

RAVEN INDUSTRIES INC

Form DEF 14A

April 14, 2008

**Table of Contents**

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Raven Industries, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

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**Table of Contents**

**205 E. 6<sup>th</sup> Street  
Sioux Falls, South Dakota  
Telephone 605-336-2750**

April 14, 2008

**Dear Shareholder:**

You are cordially invited to join us for our Annual Meeting of Shareholders to be held on Wednesday, May 21, 2008 at 9:00 a.m. (Central Daylight Time) at the Ramkota Hotel and Conference Center, 3200 W. Maple Avenue, Sioux Falls, South Dakota.

The Notice of Annual Meeting of Shareholders and the Proxy Statement that follow describe the business to be conducted at the meeting. We will also report on matters of current interest to our shareholders.

***Your vote is important.*** Whether you own a few shares or many, it is important that your shares are represented. If you cannot attend the meeting in person, you may vote your shares as described in the following materials.

We look forward to seeing you at the meeting.

Sincerely,

Ronald M. Moquist  
President and Chief Executive Officer

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**Table of Contents**

**RAVEN INDUSTRIES, INC.**

205 E. 6<sup>th</sup> Street

P.O. Box 5107

Sioux Falls, South Dakota 57117-5107

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
MAY 21, 2008**

- Time** 9:00 a.m. CDT on Wednesday, May 21, 2008
- Place** Ramkota Hotel and Convention Center, Amphitheater II  
3200 W. Maple Avenue  
Sioux Falls, South Dakota
- Items of Business**
- (1) To elect nine directors.
  - (2) Ratification of the appointment of the Independent Registered Public Accounting Firm.
  - (3) To consider such other business as may properly come before the Annual Meeting or any adjournments thereof.
- Record Date** You are entitled to vote if you were a shareholder at the close of business on April 9, 2008.
- Annual Meeting** If you are a shareholder, please come to the Annual Meeting and present proof of ownership of our stock at the registration table. The Annual Meeting is open to shareholders and those guests invited by the Company.
- Voting by Proxy** Please submit a proxy as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions. You may submit your proxy:
- (1) over the Internet;
  - (2) by telephone; or
  - (3) by mail.

For specific instructions, refer to page 1 of this proxy statement and the voting instructions on the proxy card.

THIS PROXY STATEMENT AND PROXY CARD ARE BEING DISTRIBUTED ON OR ABOUT APRIL 14, 2008.

By Order of the Board of Directors,  
Thomas Iacarella  
*Secretary*

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**PROXY STATEMENT TABLE OF CONTENTS**

	PAGE
<u>General</u>	1
<u>Voting Securities and Proxies</u>	1
<u>Ownership of Common Stock</u>	2-3
<u>Election of Directors</u>	4
<u>Board of Directors and Committees</u>	5-6
<u>Corporate Governance</u>	7-8
<u>Non-Management Director Compensation</u>	9
<u>Executive Compensation</u>	
<u>Compensation Discussion and Analysis</u>	10-14
<u>Compensation Committee Report</u>	14
<u>Summary Compensation Table</u>	15-16
<u>Grants of Plan Based Awards in Fiscal 2008</u>	17
<u>Outstanding Equity Awards at Fiscal 2008 Year-end</u>	18
<u>Option Exercises in Fiscal 2008</u>	18
<u>Potential Payments on Termination or Change-in-Control</u>	19-20
<u>Independent Registered Public Accounting Firm Fees</u>	21
<u>Audit Committee Report</u>	22
<u>Other Matters</u>	23

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**Table of Contents**

PROXY STATEMENT  
of  
**RAVEN INDUSTRIES, INC.**  
205 E. 6<sup>th</sup> Street  
P.O. Box 5107  
Sioux Falls, South Dakota 57117-5107  
**Annual Meeting of Shareholders to be held  
May 21, 2008**

**GENERAL**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Raven Industries, Inc. (the Company or Raven ) to be used at the Annual Meeting (the Meeting ) of Shareholders of the Company, which is to be held on Wednesday, May 21, 2008, at 9:00 A.M. (C.D.T.) at the Ramkota Hotel and Convention Center, Amphitheater II, 3200 West Maple Avenue, Sioux Falls, South Dakota. The approximate date on which this Proxy Statement and accompanying proxy were first sent or given to shareholders was April 14, 2008. Each shareholder who signs and returns a proxy in the form enclosed with this Proxy Statement may revoke it at any time prior to its use by giving notice of such revocation to the Company in writing or in open meeting or by such shareholder giving a valid proxy bearing a later date. Presence at the meeting by a shareholder who has signed a proxy does not alone revoke the proxy. Only shareholders of record at the close of business on April 9, 2008 (the Record Date ) will be entitled to vote at the Meeting or any adjournments thereof.

**VOTING SECURITIES AND PROXIES**

The Company has outstanding only one class of voting securities, Common Stock \$1.00 par value, of which 18,074,034 shares were outstanding as of the close of business on the Record Date. Shareholders representing a majority of the shares of Common Stock outstanding and entitled to vote must be present in person or represented by proxy in order to constitute a quorum to conduct business at the Meeting.

You are entitled to one vote for each share of Common Stock that you hold, except for the election of directors. If you vote for all nominees, one vote per share will be cast for each of the nine nominees. You may withhold votes from any or all nominees. Except for the votes that shareholders of record withhold from any or all nominees, the persons named in the proxy card will vote such proxy FOR and, if necessary, will exercise their cumulative voting rights to elect the nominees as directors of the Company. If you wish to cumulate your votes in the election of directors, you are entitled to as many votes as equal the number of shares held by you at the close of business on the Record Date, multiplied by the number of directors to be elected. You may cast, under the cumulative voting option, all of your votes for a single nominee or apportion your votes among any two or more nominees. For example, a holder of 100 shares may cast 900 votes for a single nominee, apportion 100 votes for each of nine nominees or apportion 900 votes in any other manner by so noting in the space provided on the proxy card. The cumulative voting feature for the election of directors is also available by voting in person at the Meeting; it is not available by telephone or on the internet.

In the election of directors, the nine director nominees who receive the highest number of votes will be elected as directors. The ratification of the appointment of PricewaterhouseCoopers LLP as the company's independent registered public accounting firm for fiscal 2009 requires the affirmative vote of a majority of the votes cast. A shareholder that is present or represented by proxy at the Meeting and who abstains with respect to this proposal is in effect casting a negative vote, but a shareholder (including a broker) who does not give authority to a proxy to vote will not be considered present and entitled to vote on this proposal.

**Table of Contents****OWNERSHIP OF COMMON STOCK**

The following table shows certain information regarding beneficial ownership of the Company's common stock as of the Record Date by: (i) any person known by the Company to be the owner, of record or beneficially, of more than 5% of the Common Stock, (ii) each of the executive officers, directors and nominees for election to the Company's Board of Directors, and (iii) all executive officers and directors as a group.

Name of beneficial owner	Stock units vested	Shares beneficially owned	Percent of class
David R. Bair		32,510 <sup>(1)</sup>	*
Anthony W. Bour	2,278	51,070 <sup>(13)</sup>	*
David A. Christensen	1,192	624,168 <sup>(2,13)</sup>	3.5
Thomas S. Everist	1,192	12,200 <sup>(13)</sup>	*
Mark E. Griffin	1,192	98,980 <sup>(3,13)</sup>	*
James D. Groninger		19,377 <sup>(4)</sup>	*
Conrad J. Hoigaard	1,192	125,000 <sup>(13)</sup>	*
Thomas Iacarella		125,602 <sup>(5)</sup>	*
Kevin T. Kirby	554	10,000 <sup>(13)</sup>	*
Cynthia H. Milligan	2,278	4,941 <sup>(13)</sup>	*
Ronald M. Moquist		928,239 <sup>(6)</sup>	5.1
Barbara K. Ohme		32,516 <sup>(7)</sup>	*
Daniel A. Rykhus		55,104 <sup>(8)</sup>	*
Mark L. West		71,540 <sup>(9)</sup>	*
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202		2,384,400 <sup>(10)</sup>	13.2
Neuberger Berman, Inc. LLC 605 Third Avenue New York, NY 10158		1,970,190 <sup>(11)</sup>	10.9
Royce & Associates, LLC 1414 Avenue of the Americas New York, NY 10019		975,701 <sup>(12)</sup>	5.4



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All executive officers, directors and nominees as a group (14 persons)	9,878	2,191,247 <sub>(13,14)</sub>	12.0
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\* Less than 1%

2

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**Table of Contents**

- (1) Includes 9,075 shares that may be purchased within 60 days by exercise of outstanding options.
- (2) Includes 434,002 shares owned by his wife, as to which he disclaims beneficial ownership.
- (3) Includes 79,996 shares held by the John E. Griffin Trust, of which Mark E. Griffin is co-trustee, and 8,152 shares held as custodian for a minor child.
- (4) Includes 9,825 shares that may be purchased within 60 days by exercise of outstanding options.
- (5) Includes 24,375 shares that may be purchased within 60 days by exercise of outstanding options.
- (6) Includes 29,406 shares that may be purchased within 60 days

by exercise of outstanding options. Also includes 126,000 shares held by his wife, as to which he disclaims beneficial ownership.

- (7) Includes 10,950 shares that may be purchased within 60 days by exercise of outstanding options.
- (8) Includes 21,825 shares that may be purchased within 60 days by exercise of outstanding options.
- (9) Includes 13,200 shares that may be purchased within 60 days by exercise of outstanding options.
- (10) Data based on Schedule 13G filed by the shareholder with the SEC on February 14, 2008, in which the shareholder stated: These securities are owned by various individual and institutional investors, including T.

Rowe Price  
Small Capital  
Value Fund,  
Inc. (which  
owns 2,144,900  
shares,...) which  
T. Rowe Price  
Associates, Inc.  
(Price  
Associates)  
serves as  
investment  
advisor with  
power to direct  
investments  
and/or sole  
power to vote  
the securities.  
For purposes of  
the reporting  
requirements of  
the Securities  
Exchange Act  
of 1934, Price  
Associates is  
deemed to be a  
beneficial owner  
of such  
securities;  
however, Price  
Associates  
expressly  
disclaims that it  
is, in fact, the  
beneficial owner  
of such  
securities.

(11) Data based on  
Schedule 13G  
filed by the  
shareholder with  
the SEC on  
February 8,  
2008.

(12) Data based on  
Schedule 13G  
filed by the  
shareholder with  
the SEC on

January 30,  
2008.

- (13) Does not include non-voting vested Stock Units held by the Deferred Compensation Plan for Directors.
  
- (14) Includes 118,656 shares that may be purchased within 60 days by exercise of outstanding options. Also includes 560,002 shares held by spouses of officers and directors, as to which beneficial ownership is disclaimed.

**Table of Contents****ELECTION OF DIRECTORS****Proposal No. 1**

Nine directors are to be elected at the Meeting, each director to serve until the next Annual Meeting of Shareholders. All of the nominees listed below, except Mr. Rykhus, are now serving as directors and all of the nominees have agreed to serve. Independence has been determined according to Nasdaq listing standards. The Governance Committee of the Board of Directors has nominated the following:

<b>Name of Nominee (Age)</b>	<b>Principal Occupation, Business Experience Past Five Years and Directorships in Public Companies</b>	<b>Director Since</b>	<b>Independent Director</b>
Anthony W. Bour (70)	President and Chief Executive Officer of Showplace Wood Products, Harrisburg, SD since 1999. Director of U.S. Bank of South Dakota, Sioux Falls, SD.	1995	Yes
David A. Christensen (73)	Former President and Chief Executive Officer of the Company from 1971 to 2000. Former Director (1976-2005) of Xcel Energy, Inc. Minneapolis, MN; and Former Director (1977-2003) of Wells Fargo & Co., San Francisco, CA.	1971	Yes
Thomas S. Everist (58)	President and Chief Executive Officer of The Everist Company, Sioux Falls, SD; Former President and Chief Executive Officer, L.G. Everist, Inc., Sioux Falls, SD, 1987-2002. Director of MDU Resources, Bismarck, ND.	1996	Yes
Mark E. Griffin (57)	President and Chief Executive Officer of Lewis Drugs, Inc., Sioux Falls, SD since 1986. President and Chief Executive Officer of Griffson Realty Company, Fredin Associates and G.E.F. Associates, Sioux Falls, SD.	1987	Yes
Conrad J. Hoigaard (71)	Chairman of the Board of the Company since 1980. President and Chairman of the Board of Hoigaard's Inc., Minneapolis, MN since 1972.	1976	Yes
Kevin T. Kirby (53)	President, Kirby Investment Corporation since 1993. Former Director (1989-2001) of Raven Industries, Inc.	2007	Yes
Cynthia H. Milligan (61)	Dean of the College of Business Administration University of Nebraska-Lincoln since 1998. Director of Wells Fargo and Co., San Francisco, CA; and Calvert Funds, Bethesda, MD.	2001	Yes
Ronald M. Moquist (62)	President and Chief Executive Officer of the Company since 2000. Executive Vice President of the Company from 1985 to 2000. Joined the Company in 1975 as Sales and Marketing Manager.	1999	No
Daniel A. Rykhus (43)	Executive Vice President of the Company and Flow Controls Division General Manager since 2004. Flow		No

Controls Division Vice President and General Manager  
2002-2004. Joined the Company in 1990 as Director of  
World Class Manufacturing.

**Table of Contents**

All shares represented by proxies will be voted **FOR** all the previously named nominees unless a contrary choice is specified. If any director nominee should withdraw or become unavailable to serve for reasons not presently known, the proxies that would otherwise have been voted for such nominee will be voted for a substitute nominee that may be selected by the Governance Committee of the Board of Directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE **FOR** ALL NOMINEES.

**RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**Proposal No. 2**

The Audit Committee of the Board of Directors has selected PricewaterhouseCoopers LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending January 31, 2009. While it is not required to do so, our Board is submitting the selection of PricewaterhouseCoopers LLP for ratification in order to ascertain the views of our shareholders with respect to the choice of audit firm. If the selection is not ratified, the Audit Committee will reconsider its selection. Representatives of PricewaterhouseCoopers LLP are not expected to be at the Annual Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE **FOR** Proposal No. 2.

**BOARD OF DIRECTORS AND COMMITTEES**

The Board of Directors held four regular quarterly meetings during the last fiscal year. The Company has an Audit Committee, Personnel and Compensation Committee and a Governance Committee. All directors attended at least 75 percent of their Board and Committee meetings.

**Governance Committee.**

Members:

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

Independence:

All of the Committee members meet the independence requirements of Nasdaq listing standards.

Responsibilities:

The Governance Committee reviews corporate governance standards and nominates candidates for the Board of Directors. It met twice in fiscal 2008. The Committee is also responsible for assessing the Board's effectiveness. It has established policies regarding shareholder communications with the Board, nominations and related party transactions which are available on the Company's website, [www.ravenind.com](http://www.ravenind.com).

Charter:

The Charter is available on Raven's website, [www.ravenind.com](http://www.ravenind.com).



**Table of Contents**

**Audit Committee.**

Members:

Thomas S. Everist (Chair)  
Anthony W. Bour  
Kevin T. Kirby  
Cynthia H. Milligan

Independence and Financial Expertise:

The Board has determined that each member of this Committee meets the requirements to be named audit committee financial experts as defined by the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002. The Committee members also meet the independence requirements of Nasdaq listing standards.

Responsibilities:

The Audit Committee monitors the company's procedures for reporting financial information to the public. It held two meetings in fiscal 2008. It is directly responsible for the appointment, compensation and oversight of the independent registered public accounting firm and has the sole authority to appoint or replace the independent registered public accounting firm. The Committee reviews the scope of the annual audit. It also reviews related reports and recommendations and preapproves any non-audit services provided by such firm. In addition, the Committee maintains through regularly scheduled meetings and quarterly conference calls with the Committee Chair, open lines of communication with the Board of Directors, Raven's financial management and the independent registered public accounting firm. See the Audit Committee Report on page 22.

Charter:

The charter is available on Raven's website, [www.ravenind.com](http://www.ravenind.com).

**Personnel and Compensation Committee.**

Members:

David A. Christensen (Chair)  
Mark E. Griffin  
Conrad J. Hoigaard

Independence, Insiders and Interlocks:

All of the Committee members meet the independence requirements of Nasdaq listing standards. Mr. Christensen is the former President and Chief Executive Officer of the Company and joined the Committee after his retirement. No executive officer of the Company served as a member of the Compensation Committee or Board of Directors of another entity in which one of whose executive officers served on the Company's Compensation Committee or Board of Directors during fiscal 2008.

Responsibilities:

The Committee reviews the Company's executive remuneration policies and practices, and makes recommendations to the Board in connection with compensation matters affecting the Company. It held three meetings in fiscal 2008. Compensation matters concerning the Chief Executive Officer and the other executives of the Company were approved by the full Board in executive session, with the Chief Executive Officer excused. See the Compensation Committee Report on page 14.

Charter:

The charter is available on Raven's website, [www.ravenind.com](http://www.ravenind.com).

6

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**Table of Contents**

**CORPORATE GOVERNANCE**

**Code of Ethics.** The Board of Directors, through its Governance Committee has adopted a Code of Conduct that applies to directors, officers and all employees of the Company. The Code of Conduct is available on Raven's website at [www.ravenind.com](http://www.ravenind.com).

**Certain Relationships and Related Transactions.** Mrs. Milligan is on the Board of Directors of Wells Fargo and Co., the parent company of Wells Fargo Bank, N.A., which provides transfer agent and registrar services, and borrowings to the Company under a line of credit. The terms of the services and credit line were considered by management competitive with other resources generally available to the Company. There were no borrowings under the credit line in fiscal 2008. As of April 9, 2008, Raven has no borrowings, and \$1.3 million of letters of credit outstanding under the line of credit.

Raven has adopted a written policy governing related party transactions. Under this policy, before effecting or continuing any related party transaction, the Audit Committee of the Board must first ratify or approve of the transaction and conclude that the transaction is on terms comparable to those that the Company could reasonably expect in an arm's length transaction with an unrelated third party. Under the policy, a related party transaction is any transaction with a related party other than one generally available to all Company employees or involving an amount less than \$25,000. A related party is (i) a senior officer or a director, including members of their immediate family, (ii) a holder of more than 5% of our common stock, or (iii) an entity owned or controlled by the persons described in clauses (i) or (ii). The policy is available on Raven's website at [www.ravenind.com](http://www.ravenind.com). The Company's relationship with Wells Fargo is reviewed annually under this policy.

**Nominations to the Board of Directors.** The Governance Committee of the Board of Directors seeks to recruit highly skilled and participative candidates who have the ability to strengthen the Board of Directors. The Governance Committee will consider timely presented nominations from shareholders if candidates are qualified.

Current directors whose performance, capabilities and experience meet the Company's expectations and needs are typically nominated for reelection. In accordance with Raven's Corporate Governance Standards, directors are not re-nominated after they reach their 75<sup>th</sup> birthday.

The size of the Board should be between seven and nine members, with a majority being independent members as defined by the Securities and Exchange Commission and the Nasdaq Stock Market. The Company's lawyers, investment bankers and others with business links to the Company may not become directors. Interlocking directorships are not allowed.

Recognizing that the contribution of the Board will depend on not only the character and capabilities of the directors taken individually but also on their collective strengths, the Board should be composed of:

Directors chosen with a view toward bringing to the Board diverse experiences and backgrounds relevant to the Company's business;

Directors who will form a balanced core of business executives with varied expertise;

Directors who have substantial experience outside the business community in the public, academic or scientific communities, for example; and

Directors who will represent the balanced, best interests of the shareholders as a whole rather than special interest groups or constituencies.

**Table of Contents**

In considering possible candidates for election as a director, the Governance Committee should be guided in general by the composition guidelines established above and, in particular, by the following:

Each director should be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work well with others and exercise good judgment;

Each director should be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;

Each director should possess substantial and significant experience which would be of particular importance to the Company in the performance of the duties of a director;

Each director should have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a director; and

Each director should have the capacity and desire to represent the balanced, best interests of the shareholders as a whole.

Consistent with the Company's bylaws, and the Governance Committee Charter, the Governance Committee will review and consider for nomination any candidate for membership to the Board recommended by a shareholder of the Company, in accordance with the evaluation criteria and selection process described above. Shareholders wishing to recommend a candidate for consideration in connection with an election at a specific annual meeting should notify the Governance Committee well in advance of the meeting date to allow adequate time for the review process and preparation of the proxy statement, and in no event later than the first day of February.

**Communications with the Board of Directors.** The Board of Directors believes that the most efficient means for shareholders and other interested parties to raise issues and questions and to get a response is to direct such communications to the Company through the office of the Secretary of the Company. Other methods are also described in the Investor Relations section of the Company's website, [www.ravenind.com](http://www.ravenind.com).

If, notwithstanding these methods, a shareholder or other interested party wishes to direct a communication specifically to the Board of Directors, a letter to the Board is the most appropriate method. To insure that the communication is properly directed in a timely manner, it should be clearly identified as intended for the Board: Raven Industries, Inc.

Attention: Board Communications (Director Name if applicable)

P.O. Box 5107

Sioux Falls, SD 57117-5107

The Corporate Secretary's Office will collect and organize all such communications. A summary of communications received will be periodically provided to the Company's Governance Committee, who will make the final determination regarding the disposition of any such communication.

The Board believes that the Company should speak with one voice and has empowered management to speak on the Company's behalf subject to the Board's oversight and guidance on specific issues. Therefore, in most circumstances the Board will not respond directly to inquiries received in this manner but may take relevant ideas, concerns and positions into consideration.

**Table of Contents****NON-MANAGEMENT DIRECTOR COMPENSATION**

During fiscal 2008, directors who were not full-time employees of the Company were paid a retainer fee of \$20,000 plus \$1,200 for each regular board meeting and \$600 for each telephonic or committee meeting. The Chairman of the Board received \$1,200 per month in lieu of meeting fees. The Audit Committee Chair received \$2,000 annually for quarterly audit updates and other duties.

Directors received a matching Stock Unit Award under the Deferred Compensation Plan for Directors of Raven Industries, Inc. approved by the Shareholders on May 23, 2006. Retainers may also be deferred under this plan.

**Director Compensation Table**

Name	Fees Earned or Paid in Cash <sup>(1)</sup> (\$)	Stock Awards (\$)	All Other Compensation <sup>(2)</sup> (\$)	Total (\$)
Conrad J. Hoigaard	34,400	20,000	460	54,860
Anthony W. Bour	27,200	20,000	874	48,074
David A. Christensen	27,800	20,000	460	48,260
Thomas S. Everist	29,200	20,000	460	49,660
Mark E. Griffin	27,800	20,000	460	48,260
Kevin T. Kirby	24,800	20,000	182	44,982
Cynthia H. Milligan	27,200	20,000	874	48,074

(1) Mr. Bour and Mrs. Milligan deferred \$20,000 of their retainers into the Directors Stock Compensation Plan.

(2) All other compensation consists of dividend earnings on Stock Units granted under the Deferred Compensation Plan for Directors of Raven Industries, Inc. Does not include perquisites and

benefits which  
totaled less than  
\$10,000 for  
each director.

**Table of Contents**

**EXECUTIVE COMPENSATION**  
**COMPENSATION DISCUSSION AND ANALYSIS**

**Overview**

Raven's executive compensation program, developed by management and approved by the Personnel and Compensation Committee of the Board of Directors, is intended to be simple, focused on a few key performance metrics and balanced between:

employees, managers and executives

long-term and short-term objectives

financial and stock performance

cash and equity compensation

The compensation program is designed to align the interests of the executive team with those of Raven shareholders. The plan uses salary and benefits, a management incentive program and stock options to achieve these goals. Retention of top talent and achievement of corporate objectives measure the effectiveness of our compensation plan. Raven also uses non-compensatory programs, such as annual performance reviews, employee improvement and education programs, and succession planning. We believe that these programs are more effective than compensation alone for optimizing talent utilization and executive development.

**Objectives of the Company's Executive Compensation Program**

**Alignment with Shareholder Interests**

Our compensation program is designed to motivate and reward Raven's executives to achieve the short and long-term goals that we believe will enhance shareholder value. The short-term goals are embodied in our annual budget. These include net income growth, productivity gains, working capital utilization and expense control. Building on these short-term objectives, the program also seeks to reward executives for enhancing shareholder value over the long-term. Raven's long-term objectives include growing sales and net income over each three-year period by an average of 12 and 15 percent per year, respectively, and efficiently utilizing invested capital.

**Retention**

Retention aspects of the program are designed to take advantage of the experience of Raven executives and avoid unwanted turnover in the executive team. The executive officers identified on the Summary Compensation Table on page 15 (the "Named Executives") average over 19 years experience with Raven. We believe that promotion from within and length of tenure at every level of the organization enhances productivity and reduces compensation cost.

**Internal Equity**

Raven strongly believes in internal equity. We review executive pay to prevent it from becoming disproportionately large when compared to the other key managers and employees. The practice of internal equity is difficult to maintain in today's compensation environment if management turnover is high and we are required to recruit from outside Raven to fill key positions.

**Table of Contents**

**Role of Management, the Personnel and Compensation Committee and Consultants**

Management hires, retains, and develops employee talent at every level of the organization. Our human resources department and Vice President of Administration obtain competitive survey information for positions and locations throughout the Company. This is the starting point for decisions on compensation. Raven tries to maintain compensation in the middle of relevant range for non-executive positions. Executive compensation is driven by taking the results for non-executive employees and extrapolating to key employees and ultimately the executive team and the Named Executives.

Our President and Chief Executive Officer presents a summary of executive compensation to the Personnel and Compensation Committee (the Committee) for review and approval annually. The Committee approves executive salaries, benefits and stock option grants. The Committee's decisions regarding the compensation of our President and Chief Executive Officer are made in executive session. Management and the Committee do not use compensation consultants because we believe consultants tend to raise, rather than control, the level of compensation.

**Components of the Company's Executive Compensation Program**

**Base Salary**

Salaries for the Named Executives are based on the scope of their responsibilities, performance, experience and potential. The salaries of their peers and subordinates inside and outside the Company are considered when setting salary levels. The primary objectives addressed by base salary in the Compensation Program are to retain and attract qualified and experienced executives into these positions. The salary indicates the basic level compensation commitment that Raven has to the Named Executives and their positions in the Company.

Salaries for all of the Named Executives were increased in fiscal 2008 over 2007 levels. The salary increases for the individual Named Executives are discussed under Executive Compensation for the Named Executives below.

**Management Incentive Plan**

The management incentive plan is intended to pay the Named Executives when they achieve the annual financial objectives of their operations, which are established before the beginning of the fiscal year through the budget process. Incentive payments for the named executives range from 50 to 70% of annual base salary, which is designed to put a sizable portion of the Named Executives' cash income at risk if annual objectives are not achieved. For example, Mr. Moquist's incentive payment dropped by over \$100,000 in fiscal 2007 compared to 2006, due primarily to lower net income growth.

Incentive plans for the Chief Executive Officer and Chief Financial Officer are based on achieving net income, expense control and inventory turn objectives. Net income objectives are generally established as a range, such that no incentive is paid until Raven has achieved at least the bottom of the range (\$25,200,000 in net income for fiscal 2008), and the maximum paid if the Company achieved the high end of the range (\$28,700,000) would, in the case of Mr. Moquist, have been 58% of his base salary. Mr. Moquist was also entitled to incentive compensation of up to 7% of his base salary if the Company meets certain expense control objectives and up to 5% if inventory turn objectives were met. Mr. Moquist's maximum payout would have been 70% of his salary. Mr. Iacarella's incentive is based on similar criteria, and the maximum payout for 2008 was 60%.



**Table of Contents**

All the other Named Executives are Division Managers. Their incentives are based on achieving objectives for their respective operating units. Objectives include: levels of operating income net of a charge for working capital utilization, inventory turns, and productivity improvements, for their respective operating units. Mr. Rykhus, as Executive Vice President could have been paid up to 52% of base salary based on income, and 4% of base salary for each of his division's inventory and productivity objectives. Mr. Rykhus' maximum payout would have been 60% of his base salary. Mr. Bair and Mr. Groninger, as Divisional Vice Presidents could have had a maximum payout of 50% of base salary for 2008.

Incentive payments are based on formulas defined and documented at the beginning of Raven's fiscal year. Income based formulas are usually set so that if budgeted results are achieved, the income based incentive would pay about 60% of maximum payout levels. Achievement of other objectives would add approximately 10% to that figure. The Committee approves the incentive payments, which are usually paid in March of each year. The ranges are intended to be challenging yet achievable, with the maximum level intended to be difficult to achieve. As shown in the table included in footnote (2) to the Summary Compensation Table, for the three-year period indicated, only in 2006 did most of the Named Executives receive a payout of at least 60% of the maximum.

In fiscal 2008, the Company achieved net income of \$27.8 million, resulting in Messrs. Moquist and Iacarella receiving an incentive bonus of 47% of their maximum payout level for the income based incentive. Payouts for the other Named Executives are discussed under Executive Compensation for the Named Executives below.

In fiscal 2007, maximum incentive plan payouts for the Named Executives were raised by approximately 10 percentage points. Management had been raising salaries for competitive reasons for key employees throughout the Company in recent years and believed executive compensation needed to keep pace. Rather than increasing the salary component, management recommended, and the Committee agreed, that increasing incentive plan maximums would be the most cost effective method to achieve the equity adjustment.

**Stock Options**

Awards of stock options are designed to promote the alignment of long-term interests between an executive and Raven shareholders as well as to assist in the retention of executives and key employees. The ultimate value of the options to the executives is directly tied to increases in the value of Raven common shares. The options are granted annually at the November Committee meeting, vest in equal installments over four years and expire in five years. The Committee and management believe that the policy of granting options annually, along with the relatively short life of the options, helps prevent option holders from benefiting from long-term increases in the stock market and more effectively ties their compensation to Raven's success. The shorter life also reduces option expense recorded on the income statement. The Committee has never reset an option price.

The Committee grants options to executives and key employees based on the size of their base salary and their importance to Raven's success. The number of shares covered by the option multiplied by the exercise price is intended to approximate 125% of the Named Executive's salary.

Raven's stock options have a retirement provision that provides for accelerated vesting if the employee retires at a time when the sum of his or her age and years of service exceeds 80. The Committee modified this provision in November 2006 to require one year of service after the grant of a stock option before the retirement provision of the option can be invoked. The Committee believes that this will encourage executives to remain with Raven or, in certain instances, give additional notice before retiring.

**Table of Contents**

As a result of the amendment, we now record option expense for retirement eligible employees over 12 months rather than at the date of grant. One result of this change is that in the Summary Compensation Table, Mr. Moquist's option award expense was lower in fiscal 2007 than in fiscal 2006 or 2008. Mr. Moquist's age and years of service have caused him to be qualified for the retirement benefit since 2001. The Black-Scholes values of Mr. Moquist's grants were \$141,739 in fiscal 2006 and \$133,126 in fiscal 2007, but because the fiscal 2007 grant contained the modified provision and was expensed over 12 months, compensation expense decreased from \$141,739 in fiscal 2006 to \$33,282 in fiscal 2007. Fiscal 2008 expense of \$133,616 represents 9/12 of his fiscal 2007 grant and 3/12 of his fiscal 2008 grant.

Raven does not have a formal policy on the retention of shares derived from stock options. Our executives are strongly encouraged not to sell shares other than when paying taxes on option exercises. Executives have historically retained a substantial portion of their shares. The shares owned by the executive officers of the Company are listed on page 2 of this proxy statement under the caption "Ownership of Common Stock."

**All Other Compensation**

We provide other benefits to executives, which we believe to be reasonable, competitive and consistent with the overall Compensation Program. Raven considers these items in conjunction with base salary in meeting the objectives of retaining and attracting qualified and experienced executives. These items are detailed in footnote 2 to the Summary Compensation Table. The retirement and profit sharing benefits are essentially the same as all other Raven employees receive. Life insurance benefits to the Chief Executive and Chief Financial Officers represent the Company's continuing commitment under an estate-planning program we no longer make available to new executives. The Chief Executive Officer has use of a Company provided automobile. Raven also provides supplemental health and wellness benefits available to its executives to encourage a healthy lifestyle. To the extent insurance and health benefits are subject to income taxes, executives are reimbursed for this additional tax.

**Post-termination Compensation and Benefits**

Raven has employment agreements with each Named Executive, which provides for a 30-day notice before termination and outlines the employment benefits discussed under "All Other Compensation" above and retirement benefits. The purpose of the benefits is to attract and retain seasoned executives, rewarding their long-term commitment to Raven. Retirement benefits, available when the sum of the employee's age and years of service exceeds 80, represent a continuation of the health and insurance benefits outlined in "All Other Compensation" above. Raven uses dual-trigger "Change in Control" agreements to protect it from the loss of executive talent during a Change in Control. Upon a change in control, positions held by the Named Executives may be at risk. By providing a benefit of one or two times salary and incentive payments if executives are terminated, the Committee believes that, in the event of a Change in Control, the agreements would maintain stability within its executive group during what could be a potentially turbulent time.

**Executive Compensation for the Named Executives**

**Chief Executive Officer**

With more than 32 years of service at Raven, Mr. Moquist has been our President and Chief Executive Officer since fiscal 2000. His total fiscal 2008 compensation of \$581,185 increased by \$128,355 from fiscal 2007. The primary reasons were a change in the retirement terms of his stock option grants beginning in fiscal 2007, which caused compensation expense to be reduced by approximately \$100,000 in fiscal 2007, and a higher management incentive payment because of the company's income growth in fiscal 2008 when compared to fiscal 2007. He did not achieve objectives for expense control and inventory turns in fiscal 2008 and received no incentive payments for these items. Overall, he received 39% of the maximum payment available under his management incentive plan compared to 28% in fiscal 2007 and 91% in fiscal 2006. His base salary increased by 3.3%, which was in line with the Company-wide rate of increase. He received a grant of 11,800 stock options.

**Table of Contents**

**Chief Financial Officer**

Mr. Iacarella is our Chief Financial Officer. His total compensation of \$305,533 increased by 6.8% in fiscal 2008 due primarily to higher incentive plan payments. His objectives were similar to Mr. Moquist's. Overall, he received 38% of the maximum payment available under his management incentive plan compared to 29% in fiscal 2007 and 83% in fiscal 2006. His base salary increased by 4.4%, which was slightly higher than the Company-wide rate of increase due to an adjustment designed to maintain internal equity. He received a grant of 6,400 stock options.

**Division Management**

Mr. Bair leads Raven's Electronic Systems Division. His total compensation decreased by 18.5% in fiscal 2008. He received no incentive payment in fiscal 2008 because the division recorded lower operating results in fiscal 2008 and did not meet its other objectives under the plan. His base salary increased by 4.3% and he received 5,400 stock options.

Mr. Groninger heads the Engineered Films Division. Mr. Groninger's total compensation decreased by 12.2%. He received a 6.0% salary increase because of growth in Engineered Films in fiscal 2007 and internal equity considerations. He received no incentive payment in fiscal 2008 because the division recorded lower operating results in fiscal 2008 and did not meet its other objectives under the plan. He received a grant of 5,900 stock options.

Mr. Rykhus is Raven's Executive Vice President and Division Manager of the Flow Controls Division. His total compensation increased by 50.1% because he received the maximum available incentive in fiscal 2008 after receiving no payment under the management incentive plan in fiscal 2007. The incentive payment in fiscal 2008 resulted from outstanding performance by the Flow Controls Division. His base salary increased by 4.5% due to his increasing corporate responsibilities. His stock option grant was for 6,400 shares.

**COMPENSATION COMMITTEE REPORT**

The Personnel and Compensation Committee of the Company's Board of Directors has reviewed and discussed the Compensation Discussion and Analysis and discussed that Analysis with management. Based on its review and discussion with management, the committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K and the Company's 2008 proxy statement.

Submitted by the Personnel and Compensation Committee of the Company's Board of Directors:

David A. Christensen    Mark E. Griffin    Conrad J. Hoigaard

**Table of Contents****SUMMARY COMPENSATION TABLE**

Name and Principal Position	Fiscal Year	Salary (\$)	Option Awards (\$) (1)	Non-equity Incentive Plan Compensation		Total (\$)
				(\$) (2)	All Other Compensation (\$) (3)	
Ronald M. Moquist President and Chief Executive Officer	2008	314,000	133,616	86,159	47,410	581,185
	2007	304,000	33,282	60,192	55,356	452,830
	2006	294,000	141,739	160,524	51,601	647,864
Thomas Iacarella Vice President and Chief Financial Officer	2008	177,500	63,324	40,307	24,402	305,533
	2007	170,000	55,783	29,920	30,269	285,972
	2006	162,000	44,251	67,100	27,697	301,048
David R. Bair Division Vice President Electronic Systems Division	2008	157,500	50,676		18,328	226,504
	2007	151,000	42,926	63,420	20,740	278,086
	2006	145,000	31,805	53,650	17,463	247,918
James D. Groninger Division Vice President Engineered Films Division	2008	159,000	54,324		22,643	235,967
	2007	150,000	41,083	55,650	21,999	268,732
	2006	138,000	24,545	51,060	21,771	235,376
Daniel A. Rykhus Executive Vice President Flow Controls Division	2008	174,500	60,557	104,700	22,156	361,913
	2007	167,000	51,173		22,906	241,079
	2006	159,000	37,488	47,859	23,665	268,012

(1) Option awards reflect the Black-Sholes values used for expensing options in the Company's income statement. For additional information, see Note 10 on page 41 of the Company's Annual Report to Shareholders. Options are expensed over the four-year

vesting period or the retirement provisions associated with the option, whichever is shorter.

Mr. Moquist's options granted in fiscal 2008 and 2007 are expensed over one year due to the retirement provision. His 2006 option was expensed immediately as the retirement provision associated with that option would have allowed him to keep the option regardless of his retirement date.

- (2) The following table describes the basis for payments under the annual management incentive plan.

Name	Fiscal year	Income	Expense control	Inventory turns	Productivity Improvements	Total non-equity incentive plan compensation
Ronald M. Moquist	2008	86,159			N/A	86,159
	2007	38,912	21,280		N/A	60,192
	2006	141,120	17,346	2,058	N/A	160,524
Thomas Iacarella	2008	40,307			N/A	40,307
	2007	18,020	11,900		N/A	29,920
	2006	58,320	8,100	680	N/A	67,100

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David R. Bair	2008		N/A		N/A	
	2007	63,420	N/A			63,420
	2006	49,300	N/A		4,350	53,650
James D. Groninger	2008		N/A		N/A	
	2007	55,650	N/A			55,650
	2006	46,920	N/A		4,140	51,060
Daniel A. Rykhus	2008	90,740	N/A	6,980	6,980	104,700
	2007		N/A			
	2006	47,859	N/A			47,859

15

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**Table of Contents**

(3) The following table describes key components of the All Other Compensation column in the Summary Compensation Table.

Name	Fiscal year	Retirement benefit and profit sharing plans	Life insurance premiums	Supplemental health benefits	Other fringe benefits	Tax reimbursement on taxable fringe benefits	Total all other compensation
		(a)		(b)	(c)		
Ronald M. Moquist	2008	11,801	11,515	2,223	14,785	7,086	47,410
	2007	14,611	11,515	6,643	15,362	7,225	55,356
	2006	14,990	11,515	2,369	15,475	7,252	51,601
Thomas Iacarella	2008	6,804	4,412	3,851	5,239	4,096	24,402
	2007	7,793	4,412	7,316	5,224	5,524	30,269
	2006	8,286	4,412	4,916	5,457	4,626	27,697
David R. Bair	2008	7,211	725	6,358	1,879	2,155	18,328
	2007	6,825	690	8,728	1,860	2,637	20,740
	2006	5,846	429	6,692	2,640	1,856	17,463
James D. Groninger	2008	7,017	477	9,887	1,879	3,383	22,643
	2007	6,702	443	8,681	2,688	3,485	21,999
	2006	7,180	402	8,901	2,640	2,648	21,771
Daniel A. Rykhuis	2008	5,816	356	8,890	3,210	3,884	22,156
	2007	7,126	338	8,521	3,185	3,736	22,906
	2006	7,913	308	9,301	2,639	3,504	23,665

(a) Represents 3 percent of wages eligible for the safe-harbor base contribution under the Company's 401(k) plan.

This amount is either contributed to the plan or paid as additional salary depending on IRS limitations. Also includes cash payments under the Company's Profit Plus plan which is paid equally to every employee, regardless of salary. The amounts under this plan were \$1,500 in fiscal 2006, \$700 in fiscal 2007 and \$600 in fiscal 2008.

- (b) Represents reimbursement for health and wellness expenses and reduced health care premiums under the Company's Senior Executive Officer and Senior Manager Benefit policies.
  
- (c) Includes, for Mr. Moquist, the leased value of a Company provided automobile, approximately \$9,000 per year.





**Table of Contents****GRANTS OF PLAN BASED AWARDS IN FISCAL 2008**

Name	Type of Award	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			All other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
			Threshold	Target	Maximum			
			(\$)	(\$) (1)	(\$)	(#)	(\$/Share)	(\$) (2)
Ronald M. Moquist	MIP SO	2/1/2007 11/19/2007	0	153,860	219,800	11,800	34.50	135,086
Thomas Iacarella	MIP SO	2/1/2007 11/19/2007	0	74,550	106,500	6,400	34.50	73,267
David R. Bair	MIP SO	2/1/2007 11/19/2007	0	55,125	78,750	5,400	34.50	61,819
James D. Groninger	MIP SO	2/1/2007 11/19/2007	0	55,650	79,500	5,900	34.50	67,543
Daniel A. Rykhus	MIP SO	2/1/2007 11/19/2007	0	73,290	104,700	6,400	34.50	73,267

(1) The target level indicated for each individual in the annual management incentive plan is an estimated amount, based on 70% of the maximum payout. The levels for the awards are established so that the payouts based on income objectives will be at approximately 60% of the

maximum level if budgeted levels are achieved. Achievement of other objectives would add approximately 10% to that figure. Total actual payments under this plan are outlined in note 2 of the Summary Compensation Table on page 15.

- (2) Option awards reflect the Black-Sholes value of \$11,448 used for expensing options in the Company's income statement. All awards vest in equal installments over 4 years and expire after 5 years. The option price may be paid in cash or by the delivery of shares of the Company's common stock, held by the option holder for at least six months, valued at the market price on the date of the option exercise. Option grants of less than \$100,000, as defined by the Internal Revenue Code of 1986 (2,898 shares as of 11/19/2007) were incentive stock

options and no income tax is payable by executives unless shares are sold. However, incentive stock options are alternative minimum tax (AMT) preference items, potentially subjecting the executives to AMT liability in the year of exercise. The remaining options are considered to be non-qualified. For additional information, see Note 10 on page 41 of the Company's Annual Report to Shareholders.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL 2008 YEAR-END**

Name	Option Awards <sup>(1)</sup>		Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		
Ronald M. Moquist	7,406		13.50	11/21/2008
	12,000	4,000	22.00	11/19/2009
	6,500	6,500	31.05	11/18/2010
	3,500	10,500	28.01	11/20/2011
		11,800	34.50	11/19/2012
Thomas Iacarella	13,000		13.50	11/21/2008
	6,000	2,000	22.00	11/19/2009
	3,500	3,500	31.05	11/18/2010
	1,875	5,625	28.01	11/20/2011
		6,400	34.50	11/19/2012
David R. Bair	10,000		13.50	11/21/2008
	4,725	1,575	22.00	11/19/2009
	2,850	2,850	31.05	11/18/2010
	1,500	4,500	28.01	11/20/2011
		5,400	34.50	11/19/2012
James D. Groninger	5,100	1,700	22.00	11/19/2009
	3,100	3,100	31.05	11/18/2010
	1,625	4,875	28.01	11/20/2011
		5,900	34.50	11/19/2012
Daniel A. Rykhus	11,000		13.50	11/21/2008
	5,625	1,875	22.00	11/19/2009
	3,400	3,400	31.05	11/18/2010
	1,800	5,400	28.01	11/20/2011
		6,400	34.50	11/19/2012

(1) All options vest in equal installments over 4 years and expire after 5 years.

**OPTION EXERCISES IN FISCAL 2008**

Option Awards

Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)
Ronald M. Moquist	56,594	1,263,554
Thomas Iacarella	20,000	623,409
David R. Bair	8,000	184,800
James D. Groninger	5,000	89,700
Daniel A. Rykhus	15,000	346,400

**Table of Contents**

**POTENTIAL PAYMENTS ON TERMINATION OR CHANGE IN CONTROL**

The following table shows the payments and benefits that the Named Executives would receive in connection with a variety of employment termination scenarios and upon a change in control of Raven. The information assumes that termination occurred on January 31, 2008. Raven would provide all of the payments. There are no assets set aside for these benefits. The Named Executives must comply with confidentiality and non-competition provisions of the agreements to retain benefits.

The table does not include amounts otherwise due to the executives, such as earned but unpaid salary, bonus and vacation pay. The table does include the value of unvested stock options, which would vest for all of Raven's key employees.

Termination other than for a change in control is governed by employment agreements with the executives. These agreements require 30 days written notice before termination can occur. They also have retirement provisions that, if the executive's years of employment and age added together exceed 80, allow for early retirement. Early retirement triggers post-retirement benefits under the employment agreement. Retiring executives retain health care and other insurance benefits. The retired executive will be reimbursed for health expenditures up to a percentage (10% for Mr. Moquist and Mr. Iacarella, 3.5% for others) of the executive's highest salary and bonus over the last five years of employment. Retirement benefits continue until the last to die of the executive or spouse. In the case of Mr. Moquist and Mr. Iacarella, the benefits are grossed-up for income tax purposes. Only Mr. Moquist was eligible for retirement benefits at January 31, 2008. In the event of an executive's death, the benefits available to the surviving spouse would be limited to vested retirement benefits.

Raven has Change in Control agreements with the Named Executives. A Change in Control includes (a) the acquisition by any person, entity or group of beneficial ownership of 25% or more of the then outstanding shares of Raven common stock; (b) certain changes in a majority of the members of our Board of Directors, or (c) approval by the shareholders of a reorganization, merger or consolidation (with certain exceptions), or of a liquidation, dissolution or sale of all or substantially all of Raven's assets.

For the executives to obtain benefits under the Change in Control agreements, a second triggering event must occur. This would include a termination without cause or a constructive termination (an adverse change in the officer's status or compensation). The benefits include a lump sum payment equal to the product of (A) the sum of (i) the employee's annual base salary then in effect and (ii) 60% of the maximum target or goal amount under the Management Incentive Plan for the year in which the date of termination occurs and (B) a multiple of 2.0 for Messrs. Moquist, Iacarella and Rykhus, or 1.0 for Messrs. Bair, and Groninger. The executive also vests under the applicable retirement benefits policy; provided that the benefits (A) will not become payable until the employee reaches age 65 (unless the benefits are payable at the employee's age at that time under the terms of the policy), and (B) will not be provided to the extent such benefits are provided by another employer at no cost to the employee.

**Table of Contents**

Name	Type of Separation	Salary and Incentives (\$)	Lump-sum benefits		Total Benefits (\$)	Continued Insurance Coverage (\$)	Annual Benefits (1) Maximum		Maximum Annual Benefits (\$)
			Value of Unvested Stock Options (\$)	Lump-sum Benefits (\$)			Maximum Supplemental Health Benefits (\$)	Maximum Tax Reimbursement on Benefits (\$)	
Ronald M. Moquist	Without Cause	26,167	53,215	79,382	11,502	45,452	24,474	81,428	
	For Cause		53,215	53,215					
	Retirement		53,215	53,215	11,502	45,452	24,474	81,428	
	Change in Control	891,760	53,215	944,975	11,502	45,452	24,474	81,428	
Thomas Iacarella	Without Cause	14,792		14,792					
	For Cause								
	Change in Control	482,800	27,376	510,176	10,527	22,910	12,336	45,773	
David R. Bair	Without Cause	13,125		13,125					
	For Cause								
	Change in Control	204,750	21,707	226,457	9,295	7,505		16,800	
James D. Groninger	Without Cause	13,250		13,250					
	For Cause								
	Change in Control	206,700	23,463	230,163	9,295	7,198		16,493	
Daniel A. Rykhus	Without Cause	14,542		14,542					
	For Cause								
	Change in Control	474,640	25,922	500,562	9,295	9,772		19,067	

(1) Annual benefits would begin immediately for executives who are eligible for retirement (Mr. Moquist) and at age 65 for the other executives. They would continue until the last to die of the executive or spouse.



- (2) Based on the current cost of the benefit. The program provides that the retiree will pay no more than active executives for coverage.
  
- (3) Represents the annual limit for reimbursement. Actual expenses submitted to the plan may be less.

**Table of Contents****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES**

PricewaterhouseCoopers LLP served as the Company's independent registered public accounting firm during fiscal 2008. The Company's Audit Committee has engaged PricewaterhouseCoopers LLP to perform the annual audit and three quarterly reviews in fiscal 2009. The aggregate fees billed by PricewaterhouseCoopers LLP for fiscal 2008 and 2007 are presented in the following table:

	2008	2007
Audit <sup>(1)</sup>	\$ 328,500	\$ 317,500
Audit related <sup>(2)</sup>	13,500	12,500
Tax services <sup>(3)</sup>	24,750	11,850
Other <sup>(4)</sup>	1,500	1,500
<b>Total Fees</b>	<b>\$ 368,250</b>	<b>\$ 343,350</b>

All items included in the above fee summary were subject to Audit Committee pre-approval. Such approval was obtained from the Committee or the Chair of the Committee prior to services performed and/or billing of services.

- (1) Total fees for the financial statement audit were in accordance with the respective engagement letters and include timely quarterly reviews. Billings for out-of-pocket expenses are not included.
- (2) Audit related billings include the audit of the company's 401(k) plan.
- (3) Tax services include the review of corporate income tax filings, and consultation

related to  
establishing a  
Canadian  
subsidiary as an  
acquisition  
vehicle and the  
implementation  
of Financial  
Accounting  
Standards Board  
Interpretation  
No. 48,  
*Accounting for  
Uncertainty in  
Income Taxes.*

- (4) Other billings  
include a license  
fee for access to  
the accounting  
firm's technical  
accounting  
research  
software.

**Table of Contents**

**AUDIT COMMITTEE REPORT**

The Audit Committee of the Board of Directors of Raven Industries, Inc. (the Audit Committee ) is composed of four independent directors and operates under a written charter. A copy of this charter is available on the Company s website www.ravenind.com. The Audit Committee selects the independent registered public accounting firm. The Audit Committee has the authority to determine all funding and make any expenditures it deems necessary in order to carry out its responsibilities and duties.

Management is responsible for Raven s internal controls, financial reporting process and compliance with laws and regulations and ethical business standards. The independent registered public accounting firm is responsible for performing an integrated audit of the Company s consolidated financial statements and of its internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (the PCAOB ). The Audit Committee is responsible for monitoring and overseeing these processes.

In this context, the Audit Committee met and held discussions with management and the independent registered public accounting firm. Management represented to the Audit Committee that the consolidated financial statements were fairly presented and prepared in accordance with accounting principles generally accepted in the United States of America. Management also presented its conclusion that as of January 31, 2008, internal control over financial reporting was effective. The Audit Committee reviewed and discussed the consolidated financial statements with management and the independent registered public accounting firm. The Audit Committee also discussed with the independent registered public accounting firm matters required to be discussed by Statement on Auditing Standards No. 61, as amended, *Communications with Audit Committees*, and PCAOB Auditing Standard No. 5, *An Audit of Internal Control Over Financial Reporting That is Integrated with An Audit of Financial Statements*.

PricewaterhouseCoopers LLP provided to the Audit Committee the written disclosures required by Rule 3600T of the PCAOB and Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and discussed the firm s independence. The Audit Committee also reviewed the services provided by PricewaterhouseCoopers LLP (as disclosed under the caption Independent Registered Public Accounting Firm Fees ) when considering their independence.

Based upon the Audit Committee s discussion with management and the independent registered public accounting firm and the representations of management and the report of the independent registered public accounting firm, the Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company s Annual Report on Form 10-K for the year ended January 31, 2008, filed with the Securities and Exchange Commission.

Submitted by the Audit Committee of the Company s Board of Directors:

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

**Table of Contents**

**OTHER MATTERS**

**Compliance with Section 16(a) of the Securities Exchange Act of 1934.** Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than ten percent of the Company's Common Stock, to file reports of ownership and changes in ownership with the SEC and Nasdaq. Officers, directors and greater than ten percent shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file. Based solely on review of the copies of such forms furnished to the Company, the Company believes that during the year ended January 31, 2008, all officers, directors and ten-percent shareholders complied with the filing requirements of Section 16(a).

**Solicitation.** The Company will bear the cost of preparing, assembling and mailing the proxy, Proxy Statement, Annual Report and other material which may be sent to the shareholders in connection with this solicitation. Brokerage houses and other custodians, nominees and fiduciaries may be requested to forward soliciting material to the beneficial owners of stock, in which case they will be reimbursed by the Company for their expenses. Proxies are being solicited primarily by mail, but, in addition, officers and regular employees of the Company, without extra compensation, may solicit proxies in person, by telephone or other means of communication.

**Proposals of Shareholders.** Pursuant to Rule 14a-8 under the Securities and Exchange Act of 1934, as amended, any shareholder who desires to submit a proposal for action by the shareholders at the Company's 2009 annual meeting must submit such proposal in writing to Ronald M. Moquist, President and CEO, Raven Industries, Inc., P.O. Box 5107, Sioux Falls, South Dakota 57117-5107, by December 12, 2008. Shareholder proposals received after December 12, 2008, will not be included in the Company's proxy statement relating to the 2009 annual meeting. Additionally, if Raven receives notice of a shareholder proposal after February 26, 2009, such proposal will be considered untimely under Rules 14a-4 and 14a-5(e), and the persons named in the proxies solicited by the Board of Directors for the Company's 2009 Annual Meeting may exercise discretionary voting power with respect to such proposal. Due to the complexity of respective rights of the shareholders and the Company in this area, any shareholder desiring to propose such an action is advised to consult with his or her legal counsel with respect to such rights. It is suggested that any such proposal be submitted by certified mail, return receipt requested.

The Board of Directors does not intend to present at the Meeting any other matter not referred to above and does not presently know of any matter that may be presented at the Meeting by others. However, if other matters properly come before the Meeting, it is the intention of the persons named in the enclosed proxies to vote the proxy in accordance with their best judgment.

By Order of the Board of Directors  
Raven Industries, Inc.  
Thomas Iacarella  
*Secretary*

**Table of Contents**

**RAVEN INDUSTRIES, INC.  
ANNUAL MEETING OF SHAREHOLDERS  
Wednesday, May 21, 2008  
9:00 a.m.  
Ramkota Hotel and Conference Center  
3200 W. Maple Avenue  
Sioux Falls, SD**

**Raven Industries, Inc.  
Box 5107, Sioux Falls, SD 57117-5107**

**proxy**

**This proxy is solicited on behalf of the Board of Directors.**

The shares of stock you hold in your account or in a dividend reinvestment account will be voted as you specify on the reverse side of this form.

**If no choice is specified, the proxy will be voted FOR Items 1 and 2.**

By signing the proxy, you hereby appoint Conrad J. Hoigaard and Ronald M. Moquist, or either of them, each with the power to appoint his substitute, to represent and to vote all the shares of common stock of RAVEN INDUSTRIES, INC. held by you on April 9, 2008, at the ANNUAL MEETING OF SHAREHOLDERS to be held on May 21, 2008, and at any adjournments thereof.

NOTE: The proxies named above may choose to exercise cumulative voting in the manner described in the accompanying Proxy Statement.

*See reverse for voting instructions.*

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**Table of Contents**

**COMPANY #**

**There are three ways to vote your Proxy**

**Your telephone or Internet vote authorizes the Named Proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.**

**VOTE BY PHONE TOLL FREE 1-800-560-1965 QUICK ««« EASY ««« IMMEDIATE**

Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. (CT) on May 20, 2008.

Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions the voice provides you.

**VOTE BY INTERNET <http://www.eproxy.com/ravn/> QUICK ««« EASY ««« IMMEDIATE**

Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. (CT) on May 20, 2008.

Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions to obtain your records and create an electronic ballot.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we've provided or return it to **Raven Industries, Inc.**, c/o Shareowner Services<sup>SM</sup>, P.O. Box 64873, St. Paul, MN 55164-0873.

**If you vote by Phone or Internet, please do not mail your Proxy Card**

*ò Please detach here ò*

**The Board of Directors Recommends a Vote FOR Items 1 and 2.**

- |                           |                         |                        |   |                                   |
|---------------------------|-------------------------|------------------------|---|-----------------------------------|
| 1. Election of directors: | 01 Anthony W. Bour      | 06 Kevin T. Kirby      | o Vote FOR all nominees (Except as indicated below) | o Vote WITHHELD from all nominees |
|                           | 02 David A. Christensen | 07 Cynthia H. Milligan |   |                                   |
|                           | 03 Thomas S. Everist    | 08 Ronald M. Moquist   |   |                                   |
|                           | 04 Mark E. Griffin      | 09 Daniel A. Rykhus    |   |                                   |
|                           | 05 Conrad J. Hoigaard   |                        |   |                                   |

**(Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.)**

- |  |                           |                               |                               |
|--|---------------------------|-------------------------------|-------------------------------|
| 2. Proposal to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public | <input type="radio"/> For | <input type="radio"/> Against | <input type="radio"/> Abstain |
|--|---------------------------|-------------------------------|-------------------------------|

accounting firm for the Company's current fiscal year.

3. Upon such other business as may properly come before the meeting.

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR EACH PROPOSAL.**

Address Change? Mark Box  Indicate changes below:

Date

Signature(s) in Box

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons must sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the proxy.