204,528	168,086	142,727	120,903	118,515	132,858	150,385	155,206
53,231	43,200	33,759	27,515	23,851	21,123	24,217	24,441
37,284	27,862	21,981	16,861	13,788	7,417(d)	7,971	8,220
—	—	(355)	204	(613)	3,331(e)	2,606(f)	1,453
37,284	27,862	21,626	17,065	13,175	10,748	10,577	9,673
37,494	27,955	21,716	17,254	13,565	10,924	10,503	9,649
$ 24,262	$ 17,891	$ 13,836	$ 11,185	$ 8,847	$ 6,411(d)(e)	$ 6,762(f)	$ 6,182
11.9%	10.6%	9.7%	9.3%	7.5%	4.8%	4.5%	4.0%
36.7%	26.9%	23.8%	21.5%	18.4%	11.8%	10.9%	10.0%
$ 5,056	$ 15,298(c)	$ 3,075	$ 2,563	$ 2,371	$ 2,399	$ 2,895	$ 2,944
$ 71,345	$ 61,592	$ 55,710	$ 49,351	$ 45,308	$ 51,817	$ 55,371	$ 60,279
20,050	20,950	11,895	13,167	13,810	13,935	14,702	15,128
$ 51,295	$ 40,642	$ 43,815	$ 36,184	$ 31,498	$ 37,882	$ 40,669	$ 45,151
3.56	2.94	4.68	3.75	3.28	3.72	3.77	3.98
$ 25,602	$ 19,964	$ 15,950	$ 16,455	$ 14,059	$ 11,647	$ 15,068	$ 19,563
106,157	88,509	79,508	72,816	67,836	65,656	74,047	83,657
9	—	57	151	280	2,013	3,024	4,572
$ 84,389	$ 66,082	$ 66,471	$ 58,236	$ 52,032	$ 47,989	$ 54,519	$ 62,293
0.0%	0.0%	0.1%	0.3%	0.5%	4.0%	5.3%	6.8%
5.4	5.4	6.5	4.4	5.0	5.9	5.2	4.9
$ 21,189	$ 18,871	$ 19,732	$ 12,735	$ 18,496	$ 9,441	$ 10,375	$ 8,326
(11,435)	(7,631)	(4,352)	(9,166)	(13,152)	9,752	6,323	(3,127)
(6,946)	(19,063)	(6,155)	(5,830)	(8,539)	(14,227)	(16,326)	(2,714)
2,790	(7,823)	9,225	(2,261)	(3,195)	4,966	372	2,485
$ 1.34	$ 0.99	$ 0.77	$ 0.61	$ 0.48	$ 0.31	$ 0.26	$ 0.22
1.32	0.97	0.75	0.60	0.47	0.31	0.26	0.22
0.28	0.85(c)	0.17	0.14	0.13	0.12	0.11	0.10
4.67	3.67	3.68	3.21	2.82	2.53	2.32	2.21
$ 33.15	$ 26.94	$ 15.23	$ 9.20	$ 5.88	$ 3.48	$ 3.04	$ 3.79
16.54	13.08	7.56	4.38	3.02	1.88	2.25	2.54
$ 31.60	$ 18.38	$ 14.11	$ 7.91	$ 5.64	$ 3.04	$ 2.40	$ 2.67
18,072	17,999	18,041	18,133	18,424	18,956	23,496	28,164
9,263	6,269	3,560	2,781	2,387	2,460	2,749	3,014
23.9	18.9	18.8	13.2	12.1	9.8	9.2	12.4
845	835	787	784	858	1,082	1,369	1,507
$ 242	$ 201	$ 181	$ 154	$ 138	$ 123	$ 110	$ 103
$ 43,619	$ 43,646	$ 47,120	$ 42,826	$ 33,834	$ 38,239	$ 44,935	$ 47,431

(b) Includes a special dividend of $1.25 per share that was paid in fiscal 2009.

(c) Includes a special dividend of $.625 per share that was paid in fiscal 2005.

(d) Includes $2.6 million of business repositioning charges, net of gains on plant sales, primarily in Electronic Systems and Aerostar.

(e) Includes the $3.1 million pretax gain ($1.4 million net of tax) on the sale of the company's Plastic Tank Division.

(f) Includes the $1.2 million pretax gain ($764,000 net of tax) on the sale of assets of the company's Glasstite subsidiary.

BUSINESS SEGMENTS

Dollars in thousands	For the years ended January 31					
	2009	2008	2007	2006	2005	2004
APPLIED TECHNOLOGY DIVISION						
Sales	**$103,098**	$ 64,291	$ 45,515	$ 47,506	$ 40,726	$ 35,059
Operating income	**33,884**	19,102	10,111	13,586	10,516[b]	8,254
Assets	**48,881**	36,938	27,629	30,047	23,701	19,304
Capital expenditures	**2,674**	1,008	577	938	1,372	341
Depreciation & amortization	**1,383**	1,125	1,142	1,085	876	1,004
ENGINEERED FILMS DIVISION						
Sales	**$ 89,858**	$ 85,316	$ 91,082	$ 82,794	$ 58,657	$ 42,636
Operating income	**10,919**	17,739	23,440	19,907	15,739	10,563
Assets	**35,862**	43,688	41,988	33,512	25,181	15,941
Capital expenditures	**3,120**	4,012	13,266	7,359	3,960	712
Depreciation & amortization	**4,303**	4,046	2,887	2,436	1,403	1,611
ELECTRONIC SYSTEMS DIVISION						
Sales	**$ 61,983**	$ 67,987	$ 66,278	$ 56,219	$ 47,049	$ 44,307
Operating income	**5,926**	10,365	10,850	8,916	4,492	5,797
Assets	**26,847**	25,865	25,175	20,191	17,382	14,975
Capital expenditures	**1,399**	1,077	1,357	1,612	1,201	841
Depreciation & amortization	**1,159**	1,237	1,086	871	880	850
AEROSTAR						
Sales	**$ 27,186**	$ 17,290	$ 14,654	$ 18,009	$ 21,654	$ 20,725
Operating income	**4,219**	1,506	707	2,133	3,609	3,092[c]
Assets	**8,744**	9,941	8,161	6,837	7,492	7,756
Capital expenditures	**383**	156	812	179	542	1,130
Depreciation & amortization	**444**	499	375	359	389	436
INTERSEGMENT ELIMINATIONS						
Sales						
Engineered Films Division	**$ (210)**	$ (533)	$ —	$ —	$ —	$ —
Electronic Systems Division	**(1,977)**	(378)	—	—	—	—
Aerostar	**(25)**	(16)	—	—	—	—
Operating income	**(52)**	(100)	—	—	—	—
Assets	**(152)**	(100)	—	—	—	—
REPORTABLE SEGMENTS TOTAL						
Sales	**$279,913**	$233,957	$217,529	$204,528	$168,086	$142,727
Operating income	**54,896**	48,612	45,108	44,542	34,356[b]	27,706[c]
Assets	**120,182**	116,332	102,953	90,587	73,756	57,976
Capital expenditures	**7,576**	6,253	16,012	10,088	7,075	3,024
Depreciation & amortization	**7,289**	6,907	5,490	4,751	3,548	3,901
CORPORATE & OTHER						
Operating (loss) from administrative expenses	**$ (8,502)**	$ (7,467)	$ (6,806)	$ (7,258)	$ (6,494)	$ (6,080)
Assets[a]	**24,233**	31,529	16,811	15,570	14,753	21,532
Capital expenditures	**425**	382	510	270	466	306
Depreciation & amortization	**469**	437	395	400	293	244
TOTAL COMPANY						
Sales	**$279,913**	$233,957	$217,529	$204,528	$168,086	$142,727
Operating income	**46,394**	41,145	38,302	37,284	27,862[b]	21,626[c]
Assets	**144,415**	147,861	119,764	106,157	88,509	79,508
Capital expenditures	**8,001**	6,635	16,522	10,358	7,541	3,330
Depreciation & amortization	**7,758**	7,344	5,885	5,151	3,841	4,145

(a) Assets are principally cash, investments, deferred taxes and other receivables.

(b) Includes a $1.3 million pretax writeoff of assets related to the Fluent Systems product line.

(c) Includes $182,000 of pretax gain on plant sale.

FINANCIAL REVIEW AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is designed to enhance overall financial disclosure by providing management's analysis of the key drivers of year-over-year changes in key financial statement elements, business segment results, and the impact of accounting principles on the company's financial statements.

This discussion should be read in conjunction with the company's January 31, 2009 financial statements and the accompanying notes.

The MD&A is organized as follows:

- Executive Summary
- Results of Operations—Segment Analysis
- Outlook
- Liquidity and Capital Resources
- Off-balance Sheet Arrangements and Contractual Obligations
- Critical Accounting Estimates
- New Accounting Standards

EXECUTIVE SUMMARY

Raven Industries, Inc. is an industrial manufacturer providing a variety of products to customers within the industrial, agricultural, construction and military/aerospace markets, primarily in North America. The company operates in four business segments: Applied Technology (formerly Flow Controls), Engineered Films, Electronic Systems and Aerostar.

Management uses a number of metrics to assess the company's performance:

- Segment net sales, gross margin, and operating income
- Consolidated net sales, gross margin, operating income, net income, and earnings per share
- Capital expenditures
- Return on sales, assets, and equity

The following discussion highlights the consolidated operating results. Segment operating results are more fully explained in the Results of Operations—Segment Analysis section.

Financial highlights for fiscal years ended January 31,

Dollars in thousands except per-share data	**2009**	% change	2008	% change	2007
Results of Operations					
Net sales	**$279,913**	20%	$233,957	8%	$217,529
Gross margins	**24.3%**		25.3%		25.2%
Operating income	**$ 46,394**	13%	$ 41,145	7%	$ 38,302
Net income	**$ 30,770**	11%	$ 27,802	9%	$ 25,441
Diluted earnings per share	**$ 1.70**	11%	$ 1.53	10%	$ 1.39
Free Cash Flow and Payments to Shareholders					
Cash flow from operations	**$ 39,037**		$ 27,151		$ 26,313
Capital expenditures	**(8,001)**		(6,635)		(16,522)
Free cash flow	**$ 31,036**		$ 20,516		$ 9,791
Cash dividends	**$ 31,884**		$ 7,966		$ 6,507
Common stock repurchases	**5,180**		592		4,201
Cash returned to shareholders	**$ 37,064**		$ 8,558		$ 10,708
Performance Measures					
Return on net sales (net income / net sales)	**11.0%**		11.9%		11.7%
Return on average assets (net income / average assets)	**21.1%**		20.8%		22.5%
Return on beginning equity (net income / beginning equity)	**26.0%**		28.3%		30.1%

Results of Operations

The company posted record sales, operating income, net income, diluted earnings per share, and operating cash flow for fiscal 2009. The results were fueled by a strong agricultural market and new product introductions in the Applied Technology segment and, to a lesser extent, shipments under government contracts at Aerostar. The 20% increase in net sales is the result of year-over-year sales growth in Applied Technology (60%), Aerostar (57%), and Engineered Films (5%). The 13% rise in operating income is primarily the result of sales growth and positive operating leverage generated by Applied Technology. The increase in operating income fell short of the growth in sales as a result of negative operating leverage at Electronic Systems as sales volume slipped in the latest year due to the loss of a customer and the weak economy. In addition, Engineered Films margins contracted as competitive pricing pressures created by the slowdown in construction activity prevented the pass-through of increased plastic resin costs.

After three very strong quarters in fiscal 2009, the fourth quarter was significantly affected by the weakening economy and related declines in commodity prices. Fourth quarter sales of $59.9 million were up 3%, and net income was 22% lower than the fourth quarter of fiscal 2008. The collapse of construction and oil and gas drilling markets at Engineered Films pushed that segment into an operating loss. Weaker agricultural commodity prices reduced the growth rate in Applied Technology.

Fiscal 2008 consolidated net sales increased 8% to $234.0 million from $217.5 million in fiscal 2007. The agricultural market was improving during the year, and the resulting 41% increase in Applied Technology sales boosted profitability. Shipments of U.S. Army parachutes helped Aerostar's turnaround from a relatively weak fiscal 2007 performance. A very strong fiscal 2007 at Engineered Films resulted from disaster film shipments that did not repeat in fiscal 2008. The company reported year-over-year improvements in operating income, net income, diluted earnings per share, and operating cash flow.

Free Cash Flow and Payments to Shareholders

The company continues to generate strong free cash flow as a result of solid earnings, excellent cash flow from operations, and modest capital expenditures. During fiscal 2009, $37.1 million was returned to shareholders through stock repurchases, quarterly dividends and a special dividend of $22.5 million paid in November 2008.

Performance Measures

The company continues to generate solid returns on net sales, average assets and beginning equity, which are important gauges of Raven's ability to efficiently produce profits. The return on sales dropped from 11.9% in fiscal 2008 to 11.0% in fiscal 2009, primarily as a result of pricing pressures at Engineered Films.

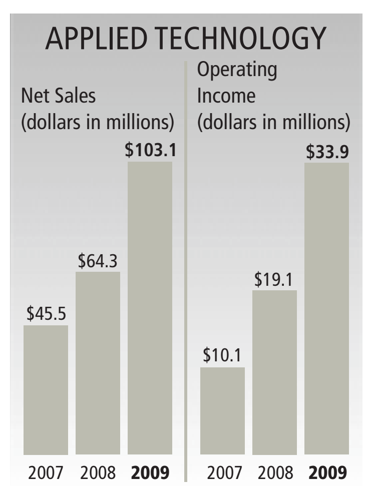
RESULTS OF OPERATIONS—SEGMENT ANALYSIS

Applied Technology

Applied Technology provides electronic and Global Positioning System (GPS) products designed to reduce operating costs and improve yields for the agriculture market.

Financial highlights for fiscal years ended January 31,

Dollars in thousands	**2009**	% change	2008	% change	2007
Applied Technology					
Net sales	**$103,098**	60%	$64,291	41%	$45,515
Gross margins	**40.2%**		37.9%		32.1%
Operating income	**$ 33,884**	77%	$19,102	89%	$10,111



Fiscal 2009 net sales of $103.1 million increased $38.8 million (60%) and operating income of $33.9 million increased $14.8 million (77%) over fiscal 2008.

Fiscal 2009 fourth quarter net sales of $19.6 million increased $3.0 million (18%) and operating income of $5.3 million increased $752,000 (17%) over fourth quarter fiscal 2008 levels.

Several factors contributed to the strong fourth quarter and fiscal 2009 results:

- *Healthy global farm fundamentals.* Commodity prices were strong through the first nine months of the year but fell from their highs; however, agricultural market fundamentals remained strong and continued to influence growers' capital investment decisions, increasing demand for Applied Technology precision agriculture equipment.
- *Investments in select global markets.* International sales increased to 17% of segment sales in fiscal 2009 compared with 16% in fiscal 2008—during a period of 60% overall sales growth.
- *Increased acceptance of precision agriculture.* Double-digit year-over-year sales growth was achieved for all product categories (standard, precision, steering, and Autoboom™) reflecting strong customer demand for flagship sprayer products as well as newer products such as the Cruizer™, a simple and affordable guidance system targeted at new entrants to the precision agriculture market.
- *Positive operating leverage.* Gross margins of 40.2% in fiscal 2009 compared favorably to fiscal 2008 gross margins of 37.9%. Fiscal 2009 selling expense was $7.5 million, or 7.3% of net sales, compared with fiscal 2008 selling expense of $5.3 million, or 8.2% of net sales. These improvements reflect positive operating leverage generated through increased sales volume.

Fiscal 2008 net sales of $64.3 million increased $18.8 million (41%) and operating income of $19.1 million rose $9.0 million (89%) over fiscal 2007.

Fiscal 2008 results were primarily attributable to the following:

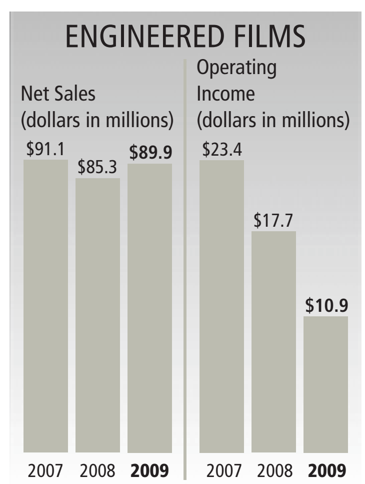
- *Healthy global farm fundamentals.* Worldwide agricultural conditions were strong as a result of record prices for corn, soybeans and other feed grains.
- *Investments in select global markets.* Fiscal 2008 international sales increased 43% from fiscal 2007 as a result of sales and marketing expenditures in select global markets.
- *Increased acceptance of precision agriculture.* Standard sprayer control system deliveries were solid throughout the period, led by strong demand for anhydrous ammonia control systems.
- *Positive operating leverage.* Gross margins of 37.9% in fiscal 2008 compared favorably to fiscal 2007 gross margins of 32.1%. Fiscal 2008 selling expenses were $5.3 million or 8.2% of net sales compared with fiscal 2007 selling expenses of $4.5 million or 9.9% of net sales. These improvements reflect positive operating leverage generated through increased sales volume.

Engineered Films

Engineered Films produces rugged reinforced plastic sheeting for industrial, construction, geomembrane and agricultural applications.

Financial highlights for fiscal years ended January 31,

Dollars in thousands	**2009**	% change	2008	% change	2007
Engineered Films					
Net sales	**$89,858**	5%	$85,316	(6%)	$91,082
Gross margins	**16.1%**		24.8%		29.4%
Operating income	**$10,919**	(38%)	$17,739	(24%)	$23,440



Fiscal 2009 net sales of $89.9 million increased $4.5 million (5%) while operating income of $10.9 million decreased $6.8 million (38%) versus fiscal 2008.

Fiscal 2009 results were primarily due to the following:

- *Sales volume.* Sales increased as a result of higher volume coupled with a modest increase in selling prices. Strong sales of pit and pond lining films to the oil and gas market and higher agriculture sales were partially offset by a decline in sales to the manufactured housing market.
- *Margin contraction.* Depressed margins reflected volatile material costs, increased price competition, and poor economic conditions. Competitive pricing pressures, especially in the construction market, hindered the ability to pass on higher resin costs. This meant production costs outpaced increases in selling prices. Gross margins decreased from 24.8% in fiscal 2008 to 16.1% in fiscal 2009.
- *Selling expenses.* Fiscal 2009 selling expenses of $3.5 million were relatively flat year-over-year.

Fiscal 2009 fourth quarter net sales of $14.5 million decreased $5.7 million (28%) from the fourth quarter of fiscal 2008. In addition, the segment posted a fourth quarter fiscal 2009 operating loss of $178,000 compared with operating income of $3.4 million in the fourth quarter of fiscal 2008.

Fiscal 2009 fourth quarter results were affected by the following;

- *Global recession.* Dysfunctional credit markets and plunging asset values resulted in weak economic activity in the fourth quarter of fiscal 2009. As a result of the reduction in economic activity, energy prices plunged, leading to the decline in the oil and gas exploration market. Similarly, as the flow of credit slowed and economic uncertainty rose, the commercial construction markets suffered. Consequently, the two largest markets for Engineered Films were both depressed in the quarter.
- *Sales volume.* Fourth quarter 2009 sales to the energy and construction markets fell nearly 30% below fourth quarter fiscal 2008 levels due to the factors mentioned above.
- *Margin contraction.* Lower sales volume resulted in negative operating leverage, and margins were depressed by high-cost raw materials purchased prior to the precipitous drop in commodity prices.

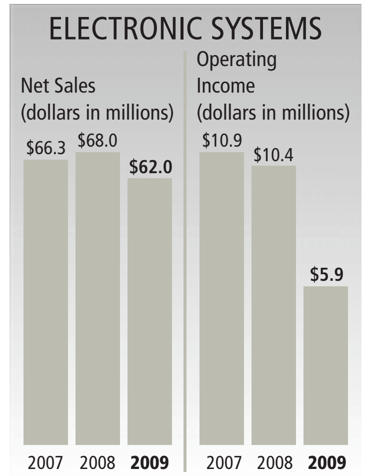
Fiscal 2008 net sales of $85.3 million decreased $5.8 million (6%) and operating income of $17.7 million was down $5.7 million (24%) from fiscal 2007.

Fiscal 2008 results were driven by the following:

- *Sales volume.* Strong sales of pit and pond lining films to the oil and gas market were led by increased drilling activity, reflecting high oil and gas prices. Increased shipments of vapor retarders resulted from higher market share and industry growth. These increases were offset by a $9.9 million decrease in disaster film shipments due to a benign hurricane season. Sales declined to the manufactured housing market due to the economic challenges faced by that industry.
- *Margin contraction.* Selling prices decreased approximately 3% from fiscal 2007 despite higher raw material costs. Competitive pricing pressures prevented the pass-through of increased resin costs in the form of higher selling prices.
- *Overhead.* Increased depreciation and start-up costs associated with new extruders that were placed into service during the first and second quarters of fiscal 2008 negatively affected fiscal 2008 gross margins compared with one year earlier.
- *Selling expenses.* Fiscal 2008 selling expenses of $3.4 million were unchanged from fiscal 2007, reflecting lower personnel costs offset by increased product development expense.

Electronic Systems

Electronic Systems is a total-solutions provider of electronics manufacturing services, primarily to North American original equipment manufacturers.



Financial highlights for fiscal years ended January 31,

Dollars in thousands	2009	% change	2008	% change	2007
Electronic Systems					
Net sales	**$61,983**	(9%)	$67,987	3%	$66,278
Gross margins	**11.3%**		16.9%		18.0%
Operating income	**$ 5,926**	(43%)	$10,365	(4%)	$10,850

Fiscal 2009 net sales of $62.0 million decreased $6.0 million (9%) and operating income of $5.9 million declined $4.4 million (43%) from fiscal 2008.

Fiscal 2009 fourth quarter net sales of $16.1 million were off $450,000 (3%) and operating income of $2.2 million increased $299,000 (15%) from fourth quarter fiscal 2008.

The fiscal 2009 fourth quarter and full-year comparative results reflected the following:

- *Slower consumer spending.* Hand-held bed control shipments have been negatively affected by lower consumer spending on non-essential home-related products, indicating the influence of financial uncertainty on consumer sentiment and a soft construction market.
- *Loss of a customer.* Prior year results included $7 million of sales to a former customer (which was acquired) and a profitable non-repeat close-out order.
- *Increased sales of aviation electronics.* Strong sales of avionics partially offset the negative impact of the factors mentioned earlier.
- *Negative operating leverage.* Gross margins suffered as a result of negative operating leverage on lower sales and a less favorable product mix. Third and fourth quarter operating expenses were reduced by consolidating manufacturing space, which led to improved gross margins in the second half of the year.
- *Selling expenses.* Selling expenses of $1.1 million (1.7% of sales) were consistent with the prior year.

Fiscal 2008 net sales of $68.0 million increased $1.7 million (3%) and operating income of $10.4 million decreased $485,000 (4%) versus fiscal 2007.

Fiscal 2008 comparative results were primarily due to the following:

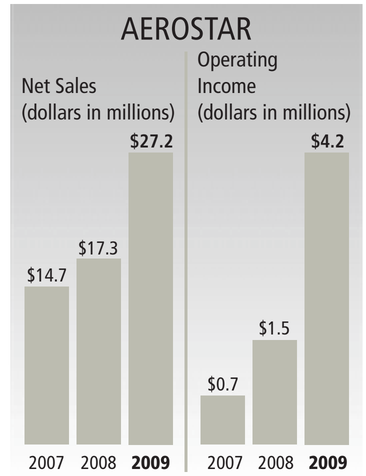
- *Slower consumer spending.* Hand-held bed control shipments decreased as a result of lower consumer spending on non-essential home-related products.
- *Increased sales of aviation electronics.* Strong sales of avionics partially offset the negative impact of slower consumer spending.
- *Product mix.* Gross profit margins were negatively affected by a less favorable product mix.
- *Selling expense.* Selling expenses of $1.2 million (1.7% of sales) were consistent with the prior year.

Aerostar

Aerostar manufactures military parachutes, protective wear, custom-shaped inflatable products, and high-altitude aerostats for government and commercial research.

Financial highlights for fiscal years ended January 31,

Dollars in thousands	2009	% change	2008	% change	2007
Aerostar					
Net sales	**$27,186**	57%	$17,290	18%	$14,654
Gross margins	**18.7%**		12.8%		10.4%
Operating income	**$ 4,219**	180%	$ 1,506	113%	$ 707



Fiscal 2009 net sales of $27.2 million increased $9.9 million (57%) and operating income of $4.2 million rose $2.7 million (180%) over fiscal 2008.

Fourth quarter fiscal 2009 net sales of $10.2 million and operating income of $1.8 million compared favorably with fourth quarter fiscal 2008 net sales of $5.6 million and operating income of $689,000.

Fiscal 2009 fourth quarter and full-year comparative results were primarily attributable to the following:

- *Government contracts.* Shipments of protective wear and MC-6 parachutes increased year-over-year. Deliveries under the $20.7 million MC-6 Army parachute and $6.5 million protective wear contract began in the fourth quarter of fiscal 2008. Fourth quarter 2009 parachute sales included nearly $3 million of deliveries that were delayed from the prior quarter.
- *Positive operating leverage.* Gross margins of 18.7% in fiscal 2009 compared favorably with gross margins of 12.8% in fiscal 2008, bolstered by increased MC-6 Army parachute and protective wear shipments.
- *Selling expenses.* Fiscal 2009 selling expenses of $860,000 were 3.2% of net sales compared with 4.1% of net sales in fiscal 2008, reflecting the benefits of a higher sales volume.

Fiscal 2008 net sales of $17.3 million increased $2.6 million (18%) and fiscal 2008 operating income grew $799,000 (113%) over fiscal 2007.

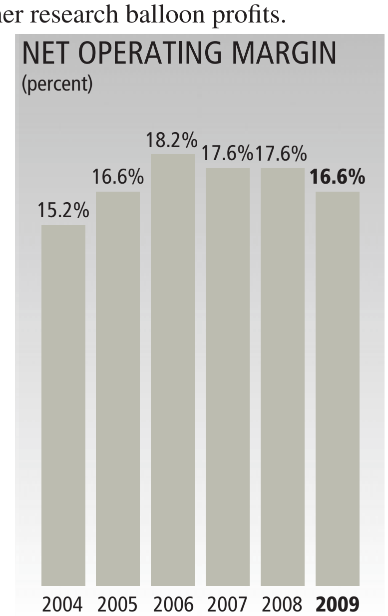
Fiscal 2008 comparative results were primarily attributable to the following:

- *Government contracts.* Regular shipments of protective wear and MC-6 parachutes began in the fourth quarter of fiscal 2008.
- *Positive operating leverage.* Gross margins of 12.8% in fiscal 2008 compared favorably with gross margins of 10.4% in fiscal 2007. This reflected increased MC-6 Army parachute and protective wear shipments and higher research balloon profits.
- *Selling expenses.* Fiscal 2008 selling expenses were 4.1% of net sales compared with 5.6% of net sales in fiscal 2007, showing the benefits of increased sales volume.

Corporate Expenses (administrative expenses, income taxes, and interest income and other, net)

Dollars in thousands	2009	2008	2007
Administrative expenses	**$8,502**	$7,467	$6,806
Administrative expenses as a % of sales	**3.0%**	3.2%	3.1%
Interest income and other, net	**$ 507**	$1,079	$ 533
Effective tax rate	**34.4%**	34.2%	34.5%

Administrative expenses increased 14% in fiscal 2009 compared with fiscal 2008, as a result of higher compensation and professional service expense. Administrative expenses rose 10% in fiscal 2008 compared with fiscal 2007, and were primarily driven by higher compensation expense.



Fiscal 2009 “interest income and other, net” declined 53% from fiscal 2008, primarily as a result of lower interest income due to a decrease in interest rates. Fiscal 2008 “interest income and other, net” increased over 2007 as a result of higher average cash, cash equivalent, and short-term investment balances.

The effective tax rate for fiscal 2009 was 34.4%, versus 34.2% for fiscal 2008 and 34.5% for fiscal 2007. The fiscal 2009 and 2008 tax rates were favorably affected by an increase in the U.S. federal tax deduction from income attributable to manufacturing activities, partially offset by higher state and local taxes.

OUTLOOK

Management anticipates a challenging and uncertain year in fiscal 2010. Sales and earnings are expected to fall short of the record levels achieved in fiscal 2009.

The company’s outlook includes a continued downturn for the economy in fiscal 2010, and it factors in a long and slow recovery. Management intends to focus on optimizing performance regardless of the economic situation, and being ready to take advantage of opportunities as they present themselves. For the near term, this means growing the business at previous target rates is no longer the imperative.

To preserve the resources that could be depleted by a recession, management plans to implement a new three-part strategy. First: protect the core. This means getting rid of everything that is non-core (from assets to product lines), defending core assets (such as businesses that have performed well in the past but will struggle in a recession), protecting core values and beliefs, and continuing to pay dividends to shareholders. Second: generate and preserve cash. This includes controlling the balance sheet and improving working capital turnover through tactics such as increasing inventory turns and cutting expenses. Third: continue to invest in quality initiatives when it comes to customers, suppliers, products and R&D.

Applied Technology

Applied Technology will seek to capitalize on previous investments in product development and domestic and international expansion. It plans to accomplish this by leveraging its position as a total precision solutions provider (GPS steering devices, planting and spraying controls and data collection) and by capitalizing on increased acceptance of precision agriculture as an essential means of softening the impact of volatile input costs.

Engineered Films

Engineered Films was severely affected by the freefall in fiscal 2009 fourth quarter business activity, reflecting the global recession, plunging oil prices and a drop in construction activity. This business depends on increased penetration of existing markets and the introduction of innovative products. The segment continues to market new products such as FeedFresh™ sileage covers and VaporBlock Plus™ radon barriers. Ultimately, Engineered Films is dependent on the reversal of the severe economic contraction, particularly in the oil and gas drilling and construction markets.

Electronic Systems

Sales of printed circuit board assemblies for the aviation industry and secure communication devices for government agencies are expected to be more recession-resistant than consumer bed control sales.

Aerostar

Continued shipments under the MC-6 Army parachute contract, and sales of high-altitude airships and aerostats are expected to be relatively secure from the current recession.

LIQUIDITY AND CAPITAL RESOURCES

Cash Position

Cash, cash equivalents, and short-term investments totaled $16.3 million at January 31, 2009, a $6.5 million decrease from $22.8 million on the same date in 2008. Management expects that current cash, combined with continued positive operating cash flows and the company's short-term line of credit, will be sufficient to fund day-to-day operations. Raven's uncollateralized credit agreement provides an $8.0 million line of credit. The credit line is expected to be renewed during fiscal 2010, as the maturity date on the current line of credit is July 1, 2009. Management anticipates that its capital spending in fiscal 2010 will not exceed $6 million. The company's cash needs are seasonal, with working capital demands strongest in the first quarter.

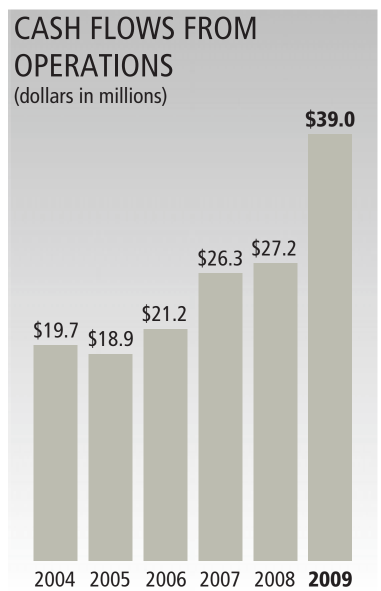
Operating Activities

Fiscal 2009 cash provided by operating activities was $39.0 million, an increase of $11.9 million from $27.2 million in fiscal 2008. The improvement in fiscal 2009 operating cash flows versus one year earlier was due primarily to company earnings, improved inventory levels and a higher accounts payable balance. Inventory declined to $36.0 million in fiscal 2009 from $36.5 million in fiscal 2008. Lower Engineered Films inventories were partially offset by higher levels at Applied Technology. Accounts payable at January 31, 2009, of $9.4 million was up 13% from one year ago, reflecting more favorable payment terms. Partially offsetting these cash flow improvements was cash consumed to finance higher accounts receivable. Accounts receivable rose from $36.5 million in fiscal 2008 to $40.3 million at January 31, 2009, with Applied Technology sales growth and seasonal payment terms offered to the agricultural market accounting for the majority of the increase. Fiscal 2009 bad debt expense of $629,000 was up $538,000 from the prior year. This reflected specific customer receivable writeoffs, as well as additional reserves for increased international exposure.

Fiscal 2008 cash provided by operating activities was $27.2 million, an $838,000 increase compared with operating cash inflows in fiscal 2007. The fiscal 2008 improvement was due primarily to company earnings and increases in the accounts payable and accrued liabilities balances at year-end, partially offset by higher inventory and accounts receivable levels. As of January 31, 2008, accounts receivable and inventory balances increased by $5.2 million and $8.5 million, respectively, in support of Applied Technology growth.

Investing Activities

Cash used in investing activities was $7.0 million in fiscal 2009, $4.4 million in fiscal 2008, and $18.7 million in 2007. The change between fiscal 2009 and 2008 was primarily due to higher capital expenditures to support the increased manufacturing requirements of Applied Technology. The change between fiscal 2008 and 2007 was mostly due to a fluctuation in capital investment. Fiscal 2008 capital expenditures of $6.6 million decreased from the prior year's $16.5 million, when $13.3 million was invested in Engineered Films manufacturing capacity and facilities. As part of the company's strategy to preserve cash, capital expenditures are expected to be less than $6 million in fiscal 2010, and that will be closely monitored.



Financing Activities

Cash consumed by financing activities was $37.0 million in fiscal 2009, $8.3 million in fiscal 2008, and $10.3 million in fiscal 2007. The change between fiscal 2009 and 2008 was the result of an increase in dividends and stock repurchases. The fiscal 2009 quarterly dividend of 13 cents per share increased from 11 cents per share one year earlier. In addition to the quarterly dividend, a special dividend of $1.25 per share was paid during the fourth quarter of fiscal 2009. The special dividend was in response to the company's strong cash position and commitment to return excess cash to shareholders. The change between fiscal 2008 and fiscal 2007 was due to a reduction in repurchases of the company's stock, partially offset by an increase in the quarterly dividend. Repurchases of the company's common stock totaled $5.2 million (161,100 shares) in fiscal 2009, $592,000 (20,150 shares) in fiscal 2008, and $4.2 million (146,247 shares) in fiscal 2007. The company has suspended repurchases of common stock, which, along with lower expected capital investments, is expected to help protect quarterly dividend payments throughout fiscal 2010.

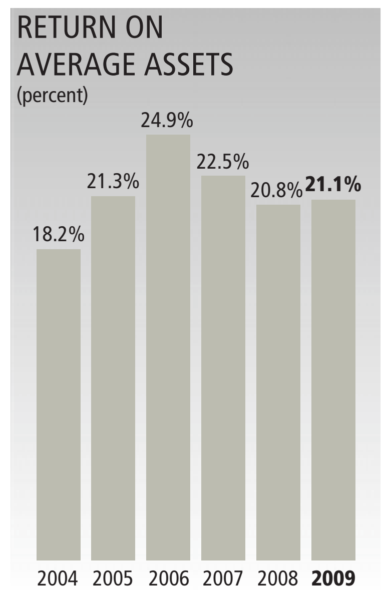
OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

As of January 31, 2009, the company is obligated to make cash payments in connection with its non-cancelable operating leases for facilities and equipment, and unconditional purchase obligations—primarily for raw materials—in the amounts listed below. The company has no off-balance sheet debt or other unrecorded obligations other than the items noted in the following table. In addition to the commitments noted there, standby letters of credit totaling $1.3 million have been issued, primarily to support self-insured workers compensation bonding requirements. In the event the bank chooses not to renew the company's line of credit, the letters of credit would cease and alternative methods of support for the insurance obligations would be necessary, would be more expensive, and would require additional cash outlays. Management believes the chances of this are remote. A summary of the obligations and commitments at January 31, 2009, and for the next five years is shown below.

Dollars in thousands	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations:					
Line of credit[(a)]	$ —	$ —	$ —	$ —	$ —
Operating leases	462	264	198	—	—
Postretirement benefits	4,840	203	479	546	3,612
Unconditional purchase obligations	39,034	39,034	—	—	—
Uncertain tax positions[(b)]	—	—	—	—	—
	$44,336	$39,501	$677	$546	$3,612

(a) $8.0 million line bears interest at 2.25% as of January 31, 2009, and expires July 2009. The line of credit is reduced by outstanding letters of credit totaling $1.3 million.

(b) The total liability for uncertain tax positions under FIN 48 at January 31, 2009, was $2.9 million. The company is not able to reasonably estimate the timing of future payments relating to non-current tax benefits.



CRITICAL ACCOUNTING ESTIMATES

Critical accounting policies are those that require the application of judgment when valuing assets and liabilities on the company's balance sheet. These policies are discussed below, because a fluctuation in actual results versus expected results could materially affect operating results, and because the policies require significant judgments and estimates to be made. Accounting related to these policies is initially based on best estimates at the time of original entry in the accounting records. Adjustments are periodically recorded when the company's actual experience differs from the expected experience underlying the estimates. These adjustments could be material if experience were to change significantly in a short period of time. The company does not enter into derivatives or other financial instruments for trading or speculative purposes. However, Raven has used derivative financial instruments to manage the economic impact of fluctuations in currency exchange rates on transactions that are denominated in currency other than its functional currency, which is the U.S. dollar. The use of these financial instruments had no material effect on the company's financial condition, results of operations or cash flows.

Inventories

Raven's most significant accounting judgment is determining inventory value at the lower of cost or market. The company estimates inventory valuation each quarter. Typically, when a product reaches the end of its lifecycle, inventory value declines slowly or the product has alternative uses. Management uses its manufacturing resources planning data to help determine if inventory is slow-moving or has become obsolete due to an engineering change. The company closely reviews items that have balances in excess of the prior year's requirements or that have been dropped from production requirements. Despite these reviews, technological or strategic decisions made by management or the company's customers may result in unexpected excess material. In Electronic Systems, the company typically has recourse to customers for obsolete or excess material. When Electronic Systems customers authorize inventory purchases, especially with long lead-time items, they are required to take delivery of unused material or compensate the company accordingly. In every Raven operating unit, management must manage obsolete inventory risk. The accounting judgment ultimately made is an evaluation of the success that management will have in controlling inventory risk and mitigating the impact of obsolescence when it does occur.

Warranty

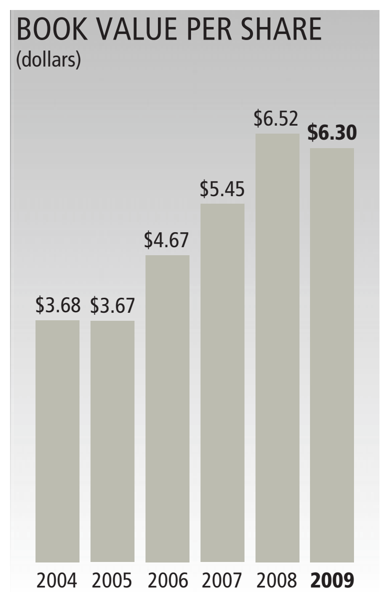
Estimated warranty liability costs are based on historical warranty costs and average time elapsed between purchases and returns for each business segment. Warranty issues that are unusual in nature are accrued for individually.

Allowance for Doubtful Accounts

Determining the level of the allowance for doubtful accounts requires management's best estimate of the amount of probable credit losses based on historical writeoff experience by segment, and an estimate of the collectibility of any known problem accounts. Factors that are considered beyond historical experience include the length of time the receivables are outstanding, the current business climate, and the customer's current financial condition.

Revenue Recognition

The company recognizes and records revenue when products are shipped because there is persuasive evidence of an arrangement, the sales price is determinable, collectibility is reasonably assured, and delivery has occurred. Estimated returns, sales allowances or warranty charges are recognized upon shipment of a product. The company sells directly to customers or distributors that incur the expense and commitment for any post-sale obligations beyond stated warranty terms.



Self-insurance Reserves

Raven purchases insurance with deductibles for product liability; general insurance, including aviation product liability; and workers' compensation. Third-party insurance is carried for what is believed to be the major portion of potential exposure. The company has established accruals for potential uninsured claims, including estimated costs and legal fees. Management considers these accruals adequate, although a substantial change in the number and/or severity of claims would result in materially different amounts.

Goodwill and Long-lived Assets

Management periodically assesses goodwill and other long-lived assets for impairment—or more frequently if events or changes in circumstances indicate that an asset might be impaired—using fair value measurement techniques. For goodwill, Raven performs impairment reviews annually by reporting units, which are the company's reportable segments. The one exception is Aerostar's high-altitude research balloon operation, which is evaluated independently from Aerostar's other operations. Estimates of fair value are primarily determined using discounted cash flows, market comparisons and recent transactions. These valuation methodologies use significant estimates and assumptions, which include projected future cash flows, including timing and the risks inherent in future cash flows, perpetual growth rates, and determination of appropriate market comparables.

Uncertain Tax Positions

Accounting for tax positions requires judgments, including estimating reserves for uncertainties associated with the interpretation of income tax laws and regulations, and the resolution of tax positions with tax authorities after discussions and negotiations. The ultimate outcome of these matters could result in material favorable or unfavorable adjustments to the consolidated financial statements.

NEW ACCOUNTING STANDARDS

At the beginning of fiscal 2009, the company adopted SFAS No. 157, *Fair Value Measurement.* The standard provides guidance for using fair value to measure assets and liabilities. SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability, and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy. The adoption of SFAS No. 157 did not have a material impact on the company's consolidated results of operations, financial condition or cash flows.

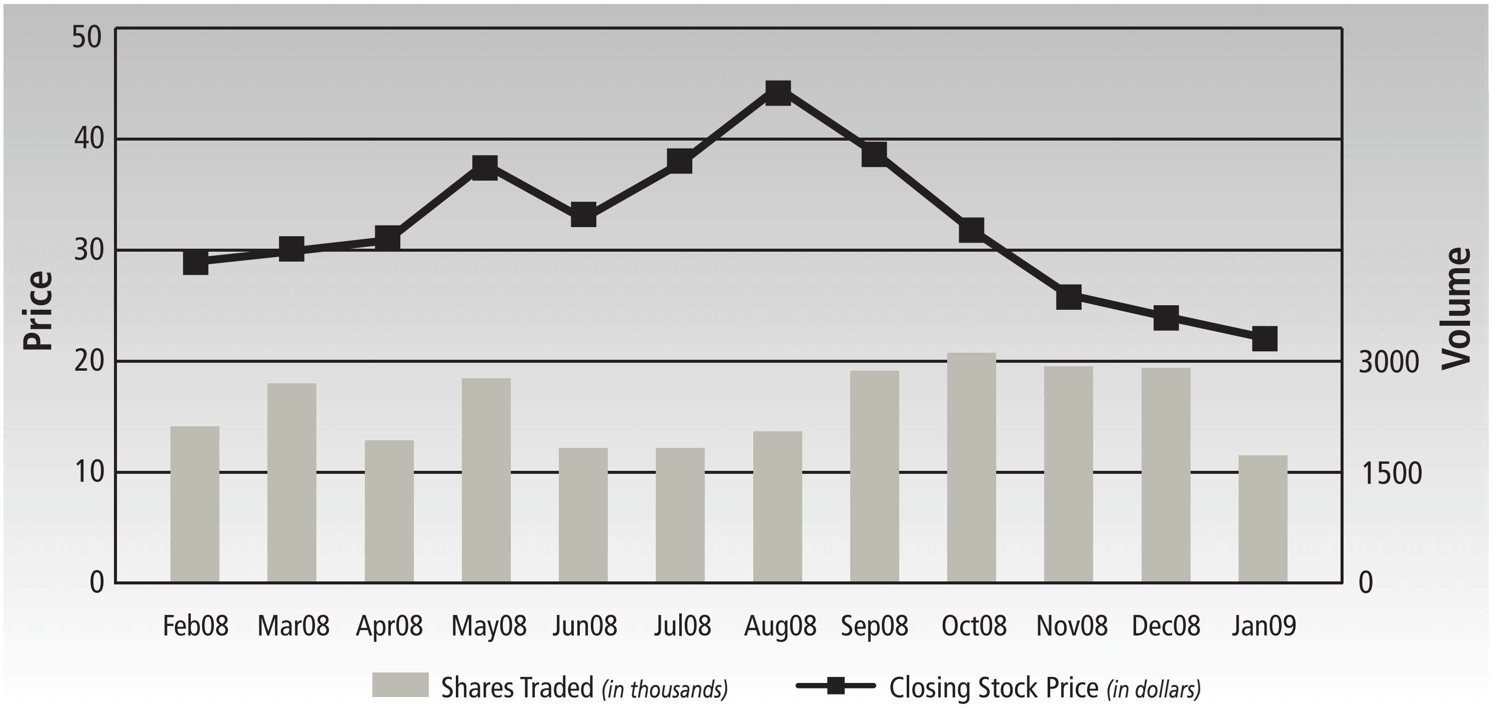
At the beginning of fiscal 2009, the company adopted SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities.* SFAS No. 159 permits companies to choose to measure many financial instruments and certain other items at fair value. The adoption of SFAS No. 159 did not have a material impact on the company's consolidated results of operations, financial condition or cash flows.

At the beginning of fiscal 2009, the company adopted SFAS No. 141(R), *Business Combinations,* which changes the accounting for business acquisitions. SFAS No. 141(R) requires an entity to recognize the assets acquired, liabilities assumed, contractual contingencies, and contingent consideration at their fair value on the acquisition date. It also requires acquisition-related costs to be expensed as incurred, restructuring costs to generally be expensed in periods subsequent to the acquisition date, and changes in accounting for deferred tax asset valuation allowances and acquired income tax uncertainties after the measurement period to affect income tax expense. SFAS No. 141(R) had no immediate impact upon adoption by the company, but will affect business combinations closing after February 1, 2009.

In March 2008, the Financial Accounting Standards Board (FASB) issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133.* SFAS No. 161 requires enhanced disclosures about (a) how and why derivative instruments are used, (b) how derivative instruments and related hedged items are accounted for and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The company does not anticipate that the adoption of SFAS No. 161 will have a material effect on its consolidated results of operations, financial condition or cash flows.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets,* which amends the list of factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under SFAS No. 142, *Goodwill and Other Intangible Assets.* The new guidance applies to (1) intangible assets that are acquired individually or with a group of other assets, and (2) intangible assets acquired in both business combinations and asset acquisitions. Under FSP No. FAS 142-3, entities estimating the useful life of a recognized intangible asset must consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, must consider assumptions that market participants would use about renewal or extension. FSP No. FAS 142-3 is effective as of the beginning of the company's 2010 fiscal year. The company does not anticipate that the adoption of FSP No. 142-3 will have a material effect on its consolidated results of operations or financial condition.

MONTHLY CLOSING STOCK PRICE AND VOLUME



QUARTERLY INFORMATION (UNAUDITED)

Dollars in thousands except per-share data	Net Sales	Gross Profit	Operating Income	Pretax Income	Net Income	Net Income Per Share[a] Basic	Net Income Per Share[a] Diluted	Common Stock Market Price High	Common Stock Market Price Low	Cash Dividends Per Share
FISCAL 2009										
First Quarter	**$ 75,166**	**$22,015**	**$16,641**	**$16,759**	**$10,882**	**$0.60**	**$0.60**	**$32.80**	**$25.94**	**$0.13**
Second Quarter	**69,278**	**15,786**	**10,312**	**10,488**	**6,815**	**0.38**	**0.38**	**39.50**	**29.46**	**0.13**
Third Quarter	**75,538**	**18,001**	**12,371**	**12,548**	**8,385**	**0.47**	**0.46**	**47.82**	**25.79**	**0.13**
Fourth Quarter	**59,931**	**12,079**	**7,070**	**7,106**	**4,688**	**0.26**	**0.26**	**33.24**	**20.60**	**1.38**[b]
Total Year	**$279,913**	**$67,881**	**$46,394**	**$46,901**	**$30,770**	**$1.71**	**$1.70**	**$47.82**	**$20.60**	**$1.77**
FISCAL 2008										
First Quarter	$ 58,103	$17,374	$12,838	$13,025	$ 8,540	$0.47	$0.47	$30.84	$26.20	$0.11
Second Quarter	55,653	13,407	8,543	8,857	5,843	0.32	0.32	39.36	28.39	0.11
Third Quarter	61,842	15,299	10,940	11,254	7,398	0.41	0.41	45.85	33.42	0.11
Fourth Quarter	58,359	13,068	8,824	9,088	6,021	0.33	0.33	42.75	27.57	0.11
Total Year	$233,957	$59,148	$41,145	$42,224	$27,802	$1.54	$1.53	$45.85	$26.20	$0.44
FISCAL 2007										
First Quarter	$ 58,465	$15,891	$11,477	$11,615	$ 7,502	$0.41	$0.41	$42.16	$31.22	$0.09
Second Quarter	50,381	12,183	7,872	7,937	5,127	0.28	0.28	42.70	25.89	0.09
Third Quarter	57,435	14,480	10,540	10,713	6,968	0.39	0.38	32.64	25.89	0.09
Fourth Quarter	51,248	12,328	8,413	8,570	5,844	0.32	0.32	35.35	25.46	0.09
Total Year	$217,529	$54,882	$38,302	$38,835	$25,441	$1.41	$1.39	$42.70	$25.46	$0.36

(a) Net income per share is computed discretely by quarter and may not add to the full year.

(b) A special dividend of $1.25 per share was paid during the fourth quarter of fiscal 2009.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed our internal control over financial reporting in relation to criteria described in *Internal Control – Integrated Framework,* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment using those criteria, we concluded that, as of January 31, 2009, our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of January 31, 2009, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears on page 43 of this Annual Report.

Ronald M. Moquist
President & Chief Executive Officer

Thomas Iacarella
Vice President & Chief Financial Officer

March 24, 2009

CONSOLIDATED BALANCE SHEETS

Dollars in thousands, except per-share data	As of January 31 **2009**	2008	2007
ASSETS			
Current assets			
Cash and cash equivalents	**$ 16,267**	$ 21,272	$ 6,783
Short-term investments	**—**	1,500	4,000
Accounts receivable, net	**40,278**	36,538	31,336
Inventories, net	**35,977**	36,529	28,071
Deferred income taxes	**2,542**	2,075	1,761
Other current assets	**3,009**	2,955	1,268
Total current assets	**98,073**	100,869	73,219
Property, plant and equipment, net	**35,880**	35,743	36,264
Goodwill	**7,450**	6,902	6,604
Other assets, net	**3,012**	4,347	3,677
Total assets	**$144,415**	$147,861	$119,764
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable	**$ 9,433**	$ 8,374	$ 6,093
Accrued liabilities	**13,281**	12,804	9,579
Customer advances	**608**	930	792
Total current liabilities	**23,322**	22,108	16,464
Other liabilities	**7,537**	7,478	5,032
Commitments and contingencies			
Shareholders' equity	**113,556**	118,275	98,268
Common shares, par value $1.00 per share			
Authorized—100,000,000			
Outstanding—2009: 18,012,251; 2008: 18,120,513			
2007: 18,039,223			
Total liabilities and shareholders' equity	**$144,415**	$147,861	$119,764

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Dollars in thousands, except per-share data	For the years ended January 31		
	2009	2008	2007
Net sales	**$279,913**	$233,957	$217,529
Cost of goods sold	**212,032**	174,809	162,647
Gross profit	**67,881**	59,148	54,882
Selling, general and administrative expenses	**21,487**	18,003	16,580
Operating income	**46,394**	41,145	38,302
Interest income and other, net	**(507)**	(1,079)	(533)
Income before income taxes	**46,901**	42,224	38,835
Income taxes	**16,131**	14,422	13,394
Net income	**$ 30,770**	$ 27,802	$ 25,441
Net income per common share:			
— Basic	**$ 1.71**	$ 1.54	$ 1.41
— Diluted	**$ 1.70**	$ 1.53	$ 1.39

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

Dollars in thousands, except per-share data	$1 Par common stock	Paid-in capital	Treasury stock Shares	Treasury stock Cost	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance January 31, 2006	$ 32,194	$ 1,401	(14,121,186)	$ (43,389)	$ 94,170	$ 13	$ 84,389
Net income	—	—	—	—	25,441	—	25,441
Foreign currency translation	—	—	—	—	—	(21)	(21)
Total comprehensive income							25,420
Adoption of SFAS No.158, net of $1,015 income tax	—	—	—	—	—	(1,885)	(1,885)
Dividends ($.36 per share)	—	1	—	—	(6,508)	—	(6,507)
Purchase of stock	—	—	(146,247)	(4,201)	—	—	(4,201)
Stock surrendered upon exercise of stock options	(28)	(854)	—	—	—	—	(882)
Employees' stock options exercised	141	718	—	—	—	—	859
Share-based compensation	—	605	—	—	—	—	605
Tax benefit from exercise of stock options	—	470	—	—	—	—	470
Balance January 31, 2007	32,307	2,341	(14,267,433)	(47,590)	113,103	(1,893)	98,268
Net income	—	—	—	—	27,802	—	27,802
Postretirement benefits, net of $84 income tax	—	—	—	—	—	156	156
Foreign currency translation	—	—	—	—	—	131	131
Total comprehensive income							28,089
Adoption of FIN 48	—	—	—	—	(716)	—	(716)
Dividends ($.44 per share)	—	4	—	—	(7,970)	—	(7,966)
Purchase of stock	—	—	(20,150)	(592)	—	—	(592)
Stock surrendered upon exercise of stock options	(47)	(1,462)	—	—	—	—	(1,509)
Employees' stock options exercised	148	1,170	—	—	—	—	1,318
Share-based compensation	—	904	—	—	—	—	904
Tax benefit from exercise of stock options	—	479	—	—	—	—	479
Balance January 31, 2008	32,408	3,436	(14,287,583)	(48,182)	132,219	(1,606)	118,275
Net income	—	—	—	—	30,770	—	30,770
Postretirement benefits, net of $375 income tax	—	—	—	—	—	698	698
Foreign currency translation	—	—	—	—	—	(246)	(246)
Total comprehensive income							31,222
Dividends ($.52 per share)	—	7	—	—	(9,381)	—	(9,374)
Dividends (special–$1.25 per share)	—	18	—	—	(22,528)	—	(22,510)
Purchase of stock	—	—	(161,100)	(5,180)	—	—	(5,180)
Stock surrendered upon exercise of stock options	(34)	(1,258)	—	—	—	—	(1,292)
Employees' stock options exercised	83	1,176	—	—	—	—	1,259
Share-based compensation	4	1,024	—	—	—	—	1,028
Tax benefit from exercise of stock options	—	128	—	—	—	—	128
Balance January 31, 2009	**$32,461**	**$4,531**	**(14,448,683)**	**$(53,362)**	**$131,080**	**$(1,154)**	**$113,556**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Dollars in thousands	For the years ended January 31 **2009**	2008	2007
Cash flows from operating activities:			
Net income	**$30,770**	$27,802	$25,441
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**7,345**	6,944	5,445
Amortization of intangible assets	**413**	400	440
Provision for losses on accounts receivable, net of recoveries	**629**	91	40
Deferred income taxes	**216**	(779)	(293)
Share-based compensation expense	**1,028**	904	605
Change in operating assets and liabilities	**(1,346)**	(8,187)	(5,380)
Other operating activities, net	**(18)**	(24)	15
Net cash provided by operating activities	**39,037**	27,151	26,313
Cash flows from investing activities:			
Capital expenditures	**(8,001)**	(6,635)	(16,522)
Purchases of short-term investments	**(2,100)**	(3,100)	(6,000)
Sales of short-term investments	**3,600**	5,600	4,000
Other investing activities, net	**(499)**	(298)	(142)
Net cash used in investing activities	**(7,000)**	(4,433)	(18,664)
Cash flows from financing activities:			
Dividends paid	**(31,884)**	(7,966)	(6,507)
Purchases of treasury stock	**(5,180)**	(592)	(4,201)
Excess tax benefit on stock option exercises	**128**	479	470
Other financing activities, net	**(33)**	(191)	(39)
Net cash used in financing activities	**(36,969)**	(8,270)	(10,277)
Effect of exchange rate changes on cash	**(73)**	41	2
Net (decrease) increase in cash and cash equivalents	**(5,005)**	14,489	(2,626)
Cash and cash equivalents at beginning of year	**21,272**	6,783	9,409
Cash and cash equivalents at end of year	**$16,267**	$21,272	$ 6,783

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Raven Industries, Inc. and its wholly owned subsidiaries (the company or Raven). The company is an industrial manufacturer providing a variety of products to customers within the industrial, agricultural, construction and military/aerospace markets primarily in North America. Raven operates three divisions (Applied Technology [formerly known as Flow Controls], Engineered Films and Electronic Systems) in addition to three wholly owned subsidiaries: Aerostar International, Inc. (Aerostar); Raven Industries Canada, Inc. (Raven Canada); and Raven Industries GmbH (Raven GmbH). All significant intercompany balances and transactions have been eliminated in consolidation.

USE OF ESTIMATES

Preparing the company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. These affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

FOREIGN CURRENCY

The company's subsidiaries that operate outside the United States use the local currency as their functional currency. The functional currency is translated into U.S. dollars for balance sheet accounts using the period-end exchange rates, and average exchange rates for the statement of income. Adjustments resulting from financial statement translations are included as foreign currency translation adjustments in "accumulated other comprehensive income (loss)" within shareholders' equity. Foreign currency transaction gains or losses are recognized in the period incurred and are included in "interest income and other, net" in the Consolidated Statements of Income.

CASH AND CASH EQUIVALENTS

The company considers all highly liquid debt instruments with original maturities of three or fewer months to be cash equivalents. Cash and cash equivalent balances are principally concentrated in checking, money market and sweep accounts with Wells Fargo Bank, Wells Fargo Brokerage Services, LLC., and Merrill Lynch & Co. (Bank of America).

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the company's best estimate of the amount of probable credit losses. This is based on historical writeoff experience by segment and an estimate of the collectibility of any known problem accounts.

INVENTORY VALUATION

Inventories are stated at the lower of cost or market, with cost determined on the first-in, first-out basis. Market value encompasses consideration of all business factors including price, contract terms and usefulness.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost and are depreciated over the estimated useful lives of the assets using accelerated methods. The estimated useful lives used for computing depreciation are as follows:

Building and improvements	15 - 39 years
Manufacturing equipment by segment	
Applied Technology	3 - 5 years
Engineered Films	5 - 12 years
Electronic Systems	3 - 5 years
Aerostar	3 - 5 years
Furniture, fixtures, office equipment and other	3 - 7 years

Maintenance and repairs are charged to expense in the year incurred and renewals and betterments are capitalized. The cost and related accumulated depreciation of assets sold or disposed of are removed from the accounts, and the resulting gain or loss is reflected in operations.

INTANGIBLE ASSETS

Intangible assets, primarily comprised of technologies acquired through acquisition, are recorded at cost and are presented net of accumulated amortization. Amortization is computed on a straight-line basis over estimated useful lives ranging from 3 to 20 years. The straight-line method of amortization reflects an appropriate allocation of the cost of the intangible assets to earnings in each reporting period.

GOODWILL

Raven recognizes goodwill as the excess cost of an acquired entity over the net amount assigned to assets acquired and liabilities assumed. Goodwill is tested for impairment on an annual basis during the fourth quarter, and between annual tests whenever there is an impairment indicated. Impairment tests of goodwill are performed at the reporting unit level. Fair values are estimated based on discounted cash flows and are compared with the corresponding carrying value of the reporting unit. If the fair value of the reporting unit is less than the carrying amount, the amount of the impairment loss must be measured and then recognized to the extent the carrying value exceeds the implied fair value.

LONG-LIVED ASSETS

The company periodically assesses the recoverability of long-lived and intangible assets. An impairment loss is recognized when the carrying amount of an asset exceeds the estimated undiscounted cash flows used in determining the fair value of the assets. The amount of the impairment loss to be recorded is calculated by the excess of the asset's carrying value over its fair value.

INSURANCE OBLIGATIONS

Raven employs insurance policies to cover workers' compensation and general liability costs. Liabilities are accrued related to claims filed and estimates for claims incurred but not reported. To the extent these obligations will be reimbursed by insurance, the expected insurance policy benefit is included as a component of "other current assets."

CONTINGENCIES

The company is involved as a defendant in lawsuits, claims or disputes arising in the normal course of business. An estimate of the loss on these matters is charged to operations when it is probable that an asset has been impaired or a liability has been incurred, and the amount of the loss can be reasonably estimated. While the settlement of any claims cannot be determined at this time, management believes that any liability resulting from these claims will be substantially covered by insurance. Accordingly, management does not believe that the ultimate outcome of these matters will have a significant impact on its results of operations, financial position or cash flows.

REVENUE RECOGNITION

Raven recognizes revenue when products are shipped because there is persuasive evidence of an arrangement, the sales price is determinable, collectability is reasonably assured, and delivery has occurred. The company sells directly to customers or distributors who incur the expense and commitment for any post-sale obligations beyond stated warranty terms. Estimated returns, sales allowances or warranty charges are recognized upon shipment of a product. Shipping and handling costs are classified as a component of "cost of goods sold."

WARRANTIES

Accruals necessary for product warranties are estimated based on historical warranty costs and average time elapsed between purchases and returns for each division. Additional accruals are made for any significant, discrete warranty issues.

RESEARCH AND DEVELOPMENT

Research and development expense (principally, labor and material costs) was $5.8 million, $4.4 million and $2.6 million for fiscal 2009, 2008, and 2007, respectively.

SHARE-BASED COMPENSATION

The company records compensation expense related to its share-based compensation plans using the fair value method.

INCOME TAXES

Deferred income taxes reflect temporary differences between assets and liabilities reported on the company's balance sheet and their tax bases. These differences are measured using enacted tax laws and statutory tax rates applicable to the periods when the temporary differences will affect taxable income. Deferred tax assets are reduced by a valuation allowance to reflect realizable value, when necessary. Accruals are maintained for uncertain tax positions.

NEW ACCOUNTING STANDARDS

At the beginning of fiscal 2009, the company adopted SFAS No. 157, *Fair Value Measurement.* The standard provides guidance for using fair value to measure assets and liabilities. SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability, and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy. The adoption of SFAS No. 157 did not have a material impact on the company's consolidated results of operations, financial condition or cash flows.

At the beginning of fiscal 2009, the company adopted SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities.* SFAS No. 159 permits companies to choose to measure many financial instruments and certain other items at fair value. The adoption of SFAS No. 159 did not have a material impact on the company's consolidated results of operations, financial condition or cash flows.

At the beginning of fiscal 2009, the company adopted SFAS No. 141(R), *Business Combinations,* which changes the accounting for business acquisitions. SFAS No. 141(R) requires an entity to recognize the assets acquired, liabilities assumed, contractual contingencies, and contingent consideration at their fair value on the acquisition date. It also requires acquisition-related costs to be expensed as incurred, restructuring costs to generally be expensed in periods subsequent to the acquisition date, and changes in accounting for deferred tax asset valuation allowances and acquired income tax uncertainties after the measurement period to affect income tax expense. SFAS No. 141(R) had no immediate impact upon adoption by the company, but will affect business combinations closing after February 1, 2009.

In March 2008, the Financial Accounting Standards Board (FASB) issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities–an amendment of FASB Statement No. 133.* SFAS No. 161 requires enhanced disclosures about (a) how and why derivative instruments are used, (b) how derivative instruments and related hedged items are accounted for and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The company does not anticipate that the adoption of SFAS No. 161 will have a material effect on its consolidated results of operations, financial condition or cash flows.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets,* which amends the list of factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under SFAS No. 142, *Goodwill and Other Intangible Assets.* The new guidance applies to (1) intangible assets that are acquired individually or with a group of other assets and (2) intangible assets acquired in both business combinations and asset acquisitions. Under FSP No. FAS 142-3, entities estimating the useful life of a recognized intangible asset must consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, must consider assumptions that market participants would use about renewal or extension. FSP No. FAS 142-3 is effective as of the beginning of the company's 2010 fiscal year. The company does not anticipate that the adoption of FSP No. 142-3 will have a material effect on its consolidated results of operations or financial condition.

Note 2. Selected Balance Sheet Information

Following are the components of selected balance sheet items:

	As of January 31		
Dollars in thousands	**2009**	2008	2007
Accounts receivable, net:			
Trade accounts	**$40,891**	$36,831	$31,594
Allowance for doubtful accounts	**(613)**	(293)	(258)
	$40,278	$36,538	$31,336
Inventories, net:			
Finished goods	**$ 6,062**	$ 4,975	$ 3,750
In process	**3,258**	3,631	2,612
Materials	**26,657**	27,923	21,709
	$35,977	$36,529	$28,071
Other current assets:			
Insurance policy benefit	**$ 2,119**	$ 2,549	$ 651
Prepaid expenses and other	**890**	406	617
	$ 3,009	$ 2,955	$ 1,268
Property, plant and equipment, net:			
Land	**$ 1,227**	$ 1,227	$ 1,227
Buildings and improvements	**22,593**	21,523	21,494
Machinery and equipment	**62,504**	57,563	52,552
Accumulated depreciation	**(50,444)**	(44,570)	(39,009)
	$35,880	$35,743	$36,264
Other assets, net:			
Amortizable assets:			
Purchased technology	**$ 2,300**	$ 2,300	$ 3,380
Other intangibles	**1,314**	1,172	1,305
Accumulated amortization	**(2,143)**	(1,740)	(2,729)
	1,471	1,732	1,956
Deferred income taxes	**1,482**	2,540	1,607
Other, net	**59**	75	114
	$ 3,012	$ 4,347	$ 3,677
Accrued liabilities:			
Salaries and benefits	**$ 1,891**	$ 2,109	$ 1,722
Vacation	**2,581**	2,415	2,212
401(k) contributions	**1,333**	1,184	1,109
Insurance obligations	**3,615**	4,010	1,743
Profit sharing	**436**	490	553
Warranty	**1,004**	684	397
Taxes–accrued and withheld	**1,266**	1,061	1,227
Other	**1,155**	851	616
	$13,281	$12,804	$ 9,579
Other liabilities:			
Postretirement benefits	**$ 4,637**	$ 5,246	$ 5,032
Uncertain tax positions	**2,900**	2,232	—
	$ 7,537	$ 7,478	$ 5,032

Note 3. Supplemental Cash Flow Information

	For the years ended January 31		
Dollars in thousands	**2009**	2008	2007
Changes in operating assets and liabilities:			
Accounts receivable	**$ (4,603)**	$ (5,216)	$ (2,097)
Inventories	**447**	(8,403)	(262)
Prepaid expenses and other assets	**(35)**	218	(284)
Accounts payable	**963**	2,437	(1,770)
Accrued and other liabilities	**2,194**	2,648	(1,045)
Customer advances	**(312)**	129	78
	$ (1,346)	$ (8,187)	$ (5,380)
Cash paid during the year for			
Income taxes	**$15,072**	$14,068	$13,759

Note 4. Goodwill and Other Intangibles

Goodwill

The changes in the carrying amount of goodwill by reporting segment are shown below:

Dollars in thousands	Applied Technology	Engineered Films	Electronic Systems	Aerostar	Total
Balance at January 31, 2006	$ 5,408	$ 96	$ 433	$ 464	$ 6,401
Acquisition earn-outs	203	—	—	—	203
Balance at January 31, 2007	5,611	96	433	464	6,604
Acquisition earn-outs	298	—	—	—	298
Balance at January 31, 2008	5,909	96	433	464	6,902
Acquisition earn-outs	548	—	—	—	548
Balance at January 31, 2009	**$6,457**	**$96**	**$433**	**$464**	**$7,450**

Intangible Assets

Estimated future amortization expense based on the current carrying value of amortizable intangible assets for fiscal periods 2010 through 2014 is $441,000, $414,000, $383,000, $30,000, and $24,000, respectively.

Note 5. Employee Retirement Benefits

The company has a 401(k) plan covering substantially all employees and contributed 3% of qualified payroll. Raven's contribution expense was $1,158,000, $1,020,000, and $935,000 for fiscal 2009, 2008 and 2007, respectively.

In addition, the company provides postretirement medical and other benefits to senior executive officers and senior managers. There are no assets held for the plans and any obligations are covered through operating cash and investments. Raven accounts for these benefits in accordance with SFAS No. 106, *Accounting for Postretirement Benefits Other Than Pensions.* At January 31, 2007, the company adopted SFAS No. 158, *Employers' Accounting for Defined Pension and Other Postretirement Plans.* This statement requires the company to fully recognize the liability for its postretirement benefits through changes in accumulated other comprehensive income (loss).

The incremental effect of applying SFAS No. 158 on the following balance sheet items as of January 31, 2007, was as follows:

	Impact of SFAS No. 158		
Dollars in thousands	Before	Adjustment	After
Non-current deferred tax assets	$ 592	$ 1,015	$ 1,607
Total assets	118,749	1,015	119,764
Other liabilities	2,132	2,900	5,032
Accumulated other comprehensive income (loss)	(8)	(1,885)	(1,893)
Total shareholders' equity	100,153	(1,885)	98,268

The accumulated benefit obligation for these benefits is shown below:

	For the years ended January 31		
Dollars in thousands	**2009**	2008	2007
Benefit obligation at beginning of year	**$5,447**	$5,213	$4,928
Service cost	**67**	90	84
Interest cost	**361**	307	278
Actuarial (gain) loss	**(847)**	(2)	89
Total recognized in net and other comprehensive income	**(419)**	395	
Retiree benefits paid	**(188)**	(161)	(166)
Benefit obligation at end of year	**$4,840**	$5,447	$5,213

The liability and expense reflected in the balance sheet and income statement were as follows:

	For the years ended January 31		
Dollars in thousands	**2009**	2008	2007
Beginning liability balance	**$5,447**	$5,213	$1,883
Employer expense	**654**	635	596
Other comprehensive income	**(1,073)**	(240)	—
Total recognized in net and other comprehensive income	**(419)**	395	
Initial effect of adopting SFAS No. 158	**—**	—	2,900
Retiree benefits paid	**(188)**	(161)	(166)
Ending liability balance	**4,840**	5,447	5,213
Current portion	**(203)**	(201)	(181)
Long-term portion	**$4,637**	$5,246	$5,032
Assumptions used:			
Discount rate	**7.00%**	6.75%	6.00%
Wage inflation rate	**3.00%**	4.00%	4.00%

The discount rate is based on matching rates of return on high-quality fixed-income investments with the timing and amount of expected benefit payments. No material fluctuations in retiree benefit payments are expected in future years.

The assumed health care cost trend rate for fiscal 2009 was 8.97% compared with 10.38% and 9.64% for fiscal 2008 and 2007. The impact of a one-percentage-point change in assumed health care rates would not be significant to the company's income statement and would affect the ending liability balance by approximately $700,000. The rate to which the fiscal 2009 health care cost trend rate is assumed to decline is 5.50%, which is the ultimate trend rate. The fiscal year that the rate reaches the ultimate trend rate is expected to be fiscal 2029.

Note 6. Warranties

Changes in the warranty accrual were as follows:

	As of January 31		
Dollars in thousands	**2009**	2008	2007
Beginning balance	**$ 684**	$ 397	$ 569
Accrual for warranties	**2,760**	1,390	1,317
Settlements made (in cash or in kind)	**(2,440)**	(1,103)	(1,489)
Ending balance	**$1,004**	$ 684	$ 397

Note 7. Income Taxes

The reconciliation of income tax computed at the federal statutory rate to the company's effective income tax rate was as follows:

	For the years ended January 31		
	2009	2008	2007
Tax at U.S. federal statutory rate	**35.0%**	35.0%	35.0%
State and local income taxes, net of U.S. federal benefit	**1.5**	1.5	1.1
Tax benefit on qualified production activities	**(2.0)**	(2.1)	(1.0)
Tax credit for research activities	**(0.7)**	(0.7)	(0.5)
Other, net	**0.7**	0.5	(0.1)
	34.4%	34.2%	34.5%

Significant components of the company's income tax provision were as follows:

	For the years ended January 31		
Dollars in thousands	**2009**	2008	2007
Income taxes:			
Currently payable	**$15,915**	$15,201	$13,687
Deferred	**216**	(779)	(293)
	$16,131	$14,422	$13,394

Deferred Tax Assets

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the company's deferred tax assets and liabilities were as follows:

	As of January 31		
Dollars in thousands	**2009**	2008	2007
Current deferred tax assets:			
Accounts receivable	**$ 211**	$ 105	$ 91
Inventories	**408**	271	240
Accrued vacation	**840**	781	711
Insurance obligations	**489**	456	357
Warranty obligations	**352**	225	139
Other accrued liabilities	**242**	237	223
	2,542	2,075	1,761
Non-current deferred tax assets (liabilities):			
Postretirement benefits	**1,623**	1,836	1,758
Depreciation and amortization	**(1,556)**	(478)	(405)
Uncertain tax positions	**969**	741	—
Other	**446**	441	254
	1,482	2,540	1,607
Net deferred tax asset	**$4,024**	$4,615	$3,368

Uncertain Tax Positions

Effective February 1, 2007, Raven adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). Upon its adoption, the company reported a net $716,000 increase in the liability for unrecognized tax benefits, which was recorded as a reduction to the February 1, 2007 beginning retained earnings balance. At the adoption date, the company had gross unrecognized tax benefits of $1.3 million ($1.6 million including interest and penalties). The following table summarizes the activity related to the gross unrecognized tax benefits (excluding interest and penalties):

	For the years ended January 31	
Dollars in thousands	**2009**	2008
Gross unrecognized tax benefits at beginning of year	**$1,793**	$1,328
Increases in tax positions related to the current year	**539**	465
Decreases as a result of a lapse in applicable statute of limitations	**(63)**	—
Gross unrecognized tax benefits at end of year	**$2,269**	$1,793

During the fiscal year ended January 31, 2009, the only change to uncertain tax positions related to prior years resulted from the lapse of a statute of limitations. The company does not expect any significant change in the amount of unrecognized tax benefits in the next fiscal year.

The total unrecognized tax benefits that, if recognized, would affect the company's effective tax rate were $1.5 million and $1.2 million as of January 31, 2009 and January 31, 2008, respectively.

Raven recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. At January 31, 2009 and January 31, 2008, accrued interest and penalties were $631,000 and $439,000, respectively.

The company files tax returns, including returns for its subsidiaries, with various federal, state, and local jurisdictions. Uncertain tax positions are related to tax years that remain subject to examination. As of January 31, 2009, federal tax returns filed in the U.S., Canada and Switzerland for fiscal years ended January 31, 2006 - 2008 remain subject to examination by federal tax authorities. In state and local jurisdictions, tax returns for fiscal years ended January 31, 2003 - 2008 remain subject to examination by state and local tax authorities.

Note 8. Financing Arrangements

Raven has an uncollateralized credit agreement providing a line of credit of $8.0 million with a maturity date of July 1, 2009, bearing interest at 1.00% under the prime rate. Letters of credit totaling $1.3 million have been issued under the line, primarily to support self-insured workers' compensation bonding requirements. No borrowings were outstanding as of January 31, 2009, 2008 or 2007, and $6.7 million was available at January 31, 2009. There have been no borrowings under the credit line in the last three fiscal years.

Wells Fargo Bank, N.A. provides Raven's line of credit and holds the majority of its cash and cash equivalents. One member of the company's board of directors is also on the board of directors of Wells Fargo & Co., the parent company of Wells Fargo Bank, N.A.

The company leases certain vehicles, equipment and facilities under operating leases. Total rent and lease expense was $353,000, $268,000, and $351,000 in fiscal 2009, 2008 and 2007, respectively. Future minimum lease payments under non-cancelable operating leases for fiscal periods 2010 to 2012 are $264,000, $176,000, and $22,000, respectively, with all leases scheduled to expire during fiscal 2012.

Note 9. Share-based Compensation

At January 31, 2009, Raven had two share-based compensation plans, which are described below. The compensation cost for these plans was $1,028,000, $904,000, and $605,000 in fiscal 2009, 2008, and 2007, respectively. The related income tax benefit recorded in the income statement was $153,000, $154,000, and $110,000 for fiscal 2009, 2008, and 2007, respectively. Compensation cost capitalized as part of inventory at January 31, 2009, 2008, and 2007 was $60,000, $54,000 and $40,000, respectively.

2000 Stock Option and Compensation Plan

The 2000 Stock Option and Compensation Plan, approved by the shareholders, is administered by the Personnel and Compensation Committee of the board of directors and allows for stock awards and incentive or non-qualified options with terms not to exceed 10 years. Included in the fiscal 2009 compensation cost was $135,000 of expense recognized as a result of a stock award of 5,500 shares. There are 339,225 shares of the company's common stock reserved for future stock awards and stock option grants under the plan at January 31, 2009. Options are granted with exercise prices not less than market value at the date of grant. The stock options vest over a four-year period and expire after five years. Options contain retirement and change in control provisions that may accelerate the vesting period. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model. The company uses historical data to estimate option exercise and employee termination within the valuation model.

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:

	For the years ended January 31		
	2009	2008	2007
Risk-free interest rate	**1.64%**	3.07%	4.45%
Expected dividend yield	**2.12%**	1.28%	1.29%
Expected volatility factor	**46.32%**	40.62%	38.97%
Expected option term (in years)	**4.25**	4.25	4.25
Weighted average grant date fair value	**$ 8.08**	$11.45	$ 9.51

Option activity for the year ended January 31, 2009, was as follows:

	Number of options	Weighted average exercise price	Aggregate intrinsic value (in 000s)	Weighted average remaining contractual term (years)
Outstanding at beginning of year	**373,031**	**$25.96**		
Granted	**95,800**	**24.51**		
Exercised	**(83,456)**	**15.09**		
Forfeited	**(2,400)**	**31.26**		
Outstanding at end of year	**382,975**	**$27.93**	$ —	2.93
Options exercisable at end of year	**174,388**	**$27.39**	$ —	1.82

The intrinsic value of a stock award is the amount by which the fair value of the underlying stock exceeds the exercise price of the award. The total intrinsic value of options exercised was $1.9 million, $3.5 million and $3.7 million during the years ended January 31, 2009, 2008 and 2007, respectively. As of January 31, 2009, the total compensation cost for non-vested awards not yet recognized in the company's statements of income was $1.4 million, net of the effect of estimated forfeitures. This amount is expected to be recognized over a weighted average period of 2.57 years.

Deferred Stock Compensation Plan for Directors

On May 23, 2006, the company's stockholders approved the Deferred Stock Compensation Plan for Directors of Raven Industries, Inc. Under the plan, a stock unit is the right to receive one share of the company's common stock as deferred compensation, to be distributed from an account established by the company in the name of the non-employee director. Stock units have the same value as a share of common stock but cannot be sold. Stock units are a component of the company's equity. The plan reserves 50,000 common shares for the conversion of stock units into common stock after directors retire from the board. The plan is administered by the Governance Committee of the board of directors.

Stock units granted under this plan vest immediately and are expensed at the date of grant. Stock units are also accumulated if a director elects to defer the annual retainer paid for board service. When dividends are paid on the company's common shares, stock units are added to the directors' balances and a corresponding amount is removed from retained earnings. The intrinsic value of a stock unit is the fair value of the underlying shares.

Outstanding stock units for the year ended January 31, 2009, were as follows:

	Number of units	Weighted average price
Outstanding at beginning of year	9,878	$30.02
Granted	3,820	36.65
Deferred retainers	546	36.65
Dividends	864	28.92
Converted into common shares	—	—
Outstanding at end of year	15,107	$21.81

Note 10. Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted-average common shares and stock units outstanding. Diluted net income per share is computed by dividing net income by the weighted-average common and common equivalent shares outstanding (which includes the shares issuable upon exercise of employee stock options net of shares assumed purchased with the option proceeds) and stock units outstanding. Certain outstanding options were excluded from the diluted net income per-share calculations because their effect would have been anti-dilutive, as their exercise prices were greater than the average market price of the company's common stock during those periods. For fiscal 2009, 2008, and 2007, 167,942, 90,338, and 96,075 options, respectively, were excluded from the diluted net income per-share calculation. Details of the computation are presented below:

	For the years ended January 31		
	2009	2008	2007
Numerator:			
Net income *(in thousands)*	**$ 30,770**	$ 27,802	$ 25,441
Denominator:			
Weighted average common shares outstanding	**18,031,020**	18,099,600	18,082,606
Weighted average stock units outstanding	**13,451**	8,580	3,602
Denominator for basic calculation	**18,044,471**	18,108,180	18,086,208
Weighted average common shares outstanding	**18,031,020**	18,099,600	18,082,606
Weighted average stock units outstanding	**13,451**	8,580	3,602
Dilutive impact of stock options	**35,771**	95,883	186,705
Denominator for diluted calculation	**18,080,242**	18,204,063	18,272,913
Net income per share–basic	**$ 1.71**	$ 1.54	$ 1.41
Net income per share–diluted	**$ 1.70**	$ 1.53	$ 1.39

Note 11. Business Segments and Major Customer Information

The company's reportable segments are defined by their common technologies, production processes and inventories. These segments reflect Raven's organization into three Raven divisions and the Aerostar subsidiary. Raven Canada and Raven GmbH are included in the Applied Technology Division.

Applied Technology provides electronic and Global Positioning System (GPS) products designed to reduce operating costs and improve yields for the agriculture market. Engineered Films produces rugged reinforced plastic sheeting for industrial, construction, geomembrane and agriculture applications. Electronic Systems provides electronics manufacturing services to avionics, secure communication and other markets. Aerostar manufactures military parachutes, protective wear, custom-shaped inflatable products and high-altitude aerostats for government and commercial research.

The company measures the performance of its segments based on their operating income excluding administrative and general expenses. The accounting policies of the operating segments are the same as those described in Note 1, Summary of Significant Accounting Policies. Other income, interest expense and income taxes are not allocated to individual operating segments, and assets not identifiable to an individual segment are included as corporate assets. Segment information is reported consistent with the company's management reporting structure as required by SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information.*

At the beginning of fiscal 2009, Raven revised the disclosure of each segments' sales and operating income to reflect increased intersegment activity. Transactions between operating segments are now eliminated in a separate caption entitled "intersegment eliminations" to arrive at consolidated sales, operating income, and assets.

Business segment information is as follows:

	For the years ended January 31		
Dollars in thousands	**2009**	2008	2007
APPLIED TECHNOLOGY DIVISION			
Sales	**$103,098**	$ 64,291	$ 45,515
Operating income	**33,884**	19,102	10,111
Assets	**48,881**	36,938	27,629
Capital expenditures	**2,674**	1,008	577
Depreciation & amortization	**1,383**	1,125	1,142
ENGINEERED FILMS DIVISION			
Sales	**$ 89,858**	$ 85,316	$ 91,082
Operating income	**10,919**	17,739	23,440
Assets	**35,862**	43,688	41,988
Capital expenditures	**3,120**	4,012	13,266
Depreciation & amortization	**4,303**	4,046	2,887
ELECTRONIC SYSTEMS DIVISION			
Sales	**$ 61,983**	$ 67,987	$ 66,278
Operating income	**5,926**	10,365	10,850
Assets	**26,847**	25,865	25,175
Capital expenditures	**1,399**	1,077	1,357
Depreciation & amortization	**1,159**	1,237	1,086
AEROSTAR			
Sales	**$ 27,186**	$ 17,290	$ 14,654
Operating income	**4,219**	1,506	707
Assets	**8,744**	9,941	8,161
Capital expenditures	**383**	156	812
Depreciation & amortization	**444**	499	375
INTERSEGMENT ELIMINATIONS			
Sales			
Engineered Films Division	**$ (210)**	$ (533)	$ —
Electronic Systems Division	**(1,977)**	(378)	—
Aerostar	**(25)**	(16)	—
Operating income	**(52)**	(100)	—
Assets	**(152)**	(100)	—
REPORTABLE SEGMENTS TOTAL			
Sales	**$279,913**	$233,957	$217,529
Operating income	**54,896**	48,612	45,108
Assets	**120,182**	116,332	102,953
Capital expenditures	**7,576**	6,253	16,012
Depreciation & amortization	**7,289**	6,907	5,490
CORPORATE & OTHER[a]			
Operating (loss) from administrative expenses	**$ (8,502)**	$ (7,467)	$ (6,806)
Assets	**24,233**	31,529	16,811
Capital expenditures	**425**	382	510
Depreciation & amortization	**469**	437	395
TOTAL COMPANY			
Sales	**$279,913**	$233,957	$217,529
Operating income	**46,394**	41,145	38,302
Assets	**144,415**	147,861	119,764
Capital expenditures	**8,001**	6,635	16,522
Depreciation & amortization	**7,758**	7,344	5,885

(a) Assets are principally cash, investments, deferred taxes and other receivables.

Sales to a customer of the Electronic Systems segment accounted for 13%, 11%, and 10% of consolidated sales in fiscal 2009, 2008, and 2007, respectively, and 18%, 14% and 14%, of consolidated accounts receivable at the end of fiscal 2009, 2008, and 2007, respectively.

Sales to countries outside the United States, primarily to Canada, were as follows:

	For the years ended January 31		
Dollars in thousands	**2009**	2008	2007
Applied Technology	**$17,705**	$10,104	$7,081
Engineered Films	**1,949**	1,803	2,060
Electronic Systems	**557**	6,852	8,718
Aerostar	**966**	1,310	868
Total foreign sales	**$21,177**	$20,069	$18,727

Note 12. Quarterly Information (Unaudited)

The company's quarterly information is presented on page 30.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Raven Industries, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and comprehensive income and cash flows present fairly, in all material respects, the financial position of Raven Industries, Inc. and its subsidiaries at January 31, 2009, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 2009 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2009 based on criteria established in *Internal Control–Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, appearing on page 31 of the 2009 Annual Report to Shareholders in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 5 to the consolidated financial statements, effective January 31, 2007, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans.* As described in Note 7 to the consolidated financial statements, effective February 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes.*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Minneapolis, Minnesota

March 24, 2009

BOARD OF DIRECTORS

Anthony W. Bour
President & Chief Executive Officer
Showplace Wood Products, Inc.
Sioux Falls, SD
Director since 1995

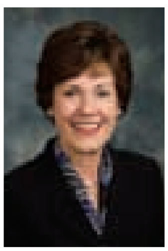
David A. Christensen
Former President &
Chief Executive Officer
Raven Industries, Inc.
Sioux Falls, SD
Director since 1971

Thomas S. Everist
Chair-elect
Raven Industries, Inc.
President
The Everist Company
Sioux Falls, SD
Director since 1996

Mark E. Griffin
President & Chief Executive Officer
Lewis Drugs, Inc.
Sioux Falls, SD
Director since 1987

Conrad J. Hoigaard
Chairman of the Board
Raven Industries, Inc.
Chairman of the Board
Hoigaard's Inc.
Minneapolis, MN
Director since 1976

Kevin T. Kirby
President
Kirby Investment Corporation
Sioux Falls, SD
Director since 2007



Cynthia H. Milligan
Dean
College of Business Administration
University of Nebraska, Lincoln
Lincoln, NE
Director since 2001

Ronald M. Moquist
President & Chief Executive Officer
Raven Industries, Inc.
Sioux Falls, SD
Director since 1999

Daniel A. Rykhus
Executive Vice President
Raven Industries, Inc.
Sioux Falls, SD
Director since 2008

The Raven Board held four regular meetings in fiscal year 2009. In March 2008, it increased the quarterly dividend for the 22nd-consecutive year and approved a special dividend in August.

Audit Committee

Thomas S. Everist, ***Chair***
Anthony W. Bour
Kevin T. Kirby
Cynthia H. Milligan

The Audit Committee held two meetings to review the activities and independence of Raven's external auditors. It also reviewed the auditor's findings regarding Raven's financial reporting process, related internal and disclosure controls and compliance with applicable standards.

Personnel and Compensation Committee

David A. Christensen, ***Chair***
Mark E. Griffin
Conrad J. Hoigaard

The Personnel and Compensation Committee held two meetings to review and approve executive compensation plans, policies and practices, and key succession plans.

Governance Committee

Cynthia H. Milligan, ***Chair***
Anthony W. Bour
David A. Christensen
Thomas S. Everist
Mark E. Griffin
Conrad J. Hoigaard
Kevin T. Kirby

The Governance Committee held two meetings to review corporate bylaws, corporate governance standards, and assess the Board's effectiveness. This Committee is responsible for the Board nomination process.

Raven Executive Team

David R. Bair	*Division Vice President & General Manager–Electronic Systems Division, Age: 52, Service 10 years*
Matthew T. Burkhart	*General Manager–Applied Technology Division, Age: 33, Service 1 year*
James D. Groninger	*Division Vice President & General Manager–Engineered Films Division, Age: 50, Service 22 years*
Thomas Iacarella	*Vice President & Chief Financial Officer, Age: 55, Service 17 years*
Ronald M. Moquist	*President & Chief Executive Officer, Age: 63, Service 33 years*
Barbara K. Ohme	*Vice President–Administration, Age: 61, Service 21 years*
Daniel A. Rykhus	*Executive Vice President, Age: 44, Service 19 years*
Mark L. West	*President–Aerostar International, Inc., Age: 55, Service 27 years*

INVESTOR INFORMATION

Annual Meeting
May 21, 2009, 9:00 a.m.
Ramkota Hotel and Conference Center
3200 W. Maple Avenue
Sioux Falls, SD

Dividend Reinvestment Plan
Raven Industries, Inc. sponsors a Dividend Reinvestment Plan so shareholders can purchase additional Raven common stock without paying any brokerage commission or fees. For more information on how you can take advantage of this plan, contact your broker, our stock transfer agent or write to our Investor Relations Department.

Dividend Policy
Our policy is to return a substantial portion of earnings to shareholders through regular dividends. Each year our board of directors reviews Raven's dividend and will increase it when the new level is sustainable. Fiscal 2009 represented the 22nd-consecutive year we raised our annual dividend.

Raven Web Site
www.ravenind.com

Stock Quotations
Listed on the Nasdaq NGS Stock Market—RAVN

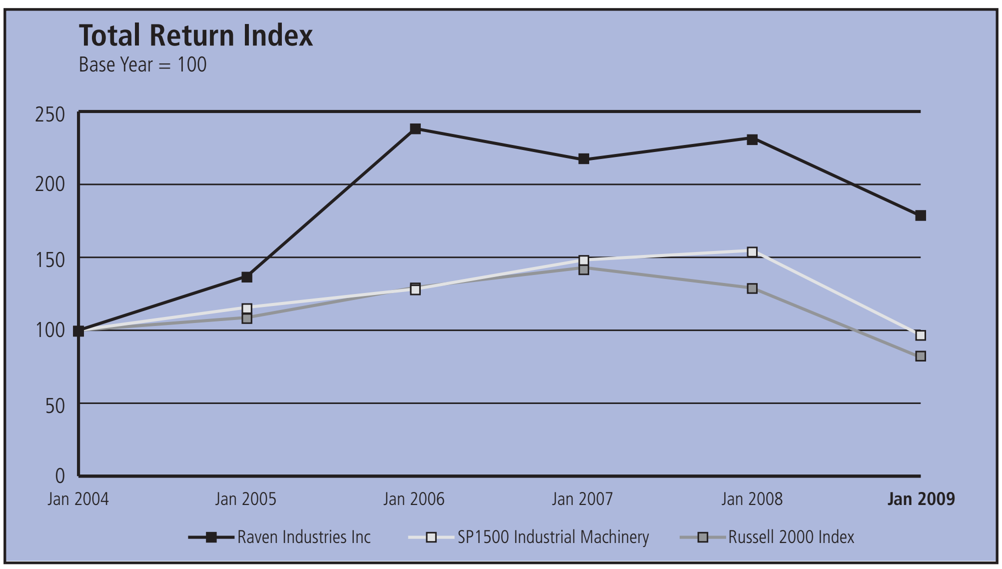
Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
Minneapolis, MN

Stock Transfer Agent & Registrar
Wells Fargo Bank, N.A.
161 N. Concord Exchange
P.O. Box 64854
South St. Paul, MN 55164-0854
Phone: 1-800-468-9716

Form 10-K
Upon written request, Raven Industries, Inc.'s Form 10-K for the fiscal year ended January 31, 2009, which has been filed with the Securities and Exchange Commission, is available free of charge.

Affirmative Action Plan
Raven Industries, Inc. and Aerostar International, Inc. are Equal Employment Opportunity Employers with approved affirmative action plans.

Inquiries
Raven Industries, Inc.
Attention: Investor Relations
P.O. Box 5107
Sioux Falls, SD 57117-5107
Phone: 605-336-2750



Providing a Positive Return

If an investor purchased $100 of Raven stock on January 31, 2004, held it for the next five years and reinvested the dividends, its value would have increased to $178.47. This 12% cumulative growth rate represents a gain compared with the S&P 1500 Industrial Index's $96.77 and the Russell 2000's $81.48.

FORWARD-LOOKING STATEMENTS
This annual report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the expectations, beliefs, intentions or strategies regarding the future. Without limiting the foregoing, the words "anticipates," "believes," "expects," "intends," "may," "plans" and similar expressions are intended to identify forward-looking statements. The company intends that all forward-looking statements be subject to the safe harbor provisions of the Private Securities Litigation Reform Act. Although management believes that the expectations reflected in forward-looking statements are based on reasonable assumptions, there is no assurance these assumptions are correct or that these expectations will be achieved. Assumptions involve important risks and uncertainties that could significantly affect results in the future. These risks and uncertainties include, but are not limited to, those relating to weather conditions and commodity prices, which could affect sales and profitability in some of the company's primary markets, such as agriculture, construction, and oil and gas well drilling; or changes in competition, raw material availability, technology or relationships with the company's largest customers—any of which could adversely affect any of the company's product lines, as well as other risks described in Raven's 10-K under Item 1A. This list is not exhaustive, and the company does not have an obligation to revise any forward-looking statements to reflect events or circumstances after the date these statements are made.

Design: Creative Design Board, Chicago, IL

RAVEN

Raven Industries
P.O. Box 5107
Sioux Falls, SD 57117-5107

www.ravenind.com