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AEROSTAR TO CONTINUE SUPPORT OF PRODUCT LINE WHILE DISCONTINUING MANUFACTURE OF HOT AIR BALLOONS

Sioux Falls, SD – August 1, 2006 – Aerostar International, Inc., a wholly owned subsidiary of Raven Industries, Inc. announced that January 31st, 2007 will be the last day it will accept orders for hot air balloon systems or major components. The company makes this strategic move to exit the hot air balloon manufacturing portion of the business which currently represents less than 4% of Aerostar's overall sales. Aerostar is committed to support the safety and maintenance of existing Aerostar and Raven aircraft in service.

Raven Industries is credited with beginning the sport of hot air ballooning. This ending of an era is a result of the steady decline of the hot air balloon industry. Aerostar's President and Chief Engineer Mark West commented, "The entire General Aviation Industry took a marked decline after 9/11 and the hot air balloon industry has never recovered. This coupled with significant increases in liability insurance costs has made for a business model that is no longer feasible. Unfortunately we cannot afford to stay in a business which is not profitable, even though it is the product line that founded Aerostar."

As in the past, Aerostar will provide technical and product support for hot air balloons and components manufactured by Aerostar and Raven. The company will also continue to sell repair parts for those aircraft. Aerostar will remain active within the hot air balloon community promoting safety through education safety programs and continuous airworthiness seminars. Additionally, their web-site www.aerostar.com, has complete service information for hot air balloon owners reference as well as access to all Service Letters, Service Bulletins, Maintenance Bulletins, Airworthiness Directives and ACAI (Aerostar Continued Airworthiness Instructions). These documents are available to be downloaded, free of charge, by all aircraft owners and repair stations.

Aerostar management emphasized that this move will have no impact on its high-altitude research balloon operations, located in Sulphur Springs, Texas, or other product lines.

About Aerostar International:

Aerostar International, Inc. is an industrial manufacturer that provides Aerospace products, Military Products, Protective Wear and Advertising Inflatables to various markets.