RAVEN INDUSTRIES INC
Form DEF 14A
April 08, 2019

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 þ Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
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Raven Industries, Inc.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(3) Filing Party:

(4) Date Filed:

Raven Industries, Inc.
205 E. 6th Street, P.O. Box 5107
Sioux Falls, South Dakota 57117-5107
Telephone 605-336-2750

April 8, 2019

Dear Shareholder:

You are cordially invited to join us for our Annual Meeting of Shareholders to be held on Tuesday, May 21, 2019, at 9:00 a.m. CDT at Raven Industries Corporate Headquarters, 205 E. 6th Street, Sioux Falls, South Dakota 57104.

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 helps to lower overall proxy costs and eliminates phone calls. 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,

Daniel A. Rykhus
President and Chief Executive Officer

RAVEN INDUSTRIES, INC.
205 E. 6th Street, P.O. Box 5107
Sioux Falls, South Dakota 57117-5107

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
MAY 21, 2019

Time and Date	9:00 a.m. CDT on Tuesday, May 21, 2019
Place	Raven Industries Corporate Headquarters 205 E. 6th Street Sioux Falls, South Dakota 57104
Items of Business	(1) Elect nine directors. (2) A non-binding advisory vote to approve the compensation for executive officers disclosed in this Proxy Statement. (3) Ratify the appointment of the Independent Registered Public Accounting Firm for fiscal year 2020. (4) Approve the Raven Industries, Inc. 2019 Equity Incentive Plan. (5) 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 of record at the close of business on March 27, 2019.
Annual Meeting	If you are a shareholder, please come to the Annual Meeting and present proof of ownership of Company stock at the registration table, such as your last broker or EQ Shareowner Services (formerly Wells Fargo Shareowner Services) statement. The Annual Meeting is open to shareholders and 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 8, 2019.

By Order of the Board of Directors,

Lee A. Magnuson
Corporate Secretary

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held May 21, 2019.
The Proxy Statement and the Annual Report are available at: http://investors.ravenind.com/financial-information

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PROXY STATEMENT
of
RAVEN INDUSTRIES, INC.
205 E. 6th Street, P.O. Box 5107
Sioux Falls, South Dakota 57117-5107

Annual Meeting of Shareholders to be held
May 21, 2019

GENERAL

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of Raven Industries, Inc. (the "Company" or "Raven") to be used at the Annual Meeting (the "Meeting" or "Annual Meeting") of Shareholders of the Company, which is to be held on Tuesday, May 21, 2019, at 9:00 a.m. CDT at Raven Industries Corporate Headquarters, 205 E. 6th Street, Sioux Falls, South Dakota. The approximate date on which this Proxy Statement and accompanying proxy were first sent or given to shareholders was April 8, 2019. 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 at the 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 March 27, 2019, (the “Record Date”) will be entitled to vote at the Meeting or any adjournments thereof.

When used in this Proxy Statement, the terms "Raven," "we," "our," "us" and the "Company" refer to Raven Industries, Inc. In addition, the term "fiscal year" refers to our fiscal year, which is based on a twelve-month period ending January 31 of each year (e.g., fiscal year 2019 refers to the twelve-month period ended January 31, 2019).

VOTING SECURITIES AND PROXIES

The Company has one class of voting securities outstanding, Common Stock $1.00 par value, of which 35,937,358 shares were outstanding as of the close of business on the Record Date. In order to constitute a quorum to conduct business at the Meeting, shareholders representing a majority of the shares of Common Stock outstanding and entitled to vote must be present in person or represented by proxy.

You are entitled to one vote for each share of Common Stock that you hold, except for the election of directors of Raven. With respect to 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 designated as proxies in the proxy card will vote such proxy "FOR" each nominee, if so directed, and, if necessary, will exercise 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 equal to 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 the 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. Notwithstanding the foregoing, if a director is elected by less than a majority of the votes cast “FOR” or “AGAINST” the election of the director in an uncontested election, the director shall promptly offer to tender his or her resignation to the Board (commonly referred to as a “plurality-plus” standard). The Board, upon recommendation of the Governance Committee, shall determine whether to accept or reject the offer to resign and publicly disclose its decision and rationale within 90 days after the date of the election. The director who offers to tender his or her resignation shall not participate in the decision.

With respect to the other proposals, an affirmative vote of a majority of the shares of Common Stock represented at the Meeting, either in person or by proxy, assuming a quorum is present, is required to approve the proposals, except for Proposal

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No. 2 (the Advisory Vote to Approve Executive Compensation), which will be deemed approved if the number of shares voted "FOR" exceeds the number of shares voted "AGAINST".

If an executed proxy is returned and the shareholder has abstained from voting on any matter, the shares represented by such proxy will be considered present at the Meeting for purposes of determining a quorum and for purposes of calculating the vote, but they will not be considered to have been voted in favor of such matter, and abstentions will have no effect on the election of Directors or the vote on Proposal No. 2. If an executed proxy is returned by a broker holding shares in “street name,” and it indicates that the broker does not have discretionary authority to vote certain shares on one or more matters, such shares will be considered present at the Meeting for purposes of determining a quorum but will not be considered to be represented at the Meeting for purposes of calculating the vote with respect to such matter on which a vote is taken.

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) each of the Directors, (ii) each of the Named Executives of the Company, as defined later, (iii) any person known by the Company to be the owner, of record or beneficially, of more than 5% of the Common Stock, and (iv) all current executive officers and directors as a group.

Name of Beneficial Owner	Director Non-voting Stock Units Vested	Shares Beneficially Owned		Percent of class
NON-EMPLOYEE DIRECTORS				
Jason M. Andringa	22,844	9,170	(1)	*
David L. Chicoine	5,153	—	(1)	*
Thomas S. Everist	24,722	30,869	(1)	*
Janet M. Holloway	1,494	—	(1)	*
Kevin T. Kirby	23,044	13,207	(1)	*
Marc E. LeBaron	24,665	24,373	(1, 2)	*
Lois M. Martin	1,494	—	(1)	*
Richard W. Parod	1,810	3,200	(1)	*
NAMED EXECUTIVES				
Steven E. Brazones		49,525	(3)	*
Brian E. Meyer		59,190	(4)	*
Daniel A. Rykhus		287,784	(5, 6)	*
Anthony D. Schmidt		67,627	(7)	*

Scott W. Wickersham	19,432	(8)	*
OWNERS OF MORE THAN 5% OF THE COMMON STOCK			
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	5,141,161	(9)	14.3
The Vanguard Group, Inc. 100 Vanguard Blvd Malvern, PA 19355	3,643,386	(10)	10.1
All executive officers and directors as a group (15 persons)	567,125	(1,11)	1.6

* Less than 1%

(1) Does not include non-voting vested stock units held by the non-employee directors under the Deferred Compensation Plan for Directors.

(2) Includes 19,662 shares held indirectly by spouse, as to which he disclaims beneficial ownership.

(3) Includes 33,520 shares that may be purchased within 60 days by exercise of outstanding options.

(4) Includes 24,253 shares that may be purchased within 60 days by exercise of outstanding options.

(5) Includes 96,915 shares that may be purchased within 60 days by exercise of outstanding options.

(6) Mr. Rykhus is both a Named Executive and a Director.

(7) Includes 24,253 shares that may be purchased within 60 days by exercise of outstanding options.

(8) Includes 11,410 shares that may be purchased within 60 days by exercise of outstanding options.

(9) Data based on Schedule 13G/A filed by the shareholder with the SEC on January 31, 2019. Based on such information, BlackRock, Inc. has sole voting power with respect to 5,064,224 shares and sole dispositive power with respect to 5,141,161 shares.

(10) Data based on Schedule 13G/A filed by the shareholder with the SEC on February 12, 2019. Based on such information, The Vanguard Group, Inc. has sole voting power with respect to 73,644 shares, shared voting power with respect to 8,308 shares, sole dispositive power with respect to 3,564,534 shares, and shared dispositive power with respect to 78,852 shares.

(11) Includes 191,133 shares that may be purchased by all current executive officers within 60 days by exercise of outstanding options.

PROPOSAL NO. 1 -- ELECTION OF DIRECTORS

Director Nominees and Qualifications

Nine directors are to be elected at the Meeting, with each director to serve until the next annual meeting of shareholders. All of the nominees listed below are now serving as directors and all of the nominees have agreed to serve. Ms. Holloway and Ms. Martin are standing for election by the shareholders for the first time at the Meeting and were appointed to the Board on July 11, 2018.

Ms. Holloway was identified as a potential candidate for the Board by a director placement firm. Ms. Martin was identified as a potential candidate for the Board by a former Board member.

The following paragraphs provide information as of the date of this Proxy Statement about each nominee. The information presented includes information each director has given us about his or her age (as of April 8th 2019), all positions held within the Company, principal occupation and business experience for the past five years, the names of other publicly held companies of which he or she currently serves as a director or has served as a director during the past five years, and whether each director is independent. Independence has been determined by the Board according to Nasdaq Stock Market ("NASDAQ") listing standards.

As described later under "Corporate Governance - Nominations to the Board of Directors," in considering nominations to the Board of Directors, the Governance Committee of the Board considers such qualities as the individual's experience, character, integrity, and other factors. As a whole, the Board believes the current Board is composed of directors who bring diverse experiences and backgrounds relevant to the Company's business; who form a balanced core of business executives with varied expertise; who have substantial experience outside the business community; and who will represent the balanced, best interests of the shareholders as a whole. We also believe that all of our director nominees have a reputation for integrity, honesty, and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to our Company and our Board. Each nominee's description below includes information regarding such nominee's specific experience, qualifications, attributes, and skills that led our Board to the conclusion that he or she should serve as a director.

Name of Nominee (Age) Director Since Director Independence	Principal Occupation, Business Experience and Directorships in Public Companies in Past Five Years, and Qualifications to Serve as a Director of Raven
Jason M. Andringa (43) 2013 Independent Director	Mr. Andringa is President and Chief Executive Officer of Vermeer Corporation, a world leading manufacturer of equipment for the construction, agriculture, surface mining, forestry, and landscaping industries in Pella, IA, a position he has held since November 2015. Prior to becoming President and Chief Executive Officer, Mr. Andringa held a variety of positions within Vermeer Corporation, including Chief Operating Officer, President of Forage & Environmental Solutions, and Vice President for Dealer Distribution and Global Accounts and was based in the Netherlands while serving as Managing Director for Europe, the Middle East, and Africa. Prior to joining Vermeer in 2005, Mr. Andringa was a staff engineer for four years at NASA's Jet Propulsion Laboratory where he applied his Master of Science in Aeronautics and Astronautics from MIT. He currently serves on several professional, industry, and philanthropic boards, including Camcraft, Inc., National Association of Manufacturers (NAM), Association of Equipment Manufacturers (AEM) and The Nature Conservancy

of Iowa, and Central College.

We believe Mr. Andringa is qualified to serve on the Board because of his leadership experience from serving as President and CEO of Vermeer Corporation. He provides valuable insight on manufacturing and operations and has substantial experience in both domestic and international markets. Additionally, his management of financial personnel and audit procedures and his strong understanding of accounting principles, internal controls and audit committee functions, make him an audit committee financial expert.

Name of Nominee (Age) Director Since Director Independence	Principal Occupation, Business Experience and Directorships in Public Companies in Past Five Years, and Qualifications to Serve as a Director of Raven
David L. Chicoine (71) 2017 Independent Director	Dr. Chicoine, Ph.D., served as the 19th President of South Dakota State University, a land-grant institution and the state's largest university, from 2007 to 2016 and became president emeritus and professor emeritus in July 2017. He served as Interim Dean of the University of Wyoming's College of Business (Laramie, Wyoming) during the 2017-2018 academic year. Previously, Dr. Chicoine was professor of agricultural economics at the University of Illinois at Urbana-Champaign and held various positions of increasing administrative responsibility with the University of Illinois, including department head, dean and vice president for technology and economic development. From 2009 to 2018, he served as an independent director on the Monsanto Company (acquired by Bayer in 2018) board, where he was a member of the Science and Technology Committee and the Sustainability and Corporate Responsibility Committee. He also is currently a director on the board of First Bank and Trust, Brookings, SD and the Board of ENTERPRISE 605, INC, Sioux Falls, SD and is on the board of managers of South Dakota Innovation Partners (SDIP), LLC, Brookings/Sioux Falls, SD. We believe Dr. Chicoine is qualified to serve on the Board because of his proven leadership experience in leading a respectable institution like South Dakota State University. Among other qualifications, Dr. Chicoine is a subject matter expert in finance and economics. Additionally, his service to the Monsanto Board of Directors provides him with a deep understanding of corporate governance and oversight, enriching his contributions and service to the Board.
Thomas S. Everist (70) 1996 Independent Director	Mr. Everist is President and Chief Executive Officer of The Everist Company, an investment and land development company located in Sioux Falls, SD, positions he has held since 2002. Prior to that, he was President and Chief Executive Officer of L.G. Everist, Inc. from 1987 to 2002. Both companies are involved in production of construction materials including aggregate, concrete and asphalt. Since 2006, he has been a managing member of South Maryland Creek Ranch, LLC, a land development company, and President of SMCR, Inc., an investment company. He has been a managing member of MCR Builders, LLC, which provides residential building services to South Maryland Creek Ranch, LLC, since 2014. He is a director and chairman of the board of Everist Health, Inc., a personalized medicine company that develops and commercializes unique medical technology. In addition to leading his various companies, he also serves as an independent director of MDU Resources Group, Inc., Bismarck, ND, a publicly traded energy and utility company, where he chairs the Compensation Committee. He is also a director of several non-public companies, including Showplace Wood Products and Bell, Inc. We believe Mr. Everist is qualified to serve on the Board because he is a well-respected professional and community leader within the Company's home state of South Dakota and is able to provide local perspective on issues facing the Company. Additionally, Mr. Everist has a strong understanding of production and logistical operations and brings demonstrated success in business and leadership skills, serving as president and chairman of his companies.
Janet M. Holloway (65)	Ms. Holloway is former Senior Vice President, Chief of Staff and Community Relations for The Monsanto Company (acquired by Bayer in 2018), which delivers a broad range of solutions to farmers

2018 Independent Director	to help nourish our growing world. She joined Monsanto in 1984 and held a variety of positions in the information technology organization, including Chief Information Officer, and served as VP for Human Resources. Prior to Monsanto, she was a Staff Research Associate at Washington University's Center for Air Pollution Impact and Trend Analysis for six years. Ms. Holloway currently serves on the boards of Cortex Innovation Community, Nine Network of Public Media, United Way of Greater St. Louis, and is a member of Washington University School of Engineering & Applied Science National Council. We believe Ms. Holloway is qualified to serve on the Board because she is an accomplished executive who brings valuable business and organizational leadership perspective and insight to the Board from her more than 30 years of experience where she held a variety of management roles and led successful efforts to drive growth, ultimately serving as a Vice President of Monsanto.

Name of Nominee (Age) Director Since Director Independence	Principal Occupation, Business Experience and Directorships in Public Companies in Past Five Years, and Qualifications to Serve as a Director of Raven
Kevin T. Kirby (64) 2007 Independent Director	Mr. Kirby has served as Chief Executive Officer and a director of Face It TOGETHER, a non-profit organization, since he co-founded it in 2008. Prior to that, he was the Executive Vice President and Treasurer of Western Surety Company, a large regional insurance company, from 1979 to 1992. He was elected a director of the Company in 1989 and resigned his position in 2001. From 1993 to 2001, he chaired the Raven Audit Committee. He was asked to rejoin the Board in 2007. We believe Mr. Kirby is qualified to serve on the Board because he brings over 36 years of expertise in corporate finance and investment management, as well as an insurance background, and provides a valuable risk management perspective. In his position as Executive Vice President, he developed an understanding of accounting principles, internal controls and audit committee functions. As a result he is considered an audit committee financial expert.
Marc E. LeBaron (64) 2011 Independent Director	Mr. LeBaron was named Chairman of Raven's Board in May 2017. He has served as Chairman and Chief Executive Officer of Lincoln Industries in Lincoln, NE since 2001. Lincoln Industries is a supplier of products requiring high performance metal finishing. Mr. LeBaron served on the board of directors from 2005 to 2015 of Ballantyne Strong, Inc., a publicly traded technology company. He has also served as a director of Assurity Security Group, Inc., Lincoln, NE since June 4, 2009, and is currently serving as the board's Lead Director. We believe Mr. LeBaron is qualified to serve on the board because of his extensive leadership experience as Chief Executive Officer and Chairman of Lincoln Industries. His organizational leadership experience, ability to identify and implement business strategy and knowledge of corporate governance give him the operational expertise and breadth of knowledge that qualify him to serve as director.
Lois M. Martin (56) 2018 Independent Director	Ms. Martin joined M.A. Mortenson Company, a global design, development, construction and operations company, in 2017 as Chief Financial Officer. She is responsible for Mortenson's global finance, accounting, treasury, planning, and information technology functions, and serves on the company's investment, risk management, properties, compliance and development committees. Prior to joining Mortenson, Ms. Martin was the Chief Financial Officer of Ceridian Corporation, a leading human capital management cloud-based software developer and provider, from 2012 to 2016. Before her role at Ceridian, Ms. Martin held chief financial officer roles at Capella Education Company and Deluxe Corporation. In these organizations, she led and oversaw significant strategic transformations, growth and scaling of infrastructures, capital restructurings, and IPOs, along with mergers, acquisitions and divestitures. Ms. Martin, a graduate of Augustana University (Sioux Falls, SD), has served on the boards of various for-profit and not-for-profit organizations over her career. She is currently serving on the board of directors of Donnelley Financial Services (NYSE: DFIN) and Augustana University. We believe Ms. Martin is qualified to serve on the Board because her background in accounting and finance, along with her strategic business and corporate governance experience makes her a strong fit for the Raven board and she is considered an audit committee financial expert.

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Name of Nominee (Age) Director Since Director Independence	Principal Occupation, Business Experience and Directorships in Public Companies in Past Five Years, and Qualifications to Serve as a Director of Raven
Richard W. Parod (65) 2017 Independent Director	Mr. Parod served as President and Chief Executive Officer of Lindsay Corporation, a publicly traded company that manufactures and distributes agricultural equipment, from 2000 until his retirement in 2017. He also served as a director of Lindsay Corporation from April 2000 until his retirement. During his time with Lindsay Corporation, Mr. Parod established an international footprint, executing strategic acquisitions and leading the development of several new products and technologies. Prior to joining Lindsay Corporation, Mr. Parod served as the Vice President and General Manager of Toro Irrigation, a division of The Toro Company, from 1997 to March 2000. From 1993 to 1997, he was an executive officer of James Hardie Irrigation, serving as President of that company from 1994 to 1997. Currently, he serves as an independent director of Alamo Group, Inc., a publicly-traded infrastructure and agriculture equipment company, where he serves on the Audit and Compensation Committees. We believe Mr. Parod is qualified to serve on the Board because he brings a significant amount of leadership experience as a former President and Chief Executive Officer of a publicly traded company. He also has a deep understanding of issues related to mergers and acquisitions, international expansion, and growth and development of an organization. Having served on the boards of other publicly traded companies, he brings a wealth of knowledge on corporate governance and shareholder issues to the Board. As a result, he has an understanding of accounting principles, internal controls and audit committee functions and is considered an audit committee financial expert.
Daniel A. Rykhus (54) 2008 Not Independent	Mr. Rykhus was named President and Chief Executive Officer of Raven in 2010. Prior to that, he served as Executive Vice President of the Company since 2004. He was the General Manager of the Applied Technology division from 1998 through 2009, growing the division's sales from $15 million to over $100 million. He joined the Company in 1990 as Director of World Class Manufacturing. Mr. Rykhus is an independent director of Great Western Bank, a publicly traded financial services company, where he serves on the Executive Committee, Governance and Nominating Committee, and chairs the Compensation Committee. He also serves on the boards of many non-profit organizations in Sioux Falls, SD. The Board believes that Mr. Rykhus is an appropriate representative of management on the Board given his position as a senior executive officer and his long tenure with the Company, having over 28 years of experience with the Company. In addition, Mr. Rykhus brings a wealth of industry experience to the Board.

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 IN PROPOSAL NO. 1.

PROPOSAL NO. 2 -- ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

The Company's executive compensation program is designed to align the interests of the executive team with those of Raven's shareholders. The "Compensation Discussion and Analysis" that begins on page 22 explains our compensation programs in more detail. In summary, the Board of Directors recommends that the shareholders approve our executive compensation for the following reasons, among others:

Our executive compensation program uses salary and benefits, a short-term incentive plan and a long-term incentive plan to achieve our goals, with a focus on tying compensation to corporate performance, while remaining competitive to retain and attract a highly qualified management team.

Over the past several years, we have worked with independent compensation consultants, on a periodic basis, to evaluate our compensation relative to our peers and to modify our long-term incentive compensation program ("LTIP") to incorporate restricted stock units ("RSUs") that are performance-based, tying compensation more closely to corporate performance, and the long-term creation of shareholder value.

At the Annual Meeting, the shareholders will be given the opportunity to vote, on an advisory basis, to approve the compensation of the Named Executives of the Company, as described in "Compensation Discussion and Analysis," and the tabular and narrative disclosure regarding executive compensation contained in this Proxy Statement in accordance with the compensation disclosure rules of the SEC.

Because the vote is advisory, it will not be binding upon the Board. However, the Personnel and Compensation Committee (the “Compensation Committee”) may take into account the outcome of the vote when considering future executive compensation arrangements.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR PROPOSAL NO. 2.

PROPOSAL NO. 3 -- RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected Deloitte & Touche LLP ("Deloitte") to serve as the Company's independent registered public accounting firm for the fiscal year ending January 31, 2020. While it is not required to do so, our Board is submitting the selection of Deloitte 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 Deloitte are not required or expected to be at the Annual Meeting.

Recent Change in Auditor in Fiscal 2018

As reported on the Company's report on Form 8-K filed on April 6, 2017 (the "Change in Auditor 8-K"), effective March 31, 2017, the Audit Committee dismissed Pricewaterhouse Coopers LLP ("PwC") as the Company's independent registered public accounting firm and appointed Deloitte to serve in this role for the fiscal year ended January 31, 2018.

PwC's reports on the consolidated financial statements of the Company for the fiscal years ended January 31, 2017, and January 31, 2016, did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principle.

During the fiscal years ended January 31, 2017, and January 31, 2016, and the subsequent interim period through March 31, 2017, there were no "disagreements" (as defined in Item 304(a)(1)(iv) of Regulation S-K and related instructions) with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PwC, would have caused PwC to make reference to the subject matter of the disagreements in connection with its reports on the Company's consolidated financial statements for such fiscal years.

During the fiscal years ended January 31, 2017, and January 31, 2016, and the subsequent interim period through March 31, 2017, there were no "reportable events" (as defined in Item 304(a)(1)(v) of Regulation S-K), other than the identification of material weaknesses in the Company's internal control over financial reporting as described in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2017 (the "2017 10-K") and Annual Report on Form 10-K/A for the fiscal year ended January 31, 2016 (the "2016 10-K/A"). As more fully disclosed in the 2017 10-K and 2016 10-K/A, the Company's management concluded that the Company's internal control over financial reporting was not effective as of the fiscal years ended January 31, 2017 and January 31, 2016 due to material weaknesses in the Company's internal control over financial reporting. Management identified material weaknesses in internal control over financial reporting existed as of those dates related to (i) the response to the risks of material misstatement, (ii) the accounting for goodwill and long-lived assets, including finite-lived intangible assets, (iii) the accounting for income taxes, (iv) the controls over the existence of inventories subject to the cycle count program and held at third party locations, and (v) the completeness and accuracy of spreadsheets and system-generated reports used in internal control over financial reporting.

The Audit Committee discussed these material weaknesses with PwC, and the Company authorized PwC to respond fully to the inquiries of the successor independent registered public accounting firm concerning the reportable events. The Company provided PwC with a copy of the Change in Auditor 8-K and requested that PwC furnish the Company with a copy of PwC's letter addressed to the SEC stating whether PwC agrees with the statements made by the Company in the Change in Auditor 8-K. The Company received the requested letter from PwC and a copy of PwC's letter was attached as Exhibit 16.1 to the Change in Auditor 8-K. During the fiscal years ended January 31, 2017, and January 31, 2016, and the subsequent interim period prior to engaging Deloitte, neither the Company, nor anyone on its behalf, consulted with Deloitte with respect to: (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might have been rendered on the Company’s consolidated and combined financial statements, and no written report or oral advice was provided that Deloitte concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a “disagreement” (as defined in Item 304(a)(1)(iv) of Regulation S-K and related instructions) or a “reportable event” (as defined in Item 304(a)(1)(v) of Regulation S-K).

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR PROPOSAL NO. 3.

PROPOSAL NO. 4 -- APPROVAL OF THE RAVEN INDUSTRIES, INC. 2019 EQUITY INCENTIVE PLAN

On March 7, 2019, the Board of Directors, at the recommendation of the Compensation Committee, approved the Raven Industries, Inc. 2019 Equity Incentive Plan (the "2019 Plan"), subject to approval by our shareholders at the Annual Meeting. The 2019 Plan will become effective on the date it is approved by our shareholders, and will replace the Company's existing Amended and Restated 2010 Stock Incentive Plan (the "2010 Plan"), which is the only plan under which equity awards are currently being granted and which plan will expire on March 20, 2020.

After the 2019 Plan becomes effective upon approval by our shareholders, no new awards will be made under the 2010 Plan. The number of shares of our common stock that may be the subject of awards and issued under the 2019 Plan is 1,300,000. Awards outstanding under the 2010 Plan as of the date the 2019 Plan becomes effective will continue to be subject to the terms of the 2010 Plan, but if those awards subsequently expire, are forfeited or cancelled or are settled in cash, the shares subject to those awards will become available for awards under the 2019 Plan.

As of January 31, 2019, a total of 698,455 shares were subject to outstanding awards under the 2010 Plan, of which 368,130 shares were subject to outstanding stock options with a weighted average exercise price of $23.06 per share and a weighted average remaining contractual term of 2.41 years, 166,025 shares were subject to time-based restricted stock awards and 164,300 shares were subject to performance-based restricted stock units. As of the same date, 1,030,973 shares were available for future awards under the 2010 Plan.

Shareholder Approval and Board of Directors Recommendation

Shareholder approval of the 2019 Plan is being requested in order to (i) satisfy the shareholder approval requirements of the NASDAQ and (ii) obtain shareholder approval of the number of shares that may be subject to incentive stock options under Internal Revenue Code ("Code") Section 422.

The Board of Directors recommends that our shareholders vote FOR the 2019 Plan because it includes a number of features that we believe are consistent with the interests of our shareholders and sound corporate governance practices, and will provide us with a share reserve that will enable us to continue to provide a competitive mix of compensation to our key employees. Unless a contrary choice is specified, proxies solicited by the board of directors will be voted FOR approval of the 2019 Plan. If the 2019 Plan is not approved by our shareholders, the 2010 Plan in its current form will remain in effect and will remain subject to its existing share reserve.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR PROPOSAL NO. 4.

Factors Considered in Setting Size of Requested Share Reserve

In setting the proposed number of shares reserved and issuable under the 2019 Plan, we considered a number of factors, including the following:

The Company's three-year average burn rate. Our three-year average "burn rate" was .70% for fiscal years 2017 through 2019. We define burn rate as the total number of shares subject to awards granted to participants in a single year expressed as a percent of our basic weighted average common shares outstanding for that year.

Expectations regarding future share usage under the 2019 Plan are naturally based on a number of assumptions regarding factors such as future growth in the population of eligible participants, the rate of future compensation increases, the rate at which shares are returned to the 2019 Plan reserve through forfeitures, cancellations and the like, the level at which performance-based awards pay out, and our future stock price performance. While the Compensation Committee believes that the assumptions utilized are reasonable, future share usage will differ from current expectations to the extent that actual events differ from the assumptions utilized.

Key Compensation Practices

The 2019 Plan includes a number of features that we believe are consistent with the interests of our shareholders and sound corporate governance practices, including the following:

No repricing of underwater options or stock appreciation rights without shareholder approval. The 2019 Plan prohibits, without shareholder approval, actions to reprice, replace, or repurchase options or stock appreciation rights (“SARs”) when the exercise price per share of an option or SAR exceeds the fair market value of the underlying shares.

No discounted option or SAR grants. The 2019 Plan requires that the exercise price of options or SARs be at least equal to the fair market value of our common stock on the date of grant (except in the limited case of “substitute awards” as described below).

No liberal share recycling. We may not add back to the 2019 Plan’s share reserve shares that are delivered or withheld to pay the exercise price of an option award or to satisfy a tax withholding obligation in connection with any awards, shares that we repurchase using option exercise proceeds and shares subject to a SAR award that are not issued in connection with the stock settlement of that award upon its exercise.

No liberal definition of “change in control.” No change in control would be triggered by shareholder approval of a business combination transaction, the announcement or commencement of a tender offer or any board assessment that a change in control may be imminent.

Limits on dividends and dividend equivalents. The 2019 Plan prohibits the payment of dividend equivalents on stock options and SARs, and requires that any dividends and dividend equivalents payable or credited on unvested full value awards must be subject to the same restrictions and risk of forfeiture as the underlying shares or share equivalents.

Description of the 2019 Plan

The major features of the 2019 Plan are summarized below. The summary is qualified in its entirety by reference to the full text of the 2019 Plan, which is attached to this proxy statement as Appendix A.

Eligible Participants. Employees, consultants and advisors of the Company or any subsidiary, as well as non-employee directors of the Company, will be eligible to receive awards under the 2019 Plan. As of January 31, 2019, there were 1,304 employees, eight non-employee directors of the Company and an indeterminate number of consultants and advisors who would be eligible to receive awards under the 2019 Plan.

Administration. The 2019 Plan will be administered by the Compensation Committee. To the extent consistent with applicable law, the Compensation Committee may delegate its duties, power and authority under the 2019 Plan to any one or more of its members, or, with respect to awards to participants who are not themselves our directors or executive officers, to one or more of our other directors or executive officers or to a committee of the board comprised of one or more non-employee directors. The Compensation Committee may also delegate non discretionary administrative duties to other persons, agents or advisors.

The Compensation Committee has the authority to determine the persons to whom awards will be granted, the timing, type and number of shares covered by each award, and the terms and conditions of the awards. The Compensation Committee may also establish and modify rules to administer the 2019 Plan, adopt sub-plans applicable to certain awards, interpret the 2019 Plan and any related award agreement, cancel or suspend an award, accelerate the vesting of an award and otherwise modify or amend the terms of outstanding awards to the extent permitted under the 2019 Plan, and require or permit the deferral of the settlement of an award. Unless an amendment to the terms of an award is necessary to comply with applicable laws or stock exchange rules, a participant who would be adversely affected by such an amendment must consent to it.

Except in connection with equity restructurings and other situations in which share adjustments are specifically authorized, the 2019 Plan prohibits the Compensation Committee from repricing any outstanding “underwater” option or SAR awards without the prior approval of our shareholders. For these purposes, a “repricing” includes amending the terms of an underwater option or SAR award to lower the exercise price, canceling an underwater option or SAR award in conjunction with granting a replacement option or SAR award with a lower exercise price, canceling an underwater option or SAR award in exchange for cash, other property or grant of a new full value award, or otherwise making an underwater option or SAR award subject to any action that would be treated under accounting rules as a “repricing.”

Available Shares and Limitations on Awards. A maximum of 1,300,000 shares of our common stock may be the subject of awards and issued under the 2019 Plan. The shares of common stock issuable under the 2019 Plan are authorized but unissued shares. The share limitations under the 2019 Plan are subject to adjustment for changes in our corporate structure or shares, as described below.

Any shares of common stock subject to an award under the 2019 Plan, or to an award under the 2010 Plan that is outstanding on the date our shareholders approve the 2019 Plan, that expires, is cancelled or forfeited, or is settled or paid in cash will, to the extent of such expiration, cancellation, forfeiture or cash settlement, automatically replenish the 2019 Plan share reserve and become available for future awards. Any shares tendered or withheld to pay the exercise price or satisfy a tax withholding obligation in connection with any award, any shares repurchased by the Company using option exercise proceeds and any shares subject to a SAR award that are not issued in connection with the stock settlement of the SAR award on its exercise may not be used again for new grants.

Awards that may be settled solely in cash will not reduce the share reserve and will not reduce the shares authorized for grant to a participant in any calendar year. Awards granted or shares of our common stock issued under the 2019 Plan upon the assumption of, or in substitution or exchange for, outstanding equity awards previously granted by an entity acquired by us or any of our subsidiaries (referred to as "substitute awards") will not reduce the share reserve under the 2019 Plan. Additionally, if a company acquired by us or any of our subsidiaries has shares available under a pre existing plan approved by its shareholders and not adopted in contemplation of such acquisition, the shares available for grant pursuant to the terms of that pre existing plan may be used for awards under the 2019 Plan and will not reduce the share reserve under the 2019 Plan, but only if the awards are made to individuals who were not employed by or providing services to us or any of our subsidiaries immediately prior to such acquisition.

Share Adjustment Provisions. If certain transactions with our shareholders occur that cause the per share value of our common stock to change, such as stock splits, spin offs, stock dividends or certain recapitalizations (referred to as "equity restructurings"), the Compensation Committee will equitably adjust (i) the class of shares issuable and the maximum number and kind of shares subject to the 2019 Plan, (ii) outstanding awards as to the class, number of shares and price per share, and (iii) award limitations prescribed by the 2019 Plan. Other types of transactions may also affect our common stock, such as reorganizations, mergers or consolidations. If there is such a transaction and the Compensation Committee determines that adjustments of the type previously described in connection with equity restructurings would be appropriate to prevent any dilution or enlargement of benefits under the 2019 Plan, the Compensation Committee will make such adjustments as it may deem equitable.

Types of Awards. The 2019 Plan permits us to award stock options, SARs, restricted stock awards, stock unit awards, and other stock based awards to eligible recipients. These types of awards are described in more detail below.

Options. Employees of our Company or any subsidiary may be granted options to purchase common stock that qualify as "incentive stock options" within the meaning of Section 422 of the Code, and any eligible recipient may be granted options to purchase common stock that do not qualify as incentive stock options, referred to as "nonqualified stock options." The per share exercise price to be paid by a participant at the time an option is exercised may not be less than 100% of the fair market value of one share of our common stock on the date of grant, unless the option is granted as a substitute award as described earlier. "Fair market value" under the 2019 Plan as of any date means the closing sale price of a share of our common stock on the NASDAQ Global Select Market on that date. As of March 14, 2019, the closing sale price of a share of our common stock on the NASDAQ Global Select Market was $37.71.

The total purchase price of the shares to be purchased upon exercise of an option will be paid by the participant in cash unless the Compensation Committee allows exercise payments to be made, in whole or in part, (i) by means of a broker assisted sale and remittance program, (ii) by delivery to us (or attestation as to ownership) of shares of common stock already owned by the participant, or (iii) by a "net exercise" of the option in which a portion of the shares otherwise issuable upon exercise of the option are withheld by us. Any shares delivered or withheld in payment of an exercise price will be valued at their fair market value on the exercise date.

An option will vest and become exercisable at such time, in such installments and subject to such conditions as may be determined by the Compensation Committee, and no option may have a term greater than 10 years from its date of grant. No dividends or dividend equivalents may be paid or credited with respect to shares subject to an option award. The aggregate fair market value of shares of our common stock with respect to which incentive stock options granted to any participant may first become exercisable during any calendar year may not exceed $100,000. Any incentive stock options that become exercisable in excess of this amount will be treated as nonqualified stock options. The maximum number of shares that may be issued upon the exercise of incentive stock option awards under the 2019 Plan is equal to the size of the 2019 Plan's share reserve as described above.

Stock Appreciation Rights. A SAR award provides the right to receive a payment from us equal to the difference between (i) the fair market value as of the date of exercise of the number of shares of our common stock as to which the SAR is being exercised, and (ii) the aggregate exercise price of that number of shares. The Compensation

Committee determines whether payment will be made in shares of our common stock, cash or a combination of both. The exercise price per share of a SAR award will be determined by the Compensation Committee, but may not be less than 100% of the fair market value of one share of our common stock on the date of grant, unless the SAR is granted as a substitute award as described earlier. No dividends or dividend equivalents may be paid or credited with respect to shares subject to a SAR award. A SAR award may not have a term greater than 10 years from its date of grant, and will be subject to such other terms and conditions, consistent with the terms of the 2019 Plan, as may be determined by the Compensation Committee.

Restricted Stock Awards. A restricted stock award is an award of our common stock that vests at such times and in such installments as may be determined by the Compensation Committee. Until it vests, the shares subject to the award are subject to restrictions on transferability and the possibility of forfeiture. The Compensation Committee may impose such restrictions or conditions to the vesting of restricted stock awards as it deems appropriate, including that the participant remain continuously in our service for a certain period or that we, or any of our subsidiaries or business units, satisfy specified performance goals. Any dividends or distributions payable with respect to shares that are subject to the unvested portion of a restricted stock award will be subject to the same restrictions and risk of forfeiture as the shares to which such dividends or distributions relate. Participants are entitled to vote restricted shares prior to the time they vest.

Stock Unit Awards. A stock unit award is a right to receive the fair market value of a specified number of shares of our common stock, payable in cash, shares, or a combination of both, that vests at such times, in such installments and subject to such conditions as may be determined by the Compensation Committee. Until it vests, a stock unit award is subject to restrictions and the possibility of forfeiture. Stock unit awards will be subject to such terms and conditions, consistent with the other provisions of the 2019 Plan, as may be determined by the Compensation Committee. The Compensation Committee may provide for the payment of dividend equivalents on stock unit awards and other stock based awards, but any such dividend equivalents will be subject to the same restrictions and risk of forfeiture as the underlying units or other share equivalents to which such dividend equivalents relate.

Other Stock Based Awards. The Compensation Committee may grant awards of common stock and other awards that are valued by reference to and/or payable in shares of our common stock under the 2019 Plan. The Compensation Committee has discretion in determining the terms and conditions of such awards.

Transferability of Awards. In general, no right or interest in any award under the 2019 Plan may be assigned, transferred, exchanged or encumbered by a participant, voluntarily or involuntarily, except by will or the laws of descent and distribution. However, the Compensation Committee may provide that an award (other than an incentive stock option) may be transferable by gift to a participant’s family member or pursuant to a domestic relations order. Any permitted transferee of such an award will remain subject to all the terms and conditions of the award applicable to the participant.

Corporate Transactions; Change in Control. If a corporate transaction occurs, the Board of Directors or the Compensation Committee may, in its discretion, provide for one or more of the following with respect to awards under the 2019 Plan: (i) the continuation, assumption or replacement of outstanding awards; (ii) the acceleration of vesting and exercisability of outstanding awards; (iii) the cancellation of unvested and unexercised awards; or (iv) the cancellation of awards in exchange for payment to participants in cash equal to the difference, if any, between the fair market value of the consideration that would be received in the corporate transaction for the number of shares subject to the award and the aggregate exercise price (if any) of the shares subject to the award. If a change in control occurs, then unless otherwise provided in an applicable agreement, outstanding options and SARs immediately become exercisable in full and full value awards immediately vest in full, with awards subject to performance conditions vesting at the target level of performance.

For purposes of the 2019 Plan, the following terms have the meanings indicated:

A “corporate transaction” generally means (i) a sale or other disposition of all or substantially all of the assets of the Company, or (ii) a merger, consolidation, share exchange or similar transaction involving the Company.

A “change in control” generally refers to a corporate transaction (as defined above), the acquisition by a person or group of beneficial ownership of 30% or more of the voting power of our stock, or our “continuing directors” ceasing to constitute a majority of our Board.

Effect of Termination of Employment. Unless otherwise set forth in an applicable agreement, if a participant ceases to be employed by or provide other services to us and our subsidiaries, awards under the 2019 Plan will be treated as set forth in the 2019 Plan. Upon termination for cause, all unexercised option and SAR awards and all unvested portions of any other outstanding awards will be immediately forfeited without consideration. Upon termination for any other reason, all unvested and unexercisable portions of any outstanding awards will be immediately forfeited without consideration. Upon termination for any reason other than cause, death or disability, the currently vested and exercisable portions of option and SAR awards may be exercised for a period of three months after the date of termination; however, if the participant dies during such three month period, the vested and exercisable portions of the option and SAR awards may be exercised for a period of one year after the date of such termination. Upon termination due to death or disability, the currently vested and exercisable portions of option and SAR awards may be exercised for a period of one year after the date of termination. Under the 2019 Plan, “cause” is generally defined as (i) material failure to perform satisfactorily the duties reasonably required by the Company; (ii) material violation of any law, rule, regulation, court order or regulatory directive (other than traffic violations, misdemeanors or other minor offenses); (iii) material breach of the Company’s business conduct or ethics code or of any fiduciary duty or nondisclosure, non-solicitation, non-competition or similar obligation owed to the Company or any affiliate; (iv) engaging in any act or practice that involves personal dishonesty on the part of the employee or demonstrates a willful and continuing disregard for the best interests of the Company and its affiliates; or (v) engaging in dishonorable or disruptive behavior, practices or acts which would be reasonably expected to harm or bring disrepute to the Company or any of its affiliates, their business or any of their customers, employees or vendors.

Effective Date and Term of the 2019 Plan. The 2019 Plan will become effective on the date it is approved by the Company’s shareholders. No awards will be made under the 2019 Plan prior to its effective date. Unless terminated earlier, the 2019 Plan will terminate on the tenth anniversary of the effective date. Awards outstanding under the 2019 Plan at the time it is terminated will continue in accordance with their terms and the terms of the 2019 Plan unless otherwise provided in the applicable agreements. Our Board of Directors may suspend or terminate the 2019 Plan at any time.

Amendment of the Plan. Our Board of Directors may amend the 2019 Plan from time to time, but no amendments to the 2019 Plan will be effective without shareholder approval if such approval is required under applicable laws, regulations or stock exchange rules. Termination, suspension or amendment of the 2019 Plan may not adversely affect any outstanding award without the consent of the affected participant, except for amendments necessary to comply with applicable laws or stock exchange rules.

U.S. Federal Income Tax Consequences

The following is a summary of the principal United States federal income tax consequences to the Company and to participants subject to U.S. taxation with respect to awards granted under the 2019 Plan, based on current statutes, regulations and interpretations.

Non-qualified Stock Options. If a participant is granted a non-qualified stock option under the 2019 Plan, the participant will not recognize taxable income upon the grant of the option. Generally, the participant will recognize ordinary income at the time of exercise in an amount equal to the difference between the fair market value of the shares acquired at the time of exercise and the exercise price paid. The participant’s basis in the common stock for purposes of determining gain or loss on a subsequent sale or disposition of such shares generally will be the fair market value of our common stock on the date the option was exercised. Any subsequent gain or loss will be taxable as a capital gain or loss. The Company will generally be entitled to a federal income tax deduction at the time and for the same amount as the participant recognizes as ordinary income.

Incentive Stock Options. If a participant is granted an incentive stock option under the 2019 Plan, the participant will not recognize taxable income upon grant of the option. Additionally, if applicable holding period requirements (a minimum of two years from the date of grant and one year from the date of exercise) are met, the participant will not recognize taxable income at the time of exercise. However, the excess of the fair market value of the shares acquired at the time of exercise over the aggregate exercise price is an item of tax preference income potentially subject to the alternative minimum tax. If shares acquired upon exercise of an incentive stock option are held for the holding period described above, the gain or loss (in an amount equal to the difference between the fair market value on the date of sale and the exercise price) upon disposition of the shares will be treated as a long-term capital gain or loss, and the Company will not be entitled to any deduction. Except in the event of death, if the holding period requirements are not met, the incentive stock option will be treated as one that does not meet the requirements of the Code for incentive stock options and the tax consequences described for nonqualified stock options will generally apply.

Other Awards. The current federal income tax consequences of other awards authorized under the 2019 Plan generally follow certain basic patterns. An award of restricted stock results in income recognition by a participant in an amount equal to the fair market value of the shares received at the time the restrictions lapse and the shares vest, unless the participant elects under Code Section 83(b) to accelerate income recognition and the taxability of the award to the date of grant. Stock unit awards generally result in income recognition by a participant at the time payment of such an award is made in an amount equal to the amount paid in cash or the then-current fair market value of the shares received, as applicable. SAR awards result in income recognition by a participant at the time such an award is exercised in an amount equal to the amount paid in cash or the then-current fair market value of the shares received by the participant, as applicable. In each of the foregoing cases, the Company will generally have a corresponding deduction at the time the participant recognizes ordinary income, subject to Code Section 162(m) with respect to covered employees.

Section 162(m) of the Code. Code Section 162(m) denies a deduction to any publicly-held corporation for compensation paid to certain "covered employees" in a taxable year to the extent that compensation to the covered employee exceeds $1,000,000.

Section 409A of the Code. The foregoing discussion of tax consequences of awards under the 2019 Plan assumes that the award discussed is either not considered a "deferred compensation arrangement" subject to Section 409A of the Code, or has been structured to comply with its requirements. If an award is considered a deferred compensation arrangement subject to Section 409A but fails to comply, in operation or form, with the requirements of Section 409A, the affected participant would generally be required to include in income when the award vests the amount deemed "deferred," would be required to pay an additional 20% income tax on such amount, and would be required to pay interest on the tax that would have been paid but for the deferral.

Awards Under the 2019 Plan

Because the 2019 Plan will not become effective until it is approved by our shareholders, the Compensation Committee has not yet approved any awards under, or subject to, the 2019 Plan. In addition, because all awards under the 2019 Plan are discretionary with the Compensation Committee, neither the number nor types of future 2019 Plan awards to be received by or allocated to particular participants or groups of participants is presently determinable.

Equity Compensation Plan Information

The following table presents the number of securities authorized for issuance under the Company's equity compensation plans as of January 31, 2019:

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))
Equity compensation plans approved by security holders	813,808	$23.50	1,030,973
Equity compensation plans not approved by security holders	—	—	—
Total	813,808	$23.50	1,030,973

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR PROPOSAL NO. 4.

BOARD OF DIRECTORS AND COMMITTEES

The Board of Directors held four meetings during fiscal year 2019. The Company has a Governance Committee, Audit Committee, and Personnel and Compensation Committee. All Directors attended at least 75 percent of their Board and Committee meetings during fiscal year 2019. The charters for each committee are available on Raven's website, http://investors.ravenind.com/.

Information about each Committee (as of March 7, 2019) follows:

Governance Committee

Members:	Jason M. Andringa (Chair) David L. Chicoine Thomas S. Everist Janet M. Holloway Lois M. Martin Kevin T. Kirby Marc E. LeBaron Richard W. Parod
Independence:	All of the Governance Committee members meet the independence requirements of the NASDAQ listing standards.
Responsibilities:	The Governance Committee creates and monitors the structure and process by which the Board operates. It reviews corporate governance standards and nominates candidates for the Board of Directors. It met two times in fiscal year 2019. The Governance 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.

Audit Committee

Members:	Kevin T. Kirby (Chair) Jason M. Andringa Lois M. Martin Richard W. Parod
Independence and Financial Expertise:	The Board has determined that each member of Audit Committee meets the requirements to be named “audit committee financial experts” as defined by the SEC rules. The Audit Committee members also meet the independence requirements of the NASDAQ listing standards, including the applicable independence requirements for audit committee membership.
Responsibilities:	The Audit Committee monitors the Company's procedures for reporting financial information to the public. It held six meetings with management and the independent registered public accounting firm in fiscal year 2019. 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. It reviews the independence, qualifications, and performance of the independent registered public accounting firm and reviews the performance of the internal audit function. The Audit Committee reviews the scope of the annual audit and also discusses the results for each quarter and the Company's earnings release drafts with management and the independent registered public accounting firm. It also reviews related reports and

recommendations and pre-approves any non-audit services provided by such firm. The Audit Committee also considers the Company's risk management policies and oversees the Company's legal and regulatory compliance, including compliance with the Company's Related Party Transactions Policy and its Code of Conduct. The Audit Committee maintains 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 42.

Personnel and Compensation Committee (also known as "Compensation Committee")

Members:	David L. Chicoine (Chair) Thomas S. Everist Janet M. Holloway Marc E. LeBaron
Independence, Insiders and Interlocks:	All of the Compensation Committee members meet the independence requirements of the NASDAQ listing standards, including the applicable independence requirements for compensation committee membership. 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 those executive officers served on the Company's Compensation Committee or Board of Directors during fiscal year 2019.
Responsibilities:	The Compensation 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 two meetings in fiscal year 2019. Compensation matters concerning the Chief Executive Officer were approved by the full Board in executive session, with the Chief Executive Officer excused. See the “Compensation Committee Report” on page 41.

CORPORATE GOVERNANCE

Leadership Structure

Raven has kept the Chief Executive Officer ("CEO") and Chairman of the Board positions separate since 1961. The duties of the Chairman of the Board include collaborating with the CEO to establish an agenda for Board and shareholder meetings, chairing the meetings, and calling executive sessions, as needed. The Chairman, along with the Governance Committee, leads the establishment of governance standards. The Chairman also helps facilitate communication among Board members and with Raven management.

The Board does not have a firm policy as to whether the position of the Chairman and the position of the CEO should be separate, and intends to preserve the freedom to decide what is in the best interests of the Company at any point in time.

Nominations to the Board of Directors

The Governance Committee of the Board of Directors seeks to recruit highly skilled and engaged candidates who have the ability to strengthen the Board of Directors. Current directors whose performance, capabilities, and experience meet the Company's expectations and needs are typically nominated for re-election. In accordance with Raven's Nominations Policy dated August 28, 2018, directors are not re-nominated after they reach their 72nd birthday.

Pursuant to the Company's Articles of Incorporation, the size of the Board shall be between seven and eleven members. The Bylaws provide that the number of directors within the range of seven and eleven members will be established by action of the Board, and the Board has currently set the number of directors at nine. A majority of the directors must be independent, as defined by the SEC and NASDAQ. The Company's outside attorneys, bankers, or others with business links to the Company may not become directors. Interlocking directorships on public company boards 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 Governance Committee has determined 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;
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.

In considering possible candidates for election as a Director, the Governance Committee is 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 that 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 that 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 to the Governance Committee 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 any event, no later than the first day of February. Prior to an upcoming annual meeting, shareholders may submit director nominations to bring before future annual meetings by complying with the advance notice procedures contained in the Company's Bylaws. See the timing requirements described under “Procedures for Submitting Shareholder Proposals” on page 44.

Risk Oversight

The Board provides oversight as to how management runs the business, including management's approach to risk tolerance and risk management. Management is directly responsible for risk management. The Board considers risk management in its deliberations on various matters and has delegated aspects of its risk oversight role to certain committees. The Audit Committee considers risk, including the impact of legal, credit, and regulatory compliance matters, when evaluating the integrity of Raven's financial statements. The role of the audit process and internal control systems, including the role of the Board, in monitoring and controlling risk is also reviewed by the Audit Committee. The Compensation Committee evaluates performance of the CEO, including risk tolerance and “tone at the top." The Audit Committee also considers the structure of the Company's compensation plans and how they might affect risk tolerance and fraud risk. The Governance Committee considers risk when determining the Board leadership structure, nominating directors, and evaluating Board performance. These committees, which all consist solely of independent directors, are empowered to perform independent investigations of corporate matters, should the need arise. Each quarter the full Board reviews developments within various risk categories, such as product performance, concentration, and technology innovation, and reviews insurance coverage at least annually with management. The Board also considers the risk implications of Raven's business strategies, including international growth and acquisitions, along with its execution of those strategies, as the Board monitors overall Company performance.

Short Sales, Hedging, and Pledging

In accordance with Raven's Insider Trading Policy, the Company prohibits short sales, hedging, and pledging transactions in the Company's common stock by its officers and directors.

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.

Related Party Transactions

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 approve or ratify 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.comH.

Board Diversity

The Board recognizes that diverse backgrounds and experiences are helpful to its deliberations and includes these attributes in its nominations policy outlined in “Corporate Governance - Nominations to the Board of Directors” above. The Governance Committee seeks candidates for the Board who will represent the balanced, best interests of the shareholders as a whole rather than special interest groups or constituencies. Raven does not have a formal Board diversity policy.

Board Evaluation Process

Evaluating board performance is an essential component for ensuring good governance. The Company's Board of Directors maintains an effective and robust evaluation process. Directors take part in self evaluations, individual director assessments prepared by the Chairman, committee and chair evaluations, and skill matrix plotting for board succession planning. In total, this process provides insight for how individual Directors and the Board perform and contribute value to the Company. Additionally, it provides opportunity for continuous learning and improvement.

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 Corporate Secretary of the Company. Other methods are also described on Company's website at www.ravenind.comH.

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 ensure 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, South Dakota 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, which will make the final determination regarding the dissemination 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.

Attendance at Annual Meeting

The Company schedules its Annual Meeting concurrent with a regularly scheduled Board meeting and expects its directors to attend the Company's Annual Meeting. All seven then-serving directors attended last year's annual meeting.

NON-MANAGEMENT DIRECTOR COMPENSATION

Directors who were not full-time employees of the Company were paid $1,500 for each in-person Board meeting, $500 for each telephonic Board meeting and $1,000 for each committee meeting for meetings held prior to the May 2018 annual meeting, together with an annual retainer of $110,000 ($70,000 equity and $40,000 cash). Beginning on the May 2018 annual meeting date, the Board approved discontinuing the Board and committee meeting fees and approved an increase in the annual retainer fee to $120,000 ($70,000 equity and $50,000 cash). The equity portion was granted on the annual meeting date and the cash portion was paid quarterly. The Board Chairman receives an additional annual fee of $20,000 paid quarterly. The Audit Committee Chair receives an additional $8,000 annually for quarterly audit updates, the Compensation Committee Chair receives an additional annual fee of $4,000 and the Governance Committee Chair receives an additional annual fee of $2,000, all paid quarterly.

The equity retainer of the independent director compensation is an annual grant of a stock unit award under the Deferred Compensation Plan for Directors of Raven Industries, Inc. (the "Director Plan") originally approved by the shareholders on May 23, 2006. For fiscal year 2019, the directors received a grant of stock units in an amount equal to $70,000 divided by the closing stock price on the date of the calendar year 2018 Annual Meeting. Cash retainers may also be deferred under this plan. The Compensation Committee retained Grant Thornton, LLP (“Grant Thornton” or "Consultant") to conduct a compensation analysis of non-employee director compensation for service on the Board. Based on the recommendations of Grant Thornton and the Compensation Committee, in December 2018, the Board approved an increase of the equity retainer to $85,000 beginning in May 2019. Under the Director Plan, amounts are deferred until Board retirement, or a later date as elected by the director. Deferred payouts under the Director Plan are paid in Raven common stock.

Non- Management Director Compensation Table Fiscal Year 2019

Name	Fees Earned or Paid in Cash	Stock Awards[2]	All Other Compensation[3]	Total
	($)	($)	($)	($)
Jason M. Andringa[1]	55,500	70,000	—	125,500
David L. Chicoine[1]	56,500	70,000	—	126,500
Thomas S. Everist	42,000	70,000	—	112,000
Janet M. Holloway[4]	27,780	58,333	—	86,113
Kevin T. Kirby	45,000	70,000	—	115,000
Marc E. LeBaron	56,000	70,000	—	126,000
Lois M. Martin[4]	27,780	58,333	—	86,113
Richard W. Parod	41,000	70,000	—	111,000

(1) Mr. Andringa and Mr. Chicoine each deferred $50,000 of his cash retainer into stock units under the Director Plan.
(2) Represents 1,793 fully vested stock units valued at $39.05 per unit, the closing price of Raven Common Stock on the date of the award, May 22, 2018. Ms. Holloway and Ms. Martin received a pro-rated amount, based on their appointment as Directors on July 11, 2018.
(3) Does not include perquisites and benefits, which totaled less than $10,000 for each director.
(4) Ms. Holloway and Ms. Martin were appointed as Directors on July 11, 2018.

The Board of Directors believes it is important for directors to hold a significant amount of Company common stock to align with market practices and with the interests of our shareholders. The Board has adopted Director Stock Ownership Guidelines whereby directors of the Company must own Company common stock valued at or above five times the director's annual cash retainer. The minimum stock ownership level must be achieved by each director within five years of his or her first appointment to the Board, and once achieved, ownership of the required amount must be maintained as long as the director remains on the Board. Currently, all of our directors have met the stock ownership guidelines except for Ms. Holloway, Ms. Martin, Mr. Chicoine and Mr. Parod, who have been on the Board for less than five years.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Raven's executive compensation program, developed by management and approved by the Personnel and Compensation Committee of the Board of Directors (as earlier defined, the “Compensation Committee”), is intended to be simple and straightforward, focused on a few key performance metrics, and balanced appropriately among:

- 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 short-term incentive plan, and long-term equity incentives to achieve this goal, with a focus on tying compensation to corporate performance. Retention of top talent and achievement of corporate objectives measure the effectiveness of the Company's compensation program.

Raven also uses non-compensatory programs, such as annual performance reviews, employee development and education programs, and succession planning to retain and further cultivate talent. The Compensation Committee and management believe these programs are more effective than compensation alone for optimizing talent utilization and executive development.

Periodically, the Compensation Committee retains an independent executive compensation consultant to conduct a competitive compensation analysis of Raven's top executives. In fiscal year 2019, the Compensation Committee engaged Grant Thornton as the Consultant to update the prior analysis, which had been conducted in fiscal year 2017. The Consultant conducted a competitive market analysis and proposed changes to the Peer Group (as hereinafter defined) to better reflect companies with similar financial metrics. Changes were approved to better align Raven to like peer companies. The findings of the Consultant were consistent with prior year analysis using the updated Peer Group. The Consultant's analysis showed Raven’s total executive compensation has improved, although base salaries remained below median levels for its Peer Group.

Raven's financial performance for fiscal year 2019 included higher net sales and net income compared to the prior year, increasing 7.8% and 26.5%, respectively. For fiscal year 2019, Raven delivered a 12.7% return on sales ("ROS"), 15.1% return on average assets ("ROA"), and 17.7% return on average shareholders' equity ("ROE"). ROS, ROA, and ROE were all stronger than fiscal year 2018 for the Company. For comparison, based on the most recently reported annual results, as of March 8, 2019, the Raven Peer Group had median ROS, ROA, and ROE of 7.7%, 5.7%, and 10.2%, respectively.

Raven's executive compensation levels have been closely tied to Company financial performance. For fiscal year 2019, the Company's strong financial performance led to increased overall cash compensation levels from fiscal year 2018.

Fiscal Year 2019 Accomplishments

Raven's strong financial results in fiscal year 2019 are highlighted below:

- Achieved a new record high exceeding $406 million in consolidated net sales;
- Consolidated return on sales, assets, and equity were approximately 13%, 15%, and 18%, respectively;

Diluted earnings per share increased 26% year-over-year;
Invested in excess of $26 million in research and development across the Company with an emphasis on the Applied Technology Division ("ATD");
Established Latin American headquarters in Brazil to support ATD sales in the region;
ATD closed on the acquisition of AgSync, Inc., further strengthening Applied Technology's Slingshot® platform and the division's subscription-based service model;
Engineered Films began commissioning Line 15 which will provide additional capacity to capture opportunities within the industrial and geomembrane markets;
Raven Aerostar was awarded a five-year $36.2M contract for the delivery, installation, operation and sustainment support of Air Surveillance Radar Systems onboard the U.S. Navy’s T-EPF class vessels; and

Subsequent to the end of fiscal year 2019, the Engineered Films Division had a successful go-live on the Company's new enterprise resource planning (ERP) platform.

The following tables show the growth of consolidated net sales and diluted earnings per share for fiscal years 2017, 2018, and 2019.

Objectives and Philosophy of the Company's Executive Compensation Program

Alignment with Shareholder Interests

Raven's compensation program is designed to motivate and reward Raven's executives to achieve short- and long-term goals that will enhance shareholder value. The short-term goals are embodied in our annual compensation plans and primarily include sales and profit growth and efficient working capital utilization. The goals are intended to be both challenging and achievable, so as to encourage reasonable risk taking and motivate performance. 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 and efficiently utilizing invested capital.

The Compensation Committee previously approved the use of time-based restricted stock units as part of the overall long-term incentive plan for a better balanced program and to increase the retention value of the long-term incentive program.

On December 12, 2018, the Board adopted an Executive Stock Retention and Ownership of Raven Shares policy. We believe it is important for our executives to hold and own a significant amount of our common stock to further align their performance with the interest of our shareholders. A “retention ratio” approach to stock retention is incorporated into the ownership policy.

The ownership policy provides that a certain number of shares based upon a multiple of base salary are required to be owned by each executive. A summary of the ownership policy is shown below:

Position	Stock Ownership Value as Multiple of Base Salary
Chief Executive Officer	5X
All other covered executives	2X

The policy applies to all executives who are subject to Section 16. Executives have five years from their appointment as an executive to comply with the policy. All of the executives who have served as such for at least five years presently exceed the stock ownership requirements. The shares owned by the Named Executives of the Company are listed on page 2 of this Proxy Statement under the caption “Ownership of Common Stock.”

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 34 (the “Named Executives”) average 15 years of experience with Raven. The Compensation Committee and management believe that promotion from within and length of tenure enhances productivity and management effectiveness.

Internal Equity and Competitiveness

Raven believes that internal equity and competitive compensation policies are critical to talent retention and recruiting. The Compensation Committee and management compare executive pay to other key managers and employees, both inside Raven and externally. The Company recognizes the risk of not being able to recruit top talent or losing top talent to competitors or others with higher compensation levels. Raven's growth strategy will be difficult to sustain if management turnover is high and the Company is required to recruit from outside Raven to fill numerous key positions.

Role of Management, the Personnel and Compensation Committee and Consultants

As stated earlier, the Compensation Committee retained Grant Thornton as the Consultant in fiscal year 2019 to provide consulting services to the Board and Raven management. Similar services were provided by Willis Towers Watson in fiscal years 2015 and 2017. Grant Thornton was selected following an independent solicitation and completed the Peer Group, Executive, and Board Compensation analysis as requested by the Compensation Committee.

The Compensation Committee uses a multi-faceted approach to executive compensation analysis, which includes;

Independent directors on the Compensation Committee with knowledge of compensation in the markets served by the other companies they are involved with;
Recommendations from the CEO and Vice President of Human Resources; and
Periodic independent consulting firm recommendations regarding market trends.

The President and CEO of Raven, Daniel Rykhus, recommends executive compensation for all other executives to the Compensation Committee for approval annually. He has continued to use the information and analysis in the Consultant's reports, and internal equity analysis to provide his recommendations.

The Compensation Committee approves executive salaries, benefits, short-term incentive plans, and long-term incentive plan grants. The Compensation Committee determines the appropriate compensation of the President and CEO and makes decisions on CEO compensation in executive session. CEO compensation is then approved by the independent directors of the full Board in executive session.

Benchmarking

In the fiscal year 2019 analysis, the Compensation Committee considered data from the Consultant relating to the peer group companies identified below (herein the “Peer Group") for comparison to Raven’s executive compensation.

In fiscal year 2019, the Consultant recommended to the Compensation Committee changes to the peer group in order to better reflect companies with size, complexity, and industry exposure comparable to Raven. The updated peer group is more closely aligned with Raven regarding certain financial measures, such as return on sales, return on assets, return on equity, and market capitalization. The Compensation Committee believes that these sixteen companies are an appropriate peer group for comparison, as well as a group that is large and diverse enough so that any one company does not alter the overall analysis. The survey data used by the Consultant was updated to include performance metrics reflected in the peer companies' proxy statements.

Peer Group Listing Company Name	($ In millions) Revenue*
AeroVironment, Inc.	$ 271.1
Albany International Corporation	982.5
Astronics Corporation	803.3
Badger Meter, Inc.	433.7
CSW Industrials, Inc.	326.2
Digi International Inc.	228.4
ESCO Technologies, Inc.	771.6
FARO Technologies, Inc.	403.6
II-VI, Incorporated	1,158.8
Lindsay Corporation	547.7
Mercury Systems, Inc.	493.2
MTS Systems Corporation	778.0
Novanta, Inc.	614.3
Rogers Corporation	879.1
Sun Hydraulics Corporation (Now known as Helios Technologies)	508.1
Vishay Precision Group, Inc.	299.8

* Represents revenue from the most recently reported Form 10-K as of March 8, 2019.

As it did in prior years, the Compensation Committee intends to periodically re-evaluate the Peer Group and to enlist the services of an independent consultant, to ensure that the companies listed continue to represent an appropriate peer group for comparison.

Components of the Company's Executive Compensation Program

Raven includes these four components in the Executive Compensation program and each will be defined in detail below.

Base Salary
Short-term incentive plan
Long-term incentive plan
All Other Compensation

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 direct reports 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 base salary indicates the basic level of compensation commitment that Raven has to each of the Named Executives and their positions in the Company.

The Company’s annual base salary changes are effective approximately January 1st of each year, while the Company’s fiscal year begins on February 1st. Therefore, the salary levels shown in the Summary Compensation Table, and as discussed in this Proxy Statement, for each fiscal year reflect one month of the following calendar year’s base salary. As such, the salary information in the Summary Compensation Table for each fiscal year reflects eleven months of one calendar year base salary and one month of the next calendar year base salary.

The Compensation Committee has taken into consideration the analysis from the various consultants and Equilar, Inc. over the past several years and has increased executive compensation to be competitive with the Company's Peer Group. After considering management's recommendation and following the Consultant's analysis, which showed base compensation for Raven executives was on average 15% below the market median, the Compensation Committee recommended increases to base salaries for the Named Executives for calendar year 2019, to better align with market and competitor base salaries.

The Compensation Committee also determined to continue the use of at risk compensation, such as annual short-term incentive plans and performance-based awards under the long-term incentive plan, in fiscal year 2020.

Short-Term Incentive Plan

The short-term incentive plan (also known as the management incentive plan) is intended to compensate the Named Executives when they achieve the annual growth objectives of their operations. Incentive payment targets for the Named Executives ranged from 60% to 90% of annual base salary in fiscal year 2019, which is designed to put a sizable portion of the Named Executives' cash income at risk if annual objectives are not achieved. Short-term incentive awards generally pay out in cash. In fiscal year 2019, there were significant transactions that occurred that were not contemplated when setting the incentive targets. In order to maintain the objective of the incentive plans to reward core performance, the Compensation Committee approved an adjustment to the short-term incentive payout calculation to exclude the following items: a gain on the sale of the Company's minority interest in Site-Specific Technology Development Group, Inc. and a gift to South Dakota State University (SDSU) for the establishment of a precision agriculture facility to support SDSU's Precision Agriculture degrees and curriculum. The net result is an adjusted net income that is modestly lower than reported net income, as the items above nearly offset each other.

For fiscal year 2019, incentive payments for the CEO and Chief Financial Officer ("CFO") were based primarily on achieving net income and net revenue targets. Mr. Rykhus had a target payout of 90% of base salary based on company-wide net income and net sales targets. The calculation for target payout for Mr. Brazones was 63% of base salary based on company-wide net income and net sales targets.

Mr. Schmidt is the Division Vice President and General Manager for Engineered Films. For fiscal year 2019, the calculation for target payout for Mr. Schmidt was 60% of base salary based on division profit, division quarterly net sales and division net working capital.

Mr. Meyer is the Division Vice President and General Manager for Applied Technology. For fiscal year 2019, the calculation for target payout for Mr. Meyer was 60% of base salary based on division profit, division net sales, and division net working capital. Mr. Meyer's fiscal year 2019 short-term incentive payout was adjusted to reduce Applied Technology's operating income compared to reported year divisional operating income due to an event not part of the division's core operations.

Mr. Wickersham is the Division Vice President and General Manager for Aerostar. For fiscal year 2019, the calculation for target payout for Mr. Wickersham was 60% of base salary based on division profit, division net sales and division net working capital.

The details of these incentive plans and the actual payouts are described under “Executive Compensation for Fiscal Year 2019 for the Named Executives."

Long-Term Incentive Plan

For fiscal year 2019, the Compensation Committee approved a split of 25% stock options, 25% performance-based RSUs, and 50% time-based RSUs. The Compensation Committee determined that the increase of time-based RSUs would increase retention value of awards, and the value of the time-based awards will continue to depend upon the long-term value of the Company's stock, increasing alignment with shareholder interests. For fiscal year 2020, the Compensation Committee approved a split of 50% performance-based RSUs and 50% time-based RSUs for executives. In alignment with the recommendation of the Consultant regarding competitive executive compensation practices within Peer Group companies, Raven has elected not to use stock options as part of the long-term incentive program for fiscal year 2020.

The Compensation Committee believes performance-based RSUs further align executive compensation with the Company's objectives, help sustain Raven's strong performance on key return ratios over the long-term and continue to tie an element of compensation to actual shareholder return. Time-based incentives help boost retention among executives and other senior leaders. The long-term incentive plan has also improved the competitive level of executive pay at Raven because the long-term incentive plan targets equity-based incentive compensation at the 60th percentile of the Raven peer group, or higher.

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 to the executives is directly tied to the value of Raven common shares. The option grants generally vest in equal installments over four years and expire in five years.

Time-based RSUs are granted to aid in the retention of executives and vest following a three-year vesting period after the grant date. The value of one RSU is equal to Raven's closing stock price the day prior to the vesting date.

Raven's stock options, performance-based RSUs, and time-based RSUs 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 agreements require one year of service after the grant before the retirement provision can be invoked. The Compensation Committee believes that the retirement provisions encourage executives to remain with Raven or, in certain instances, to give additional notice before retiring.

Performance-based RSUs vest after three years and the payout is determined based on the achievement of a specified target level of a three-year average ROE. The performance measure used for the performance-based RSUs has been ROE. ROE is calculated by taking current year net income attributable to Raven divided by average equity derived as the sum of Raven's shareholders' equity from the beginning and end of the current fiscal year (as reported in the Company's Annual Report on Form 10-K) divided by two. At the end of the three-year performance period for performance-based RSUs, if at least the minimum level is reached for the three-year performance goals, the shares received under the awards vary from 50-150% of the targeted level depending on the level of performance achieved. The inclusion of the performance-based RSUs in the long-term incentive plan has increased the percentage of the executives' compensation that is variable based on long-term performance.

The three-year average ROE performance targets and related payout percentages for the performance-based RSUs granted on April 5, 2018 for the fiscal 2019-2021 period were as follows:

	Average Return on Equity Target	Payout Percentage
Maximum	11.0%	150%
Target	8.0%	100%
Minimum	6.0%	50%

The vesting of the fiscal year 2016 performance-based RSUs in fiscal year 2019 was based upon a three-year average ROE from fiscal years 2016-2018. The calculation of this performance measure over the three-year period was 9.5%, which equates to an 81.1% payout of vested RSUs as it was between the minimum and target ROE percentages of 5.85% and 11.7%, respectively.

The following table summarizes the performance results with respect to three-year average ROE applicable to the long-term incentive plan performance unit grants for fiscal year 2016 and the corresponding contributions to the vesting percentage for payout in fiscal 2019.

	Annual ROE percentage		Average ROE Percentage (Fiscal 2016 - 2018)	Payout Percentage
FY'16 Adjusted ROE[(a)(b)]	5.2%	Maximum	17.5%	150%
FY'17 Actual Results[(b)]	7.7%	Target	11.7%	100%
FY'18 Actual Results	15.6%	Minimum	5.85%	50%
Average three-year ROE results	9.5%		9.5%	81.1%

[(a)] The Compensation Committee approved an adjusted ROE percentage to utilize in place of fiscal year 2016 actual results. This was because the Company filed an amendment on Form 10-K/A for fiscal year 2016, including a restated net income, and it was determined that a substitute figure would be used for purposes of calculating performance-based RSU payments.

[(b)] In light of the substantial reduction in corporate income taxes due to the U.S. Tax Cuts and Jobs Act, effective January 1, 2018, the Compensation Committee determined that payout for the 2016 and 2017 grant years will include a calculated net income using the tax rate in effect at the time of the grant. The net result is an adjusted net income that is less than reported net income.

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All Other Compensation

Raven provides 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 the 2019 All Other Compensation Table on page 35. The 401(k) and profit sharing benefits are essentially the same as all other Raven employees receive. Raven also provides supplemental health and wellness benefits to its executives to encourage a healthy lifestyle. To the extent the supplemental insurance and health benefits are subject to income taxes, executives are reimbursed for this additional tax.

Beginning January 1, 2018, Raven adopted a non-qualified deferred compensation plan (the "NQDC Plan") for eligible employees, including the Named Executives, so they can more efficiently manage the timing of their compensation. Participants may elect to defer up to 60% of their base salary.

The NQDC Plan also permits deferral of up to 100% of short-term incentive compensation. Participants may choose from among several different investment options based upon the choices available in our 401(k) Plan, excluding Raven stock. There is no regular Company matching contribution to the deferred compensation in the NQDC Plan. A participant's benefits under the NQDC Plan are fully vested and are payable after termination or selected in-service dates. Payment is made in a lump sum unless the participant elects annual installments. While there is no obligation for the Company to guarantee benefits, the Company will contribute the deferred compensation to a Company-owned Rabbi Trust. In the event of a participant's death, any account balance will be paid to the participant's beneficiary.

Discretionary Bonuses

Certain events may occur periodically that require additional time and effort that can go above and beyond that contemplated when developing compensation plans. When those events occur, the Compensation Committee may utilize discretionary bonuses as an additional form of compensation. For fiscal year 2019, no discretionary bonuses were paid out to Named Executives.

Post-termination Compensation and Benefits

Raven has an employment agreement with each Named Executive, which outlines the employment benefits discussed under “All Other Compensation” above. With respect to Messrs. Rykhus and Schmidt, their employment agreements contain a grandfathered retirement benefit provision, available when the executive reaches age 65 or the sum of the executive's age and years of service exceeds 80, which represents a continuation of the health and insurance benefits outlined in “All Other Compensation” above. All other employment agreements entered into after August 25, 2015, including those with our other Named Executives, do not include this post-retirement medical benefit.

Raven’s arrangements for payment of post-termination compensation and benefits are described below under “Potential Payments on Termination or Change in Control.” The Company’s employment agreements with Messrs. Rykhus and Brazones provide for severance payments upon a termination by the Company without cause or a constructive termination by the executive. The Compensation Committee believes these arrangements are appropriate in the case of top executives to promote retention and are customary for companies of comparable size to Raven. In addition, Raven uses dual-trigger “Change in Control” severance agreements with its executives to protect it from the loss of executive talent during a Change in Control of the Company. Upon a Change in Control, positions held by the Named Executives may be at risk. By providing a cash benefit of 1.5 to 2.5 times salary and incentive payments at target if executives are terminated within two years following a Change in Control of the Company, the Compensation Committee believes that, in the event of such Change in Control, the agreements would serve to maintain stability within its executive group during what could be a potentially turbulent time.

Executive Compensation for Fiscal Year 2019 for the Named Executives

Chief Executive Officer

Mr. Rykhus has served as Raven's President and CEO since August of 2010. Previously, Mr. Rykhus served as General Manager of the Applied Technology Division from 1998 through 2009 and as Executive Vice President of Raven from 2004 through 2010. His fiscal year 2019 total compensation of $2,664,022 was 5% higher than in fiscal year 2018, primarily due to an increase in base salary and a higher short-term incentive payout in fiscal year 2019. Mr. Rykhus' short-term incentive payment for fiscal year 2019 was $960,000 compared to $907,500 in fiscal year 2018. The fiscal year 2019 short-term incentive payment calculation for Mr. Rykhus is illustrated in the table below:

	Max Salary Eligible (% of Base Salary)	Minimum Threshold	Maximum Threshold	Actual	% of Maximum Achieved	Actual Payout % of Base Salary
Consolidated Net Income:						
	68%	$35.5M	$39.5M	$50.8M	100%	68%
	38%	$39.5M	$47.3M	$50.8M	100%	38%
Consolidated Quarterly Net Sales:						
Q1	11%	N/A	$107.7M	$111.1M	100%	11%
Q2	11%	N/A	$99.9M	$102.7M	100%	11%
Q3	11%	N/A	$97.6M	$104.8M	100%	11%
Q4	11%	N/A	$86.9M	$88.0M	100%	11%
Total Maximum Salary Eligible for Short-Term Incentive Payout	150%				Target Incentive Payout	90%
					Total Actual Incentive Payout	150%
					Calendar 2018 Salary	$640,000
				Fiscal 2019 Short-Term Incentive Payout for Mr. Rykhus		$960,000

Chief Financial Officer

Mr. Brazones has served as Raven's Chief Financial Officer (CFO) since December 2014. His fiscal year 2019 total compensation of $1,016,448 was consistent with fiscal year 2018. Mr. Brazones' short-term incentive payment for fiscal year 2019 was $352,000 compared to $341,000 in fiscal year 2018. The fiscal year 2019 short-term incentive payment calculation for Mr. Brazones is illustrated in the table below:

	Max Salary Eligible (% of Base Salary)	Minimum Threshold	Maximum Threshold	Actual	% of Maximum Achieved	Actual Payout % of Base Salary
Consolidated Net Income:						
	47%	$35.5M	$39.5M	$50.8M	100%	47%
	31%	$39.5M	$47.3M	$50.8M	100%	31%
Consolidated Quarterly Net Sales:						
Q1	8%	N/A	$107.7M	$111.1M	100%	8%
Q2	8%	N/A	$99.9M	$102.7M	100%	8%
Q3	8%	N/A	$97.6M	$104.8M	100%	8%
Q4	8%	N/A	$86.9M	$88.0M	100%	8%
Total Maximum Salary Eligible for Short-Term Incentive Payout	110%				Target Incentive Payout	63%
					Total Actual Incentive Payout	110%
					Calendar 2018 Salary	$320,000