

RAVEN INDUSTRIES INC

Form 10-K

March 31, 2010

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K**

(Mark One)

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

**For the fiscal year ended January 31, 2010**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_.**

**Commission file number: 001-07982**

**RAVEN INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**South Dakota**

(State of incorporation)

**46-0246171**

(IRS Employer Identification No.)

**205 E. 6th Street, P.O. Box 5107**

**Sioux Falls, South Dakota 57117- 5107**

(Address of principal executive offices)

**(605) 336-2750**

(Registrant's telephone number including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

**Title of Each Class:**

**Name of Each Exchange on which Registered**

Common Stock, \$1 par value

The NASDAQ Stock Market

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  Yes  No  
The aggregate market value of the registrant's common stock held by non-affiliates at July 31, 2009 was approximately \$463,005,964. The aggregate market value was computed by reference to the closing price as reported on the NASDAQ Global Select Market, \$28.70, on July 31, 2009, which was as of the last business day of the registrant's most recently completed second fiscal quarter. The number of shares outstanding on March 25, 2010 was 18,029,733.

**DOCUMENTS INCORPORATED BY REFERENCE**

The 2010 Annual Report to Shareholders is incorporated by reference into Parts I, II, and III to the extent described therein. The definitive proxy statement relating to the registrant's Annual Meeting of Shareholders, to be held May 25, 2010, is incorporated by reference into Part III to the extent described therein.

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**RAVEN INDUSTRIES, INC.**  
**FORM 10-K**  
**FISCAL YEAR ENDED JANUARY 31, 2010**

**Item 1. Business*****General***

Raven Industries, Inc. was incorporated in February 1956 under the laws of the State of South Dakota and began operations later that same year. Raven is an industrial manufacturer providing a variety of products. The company markets its products around the world and has its principal operations in the United States of America. Raven began operations as a manufacturer of high-altitude research balloons before diversifying into the industrial, agricultural, construction and military/aerospace markets. The company employs approximately 925 persons on active status and is headquartered at 205 E. Sixth Street, Sioux Falls, SD 57104 telephone (605) 336-2750. The company's Internet address is <http://www.ravenind.com> and its common stock trades on the NASDAQ Global Select Market under the symbol RAVN. The company has adopted a Code of Conduct applicable to all officers, directors, and employees and which is available on the website. Information on the company's website is not part of this filing.

All reports (including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K) and proxy and information statements filed with the Securities and Exchange Commission (SEC) are available through a link from the company's website to the SEC website. All such information is available as soon as reasonably practicable after it has been electronically filed. Filings can also be obtained free of charge by contacting the company, the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549, through its website at <http://www.sec.gov>, or by calling the SEC at 1-800-SEC-0330.

The company has four business segments consisting of three Raven divisions and one subsidiary: Applied Technology Division (formerly known as the Flow Controls Division), Engineered Films Division, Electronic Systems Division and Aerostar International, Inc. (Aerostar). Many of the past and present product lines are an extension of technology and production methods developed in the original balloon business. Product lines have been grouped in these segments based on common technologies, production methods and raw materials; however, more than one business segment may serve each of the product markets identified above. Note 13 on pages 44-45 of the company's Annual Report to Shareholders, incorporated herein by reference, provides financial information concerning the business segments.

Following is a summary of company net sales by principal product categories (dollars in thousands):

	<b>FY 2010</b>	<b>FY 2009</b>	<b>FY 2008</b>
Pit lining and geomembrane films	\$ 26,834	\$ 40,205	\$ 32,967
Other plastic films	36,739	49,443	51,283
Agricultural precision control devices and accessories	83,236	99,428	58,335
Electronics manufacturing services	60,749	60,006	67,231
Parachute-related products	10,298	8,660	2,206
Uniforms and protective wear	5,434	9,976	5,842
Other	14,492	12,195	16,093
<b>Total sales</b>	<b>\$ 237,782</b>	<b>\$ 279,913</b>	<b>\$ 233,957</b>

***Business Segments******Applied Technology***

Effective February 1, 2009, the company's Flow Controls segment changed its name to Applied Technology. Products in this segment are electronic and Global Positioning System (GPS) devices. They are used primarily on agricultural sprayers for precision farming applications. The company has developed products for field location control, chemical injection and automated steering. In the fourth quarter of fiscal 2010, Raven invested in Site-Specific Technology Development Group, Inc., a software company, and purchased the assets of Ranchview, Inc., a developer of GPS signal correction and wireless internet connectivity via cell phone networks. These investments are expected to

position Applied Technology with tools to improve grower decision making along with the hardware to execute these decisions in the field.

Home office personnel sell the agricultural control products in this segment to original equipment manufacturers (OEMs) and independent third-party distributors. The segment also markets using precision agriculture representatives on location in key geographic areas, including Canada, Europe and Ukraine. The company's competitive advantage in this segment is product reliability, ease of use, product availability and service after the sale.

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**Engineered Films**

This segment produces rugged reinforced plastic sheeting for industrial, construction and agricultural applications. The company's sales force sells plastic sheeting to independent third-party distributors in each of the various markets it serves. The company extrudes a significant portion of the film converted for its commercial products and believes it is one of the largest sheeting converters in the United States. Engineered Films believes its ability to both extrude and convert films allows it to provide a more customized solution to customer needs. A number of suppliers of sheeting compete with Raven on both price and product availability. Engineered Films is the company's most capital-intensive business segment, requiring regular investments in new extrusion capacity along with printers and conversion equipment. This segment's capital expenditures were \$1.5 million in fiscal 2010, \$3.1 million in fiscal 2009, \$4.0 million in fiscal 2008 and \$13.3 million in fiscal 2007.

**Electronic Systems**

The company has focused this segment's capabilities in electronics manufacturing services (EMS) for commercial customers with a focus on high-mix, low-volume production. Assemblies manufactured by the Electronic Systems segment include avionics, secure communication, environmental controls and other products where high quality is critical.

EMS sales are made in response to competitive bid requests by customers. The level and nature of competition varies with the type of product, but the company frequently competes with a number of EMS manufacturers on any given bid request. The markets in which the company participates are highly competitive, with customers having many suppliers to choose from.

**Aerostar**

Aerostar sells high-altitude and tethered aerostats for government and commercial research and military parachutes. It produces uniforms and protective wear for U.S. government agencies as a subcontractor and also manufactures other sewn and sealed products on a contract basis.

Sales are made in response to competitive bid requests. High-altitude research balloons are sold directly to government agencies (usually funded by the National Aeronautics and Space Administration) or commercial users. Aerostar is the only balloon supplier for high-altitude research in the United States.

***Major Customer Information***

Sales in fiscal 2010 and 2009 to Goodrich Corporation, a customer of the Electronic Systems segment, accounted for 16% and 13%, respectively, of consolidated sales. At January 31, 2010, Goodrich Corporation accounted for 13% of the company's consolidated accounts receivable. The loss of this account would adversely affect profitability; however, the company believes its relationship with this customer is strong.

***Seasonal Working Capital Requirements***

Some seasonal demand exists in Applied Technology's agricultural market. The Applied Technology Division builds product in the fall for winter/spring delivery. Certain sales to agricultural customers offer spring dating terms for fall and early winter shipments. The resulting fluctuations in inventory and accounts receivable balances have required and may require, seasonal short-term financing.

***Financial Instruments***

The principal financial instruments the company maintains are cash, cash equivalents, short-term investments and accounts receivable. The company manages the interest rate, credit and market risks associated with these accounts through periodic reviews of the carrying value of assets and liabilities and establishment of appropriate allowances in connection with the company policies. The company does not use off-balance sheet financing, except to enter into operating leases as described in Note 10 to the consolidated financial statements located on page 43 of the 2010 Annual Report to Shareholders incorporated herein by reference. As discussed in Item 7A, Quantitative and Qualitative Disclosures About Market Risk, the company uses derivative financial instruments to manage foreign currency risk. The use of these financial instruments has had no material effect on consolidated results of operations, financial condition or cash flows.

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***Raw Materials***

The company obtains a wide variety of materials from numerous vendors. Principal materials include numerous electronic components for the Electronic Systems and Applied Technology segments, various plastic resins for the Engineered Films segment and fabrics for the Aerostar segment. The Engineered Films segment has experienced volatile resin prices over the past three years. Price increases could not always be passed on to customers due to weak demand and a competitive pricing environment. With the exception of plastic resin price volatility, the company has not experienced any significant shortages or other problems in purchasing raw materials to date, and alternative sources of supply are generally available. The Electronic Systems segment has recently experienced longer lead times for components. However, predicting future material shortages and the related potential impact on Raven is not possible.

***Patents***

The company owns a number of patents. However, Raven does not believe that its business, as a whole, is materially dependent on any one patent or related group of patents. It believes the successful manufacture and sale of its products generally depend more upon its technical expertise and manufacturing skills.

***Research and Development***

The business segments conduct ongoing research and development efforts. Most of the company's research and development expenditures are directed toward new products in the Applied Technology segment. Total company research and development costs are presented on the Consolidated Statements of Income on page 34 of the 2010 Annual Report to Shareholders incorporated herein by reference.

***Environmental Matters***

Except as described below, the company believes that, in all material respects, it is in compliance with applicable federal, state and local environmental laws and regulations. Expenditures relating to compliance for operating facilities incurred in the past have not significantly affected the company's capital expenditures, earnings or competitive position.

In connection with the sale of substantially all of the assets of the company's Glasstite, Inc. subsidiary in fiscal 2000, the company has agreed to assume responsibility for the investigation and remediation of any pre-October 29, 1999 environmental contamination at the company's former Glasstite pickup-truck topper facility in Dunnell, Minnesota as required by the Minnesota Pollution Control Agency (MPCA) or the United States Environmental Protection Agency (EPA).

The company and the purchasers of the company's Glasstite subsidiary conducted environmental assessments of the properties. Although these assessments continue to be evaluated by the MPCA on the basis of the data available, there is no reason to believe that any activities which might be required as a result of the findings of the assessments will have a material effect on the company's results of operations, financial position or cash flows. The company had \$83,000 accrued at January 31, 2010, its best estimate of probable costs to be incurred related to these matters.

***Backlog***

As of February 1, 2010, the company's order backlog totaled \$74.7 million. Backlog amounts as of February 1, 2009 and 2008 were \$80.4 million and \$66.6 million, respectively. Because the length of time between order and shipment varies considerably by business segment and customers can change delivery schedules or potentially cancel orders, the company does not believe that backlog, as of any particular date, is necessarily indicative of actual net sales for any future period.

***Employees***

As of January 31, 2010, the company had approximately 955 employees, 925 in an active status. Following is a summary of active employees by segment: Electronic Systems 220; Applied Technology 300; Engineered Films 135; Aerostar 220; Administration 50. Management believes its employee relations are satisfactory.



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**Item 1A. Risk Factors**

**Forward-Looking Statements**

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

**Risks Relating to the Company**

The company operates in markets that involve significant risks, many of which are beyond the company's control. Based on current information, the company believes that the following identifies the most significant risk factors that could affect its businesses. However, the risks and uncertainties the company faces are not limited to those discussed below. There could be other unknown or unpredictable economic, business, competitive or regulatory factors, including factors that the company currently believes to be immaterial, that could have material adverse effects on the company's financial position, liquidity and results of operations. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

***Weather conditions could affect certain of the company's markets such as agriculture and construction.***

The company's Applied Technology Division is largely dependent on the ability of farmers and agricultural subcontractors known as custom operators to purchase agricultural equipment that includes its products. If such farmers experience adverse weather conditions resulting in poor growing conditions, or experience unfavorable crop prices or expenses, potential buyers may be less likely to purchase agricultural equipment. Accordingly, poor weather conditions may adversely affect sales in the Applied Technology Division.

Poor weather conditions can also adversely affect sales in the company's Engineered Films Division. To the extent weather conditions curtail construction activity, sales of the segment's plastic sheeting will likely decrease.

***Price fluctuations in and shortages of raw materials could have a significant impact on the company's ability to sustain and grow earnings.***

The company's Engineered Films Division (EFD) consumes significant amounts of plastic resin, the costs of which primarily reflect market prices for natural gas. These prices are subject to worldwide supply and demand as well as other factors beyond the control of the company. Although EFD is sometimes able to pass such price increases to its customers, significant variations in the cost of plastic resins can affect the company's operating results from period to period. Unusual supply disruptions, such as caused by a natural disaster, could cause suppliers to invoke force majeure clauses in their supply agreements, causing shortages of material. Success in offsetting higher raw material costs with price increases is largely influenced by competitive and economic conditions and could vary significantly depending on the market served. If the company is not able to fully offset the effects of material availability and costs, financial results could be adversely affected.

Electronic components, used by both the Applied Technology Division and Electronic Systems Division, are sometimes in short supply, impacting their ability to meet customer demand.

If a supplier of raw materials or components were unable to deliver due to shortage or financial difficulty, any of the company's segments could be adversely affected.



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***Fluctuations in commodity prices can increase our costs and decrease our sales.***

Agricultural income levels are affected by agricultural commodity prices and input costs. As a result, changes in commodity prices that reduce agricultural income levels could have a negative effect on the ability of growers and their contractors to purchase the company's precision agriculture products manufactured by its Applied Technology Division.

Exploration for oil and natural gas fluctuates with their price. Plastic sheeting manufactured and sold by our Engineered Films Division is sold as pit and pond liners to contain water used in the drilling process. Lower prices for oil and natural gas could reduce exploration activities and demand for our products. Plastic sheeting manufacture uses plastic resins which are subject to change in price as the cost of natural gas changes. Accordingly, volatility in oil and natural gas prices may negatively affect our cost of goods sold or cause us to change prices, which could adversely affect our sales and profitability.

***Failure to develop and market new technologies and products could impact the company's competitive position and have an adverse effect on the company's financial results.***

The company's operating results in its Applied Technology and to a lesser extent, its Engineered Films and Aerostar segments, are largely dependent on the ability to renew the pipeline of new products and to bring those products to market. This ability could be adversely affected by difficulties or delays in product development such as the inability to identify viable new products, successfully complete research and development, obtain relevant regulatory approvals, obtain intellectual property protection, or gain market acceptance of new products and services. Because of the lengthy development process, technological challenges and intense competition, there can be no assurance that any of the products the company is currently developing, or could begin to develop in the future, will achieve substantial commercial success. In addition, sales of the company's new products could replace sales of some of its current products, offsetting the benefit of even a successful product introduction.

***The company's Electronic Systems Division is dependent on a small number of customers and faces competitive risks.***

The company's Electronic Systems Division (ESD) is dependent on a small number of customers with the top customer representing over half of ESD sales. Accordingly, the ESD segment is dependent on the continued growth, viability and financial stability of its customers, which consist of original equipment manufacturers of avionics, consumer beds and secure telecommunication equipment. Future sales are dependent on the success of the company's customers, some of which operate in businesses associated with rapid technological change and consequent product obsolescence. Developments adverse to major customers or their products, or the failure of a major customer to pay for components or services, could have an adverse effect on the performance of ESD.

Further, ESD competes against many providers of electronics manufacturing services. Certain competitors have substantially greater resources and more geographically diversified international operations than ESD. This segment may also be at a competitive disadvantage with respect to price when compared to manufacturers with lower cost structures, particularly those with more offshore facilities located where labor and other costs are lower. The company also faces competition from the manufacturing operations of current and future customers, who are continually evaluating the merits of manufacturing products internally against the advantages of outsourcing to electronics manufacturing services providers. Accordingly, to compete effectively, ESD must continue to provide technologically advanced manufacturing services, maintain strict quality standards, respond flexibly and rapidly to customers' design and schedule changes and deliver products globally on a reliable basis at competitive prices. Customers may cancel their orders, change production quantities or delay production. Start-up costs and inefficiencies related to new or transferred programs can adversely affect operating results and such costs may not be recoverable if such new programs or transferred programs are cancelled.

***The company's Aerostar segment depends on the U.S. government for a significant portion of its sales, creating uncertainty in the timing of and funding for projected contracts.***

A significant portion of Aerostar's sales are to the U.S. government or U.S. government agencies as a prime or sub-contractor. Government spending has historically been cyclical. A decrease in U.S. government defense or near-space research spending or changes in spending allocation could result in one or more of the company's programs being reduced, delayed or terminated. Reductions in the company's existing programs, unless offset by other programs

and opportunities, could adversely affect its ability to sustain and grow its future sales and earnings. The company's U.S. government sales are funded by the federal budget, which operates on an October-to-September fiscal year. Changes in congressional schedules, negotiations for program funding levels or unforeseen world events can interrupt the funding for a program or contract. Funds for multi-year contracts can be changed in subsequent years in the appropriations process.

In addition, the U.S. government has increasingly relied on indefinite delivery, indefinite quantity (IDIQ) contracts and other procurement vehicles that are subject to a competitive bidding and funding process even after the award of the basic contract, adding an additional element of uncertainty to future funding levels. Delays in the funding process or changes in funding can impact the

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timing of available funds or can lead to changes in program content or termination at the government's convenience. The loss of anticipated funding or the termination of multiple or large programs could have an adverse effect on the company's future sales and earnings.

*The company derives a portion of its revenues from foreign markets, which subjects the company to risk of changes in government policies and laws or worldwide economic conditions.*

The company's sales outside the U.S. were \$20 million in fiscal 2010. The company's financial results could be affected by changes in trade, monetary and fiscal policies, laws and regulations, or other activities of U.S. and non-U.S. governments, agencies and similar organizations. These conditions include, but are not limited to, changes in a country's or region's economic or political conditions; trade regulations affecting production, pricing and marketing of products; local labor conditions and regulations; reduced protection of intellectual property rights in some countries; changes in the regulatory or legal environment; restrictions on currency exchange activities; burdensome taxes and tariffs and other trade barriers. International risks and uncertainties, including changing social and economic conditions as well as terrorism, political hostilities and war, could lead to reduced sales and reduced profitability associated with such sales.

*Adverse economic conditions in the major industries the company serves may materially affect segment performance and consolidated results of operations.*

The company's results of operations are impacted by the market fundamentals of the primary industries served. Significant declines of economic activity in the agricultural, oil and gas exploration, construction, industrial, aerospace/aviation, communication, defense and other major markets served may adversely affect segment performance and consolidated results of operations.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

The company maintains the following properties in connection with its operations, all of which the company owns, unless indicated otherwise:

<b>Location</b>	<b>Square Feet</b>	<b>Function</b>	<b>Business Segments</b>
Sioux Falls, SD		Corporate office; electronics manufacturing	All
	150,000		
	131,000	Plastic sheeting manufacturing	Engineered Films
	73,000	Warehouse	Engineered Films
		Plastic sheeting manufacturing and sewing	Engineered Films; Aerostar
	59,000		
	35,000	Warehouse and offices	Engineered Films; Aerostar
	27,000	Training facility and manufacturing	Applied Technology
	25,000	Inflatable manufacturing	Aerostar
	24,000	Electronics manufacturing	Electronic Systems
	10,000	Machine shop	Applied Technology
		Training and product development facility	Applied Technology
	11,000		
Sulphur Springs, TX	64,000	Research balloon manufacturing	Aerostar
Springfield, OH	30,000	Warehouse	Engineered Films
Huron, SD	24,000	Sewing plant	Aerostar
St. Louis, MO	24,000	Electronics manufacturing	Electronic Systems
Madison, SD	20,000	Sewing plant	Aerostar
Austin, TX	*7,000	Product development facility	Applied Technology
Stockholm, SK	*7,000	Warehouse	Applied Technology

\* Leased

Most of the company's manufacturing plants also serve as distribution centers and contain offices for sales, engineering and manufacturing support staff. The company believes that its properties are, in all material respects, in good condition and are adequate to meet existing production needs. The company owns 6.95 acres of undeveloped land adjacent to the other owned property in Sioux Falls, which is available for expansion.

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**Item 3. Legal Proceedings**

The company is responsible for investigation and remediation of environmental contamination at one of its sold facilities (see Item 1, Business Environmental Matters ). In addition, the company is involved as a defendant in lawsuits, claims or disputes arising in the normal course of its business. The potential costs and liability of such claims cannot be determined at this time. Management believes that any liability resulting from these claims will be substantially mitigated by insurance coverage. Accordingly, management does not believe the ultimate outcome of these matters will be significant to its results of operations, financial position or cash flows.

**Item 4. Reserved**

**Item 5. Market for the Registrant's Common Equity, Related Shareholder Matters, and Issuer Purchases of Equity Securities**

Incorporated by reference to pages 31 (Quarterly Information), 16-17 (Eleven-year Financial Summary) and inside back cover of the 2010 Annual Report to Shareholders.

Under a resolution from the Board of Directors dated March 15, 2008, the company was authorized to repurchase up to \$10 million of stock on the open market. No shares were repurchased during the fourth quarter. Approximately \$5.1 million of the repurchase authorization remains open, however, the company has temporarily suspended the share repurchase program.

**Item 6. Selected Financial Data**

Incorporated by reference to pages 16-17 of the company's 2010 Annual Report to Shareholders.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Incorporated by reference to pages 19-30 of the company's 2010 Annual Report to Shareholders.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

The exposure to market risks pertains mainly to changes in interest rates on cash and cash equivalents and short-term investments. The company has no debt. The company does not expect operating results or cash flows to be significantly affected by changes in interest rates. Additionally, the company does not enter into derivatives or other financial instruments for trading or speculative purposes. However, the company does utilize derivative financial instruments to manage the economic impact of fluctuation in foreign currency exchange rates on those transactions that are denominated in currency other than its functional currency, which is the U.S. dollar. The use of these financial instruments had no material effect on the company's financial condition, results of operations or cash flows.

The company's subsidiaries that operate outside the United States use their local currency as the functional currency. The functional currency is translated into U.S. dollars for balance sheet accounts using the period-end exchange rates, and average exchange rates for the statement of income. Adjustments resulting from financial statement translations are included as cumulative translation adjustments in accumulated other comprehensive income (loss) within shareholders' equity. Foreign currency transaction gains or losses are recognized in the period incurred and are included in interest income and other, net in the Consolidated Statements of Income. Foreign currency fluctuations had no material effect on the company's financial condition, results of operations or cash flows.

**Item 8. Financial Statements and Supplementary Data**

Incorporated by reference to pages 33-46 of the company's 2010 Annual Report to Shareholders.

**Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure**

None.

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As of January 31, 2010, the end of the period covered by this report, management, including the Chief Executive Officer ( CEO ) and the Chief Financial Officer ( CFO ), evaluated the effectiveness of disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) as of such date. Based on that evaluation, the CEO and CFO have concluded that the company s disclosure controls and procedures were effective as of January 31, 2010.

**Management s Report on Internal Control Over Financial Reporting**

The company included a report from its management concerning its internal control over financial reporting on page 32 of its 2010 Annual Report to Shareholders, which is incorporated herein by reference. The company s internal control over financial reporting has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm who has also audited its consolidated financial statements, as stated in their report in the section entitled Report of Independent Registered Public Accounting Firm, on page 46 of the company s 2010 Annual Report to Shareholders, which is incorporated herein by reference.

**Changes in Internal Control Over Financial Reporting**

There were no changes in the company s internal control over financial reporting that occurred during the fiscal quarter ended January 31, 2010, that have materially affected, or are reasonably likely to materially affect, the company s internal control over financial reporting.

**Item 9B. Other Information**

Not applicable.

**Item 10. Directors, Executive Officers and Corporate Governance**

Incorporated by reference to the sections entitled *Election of Directors*, *Board of Directors and Committees*, *Corporate Governance*, and *Other Matters* within the company s Proxy Statement relating to its 2010 Annual Meeting of Shareholders.

**Executive Officers**

<b>Name</b>	<b>Age</b>	<b>Position</b>
Ronald M. Moquist	64	President and Chief Executive Officer
Thomas Iacarella	56	Vice President and Chief Financial Officer
David R. Bair	53	Division Vice President and General Manager Electronic Systems Division
Matthew T. Burkhart	34	Division Vice President and General Manager Applied Technology Division
James D. Groninger	51	Division Vice President and General Manager Engineered Films Division
Barbara K. Ohme	62	Vice President Administration
Daniel A. Rykhus	45	Executive Vice President
Mark L. West	56	President Aerostar International, Inc.

Each of the above executive officers serves at the pleasure of the Board of Directors on a year-to-year basis.

Mr. Moquist joined Raven in 1975 as Sales and Marketing Manager, served as the company s Executive Vice President from 1985 through 2000, and has been the company s President and Chief Executive Officer since 2000.

Mr. Iacarella joined Raven in 1991 as Corporate Controller and has been the company s Chief Financial Officer, Secretary and Treasurer since 1998. Prior to joining the company, he held positions with Tonka Corporation and the accounting firm now known as Ernst & Young.

Mr. Bair joined Raven in 1999 as Division Vice President and General Manager of the Electronic Systems Division.

Mr. Burkhart was named Division Vice President and General Manager of the Applied Technology Division on February 1, 2010. He joined Raven in 2008 as Director of Sales for Applied Technology. Prior to joining the company, he was a Branch Manager for Johnson Controls.





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Mr. Groninger joined Raven in 1986 and in 1995 became Manager of Glasstite, Inc. He has been Division Vice President and General Manager of the Engineered Films Division since 2004.

Ms. Ohme joined Raven in 1987 as Employment Manager and has been the company's Vice President of Administration since 2004.

Mr. Rykhus joined Raven in 1990 as Director of World Class Manufacturing and has been the company's Executive Vice President since 2004. He was General Manager of the Applied Technology Division from 1998 through 2009.

Mr. West joined Raven in 1982 as a Project Engineer and has been the President of Aerostar International, Inc. since 1986.

**Item 11. Executive Compensation**

Incorporated by reference to the sections entitled *Executive Compensation* and *Non-management Director Compensation* within the company's Proxy Statement relating to its 2010 Annual Meeting of Shareholders.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters**

Incorporated by reference to the section entitled *Ownership of Common Stock* within the company's Proxy Statement relating to its 2010 Annual Meeting of Shareholders.

The remaining information called for by this item relating to Securities Authorized for Issuance under Equity Compensation Plans is incorporated by reference to the section entitled *Equity Compensation Plan Information* contained in the company's Proxy Statement relating to its 2010 Annual Meeting of Shareholders.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

Incorporated by reference to the sections entitled *Board of Directors and Committees* and *Corporate Governance* contained in the company's Proxy Statement relating to its 2010 Annual Meeting of Shareholders.

**Item 14. Principal Accounting Fees and Services**

Incorporated by reference to the section entitled *Independent Registered Public Accounting Firm Fees*, contained in the company's Proxy Statement relating to its 2010 Annual Meeting of Shareholders.

**Item 15. Exhibits, Financial Statement Schedule**

(a) Consolidated Financial Statements and Schedule

1. Incorporated by reference from the attached exhibit containing the 2010 Annual Report to Shareholders:

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Shareholders' Equity and Comprehensive Income

Consolidated Statements of Cash Flows

Notes to Financial Statements

Report of Independent Registered Public Accounting Firm

2. Included in Part II:

Report of Independent Registered Public Accounting Firm on Financial Statement Schedule

Schedule II Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable or not required.

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(b) Exhibits

**Exhibit**

**Number Description**

- 3(a) Articles of Incorporation of Raven Industries, Inc. and all amendments thereto.\*
- 3(b) Bylaws of Raven Industries, Inc.\*
- 3(c) Extract of Shareholders Resolution adopted on April 7, 1962 with respect to the bylaws of Raven Industries, Inc. \*
- 10(a) Employment Agreement between Raven Industries, Inc. and Daniel Rykhus dated as of February 1, 2009 (incorporated by reference to Exhibit 10.1 of the company's Form 8-K filed February 1, 2009).
- 10(b) Employment Agreement between Raven Industries, Inc. and David R. Bair dated as of February 1, 2004. \*\*\*
- 10(c) Employment Agreement between Raven Industries, Inc. and James D. Groninger dated as of February 1, 2004. \*\*\*
- 10(d) Employment Agreement between Raven Industries, Inc. and Mark L. West dated as of February 1, 2004. \*\*\*
- 10(e) Employment Agreement between Raven Industries, Inc. and Ronald M. Moquist dated as of February 1, 2004. \*\*
- 10(f) Employment Agreement between Raven Industries, Inc. and Thomas Iacarella dated as of February 1, 2004. \*\*
- 10(g) Schedule A to Employment Agreements between Raven Industries, Inc. and each of the following Senior Executive Officers: Ronald M. Moquist, Thomas Iacarella, and Daniel A. Rykhus (incorporated by reference to Exhibit 10.2 of the company's Form 8-K filed February 1, 2009).
- 10(h) Employment Agreement between Raven Industries, Inc. and Barbara Ohme dated as of February 1, 2004. \*\*
- 10(i) Change in Control Agreement between Raven Industries, Inc. and each of the following officers and key employees:  
Ronald M. Moquist, Thomas Iacarella, Daniel A. Rykhus, David R. Bair, James D. Groninger, Barbara K. Ohme, and Mark L. West dated as of January 31, 2008 (incorporated by reference to Exhibit 10.1 of the company's 8-K filed December 17, 2007).
- 10(j) Trust Agreement between Raven Industries, Inc. and Norwest Bank South Dakota, N.A. dated April 26, 1989. \*
- 10(k) Raven Industries, Inc. 2000 Stock Option and Compensation Plan adopted May 24, 2000 (incorporated by reference to Exhibit A to the company's definitive Proxy Statement filed April 19, 2000).
- 10(l)

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Raven Industries, Inc. Deferred Compensation Plan for Directors adopted May 23, 2007 (incorporated by reference to Exhibit 10.1 to the company's 8-K filed May 24, 2007).

- 10(m) Change in Control Agreement between Raven Industries, Inc. and Matthew T. Burkhardt dated February 1, 2010 (incorporated by reference to Exhibit 10.3 to the company's 8-K filed February 2, 2010).
- 10(n) Employment Agreement between Raven Industries, Inc. and Matthew T. Burkhardt dated February 1, 2010 (incorporated by reference to Exhibit 10.1 to the company's 8-K filed February 2, 2010).
- 10(o) Schedule A to Employment Agreements between Raven Industries, Inc. and each of the following Senior Managers:  
David R. Bair, Matthew T. Burkhardt, James D. Groninger, Barbara K. Ohme and Mark L. West  
(incorporated by reference to Exhibit 10.2 to the company's 8-K filed February 2, 2010).
- 13 2010 Annual Report to Shareholders (only those portions specifically incorporated herein by reference shall be deemed filed with the Commission).
- 21 Subsidiaries of the Registrant.
- 23 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification of CEO Pursuant to Section 302 of Sarbanes-Oxley Act.
- 31.2 Certification of CFO Pursuant to Section 302 of Sarbanes-Oxley Act.
- 32.1 Certification pursuant to Section 906 of Sarbanes-Oxley Act.
- 32.2 Certification pursuant to Section 906 of Sarbanes-Oxley Act.

Management  
contract or  
compensatory  
plan or  
arrangement.

\* Incorporated by  
reference to  
corresponding  
Exhibit Number  
of the company's  
Form 10-K for  
the year ended  
January 31,  
1989.

\*\* Incorporated by  
reference to  
corresponding  
Exhibit Number  
of the company's  
Form 10-K for

the year ended  
January 31,  
2004.

\*\*\* Incorporated by  
reference to  
corresponding  
Exhibit Number  
of the company's  
Form 10-K for  
the year ended  
January 31,  
2007.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**RAVEN INDUSTRIES, INC.  
(Registrant)**

March 31, 2010	By: /s/ Ronald M. Moquist
Date	Ronald M. Moquist President and Chief Executive Officer (Principal Executive Officer and Director)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 31, 2010	/s/ Ronald M. Moquist
Date	Ronald M. Moquist President and Chief Executive Officer (Principal Executive Officer and Director)

March 31, 2010	/s/ Thomas Iacarella
Date	Thomas Iacarella Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

**Directors:**

March 31, 2010	/s/ Thomas S. Everist
Date	Thomas S. Everist

March 31, 2010	/s/ Anthony W. Bour
Date	Anthony W. Bour

March 31, 2010	/s/ David A. Christensen
Date	David A. Christensen

March 31, 2010	/s/ Mark E. Griffin
Date	Mark E. Griffin

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March 31, 2010 /s/ Conrad J. Hoigaard

Date Conrad J. Hoigaard

March 31, 2010 /s/ Kevin T. Kirby

Date Kevin T. Kirby

March 31, 2010 /s/ Cynthia H. Milligan

Date Cynthia H. Milligan

March 31, 2010 /s/ Daniel A. Rykhus

Date Daniel A. Rykhus

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**Report of Independent Registered Public Accounting Firm on  
Financial Statement Schedule**

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

Our audits of the consolidated financial statements and of the effectiveness of internal control over financial reporting referred to in our report dated March 31, 2010 appearing in the 2010 Annual Report to Shareholders of Raven Industries, Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
Minneapolis, Minnesota  
March 31, 2010



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**SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS**  
**for the years ended January 31, 2010, 2009 and 2008**  
(Dollars in thousands)

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance at Beginning of Year	Charged to Costs and Expenses	Charged to Other Accounts	Deductions  From Reserves (1)	Balance at End of Year
Deducted in the balance sheet from the asset to which it applies: Allowance for doubtful accounts:					
Year ended January 31, 2010	\$ 613	\$ (183)	None	\$ 133	\$ 297
Year ended January 31, 2009	\$ 293	\$ 629	None	\$ 309	\$ 613
Year ended January 31, 2008	\$ 258	\$ 91	None	\$ 56	\$ 293

Note:

- (1) Represents uncollectible accounts receivable written off during the year, net of recoveries.