UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended July 28, 2007

OR

o 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: 0-23246

DAKTRONICS, INC.
(Exact name of Registrant as specified in its charter)

South Dakota	**46-0306862**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

331 32nd Avenue
Brookings, SD **57006**
(Address of principal executive offices) (zip code)

(605) 697-4000
(Registrant's telephone number, including area code)

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 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer [X] Accelerated Filer [ ] Non-Accelerated Filer [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

The number of shares of the registrant's common stock outstanding as of August 15, 2007 was 39,815,164.

DAKTRONICS, INC. AND SUBSIDIARIES
FORM 10-Q
For the Quarter Ended July 28, 2007

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (including exhibits and information incorporated by reference herein) contains both historical and forward-looking statements that involve risks, uncertainties and assumptions. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21B of the Securities Exchange Act of 1934, as amended, including statements regarding our expectations, beliefs, intentions and strategies for the future. These statements appear in a number of places in this Report and include all statements that are not historical statements of fact regarding our intent, belief or current expectations with respect to, among other things: (i) our financing plans; (ii) trends affecting our financial condition or results of operations; (iii) our growth strategy and operating strategy; and (iv) the declaration and payment of dividends. The words "may," "would," "could," "will," "expect," "estimate," "anticipate," "believe," "intend," "plans" and similar expressions and variations thereof are intended to identify forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, many of which are beyond our ability to control, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors discussed herein, including those discussed in detail in our filings with the Securities and Exchange Commission, including in our Annual Report on Form 10-K for the fiscal year ended April 28, 2007 in the section entitled "Item 1A. Risk Factors."

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

DAKTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	July 28, 2007 (unaudited)	April 28, 2007 (note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,161	$ 2,590
Accounts receivable, less allowance for doubtful accounts	57,829	56,692
Inventories	50,807	45,835
Costs and estimated earnings in excess of billings	33,551	22,314
Current maturities of long-term receivables	6,848	6,831
Prepaid expenses and other	4,469	5,044
Deferred income taxes	7,854	7,761
Income taxes receivable	—	731
Rental equipment available for sale	190	188
Total current assets	168,709	147,986
Advertising rights, net	3,629	3,830
Long-term receivables, less current maturities	14,079	11,211
Investments in affiliates	8,991	8,762
Goodwill	4,469	4,408
Intangible and other assets	3,314	3,391
Deferred income taxes	73	136
	34,555	31,738
PROPERTY AND EQUIPMENT:		
Land	3,275	3,275
Buildings	41,711	36,822
Machinery and equipment	42,795	38,420
Office furniture and equipment	40,442	37,520
Equipment held for rental	2,891	2,600
Demonstration equipment	6,687	5,939
Transportation equipment	6,681	6,669
	144,482	131,245
Less accumulated depreciation	49,614	45,119
	94,868	86,126
TOTAL ASSETS	$ 298,132	$ 265,850

See notes to consolidated financial statements.

DAKTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
(in thousands, except share data)

	July 28, 2007 (unaudited)	April 28, 2007 (note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable, bank	$ 25,682	$ 24,615
Accounts payable	39,506	26,094
Accrued expenses and warranty obligations	22,696	21,849
Current maturities of long-term debt and marketing obligations	967	1,002
Billings in excess of costs and estimated earnings	23,423	18,293
Customer deposits	6,922	5,857
Deferred revenue	6,480	5,333
Income taxes payable	3,207	39
Total current liabilities	128,883	103,082
Long-term debt, less current maturities	597	592
Long-term marketing obligations, less current maturities	480	473
Long-term warranty obligations and other payables	5,258	5,366
Deferred income taxes	2,629	2,629
	8,964	9,060
TOTAL LIABILITIES	137,847	112,142
SHAREHOLDERS' EQUITY:		
Common stock, no par value, authorized 120,000,000 shares; 39,803,644 and 39,548,938 shares issued at July 28, 2007 and April 28, 2007, respectively	23,298	21,954
Additional paid-in capital	8,223	7,431
Retained earnings	128,810	124,469
Treasury stock, at cost, 19,680 shares	(9)	(9)
Accumulated other comprehensive loss	(37)	(137)
TOTAL SHAREHOLDERS' EQUITY	160,285	153,708
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 298,132	$ 265,850

See notes to consolidated financial statements.

DAKTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

	Three Months Ended	
	July 28, 2007	**July 29, 2006**
Net sales	$ 120,923	$ 92,153
Cost of goods sold	84,044	65,778
Gross profit	36,879	26,375
Operating expenses:		
Selling	14,844	12,446
General and administrative	6,002	3,728
Product design and development	4,756	3,619
	25,602	19,793
Operating income	11,277	6,582
Nonoperating income (expense):		
Interest income	384	645
Interest expense	(426)	(26)
Other income (expense), net	(302)	107
Income before income taxes	10,933	7,308
Income tax expense	3,822	2,321
Net income	$ 7,111	$ 4,987
Earnings per share:		
Basic	$ 0.18	$ 0.13
Diluted	$ 0.17	$ 0.12
Cash dividend paid per share	$ 0.07	$ 0.06
Weighted average shares outstanding:		
Basic	39,638	38,974
Diluted	41,260	41,082

See notes to consolidated financial statements.

DAKTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended July 28, 2007	Three Months Ended July 29, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 7,111	$ 4,987
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,505	2,784
Amortization	79	12
Gain on sale of property and equipment	(1)	(1)
Stock-based compensation	608	406
Equity in earnings and losses of affiliates	526	—
Provision for doubtful accounts	28	97
Deferred income taxes, net	(30)	(784)
Change in operating assets and liabilities	6,657	(1,024)
Net cash provided by operating activities	19,483	6,477
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(13,343)	(7,450)
Cash consideration paid for investment in affiliates	(750)	(6,008)
Sales (purchases) of marketable securities, net	—	(90)
Proceeds from sale of property and equipment	23	19
Net cash used in investing activities	(14,070)	(13,529)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on notes payable	28,818	—
Payments on notes payable	(27,750)	—
Proceeds from exercise of stock options and warrants	732	335
Excess tax benefits from stock-based compensation	177	205
Principal payments on long-term debt	(12)	(16)
Dividend paid	(2,770)	(2,339)
Net cash used in financing activities	(805)	(1,815)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(37)	(127)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,571	(8,994)
CASH AND CASH EQUIVALENTS:		
Beginning	2,590	26,921
Ending	$ 7,161	$ 17,927
Supplemental disclosures of cash flow information:		
Cash payments for:		
Interest:	$ 408	$ 12
Income taxes, net of refunds	632	828
Supplemental schedule of non-cash investing and financing activities:		
Demonstration equipment transferred to inventory	154	509
Purchase of property and equipment included in accounts payable	—	1,601

See notes to consolidated financial statements.

Note 1. Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to fairly present our financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts therein. Due to the inherent uncertainty involved in making estimates, actual results in future periods may differ from those estimates.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The balance sheet at April 28, 2007 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.These financial statements should be read in conjunction with our financial statements and notes thereto for the year ended April 28, 2007, which are contained in our Annual Report on Form 10-K previously filed with the Securities and Exchange Commission. The results of operations for the interim periods presented are not necessarily indicative of results that may be expected for any other interim period or for the full fiscal year.

The consolidated financial statements include the accounts of our wholly-owned subsidiaries, Daktronics France SARL; Daktronics Shanghai, Ltd.; Daktronics GmbH; Star Circuits, Inc.; Daktronics Media Holdings, Inc.; MSC Technologies, Inc.; Daktronics UK, Ltd.; Daktronics Hong Kong, Ltd.; Daktronics Canada, Inc.; Daktronics Hoist, Inc.; and Daktronics FZE. Intercompany balances and transactions have been eliminated in consolidation.

Investments in affiliates are accounted for by the equity method. We have evaluated our relationships with affiliates and have determined that these entities are not variable interest entities and therefore are not required to be consolidated in our consolidated financial statements. Accordingly, our proportional share of the respective affiliate’s earnings or losses is included in other income (expense) in our consolidated statement of income.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the estimated total costs on long-term contracts, estimated costs to be incurred for product warranties and extended maintenance contracts, excess and obsolete inventory, the reserve for doubtful accounts, stock-base compensation and income taxes. Changes in estimates are reflected in the periods in which they become known.

Note 2. Significant Accounting Policies

Income taxes. We account for income taxes under Statement of Financial Accounting Standard (SFAS) No. 109, “Accounting for Income Taxes,” which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in our financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. SFAS No. 109 requires the consideration of a valuation allowance for deferred tax assets if it is “more likely than not” that some component or all of the benefits of deferred tax assets will not be realized.

We adopted the provisions of Financial Accounting Standards Board Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes, an Interpretation of SFAS No. 109" on April 29, 2007. FIN 48 creates a single model to address uncertainty in tax positions and clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. At the adoption date, April 29, 2007, we did not have a material liability under FIN 48 for unrecognized tax benefits. As a result of the implementation of FIN 48 we have recognized no material adjustment in the liability for unrecognized income tax benefits and there is no related effect to our effective tax rate. Our continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

Our company, along with our subsidiaries, is subject to U.S. Federal income tax as well as income tax of multiple state jurisdictions. As a result of the completion of IRS exams on prior years, fiscal years 2006 and 2007 are the only years remaining open under statutes of limitations. Certain subsidiaries, are also subject to income tax in several foreign jurisdictions which have open tax years varying by jurisdiction back to 2003.

Commitments and Contingencies. We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, based upon consultation with legal counsel, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position.

In connection with the sale of equipment to a financial institution, we entered into a contractual arrangement whereby we agreed to repurchase equipment at the end of the lease term at a fixed price of approximately $1,100. We have recognized a guarantee in the amount of $200 under the provisions of FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others."

Product Warranties. We offer standard warranty coverages on many of our products, which include parts and in some cases labor, maintenance and support, for periods varying from one to 10 years. The specific terms and conditions of these warranties vary depending on the product sold and other factors. We estimate the costs that may be incurred under the warranty and record a liability in the amount of such costs at the time the product is shipped in the case of standard orders and prorated over the construction period in the case of custom projects. Factors that affect our warranty liability include historical and anticipated costs. We periodically assess the adequacy of our recorded warranty costs and adjust the amounts as necessary.

Changes in our product warranties for the three months ended July 28, 2007 consisted of the following:

		Amount
Beginning accrued warranty costs	$	10,515
Warranties issued during the period		2,297
Settlements made during the period		(2,410)
Changes in accrued warranty costs for pre-existing warranties during the period, including expirations		387
Ending accrued warranty costs	$	10,789

Lease Commitments. We lease office space for sales and service locations, vehicles and various equipment, primarily office equipment. Rental expense for operating leases was $634 and $396 for the three months ended July 28, 2007 and July 29, 2006, respectively. Future minimum payments under noncancelable operating leases, excluding executory costs such as management and maintenance fees, with initial or remaining terms of one year or more consisted of the following at July 28, 2007:

Fiscal Year	Amount
2008	$ 1,571
2009	2,024
2010	1,283
2011	1,225
2012	451
Thereafter	446
Total	$ 7,000

Purchase Commitments. From time to time, we commit to purchase inventory and advertising rights over periods that extend over a year. As of July 28, 2007, we were obligated to purchase inventory and advertising rights through fiscal year 2010 as follows:

Fiscal Year	Amount
2008	136
2009	88
2010	88
Total	$ 312

Note 3. Recently Issued Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Liabilities." SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 is expected to expand the use of fair value measurement, which is consistent with FASB's long-term measurement objectives for accounting for financial instruments. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including financial statements for an interim period within that fiscal year. Adoption is not expected to have a material impact on our consolidated earnings, financial position or cash flows.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurement." SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. SFAS No. 157 clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under SFAS No, 157, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS No. 157 is effective for us beginning in fiscal year 2009; however, early adoption is permitted. We are currently assessing the impact of adoption of SFAS No. 157.

Note 4. Revenue Recognition

Long-term contracts: Earnings on long-term contracts are recognized on the percentage-of-completion method, measured by the percentage of costs incurred to date to estimated total costs for each contract. Operating expenses are charged to operations as incurred and are not allocated to contract costs. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are estimable.

Equipment other than long-term contracts: We recognize revenue on equipment sales, other than long-term contracts, when title passes, which is usually upon shipment and then only if the revenue is fixed and determinable.

Long-term receivables and advertising rights: We occasionally sell and install our products at facilities in exchange for the rights to sell or to retain future advertising revenues. For these transactions, we recognize revenue for the amount of the present value of the future advertising payments if enough advertising is sold to obtain normal margins on the contract, and we record the related receivable in long-term receivables. On those transactions where we have not sold the advertising for the full value of the equipment at normal margins, we record the related cost of equipment as advertising rights. Revenue to the extent of the present value of the advertising payments is recognized in long-term receivables when it becomes fixed and determinable under the provisions of the applicable advertising contracts. At the time the revenue is recognized, costs of the equipment are recognized based on an estimate of overall margin expected.

In cases where we receive advertising rights, as opposed to only cash payments, in exchange for the equipment, revenue is recognized as it becomes earned and the related costs of the equipment are amortized over the term of the advertising rights, which are owned by us. On these transactions, advance collections of advertising revenues are recorded as deferred income.

The cost of advertising rights, net of amortization, was $3,629 as of July 28, 2007 and $3,830 as of April 28, 2007.

Product maintenance: In connection with the sale of our products, we also occasionally sell separately priced extended warranties and product maintenance contracts. The revenue related to such contracts is deferred and recognized ratably as net sales over the term of the contracts, which varies up to 10 years.

Software: We sell our proprietary software bundled with displays and certain other products. Pursuant to American Institute of Certified Public Accountants ("AICPA") Statement of Position ("SOP") 97-2, "Software Revenue Recognition," as amended by SOP 98-4, "Deferral of the Effective Date of a Provision of SOP 97-2," and SOP 98-9, "Modification of SOP 97-2, Software Revenue Recognition with Respect to Certain Transactions," revenues from software license fees on sales, other than long-term contracts, are recognized when persuasive evidence of an agreement exists, delivery of the product has occurred, the fee is fixed and determinable and collection is probable. For sales of software included in long-term contracts, the revenue is recognized under the percentage-of-completion method for long-term contracts starting when all of the above-mentioned criteria have been met.

Services: Revenues generated by us for services such as event support, control room design, on-site training, equipment service and continuing technical support for operators of our equipment are recognized as net sales when the services are performed.

Derivatives: We utilize derivative financial instruments to manage the economic impact of fluctuations in currency exchange rates on those transactions that are denominated in currency other than our functional currency, which is the U.S. Dollar. We enter into currency forward contracts to manage these economic risks. SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 137 and No.138," requires us to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through earnings. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in the fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in accumulated other comprehensive gain (loss) until the hedged item is recognized in earnings.

To protect against the reduction in value of forecasted foreign currency cash flows resulting from export sales over the next year, we have instituted a foreign currency cash flow hedging program. We hedge portions of our forecasted revenue denominated in foreign currencies with forward contracts. When the dollar strengthens significantly against the foreign currencies, the decline in value of future foreign currency revenue is offset by gains in the value of the forward contracts designated as hedges. Conversely, when the dollar weakens, the increase in the value of future foreign currency cash flows is offset by losses in the value of the forward contracts.

During the three months ended July 28, 2007, we assessed all hedges to be effective and recorded changes of value in other comprehensive income. The fair value of all derivatives is included in prepaid expenses and other in the statement of financial condition.

As of July 28, 2007, we expect to reclassify $5 of net gains (losses) on derivative instruments from accumulated other comprehensive income to earnings during the next 12 months due to actual sales.

Note 5. Earnings Per Share

Basic earnings per share (EPS) is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that would occur if securities or other obligations to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in our earnings.

A reconciliation of the income and common share amounts used in the calculation of basic and diluted EPS for the three months ended July 28, 2007 and July 29, 2006 follows:

	Net Income	Shares	Per Share Amount
For the three months ended July 28, 2007:			
Basic earnings per share	$ 7,111	39,638	$ 0.18
Effect of dilutive securities:			
Exercise of outstanding stock options	—	1,622	(0.01)
Diluted earnings per share	$ 7,111	41,260	$ 0.17
For the three months ended July 29, 2006:			
Basic earnings per share	$ 4,987	38,974	$ 0.13
Effect of dilutive securities:			
Exercise of outstanding stock options and warrants	—	2,108	(0.01)
Diluted earnings per share	$ 4,987	41,082	$ 0.12

On May 25, 2006, our Board of Directors declared a two-for-one stock split in the form of a stock dividend payable to stockholders of record on June 8, 2006. All data related to common shares has been retroactively adjusted based on the new shares outstanding after the effect of the split for all periods presented.

On August 16, 2006, the shareholders of Daktronics approved an amendment to the articles of incorporation to increase the authorized number of shares of common stock from 60,000,000 shares to 120,000,000.

Note 6. Goodwill and Other Intangible Assets

We account for goodwill and other intangible assets in accordance with SFAS No. 142, “Goodwill and Other Intangible Assets,” and we complete an impairment analysis on at least an annual basis and more frequently if circumstances warrant.

Goodwill, net of accumulated amortization, was $4,469 at July 28, 2007 and $4,408 at April 28, 2007. We performed an analysis of goodwill as of October 30, 2006. The result of this analysis indicated that no goodwill impairment existed as of that date.

As required by SFAS No. 142, intangibles with finite lives continue to be amortized. Included in intangible assets are non-compete agreements and a patent license. The net value of intangible assets is included as a component of intangible and other assets in the accompanying consolidated balance sheets. Estimated amortization expense based on intangibles as of April 28, 2007 was $315 for the fiscal years ending 2008, 2009 and 2010, $288 for 2011, $245 for 2012 and $1,007 thereafter. The following table sets forth the gross carrying amount and accumulated amortization of intangible assets by major intangible class as of July 28, 2007:

	Gross Carrying Amount	Accumulated Amortization	Net Value
Patents	$ 2,282	$ 190	$ 2,092
Non-compete agreements	348	89	259
Registered trademarks	401	-	401
Other	87	31	56
	$ 3,118	$ 310	$ 2,808

Note 7. Inventories

Inventories consist of the following:

	July 28, 2007	April 28, 2007
Raw materials	$ 23,818	$ 22,830
Work-in-process	10,251	8,502
Finished goods	16,738	14,503
	$ 50,807	$ 45,835

Note 8. Segment Disclosure

Our chief operating decision maker reviews financial information presented on a consolidated basis, accompanied by disaggregated information about revenue and certain expenses, by market and geographic region, for purposes of assessing financial performance and making operating decisions. Accordingly, we consider ourselves to be operating in a single industry segment. We do not manage our business by solution or focus area.

We do not maintain information on sales by products and, therefore, disclosure of such information is not practical.

The following table presents information about us by geographic area:

	United States	Others	Total
Net sales for three months ended:			
July 28, 2007	$ 111,838	$ 9,085	$ 120,923
July 29, 2006	79,806	12,347	92,153
Long-lived assets at:			
July 28, 2007	$ 93,384	$ 1,484	$ 94,868
July 29, 2006	45,311	976	46,287

Note 9. Equipment Held for Sale

In accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” we review long-lived assets to be held and used and long-lived assets to be disposed of, including intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of the asset to the future undiscounted net cash flows expected to be generated by the asset. Recoverability of assets held for sale is measured by comparing the carrying amount of the assets to their estimated fair market value less cost of selling the asset. If any assets are considered to be impaired, the impairment is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value.

Impairment of Long-Lived Assets: We recorded a pre-tax asset impairment charge of $340 for the three months ended July 29, 2006. The impairment charges related to technology changes in our demonstration equipment and tooling equipment. Impairment charges are included in selling expenses and cost of goods sold.

Note 10. Acquisitions

During the first quarter of fiscal year 2007, we acquired a 50% equity interest in Arena Media Networks LLC, a company that owns and operates the nation’s largest network of digital flat-panel displays in stadiums and arenas across the U.S. We paid approximately $6,008 for the investment, and we account for this transaction under the equity method of accounting.

During the second quarter of fiscal year 2007, we acquired a 50% interest in FuelCast Media International, the largest pump-top display network in the nation. We paid approximately $4,000 for the investment, and we account for this transaction under the equity method of accounting.

During the second quarter of fiscal year 2007, we acquired certain operating assets and liabilities of Hoffend & Sons, Inc. through a wholly-owned subsidiary. The business operates under the name Vortek, a division of Daktronics Hoist, Inc. Results of the operations of Vortek have been included in the consolidated financial statements since the date of acquisition. We have not made pro forma disclosures, as the results of operations are not material to the consolidated financial statements. Hoffend was the world’s leading supplier of patented hoist systems for theater and sporting facilities and has been a supplier of ours in connection with center hung arena systems. The aggregate purchase price, excluding contingent consideration, was approximately $4,270 and includes $500 due one year from the closing date. Contingent consideration of $1,500 is due over the three calendar years following the closing date to the extent the gross profit on net sales of hoist products exceed predefined thresholds. In addition, contingent payments are due at the end of the fifth calendar year following closing to the extent gross profit on net sales of hoist products exceeds $50,000.

Note 11. Share-Based Compensation

Description of Plans. As of July 28, 2007, we had two plans under which we were permitted to grant incentive and non-qualified stock options (the 1993 Incentive Stock Option Plan and the 2001 Incentive Stock Option Plan) and two plans under which we were permitted to grant non-qualified stock options (the 1993 Outside Directors Stock Option Plan and the 2001 Outside Directors Stock Option Plan, collectively, the “Prior Plans”). The Prior Plans authorized the awards of incentive stock options to our employees and nonqualified stock options to non-employees and outside directors as compensation for services rendered. Under the Prior Plans, options have a maximum term of 10 years in the case of the 1993 Incentive Stock Option Plan and the 2001 Incentive Stock Option Plan and seven years in the case of the 1993 Outside Directors Stock Option Plan and the 2001 Outside Directors Stock Option Plan. In addition, such options must have exercise prices equal to the market value of our common stock at the date of grant or 110% of the market value at the date of grant in the case of an option granted to an employee who owns more than 10% of all voting power of all classes of our stock then outstanding. The options generally vest ratably over a five-year period in the case of options granted under the 1993 Incentive Stock Option Plan and the 2001 Incentive Stock Option Plan and three years in the case of options granted under the 1993 Outside Directors Stock Option Plan and the 2001 Outside Directors Stock Option Plan. The actual vesting period is determined at the time of grant.

On August 15, 2007, our shareholders approved, which made effective, the 2007 Stock Incentive Plan (2007 Plan), which prohibits additional grants under the Prior Plans and authorizes grants of incentive and non-qualified stock options, restricted stock awards, restricted stock units, and deferred stock to our employees, non-employee directors and various consultants. There were a total of 4,000 shares authorized under the 2007 Plan.

We have an employee stock purchase plan (ESPP), which enables employees to contribute up to 10% of their compensation toward the purchase of our common stock at the end of the participation period at a purchase price equal to 85% of the lower of the fair market value of the common stock on the first or last day of the participation period.

Share-Based Compensation Expense. A summary of the share-based compensation expense for stock options and our ESPP that we recorded in accordance with SFAS No. 123(R) is as follows:

	Three Months Ended	
	July 28, 2007	**July 29, 2006**
Cost of sales	$ 64	$ 35
Selling	310	133
General and administrative	123	168
Product development and design	111	70
	$ 608	$ 406
Decrease of net income per share to common shareholders	$ 0.02	$ 0.01

As of July 28, 2007, there was $6,162 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under all equity compensation plans. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures. We expect to recognize that cost over a weighted average period of five years.

Note 12. Comprehensive Income

We follow the provisions of SFAS No. 130, “Reporting Comprehensive Income”, which establishes standards for reporting and display of comprehensive income and its components. Comprehensive income reflects the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. For us, comprehensive income represents net income adjusted for foreign currency translation adjustments and net gains and losses on derivative instruments. The foreign currency translation adjustment included in comprehensive income has not been tax effected, as the investment in the foreign affiliate is deemed to be permanent. In accordance with SFAS No. 130, we have chosen to disclose comprehensive income in the consolidated statement of shareholders’ equity.

A summary of comprehensive income that we recorded in accordance with SFAS No. 123(R) is as follows:

	Three Months Ended	
	July 28, 2007	July 29, 2006
Net income	$ 7,111	$ 4,987
Net foreign currency translation adjustment	95	(121)
Net gain on derivatives	5	9
Total comprehensive income	$ 7,211	$ 4,875

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion highlights the principal factors affecting changes in financial condition and results of operations. This discussion should be read in conjunction with the accompanying consolidated financial statements and notes to the consolidated financial statements.

OVERVIEW

We design, manufacture and sell a wide range of display systems to customers in a variety of markets throughout the world. We focus our sales and marketing efforts on geographical regions, markets and products. The primary categories of markets include live events, commercial, transportation and schools and theaters.

Our net sales and profitability historically have fluctuated due to the impact of large product orders, such as display systems for professional sport facilities and colleges and universities, as well as the seasonality of the sports market. Net sales and gross profit percentages also have fluctuated due to other seasonality factors, including the impact of holidays, which primarily impact our third quarter. Our gross margins on large product orders tend to fluctuate more than those for smaller standard orders. Large product orders that involve competitive bidding and substantial subcontract work for product installation generally have lower gross margins. Although we follow the percentage of completion method of recognizing revenues for large custom orders, we nevertheless have experienced fluctuations in operating results and expect that our future results of operations may be subject to similar fluctuations.

Orders are booked only upon receipt of a firm contract and, depending on terms, only after receipt of any required deposits related to the order. As a result, certain orders for which we have received binding letters of intent or contracts will not be booked until all required contractual documents and deposits are received. In addition, order bookings can vary significantly as a result of the timing of large orders.

We operate on a 52-53 week fiscal year, with fiscal years ending on the Saturday closest to April 30 of each year. Fiscal years 2008 and 2007 each contain 52 weeks.

For a summary of recently issued accounting pronouncements and the effects of those pronouncements on our financial results, refer to Note 3 of the notes to our consolidated financial statements, which are included elsewhere in this report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements require us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On a regular basis, we evaluate our estimates, including those related to estimated total costs on long-term contracts, estimated costs to be incurred for product warranties and extended maintenance contracts, bad debts, excess and obsolete inventory, income taxes, stock-based compensation and contingencies. Our estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies require significant judgments and estimates in the preparation of our consolidated financial statements:

Revenue recognition on long-term contracts. Earnings on long-term contracts are recognized on the percentage-of-completion method, measured by the percentage of costs incurred to date to estimated total costs for each contract. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are capable of being estimated. Generally, contracts we enter into have fixed prices established and, to the extent the actual costs to complete contracts are higher than the amounts estimated as of the date of the financial statements, the resulting gross margin would be negatively affected in future quarters when we revise our estimates. Our practice is to revise estimates as soon as such changes in estimates are known. We do not believe there is a reasonable likelihood that there will be a material change in future estimates or assumptions we use to determine these estimates.

Allowance for doubtful accounts. We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. To identify impairment in the customer's ability to pay, we review aging reports, contact customers in connection with collection efforts and review other available information. Although we consider our allowance for doubtful accounts adequate, if the financial condition of our customers were to deteriorate and impair their ability to make payments to us, additional allowances may be required in future periods. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to determine the allowance for doubtful accounts. As of both July 28, 2007 and April 28, 2007, we had an allowance for doubtful accounts balance of approximately $1.6 million.

Warranties. We have created a reserve for warranties on our products equal to our estimate of the actual costs to be incurred in connection with our performance under the warranties. Generally, estimates are based on historical experience taking into account known or expected changes. If we would become aware of an increase in our warranty reserves, additional reserves may become necessary, resulting in an increase in costs of goods sold. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to determine our reserve for warranties. As of July 28, 2007 and April 28, 2007, we had approximately $10.8 million and $10.5 million reserved for these costs, respectively.

Extended warranty and product maintenance. We have deferred revenue related to separately priced extended warranty and product maintenance agreements. The deferred revenue is recognized ratably over the contractual term. If we would become aware of an increase in our estimated costs under these agreements in excess of our deferred revenue, additional reserves may be necessary, resulting in an increase in costs of goods sold. In determining if additional reserves are necessary, we examine cost trends and other information on the contracts and compare that to the deferred revenue. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to determine estimated costs under these agreements. As of July 28, 2007 and April 28, 2007, we had $6.5 million and $5.3 million of deferred revenue related to extended warranty and product maintenance, respectively.

Inventory. Inventories are stated at the lower of cost or market. Market refers to the current replacement cost, except that market may not exceed the net realizable value (that is, estimated selling price in the ordinary course of business less reasonable predictable costs of completion and disposal), and market is not less than the net realizable value reduced by an allowance for normal profit margins. In valuing inventory, we estimate market value where it is believed to be the lower of cost or market, and any necessary charges are charged to costs of goods sold in the period in which it occurs. In determining market value, we review various factors such as current inventory levels, forecasted demand and technological obsolescence. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to calculate the estimated market value of inventory. However, if market conditions change, including changes in technology, product components used in our products or in expected sales, we may be exposed to losses or gains that could be material.

Income Taxes. As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating the actual current tax expense as well as assessing temporary differences in the treatment of items for tax and accounting purposes. These timing differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheets. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income in each jurisdiction, and to the extent we believe that recovery is not likely, a valuation allowance must be established. We review deferred tax assets, including net operating losses, and for those not expecting to be realized, we have created a valuation allowance. If our estimates of future taxable income are not met, a valuation allowance for some of these deferred tax assets would be required.

We operate within multiple taxing jurisdictions, both domestic and international, and are subject to audits in these jurisdictions. These audits can involve complex issues, including challenges regarding the timing and amount of deductions and the allocation of income amounts to various tax jurisdictions. At any one time, multiple tax years are subject to audit by various tax authorities.

We record our income tax provision based on our knowledge of all relevant facts and circumstances, including the existing tax laws, the status of current examinations and our understanding of how the tax authorities view certain relevant industry and commercial matters. In evaluating the exposures associated with our various tax filing positions, we record reserves for probable exposures. A number of years may elapse before a particular matter for which we have established a reserve is audited and fully resolved or clarified. We adjust our income tax provision in the period in which actual results of a settlement with tax authorities differs from our established reserve, when the statue of limitations expires for the relevant taxing authority to examine the tax position, or when more information become available. Our tax contingencies reserve contains uncertainties because management is required to make assumptions and to apply judgment to estimate the exposure associated with our various filing positions. We believe that any potential tax assessments from various tax authorities that are not covered by our income tax provision will not have a material adverse impact on our consolidated financial position or cash flow.

Stock-based compensation: We use the Black-Scholes standard option pricing model (Black-Scholes model) to determine the fair value of stock options and employee stock purchase rights. The determination of the fair value of the awards on the date of grant using the Black-Scholes model is affected by our stock price as well as assumptions of other variables, including projected employee stock option exercise behaviors, risk-free interest rate, expected volatility of our stock price in future periods and expected dividend yield.

We analyze historical employee exercise and termination data to estimate the expected life assumption. We believe that historical data currently represents the best estimate of the expected life of a new employee option. The risk-free interest rate we use is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected life of the options. We estimate the expected volatility of our stock price in future periods by using the implied volatility in market traded options. Our decision to use implied volatility was based on the availability of actively traded options for our common stock and our assessment that implied volatility is more representative of future stock price trends than the historical volatility of our common stock. We use an expected dividend yield consistent with our dividend yield over the period of time we have paid dividends in the Black-Scholes option valuation model. The amount of stock-based compensation expense we recognize during a period is based on the portion of the awards that are ultimately expected to vest. We estimate pre-vesting option forfeitures at the time of grant by analyzing historical data and revise those estimates in subsequent periods if actual forfeitures differ from those estimates.

If factors change and we employ different assumptions for estimating stock-based compensation expense in future periods or if we decide to use a different valuation model, the expense in future periods may differ significantly from what we have recorded in the current period and could materially affect our net earnings and net earnings per share for a future period.

RESULTS OF OPERATIONS

The following table sets forth the percentage of net sales represented by items included in our consolidated statements of income for the periods indicated:

	Three Months Ended	
	July 28, 2007	**July 29, 2006**
Net sales	100.0%	100.0%
Cost of goods sold	69.5%	71.4%
Gross profit	30.5%	28.6%
Operating expenses	21.2%	21.5%
Operating income	9.3%	7.1%
Interest income	0.3%	0.7%
Income expense	(0.4%)	0.0%
Other income (expense), net	(0.2%)	0.1%
Income before income taxes	9.0%	7.9%
Income tax expense	3.2%	2.5%
Net income	5.8%	5.4%

NET SALES

Net sales increased 31.2% to $120.9 million for the three months ended July 28, 2007 as compared to $92.2 million for the same period in fiscal year 2007.

For the quarter ended July 28, 2007, net sales increased in all four of our domestic business units, with the commercial business unit experiencing the greatest percentage growth rate at over 62%. The live events, schools and theaters and transportation business units were up 27%, 48% and 29%, respectively, while the international business unit was down 45%. Overall domestic net sales for the quarter ended July 28, 2007 were up over 40%. As a percent of overall net sales, standard product orders were approximately 25% of net sales for the first quarter of fiscal year 2008 and 2007.

The level of net sales generated during the first quarter of fiscal year 2008 in all business units increased over the first quarter of fiscal year 2007 in part due to the elimination of capacity constraints within our manufacturing facilities, both in terms of space and personnel, which occurred in fiscal year 2007.

As reported in prior filings, we made two investments in media companies in the first quarter of fiscal year 2007, one that owns and controls the nation’s largest network of digital LCD and plasma screens in professional sports facilities and the other company that owns and controls the nation’s largest gas pump digital display network. Both of these transactions were intended to help us generate more recurring revenue opportunities and expand our services businesses. Also, these companies are non-consolidated entities, and therefore their sales are not included in our net sales. During the second quarter of fiscal year 2007, we acquired certain operating assets of Hoffend & Sons, Inc., a leader in the automated hoist business for sporting and theater applications. There were no sales included in the first quarter of fiscal year 2007 for this business while the first quarter of fiscal year 2008 includes net sales from this business of approximately $3 million.

Commercial Business Unit. The increase in net sales in the commercial business unit in the first quarter of fiscal year 2008 over fiscal year 2007 is attributed to both standard orders and custom projects. The increase in custom projects is due primarily to the increase in orders from outdoor advertising companies, while the increase in standard product orders is due to the growth in our Galaxy displays both within the national account portion of our business and through resellers. Overall, the commercial market continues to benefit from increasing product acceptance, lower cost of displays, our expanding distribution network and a better understanding by our customers of the product as a revenue generation tool. The most significant factor for increasing sales has been the order volume of digital displays for outdoor advertising companies. This occurred primarily due to an increase in our customer base and the increasing number of displays being purchased by existing customers. We believe that the outdoor advertising business has a few important constraints to more rapid deployment, including regulatory and economic constraints, which to date our customers have been successful at overcoming. Taking this into account, we expect this portion of our business to continue to be an important driver of growth throughout fiscal year 2008. We expect that the growth in the commercial market will continue into the rest of fiscal year 2008 but at a lower rate than we experienced in the first quarter.

As the outdoor advertising business has become a larger percent of our mix, we believe that the seasonality of that business could become a factor in the fluctuation of our net sales as the deployment of displays softens in the winter months. Generally speaking, seasonality is not a material factor in the rest of the commercial business. This industry continues to increase the demand for digital displays in place of traditional billboards. Our rate of growth in the commercial business unit could vary significantly depending on our success in capturing and retaining the business of the major billboard companies as well as their rate of deployment.

Our growth in the commercial market depends to some degree on the state of the economy, which we do not believe had any adverse effects in the first quarter of fiscal year 2008 as compared to the first quarter of fiscal year 2007.

Live Events Business Unit. The approximately 27% increase in net sales in the first quarter of fiscal year 2008 as compared to the first quarter of fiscal year 2007 in the live events business unit resulted primarily from the higher level of orders booked in the large sports venue market in the fourth quarter of fiscal year 2007 as compared to the fourth quarter of fiscal 2006. Growth in the large sports venues is due to a number of factors, including the expanding market, with facilities spending more on larger display systems; our product and services offering, which remains the most integrated and comprehensive offering in the industry; and our network of sales and service offices, which are important to support our customers. In addition, we benefit from the competitive nature of sports teams who strive to out perform their competitors with display systems. This impact has and is expected to continue to be a driving force in increasing transaction sizes in new construction and major renovations. Growth in the large sports venues is also driven by the desire for high definition video displays, which typically drive larger displays, or higher resolution displays, both of which increase the average transaction size. We believe that the effects of the economy have a lesser impact on the sports market as compared to our other markets because our products are generally revenue-generation tools (through advertising) for facilities and the sports business is generally considered to be a recession-resistant business. Net sales in our sports marketing and mobile and modular portion of this business unit were not significant in the first quarter of fiscal year 2007 or 2008. Net sales in both markets were less than 5% of total sales for the first quarter of fiscal year 2008.

An important factor in orders and net sales for the remainder of fiscal year 2008 will be our success in winning a limited number of large contracts expected to be awarded in the large sports venue market in fiscal year 2008. Each of these transactions could range in value from $10 million to potentially $20 million and, depending on which transactions (if any) we are awarded, we could see a significant variation in the level of net sales, primarily in the second half of the fiscal year and in backlog. As a result, the ultimate net sales growth in the live events business unit is difficult to estimate, but assuming that we prevail in winning projects based on our current market share, net sales to the live events business unit could expand in excess of 20%.

Orders (as opposed to net sales) in the live events business unit were down in the first quarter of fiscal year 2008 as compared to the first quarter of fiscal year 2007. This decrease was primarily the result of the timing of the orders. In the fourth quarter of fiscal year 2007, we booked an unusually large number of orders which otherwise would have been booked in the first quarter of fiscal 2008. This reflects the normal impact of timing of this business unit. Overall, we expect orders to continue to expand for fiscal year 2008 for the same reasons net sales are expected to increase.

Schools and Theaters Business Unit. The increase in net sales in the schools and theaters business unit for the first quarter of fiscal year 2008 as compared to the first quarter of fiscal year 2007 was due to the acquisition of the hoist business of Hoffend & Sons, Inc. in the second quarter of fiscal year 2007, the easing of capacity constraints and the increased orders being booked as we further penetrate the market. The growth of the business, excluding the hoist acquisition, was in excess of 20%, which is slightly higher than our expectations for that business for the year as a whole. The growth of this business is driven to a large degree by the depth, quality, performance and service of the products offered. Orders within this business unit grew at a rate similar to net sales.

Transportation Business Unit. The increase in net sales in the transportation business unit resulted from an increase in spending on state and local transportation projects. This increase, which relates primarily to sales of our Vanguard® product line, was due in part to furthering our penetration with more jurisdictions across the United States. Orders in the transportation market were up significantly more than net sales for the first quarter of fiscal year 2008 as compared to the same period in fiscal year 2007. We believe that the increase in orders and net sales is due to legislation passed during calendar year 2005 by Congress that provided for increased spending on transportation projects, including large increases associated with intelligent transportation systems, and as a result of gaining market share. For fiscal year 2008 as a whole, we expect that sales will continue to grow in excess of 15% as a result of the gains we made in market share and the increased government spending, which we believe will continue.

International Business Unit. The decline in net sales in the international business unit in the first quarter of fiscal year 2008 as compared to the first quarter of fiscal year 2007 was primarily the result of the timing of order bookings. Orders as compared to net sales increased over 80% in the same periods. Due to the focus on large contracts on an international basis and the small number of contracts actually booked, this volatility is not unusual. Overall, we are making considerable investments in growing our business internationally where we do not have the same market share as we do domestically, and we believe net sales will increase significantly in all of fiscal year 2008 as compared to 2007. We continue to see success with our efforts in Asia and as a result of our expanding line of ProTour products, and we expect that European sales will also expand. Orders in this business unit increased for the same reasons as noted in the individual domestic business units.

We occasionally sell products in exchange for the advertising revenues generated from use of products. These sales represented 1.1% of net sales for the first quarter of fiscal year 2008. The gross profit percent on these transactions have typically been higher than the gross profit percent on other transactions of similar size, although the selling expenses associated with these transactions are typically higher.

The order backlog as of July 28, 2007 was approximately $142 million as compared to $123 million as of July 29, 2006 and $127 million at the beginning of the first quarter of fiscal year 2008. Historically, our backlog varies due to the timing of large orders. Our order backlog as of July 28, 2007 was higher in all business units, except commercial, when compared to the backlog as of July 29, 2006 and in all business units when compared to April 28, 2007. The changes in the backlog were the result of the combination of the changes in orders and net sales discussed above. In addition, the decline in backlog on the commercial business unit is more of a factor relating to the decline in lead times.

GROSS PROFIT

Gross profit increased 39.8% to $36.8 million for the first quarter of fiscal 2008 as compared to $26.4 million for the first quarter of fiscal year 2007. As a percent of net sales, gross profit was 30.5% and 28.6% for three months ended July 28, 2008 and July 29, 2007, respectively. The primary factors causing the increase in gross margin percentage was the decrease in certain raw materials costs arising early in the quarter combined with improved performance overall in manufacturing, as we are past the capacity constraints and the impact of a few contracts in the first quarter of fiscal year 2007 which experienced unusual cost overruns as described in previous filings. These benefits were partially offset by the impact of a few large projects which we booked at unusually low gross profit margins.

We expect that gross profit margins will be the same or slightly higher in the second quarter of fiscal year 2008. However, depending on the competitive environment, the actual mix and the level of future sales, the effects of the new capacity, continued investment in lean manufacturing concepts and other factors described elsewhere in this report, margin percentages may not increase and could decrease from the level of the first quarter. The negative factors on gross profit are expected to be offset by the effects of process improvements in manufacturing and various other factors. We also believe that the gross margin percentages could increase slightly in fiscal year 2008 as a whole as compared to fiscal year 2007; however, the impact of the large sports contracts mentioned above, to the extent we are successful in winning them, could have an adverse impact on the margin percent due to the competitive nature of that business but should drive improvement in earnings per share.

OPERATING EXPENSES

Operating expenses. Operating expenses, which are comprised of selling, general and administrative expenses and product design and development costs, increased by approximately 29.3% to $25.6 million in the first quarter of fiscal year 2008 from $19.8 million in the first quarter of fiscal year 2007. As a percent of net sales, operating expenses decreased to 21.2% of net sales from 21.5% of net sales. All areas of operating expense were affected by the increase in personnel throughout fiscal year 2007 and the related costs of supporting that personnel growth. During the first quarter of fiscal year 2008, we took steps to slow down the rate of growth of personnel in non-manufacturing areas in an effort to drive improved operating margins. We were successful in slowing the rate of growth: however, there are areas where we will need to invest in personnel, which will continue to pressure our long-term goals for operating margin. For the fiscal year as a whole, however, we expect to improve operating margin over fiscal year 2007.

Selling Expenses. Selling expenses consist primarily of salaries, other employee related costs, travel and entertainment expense, facilities-related costs for sales and service offices, and expenditures for marketing efforts, including collateral materials, conventions and trade shows, product demonstrations and supplies.

Selling expenses increased 19.3% to $14.8 million for three months ended July 28, 2007 as compared to $12.4 million for the same period in fiscal year 2007. Selling expenses decreased to 12.3% of net sales for the first quarter of fiscal year 2008 from 13.5% of net sales for the first quarter of fiscal year 2007.

Selling expenses for the quarter ended July 28, 2007 were higher than selling expenses in the quarter ended July 29, 2007 as a result of an increase in personnel costs, due primarily to increases made during fiscal year 2007 as we built our sales infrastructure across all business units; travel and entertainment costs; depreciation; and the increased number of sales and services offices and other costs associated with a higher number of employees. The increase in the number of employees was planned to cover growth expectations across all markets and included the impact of hiring additional personnel to support various other investments made into growing areas, such as our services business, which is a core strategic growth area of the company. The increase in travel and entertainment expense is due to having more employees and higher sales. Higher depreciation costs are primarily due to the increased investment in demonstration products and the support needs for the greater number of employees.

We expect to continue to invest in organic growth which, combined with the ramp up of personnel in the later half of fiscal year 2007, will cause selling expenses to increase in fiscal year 2008 as compared to fiscal year 2007. However, as a percentage of net sales, we believe that selling expenses could decrease as a percent of sales for fiscal year 2008. During the first quarter of fiscal year 2008, we took steps to slow the rate of growth of selling expenses and, on a quarterly basis, we will reevaluate where we are as a percentage of orders to ensure that we meet our goal of reducing selling expense as a percentage of sales. This expectation could change based on how much investment ultimately we make in current initiatives underway, including our geographical expansion and various other items. We expect that during fiscal 2008, we will continue to invest in our services business within our markets to build the infrastructure to better support our customers for the long term.

General and Administrative. General and administrative expenses consist primarily of salaries, other employee-related costs, professional fees, shareholder relations fees, facilities and equipment related costs for administration departments, amortization of intangibles and cost of supplies.

General and administrative expenses increased 61.0% to $6.0 million for the first quarter of fiscal year 2008 compared to $3.7 million for the first quarter of fiscal year 2007. General and administrative expenses increased to 5.0% as a percent of net sales for the first quarter of fiscal year 2008 from 4.0% of net sales for the first quarter of fiscal year 2007.

General and administrative expenses increased for the first quarter of fiscal year 2008 as compared to the first quarter of fiscal year 2007 due to increases in personnel and related costs across all areas within general and administration due to our growth as mentioned above, information systems maintenance and support costs, training and recruiting costs and international expansion. We expect that general and administrative costs will increase in the second quarter of fiscal 2008 as compared to the first quarter of fiscal year 2008.

Product Design and Development. Product design and development expenses consist primarily of salaries, other employee-related costs, facilities and equipment related costs, and costs of supplies.

Product design and development expenses increased 31.4% to $4.8 million for the quarter ended July 28, 2007 compared to $3.6 million for the first quarter in fiscal year 2007. Product design and development expenses were 3.9% of net sales for both the first quarter of fiscal 2008 and 2007.

Generally, product design and development expenses increase during times when our engineering resources are not dedicated to long-term contracts, as the same personnel who work on research and development also work on long-term contracts. During the first quarter of fiscal 2008, we continued investing in a number of critical initiatives, including development of our new line of digital billboard displays, our ProStar HD technology and various other initiatives. We expect that product design and development expenses will approximate 4% of net sales for all of fiscal year 2008.

INTEREST INCOME AND EXPENSE

We occasionally sell products on an installment basis, under lease arrangements or in exchange for the rights to sell and retain advertising revenues from displays, which result in long-term receivables. We also invest excess cash in interest-bearing marketable securities and short-term temporary cash investments that generate interest income.

Interest income decreased 40.5% to $0.4 million for the three months ended July 28, 2007 from $0.6 million for the three months ended July 29, 2006. The decline was the result of lower levels of cash investments in the first quarter of fiscal year 2008 as compared to the same period of fiscal year 2007

Interest expense is comprised primarily of interest costs on our notes payable and long-term debt. Interest expense increased to $0.4 million for the three months ended July 28, 2007 from $0.3 million for the three months ended July 29, 2006. The increase was attributable to the increase in debt outstanding, which was used primarily to fund our capacity expansion during the past year, and investments in media companies acquired in the past year.

INCOME TAX EXPENSE

Income taxes increased 64.7% to $3.8 million in the first quarter of fiscal year 2008 as compared to $2.3 million in the first quarter of fiscal year 2007. The effective rate for the quarter of fiscal 2008 was approximately 35% as compared to 32% for the first quarter of fiscal 2007. The increase in the effective rate is due to the benefits recognized in fiscal year 2007 that are not present in fiscal year 2008, including the recognition of transfer pricing benefits and reductions in the valuation allowance. We expect that the effective rate for fiscal 2008 as a whole will approximate 35% to 36%.

Liquidity and Capital Resources

Working capital was $39.8 million at July 28, 2007 and $44.9 million at April 28, 2007. We have historically financed working capital needs through a combination of cash flow from operations and borrowings under bank credit agreements.

Cash provided by operations for the three months ended July 28, 2007 was $19.5 million. Net income of $7.1 million, plus depreciation and amortization of $4.6 million, stock-based compensation of $0.6 million and increases in accounts payable, billings in excess of costs and profits, accrued expenses and income taxes payable, caused an increase in cash provided by operations. This increase was offset by increases in costs and estimated earnings in excess of billings, accounts receivable, inventory and notes receivables .

The changes overall in operating assets and liabilities are due generally to the impact of the timing of cash flows on large projects, which can cause significant fluctuations in the short term. As a result of various initiatives underway, including changes in manufacturing, purchasing, collections and payment processes, we expect to continue improving our cash flow relative to sales.

Cash used by investing activities of $14.0 million included $13.3 million for purchases of property and equipment. During the first three months of fiscal year 2008, we invested approximately $4.7 million in manufacturing equipment, $4.4 million in facilities additions, $2.7 million in information systems infrastructure, including software, $0.9 million in product demonstration equipment, $0.3 million in rental equipment and less than $0.1 million in office equipment. These investments were made to support our continued growth and to replace obsolete equipment.

In the second quarter of fiscal year 2008, we will complete construction of a new building in Brookings, South Dakota to be used primarily for office and warehouse space. We expect the total cost of the building and furnishings to be approximately $19 million; however, we expect to fund approximately $2 million of the cost of furnishings though operating leases. We also continued to invest in equipment for our Redwood Falls, Minnesota manufacturing facilities as a result of the success we are having with Galaxy® displays and gas price digit displays. We consider these two areas to be the completion of the major manufacturing capacity expansion efforts we began in fiscal year 2006. We expect to invest approximately $37 million in capital expenditures through the rest of fiscal 2008. We believe that in fiscal year 2009, investments in capital assets will decrease and that over the long term, we will increase our cash and marketable securities while decreasing the level of debt.

Cash used by financing activities of $0.8 million consisted of the dividend paid to shareholders of $2.8 million on June 20, 2007, which was offset by borrowings on notes payables and by option exercises and excess tax benefits from equity based compensation. We expect that as a result of all our cash investments in purchases of property and equipment, we will incur debt to finance the transactions so that we are able to maintain our current cash position, although this continues to be under evaluation.

Included in receivables as of July 28, 2007 was approximately $1.8 million of retainage on long-term contracts, all of which is expected to be collected in one year.

We have used and expect to continue to use cash reserves and bank borrowings to meet our short-term working capital requirements. On large product orders, the time between order acceptance and project completion may extend up to and exceed 18 months depending on the amount of custom work and the customer’s delivery needs. We often receive a down payment or progress payments on these product orders. To the extent that these payments are not sufficient to fund the costs and other expenses associated with these orders, we use working capital and bank borrowings to finance these cash requirements.

Our product development activities include the enhancement of existing products and the development of new products from existing technologies. Product design and development expenses were $4.8 million for the quarter ended July 28, 2007. We intend to continue to incur these expenditures to develop new display products using various display technologies to offer higher resolution and more cost effective and energy efficient displays. We also intend to continue developing software applications for our display controllers to enable these products to continue to meet the needs and expectations of the marketplace.

We have a credit agreement with a bank which provides for a $45.0 million line of credit and includes up to $10.0 million for standby letters of credit. The line of credit is due on November 15, 2008. The interest rate ranges from LIBOR plus 75 basis points to LIBOR plus 125 basis points depending on certain ratios. The effective interest rate was 6.0% at July 28, 2007. Starting January 23, 2007, we are assessed a loan fee equal to 0.1% per annum of any non-used portion of the loan. As of April 28, 2007, $25.7 million was advanced under the line of credit. The credit agreement is unsecured and requires us to comply with certain covenants, including the maintenance of tangible net worth of at least $75 million, a minimum liquidity ratio, a limit on dividends and distributions and a minimum adjusted fixed charge coverage ratio. Daktronics Canada, Inc. has a credit agreement with a bank which provides for a $0.4 million line of credit. The line of credit is due on April 30, 2008. The interest rate on the line of credit is equal to 1.5% above the prime rate of interest and was 6.25% on July 28, 2007. As of July 28, 2007, no advances under the line of credit were outstanding. The line of credit is secured primarily by accounts receivables, inventory and other assets of the subsidiary.

On May 24, 2007, our Board declared an annual dividend payment of $0.07 per share on our common stock for the year ended April 28, 2007. While we intend to pay regular annual dividends for the foreseeable future, all subsequent dividends will be reviewed annually and declared by our Board of Directors at its discretion.

We are sometimes required to obtain performance bonds for display installations, and we have a bonding line available through a surety company that provides for an aggregate of $100 million in bonded work outstanding. At July 28, 2007, we had approximately $4.8 million of bonded work outstanding against this line.

We believe that based on our current growth estimates over the next 12 months, we have sufficient capacity under our lines of credit. Beyond that time, we may need to increase the amount of our credit facilities depending on various factors. We anticipate that we will be able to obtain any needed funds under commercially reasonable terms from our current lender. We believe that cash from operations, from our existing or increased credit facility, and from our current working capital will be adequate to meet the cash requirements of our operations in the foreseeable future.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FOREIGN CURRENCY EXCHANGE RATES

Through July 28, 2007, most of our net sales were denominated in United States dollars, and our exposure to foreign currency exchange rate changes was not significant. Net sales originating outside the United States for the first quarter of fiscal year 2008 were 7.6% of total net sales. We operate in various countries in Europe, Asia and the Middle East and in Canada through wholly-owned subsidiaries. Sales of those foreign subsidiaries comprised 5.9% of net sales in the first quarter of fiscal year 2008. If we believed that currency risk in any foreign location was significant, we would utilize foreign exchange hedging contracts to manage our exposure to the currency fluctuations.

We expect net sales to international markets in the future to increase and that a greater portion of this business will be denominated in foreign currencies. As a result, operating results may become subject to fluctuations based upon changes in the exchange rates of certain currencies in relation to the United States dollar. To the extent that we engage in international sales denominated in United States dollars, an increase in the value of the United States dollar relative to foreign currencies could make our products less competitive in international markets. This effect is also impacted by the sources of raw materials from international sources. We will continue to monitor and minimize our exposure to currency fluctuations and, when appropriate, use financial hedging techniques, including foreign currency forward contracts and options, to minimize the effect of these fluctuations. However, exchange rate fluctuations as well as differing economic conditions, changes in political climates, differing tax structures and other rules and regulations could adversely affect our financial results in the future.

INTEREST RATE RISKS

Our exposure to market rate risk for changes in interest rates relates primarily to our debt and long-term accounts receivables. We maintain a blend of both fixed and floating rate debt instruments. As of July 28, 2007, our outstanding debt approximated $27.1 million, substantially all of which was in variable rate obligations. Each 100 basis point increase or decrease in interest rates would have an approximately $0.2 million annual effect on variable rate debt interest based on the balances of such debt as of July 28, 2007. For fixed-rate debt, interest rate changes affect its fair market value but do not affect earnings or cash flows.

In connection with the sale of certain display systems, we have entered into various types of financings with customers. The aggregate amounts due from customers include an interest element. The majority of these financings carry fixed rates of interest. As of July 28, 2007, our outstanding long-term receivables were approximately $20.9 million. Each 25 basis point increase in interest rates would have an associated annual opportunity cost to us of approximately $0.2 million.

The following table provides information about our financial instruments that are sensitive to changes in interest rates, including debt obligations, for the quarter ending July 28, 2007 and subsequent fiscal years.

	2008	**2009**	**2010**	**2011**	**2012**	**There-after**
Assets:						
Long-term receivables, including current maturities:						
Fixed-rate	$ 6,221	$ 3,707	$ 3,141	$ 2,365	$ 2,242	$ 3,251
Average interest rate	6.5%	7.3%	7.5%	7.8%	7.6%	8.4%
Liabilities:						
Long- and short-term debt:						
Variable-rate	$25,849	$ –	$ –	$ –	$ –	$ –
Fixed-rate	$ 596	$ 544	$ 27	$ 26	$ –	$ –
Average interest rate	6.1%	5.7%	0.0%	0.0%	0.0%	0.0%
Long-term marketing obligations, including current portion:						
Fixed-rate	$ 472	$ 236	$ 166	$ 53	$ 17	$ 8
Average interest rate	6.0%	7.6%	8.1%	8.8%	8.6%	7.3%

The carrying amounts reported on the balance sheet for long-term receivables and long- and short-term debt approximates their fair value.

Substantially all of our cash balances are denominated in United States dollars. Cash balances in foreign currencies are operating balances maintained in accounts of our foreign subsidiaries and accounts to settle euro-based payments. These balances are immaterial as a whole.

Item 4. CONTROLS AND PROCEDURES

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our “disclosure controls and procedures,” as that term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as of July 28, 2007, which is the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of July 28, 2007, our disclosure controls and procedures were effective.

Based on the evaluation described in the foregoing paragraph, our Chief Executive Officer and Chief Financial Officer concluded that during the quarter ended July 28, 2007, there was no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Not Applicable

Item 1A. RISK FACTORS

The discussion of our business and operations included in this Quarterly Report on Form 10-Q should be read together with the risk factors described in Item 1A. of our Annual Report on Form 10-K for the year ended April 28, 2007. It describes various risks and uncertainties to which we are or may become subject. These risks and uncertainties, together with other factors described elsewhere in this report, have the potential to affect our business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect financial performance.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not Applicable

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) We held our annual meeting of shareholders on August 15, 2007.

(b) At the annual meeting of shareholders, James B. Morgan, John L. Mulligan and Dr. Duane E. Sander, constituting all of the nominees to our board of directors submitted for vote at the annual meeting, were elected to the board.

(c) At the annual meeting, the following proposals were adapted by the votes indicated:

(1) Election of the following three nominees as Directors of the Company, until their successors are duly elected and qualified:

	For	Withheld
James B. Morgan	32,469,626	1,137,915
John L. Mulligan	32,541,068	1,066,472
Dr. Duane E. Sander	32,094,162	1,513,379

(2) Approval of the 2007 Stock Incentive Plan:

For	Against	Abstain	Broker Non-votes
20,530,070	3,232,989	159,259	9,685,223

(3) Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2008:

For	Against	Abstain
33,504,874	58,476	44,190

Item 5. Other Information

STOCK INCENTIVE PLAN

At our 2007 annual meeting of shareholders held on August 15, 2007 (the “2007 Annual Meeting”), our shareholders approved the Daktronics, Inc. 2007 Stock Incentive Plan (the “2007 Plan”).

The following summary describes the principal features of the 2007 Plan. This summary is qualified in its entirety by reference to the complete text of the 2007 Plan, which is filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q. Terms not defined herein shall have the meanings ascribed to them in the 2007 Plan.

Purpose. The purpose of the 2007 Plan is to attract and retain executives, employees, board members and consultants and enable such individuals to participate in the long-term success and growth of our company by giving them a proprietary interest in our company.

Forms of Awards. The 2007 Plan provides for the grant of incentive stock options, non-qualified stock options, restricted stock, restricted stock units and deferred stock. These awards are described below.

Plan Participants. Our officers and other employees, members of our Board of Directors and our consultants, in each case, who are responsible for or who contribute to the management, growth and/or profitability of our business are eligible to be granted awards under our 2007 Plan.

Share Reserve Limit and Counting. Under the 2007 Plan, 4,000,000 shares of our common stock have been reserved for issuance, and all such shares will consist of authorized and unissued shares of stock.

If any shares of our common stock become available as a result of canceled, unexercised, lapsed or terminated awards under our 2007 Plan, then these shares will again be available for grant of future awards. However, upon a stock-for-stock exercise of an award that involves the withholding of shares of our common stock for the payment of the exercise price or taxes with respect to an award, the shares of our common stock used to pay the exercise price or otherwise withheld will not become available for future distribution under the 2007 Plan. In addition, shares of stock subject to stock options granted under the 2007 Plan are counted as one share for each share subject to the award for purposes of determining the number of shares available under the 2007 Plan. However, each share subject to any other type of award that does not involve the payment by the recipient to our company of any cash or stock consideration to become the owner of the stock, including restricted stock awards, will be counted as two shares of stock for such purposes.

Adjustments Upon a Recapitalization or Similar Event. If we engage in or are involved in a stock dividend, stock split, reverse stock split, reclassification, combination, exchange of shares or other similar recapitalization of our common stock, there will be an appropriate adjustment made, without the consent of any award recipient, to the number and kind of shares of our common stock subject to and reserved under our 2007 Plan, including any limits on shares established under our 2007 Plan, the exercise or purchase price of each share subject to an award and any other affected terms of such awards.

Administration of Our 2007 Plan. Our 2007 Plan will be administered by our Board of Directors through our Compensation Committee, which currently consists of three independent directors (as “independent” is defined under applicable rules of the Securities and Exchange Commission and The NASDAQ Stock Market).

The Compensation Committee has the power to, among other things, select the recipients to whom awards may be granted under the 2007 Plan, determine the terms of the awards, including the number of shares subject to each award, the vesting, exercisability, forfeiture provisions, performance goals and periods and other terms and conditions of the awards and the amount and form of consideration payable upon exercise, grant or settlement.

The Compensation Committee also has the power to interpret and otherwise administer our 2007 Plan. The Compensation Committee may delegate the authority to select recipients and determine the terms of the awards to executive officers of our company under the conditions set forth in the 2007 Plan.

Change in Control. Upon the occurrence of a change in control (as defined in our 2007 Plan), except as otherwise provided in an award agreement, all outstanding awards granted to an award recipient that have not yet vested will immediately vest, all restrictions on awards will immediately lapse and each outstanding option and stock appreciation right will become fully and immediately exercisable.

Unless provided otherwise in an award agreement, to the extent the acceleration of exercisability or vesting of an award or a cash payment for such award, together with any other payments, could result in excise tax liability under Sections 4999 and 280G of the Internal Revenue Code, such acceleration or cash payment will be reduced until no portion of such acceleration or cash payment would be subject to such excise tax liability.

Descriptions of Types of Awards. Our 2007 Plan provides for the grant of the following types of awards:

Stock Options. Our 2007 Plan provides for the grant of incentive stock options to our employees and non-qualified stock options to employees, directors and consultants. Options may be granted with terms determined by the Compensation Committee except that the exercise price of all stock options, whether incentive stock options or nonqualified options, may not be less than 100% (or 110% with respect to incentive stock options granted to 10% shareholders) of the fair market value of our common stock as of the date of grant. In addition, unless the Compensation Committee determines otherwise, an option will become exercisable in equal installments of 20% of the shares subject to the option on each anniversary of the grant date until fully exercisable and will have a ten-year term (or no more than a five-year term with respect to incentive stock options granted to 10% shareholders).

Restricted Stock. With respect to restricted stock, recipients may be conferred all of the rights of a shareholder with respect to such stock, unless an award agreement provides otherwise. Restricted stock will be forfeited to us if the recipient ceases to be employed by us or to provide services to us. Restricted stock may be subject to vesting over time or upon achievement of performance goals.

Restricted Stock Units. Restricted stock units are awards of units, each representing one share of our common stock, and these units are subject to vesting conditions based on a vesting schedule and/or performance criteria established by the Compensation Committee. Restricted stock units will be settled in shares of our common stock, but unlike restricted stock, these shares would not be issued until the restricted stock units have vested.

Deferred Stock. Deferred stock awards are awards of the right to receive shares of our common stock at the end of a specified deferral period or upon the achievement of specified performance criteria.

Termination of Employment or Service. Unless an award agreement or the Compensation Committee provides otherwise, upon a termination of employment or service (i) by reason of death or disability, an option (to the extent then vested) will become exercisable for one year after such death or disability or until the expiration of the option term, whichever is shorter; and (ii) for any other reason, an option will be exercisable (to the extent then vested) for three months after such termination or until the expiration of the option term, whichever is shorter. All options that are not vested at the time of such termination of employment or service will terminate at such time. Unless an award agreement provides otherwise, unvested restricted stock and deferred stock awards will generally be forfeited upon the termination of employment or service for any reason. Other forms of awards under our 2007 Plan will be treated upon a termination of employment or service as determined by the Compensation Committee and set forth in the applicable award agreement.

Amendment and Termination. Our Board of Directors may amend, alter or discontinue our 2007 Plan, but no amendment, alteration or discontinuation will be made that would impair the rights of a recipient of a vested award without the recipient's consent. In addition, the Board will obtain approval of our shareholders of any amendment, alteration or discontinuation to the extent required by applicable law or exchange rules. The Compensation Committee may amend the terms of any outstanding awards, prospectively or retroactively; however, except with respect to amendments related to changes in capitalization or a change in control, no amendment will impair the rights of any recipient without his, her or its consent. In addition, neither our 2007 Plan nor any outstanding option may be amended to decrease the exercise price of such award unless first approved by the requisite vote of our shareholders. Moreover, neither our 2007 Plan nor any outstanding award made under the 2007 Plan may be amended in a way that could cause an outstanding award to become subject to the tax imposed by Section 409A of the Internal Revenue Code (regarding non-qualified deferred compensation).

Plan Term. Our 2007 Plan became effective on August 15, 2007 and will terminate August 14, 2017.

DIRECTOR COMPENSATION

On August 15, 2007, our Board of Directors implemented and amended the compensation program for non-employee directors, based to a large degree on research of director compensation performed by an independent consultant specializing in director compensation programs. Under this amended compensation program, each non-employee director receives a combination of cash and stock-based compensation. The cash compensation is as follows:

	Board Member	Committee Chair	Committee Member
Board Member – Annual Retainer	$12,000		
Board Meeting Attendance, per meeting	2,000		
Audit Committee – Annual Retainer		$6,000	$4,000
Other Committees – Annual Retainer		4,000	2,000

The stock-based compensation component is comprised of a combination of restricted stock and non-qualified stock options issued under the 2007 Plan. Upon election to the Board of Directors, each non-employee director is granted non-qualified options to purchase our common stock. The amount of shares underlying each option is determined by the number of shares which is equivalent to approximately $135,000 based on the computation of fair value of the options as determined under SFAS No. 123(R), utilizing assumptions consistent with our prior assumptions used for valuing options. The options have a term of seven years and vest ratably over three years and have an exercise price equal to fair market value as defined in the 2007 Plan. In addition to the options, each director receives restricted stock with a value of approximately $20,000, again as determined under SFAS No. 123(R). The restricted stock vests one year from date of award. The grants of stock-based awards is phased in as directors are elected for the first time, beginning with the August 15, 2007 annual meeting.

Consistent with the foregoing, on August 16, 2007, John L. Mulligan and Dr. Duane E. Sander were each granted non-qualified options to purchase 13,797 shares at an exercise price of $24.89 per share and 804 shares of restricted stock.

Item 6. Exhibits

The following exhibits are filed with this Quarterly Report on Form 10-Q:

10.1	Daktronics, Inc 2007 Stock Incentive Plan.
31.1	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).

SIGNATURE

Pursuant to the requirements 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.

/s/ William R. Retterath
Daktronics, Inc.
William R. Retterath,
Chief Financial Officer
(Principal Financial Officer
And Principal Accounting
Officer)

Date: August 20, 2007

DAKTRONICS, INC.

2007 STOCK INCENTIVE PLAN

SECTION 1. General Purpose of Plan; Definitions

1.1 General Purpose. The name of this plan is the Daktronics, Inc. 2007 Stock Incentive Plan (the "Plan"). The purpose of the Plan is to enable Daktronics, Inc. (the "Company") and its Subsidiaries to retain and attract executives, other employees, members of the Board of Directors and Consultants who contribute to the Company's success by their ability, ingenuity and industry, and to enable such individuals to participate in the long-term success and growth of the Company by giving them a proprietary interest in the Company.

1.2 Definitions. For purposes of the Plan, the following terms shall be defined as set forth below; other terms are defined elsewhere in the Plan:

(a) "Agreement " means an agreement by and between the Company and a Recipient under the Plan setting forth the terms and conditions of an Award.

(b) "Award " means an Option, Restricted Stock, Restricted Stock Unit, Deferred Stock or any combination thereof granted pursuant to the terms of this Plan.

(c) "Board" means the Board of Directors of the Company, as it may be comprised from time to time.

(d) "Cause " means, except as may otherwise be provided in the terms of an Agreement or in a written employment agreement between the Company or a Subsidiary of the Company and the Recipient:

(i) a material breach of any written employment, service, confidentiality, non-compete or similar agreement between the Company or a Subsidiary of the Company and the Recipient;

(ii) a material breach of any code of conduct established by the Company or a Subsidiary of the Company;

(iii) commission of a felony by a Recipient or the failure of a Recipient to contest prosecution for a felony; or

(iv) a Recipient's willful misconduct, dishonesty, breach of fiduciary duty or gross negligence involving the business or reputation of the Company or a Subsidiary of the Company.

(e) "Change in Control" means any of the following

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) acquires or becomes a "beneficial owner" (as defined in Rule 13d-3 or any successor rule under the Exchange Act), directly or indirectly, of fifty percent (50%) or more of the combined voting power of the Voting Securities; provided, however, that the following shall not constitute a Change in Control pursuant to this Section 1.2(e)(i):

(A) any acquisition of Voting Securities or Stock of the Company directly from the Company other than in connection with a transaction described in Section 1.2(e)(iii) below;

(B) any acquisition or beneficial ownership by the Company or a Subsidiary of the Company;

(C) any acquisition or beneficial ownership by any employee benefit plan (or related trust) sponsored or maintained by the Company or one or more of its Subsidiaries; or

(D) any acquisition or beneficial ownership by any corporation with respect to which, immediately following such acquisition, more than 50% of the combined voting power of the Company's then outstanding Voting Securities and the Stock of the Company is then beneficially owned, directly or indirectly, by all or substantially all of the persons who beneficially owned Voting Securities and Stock of the Company immediately prior to such acquisition in substantially the same proportions as their ownership of such Voting Securities and Stock, as the case may be, immediately prior to such acquisition;

(ii) A majority of the members of the Board of the Company shall not be Continuing Directors;

(iii) The consummation of a reorganization, merger or consolidation of the Company or a statutory exchange of outstanding Voting Securities of the Company unless, immediately following such reorganization, merger, consolidation or exchange, all or substantially all of the persons who were the beneficial owners, respectively, of Voting Securities and Stock of the Company immediately prior to such reorganization, merger, consolidation or exchange beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors and the then outstanding shares of common stock, as the case may be, of the corporation resulting from such reorganization, merger, consolidation or exchange in substantially the same proportions as their ownership immediately prior to such reorganization, merger, consolidation or exchange, of the Voting Securities and Stock of the Company, as the case may be;

(iv) Approval by the stockholders of the Company of (A) a complete liquidation or dissolution of the Company or (B) the consummation of the sale or other disposition of all or substantially all of the assets of the Company (in one or a series of transactions), other than to a corporation with respect to which, immediately following such sale or other disposition, more than 50% of, respectively, the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and the then outstanding shares of common stock of such corporation is then beneficially owned, directly or indirectly, by all or substantially all of the persons who were the beneficial owners, respectively, of the Voting Securities and Stock of the Company immediately prior to such sale or other disposition in substantially the same proportions as their beneficial ownership immediately prior to such sale or other disposition, of the Voting Securities and Stock of the Company, as the case may be; or

(v) Successive transactions of the types described in Section 1.2(e)(i) through (iv).

(f) "Code " means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.

(g) "Committee " means the Compensation Committee of the Board.

(h) "Company " means Daktronics, Inc., a corporation organized under the laws of the State of South Dakota (or any successor corporation).

(i) "Consultant " means any person providing *bona fide* services to the Company or a Parent Corporation or a Subsidiary of the Company (other than persons either providing services in connection with the offer or sale of securities in a capital raising transaction or directly or indirectly promoting or maintaining a market for the Company's Stock) who is compensated for such services and who is not an Employee of the Company or any Parent Corporation or Subsidiary of the Company. A Consultant would include a Non-Employee Director.

(j) "Continuing Directors" means:

(i) individuals who, on the date hereof, are Directors of the Company;

(ii) individuals elected as Directors of the Company subsequent to the date hereof for whose election proxies shall have been solicited by the Board; or

(iii) any individual elected or appointed by the Board to fill vacancies on the Board caused by a death or resignation (but not by removal) or to fill newly-created directorships;

provided, however, that a Continuing Director shall not include a Director whose initial assumption of office is in connection with an actual or threatened election contest, including, but not limited to, a consent solicitation, relating to the election of the Directors of the Company.

(k) "Deferred Stock" means an Award made pursuant to Section 7 below of the right to receive Stock at the end of a specified deferral period or upon the achievement of specified performance criteria.

(l) "Director " means a member of the Board.

(m) "Disability " means, except as may otherwise be provided in the terms of an Agreement or in a written employment agreement between the Company or a Subsidiary of the Company and the Recipient, the Recipient:

(i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months;

(ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Company; or

(iii) when used in connection with the exercise of an Incentive Option following termination of employment, has a disability within the meaning of Section 22(e)(3) of the Code;

provided, that only to the extent necessary to satisfy Section 409A of the Code, the Recipient has a "disability" or is "disabled" within the meaning of Section 409A of the Code.

(n) "Effective Date" shall have the meaning set forth in Section 14 of the Plan.

(o) "Employee " means any person, including officers and Directors, employed by the Company or any Subsidiary of the Company. The payment to a Director by the Company of Directors' fees shall not be sufficient to constitute employment by the Company.

(p) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute.

(q) "Executive Officer" means an officer as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934.

(r) "Fair Market Value" of Stock on any given date shall be determined by the Committee as follows:

(i) If the Stock is listed for trading on one or more national securities exchanges, or is traded on The NASDAQ Stock Market (including The NASDAQ Global Select Market, The NASDAQ Global Market, or The NASDAQ Capital Market), the closing price on such national securities exchange or The Nasdaq Stock Market on the day of the date in question or, if such Stock shall not have been traded on such principal exchange on such date, the closing price on such principal exchange on the first day after the date in question on which such Stock was so traded;

(ii) If the Stock is not listed for trading on a national securities exchange or The NASDAQ Stock Market, but is traded in the over-the-counter market, the closing bid price for such Stock on the day prior to the date in question or, if there is no closing bid price for such Stock on such date, the closing bid price on the first day prior thereto on which such price existed; or

(iii) If neither Section 1.2(r)(i) nor (ii) is applicable, by any means deemed fair and reasonable by the Committee in its sole discretion, which determination shall be final and binding on all parties.

(s) "Incentive Option" means any Award intended to be and designated as an "incentive stock option" within the meaning of Section 422 of the Code and that satisfies the requirements set forth therein.

(t) "Non-Employee Director" means a non-employee Director within the meaning of Rule 16b-3(b)(3) under the Exchange Act.

(u) "Non-Qualified Option" means any Option that is not an Incentive Option.

(v) "Option " means any Award to purchase Stock granted pursuant to Section 5 of the Plan.

(w) "Outside Director" means a member of the Board who satisfies the requirements of an outside director for purposes of Section 162(m) of the Code.

(x) "Parent Corporation" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of the corporations (other than the Company) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

(y) "Recipient " means any eligible person to whom an Award has been granted under this Plan.

(z) "Restricted Stock" means an Award of shares of Stock pursuant to Section 6 below that is subject to restrictions as described therein.

(aa) "Restricted Stock Unit" means an Award of the right to receive a share of Stock granted pursuant to Section 6 of the Plan that is subject to restrictions as described therein.

(bb) "Stock " means the no par value common stock of the Company.

(cc) "Subsidiary " means any corporation (other than the Company), foreign or domestic, in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing more than 50% of the total combined voting power of all classes of stock in one of the other corporations in the chain.

(dd) "Voting Securities" means the Company's then outstanding securities ordinarily entitled to vote in the election of Directors.

Section 2. Administration

2.1 Authority. The Plan shall be administered by the Board or by the Committee. If at any time no Committee shall be in office, then the Board shall exercise the functions of the Committee specified in the Plan. The Board may exercise any or all of the functions of the Committee specified in the Plan, except that:

(a) at such time as any Award is subject to the limitations under Section 162(m) of the Code and regulations promulgated thereunder, the Plan shall be administered by a Committee consisting solely of Outside Directors;

(b) at such time as the Company and its affiliates are subject to the limitations under Section 16(b) of the Exchange Act, the Committee shall consist solely of Non-employee Directors; and

(c) the Plan shall be administered by a Committee that is comprised solely of members who satisfy the applicable requirements of any stock exchange on which the Stock may then be listed.

Subject to the foregoing, references in the Plan to the Committee shall also include the Board, to the extent the context permits.

2.2 Powers. The Committee shall have the power and authority to grant Awards pursuant to the terms of the Plan. In particular, the Committee shall have the authority:

(a) Recipients. To select Recipients to whom Awards may from time to time be granted hereunder;

(b) Amount. To determine the number of shares of Stock, units or other measures to be covered by each such Award granted hereunder;

(c) Terms and Conditions. To determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, any restriction on any Award and/or the Stock relating thereto);

(d) Amendment; Acceleration. To amend the terms of any Award theretofore granted, prospectively or retroactively, to the extent such amendment is consistent with the terms of the Plan, including to accelerate the date on which any Award becomes exercisable or vested and to accelerate the lapse of restrictions on any Award; provided that no such amendment shall impair the rights of any Recipient without his, her or its consent except to the extent authorized under the Plan;

(e) Substitution. To substitute new Awards for previously granted Awards; provided, however, that substituting new Awards for previously granted Options having higher exercise prices shall not be permitted without prior shareholder approval;

(f) Determination. To make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and

(g) Rules. To adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any Agreements relating thereto); and to otherwise supervise the administration of the Plan.

2.3 Delegation. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may delegate the authority to exercise the powers specified in Section 2.2(a), (b) and (c) above to the Vice President of Human Resources or any Executive Officer of the Company; provided, however, that such authority shall not be exercised by any one other than the Committee with respect to persons who are either the chief executive officer, chief financial officer, or any other Executive Officer of the Company or with respect to any Director of the Company.

2.4 Decisions Binding; Limitation on Liability; Indemnification. All decisions made by the Committee (or its delegate to the extent provided in Section 2.3) pursuant to the provisions of the Plan shall be final, conclusive and binding on all persons, including the Company and Recipients. No member of the Board or the Committee, nor any officer or Employee of the Company acting on behalf of the Board or the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan. To the full extent permitted by law, each member and former member of the Board and the Committee and each person to whom the Board or the Committee delegates or has delegated authority under this Plan shall be indemnified by the Company against and from any loss, liability, judgment, damages, cost and reasonable expense incurred by such member, former member or other person by reason of any action taken, failure to act, interpretation or determination made in good faith under or with respect to this Plan.

Section 3. Stock Subject to Plan

3.1 Shares Reserved for Issuance. The total number of shares of Stock reserved and available for distribution under the Plan shall be four million (4,000,000) shares of Stock of the Company, which may be used for any Option or any type of other Award granted under the Plan. Such shares shall consist of authorized and unissued shares of Stock of the Company. Shares of Stock subject to Awards consisting of Options shall be counted against the number of shares in the first sentence of this Section 3.1 as one share of Stock for every one share of Stock subject to such Award. Each share of Stock subject to any other Award that does not involve the payment by the Recipient to the Company of any cash or Stock consideration to become the owner of the Stock, including Awards of Deferred Stock, Restricted Stock or Restricted Stock Units, shall be counted against the number of shares in the first sentence of this Section 3.1 as two shares of Stock for every one share of Stock subject to such Award. To the extent that a share of Stock that was subject to an Award described in the foregoing sentence was counted as two shares of Stock against the number of shares in the first sentence of this Section 3.1 pursuant to the preceding sentence is recycled back into the Plan under Section 3.2, the Plan shall be credited with two shares of Stock.

3.2 Share Counting. If any shares of Stock become available as a result of canceled, unexercised, lapsed or terminated Awards under this Plan or by reason of the purchase by or forfeiture of an Award to the Company, such shares again shall be available for distribution in connection with future Awards under the Plan. Upon a Stock-for-Stock exercise of an Award, the withholding of Stock for the payment of the exercise price of an Award, the withholding of Stock for the payment of taxes on an Award, or any similar transaction involving the withholding of Stock, the shares of Stock used to pay the exercise price of an Award or withheld shall not become available for future distribution under the Plan.

3.3 Adjustments. Upon any change in the outstanding shares of Stock after the Effective Date by reason of any stock dividend, stock split, reverse stock split, reclassification, combination, exchange of shares or other similar recapitalization of the Company, there shall be an appropriate adjustment to (a) the number or kind of shares of Stock or other securities issued or reserved for issuance pursuant to the Plan or pursuant to outstanding Awards, (b) the exercise price of any Option or other Award, and/or (c) any other affected terms of such Awards. Notwithstanding the foregoing, no fractional shares shall be issued or paid for. No adjustment shall be made under this Section 3.3 upon the issuance by the Company of any warrants, rights or options to acquire additional Stock or of securities convertible into Stock unless such warrants, rights, options or convertible securities are issued to all shareholders of the Company on a proportionate basis.

3.4 Effect of Award. The grant of an Award pursuant to the Plan shall not limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, exchange or consolidate or to dissolve, liquidate or transfer all or any part of its business or assets.

3.5 Application of Code Section 409A. If and to the extent that any provision of an Award is required to comply with Section 409A of the Code, such provision shall be administered and interpreted in a manner consistent with the requirements of Section 409A. If and solely to the extent that any such provision of an Award as currently written would conflict with Section 409A of the Code, the Committee shall have the authority, without the consent of the Recipient, to administer such provision and to amend the Award with respect to such provision to the extent the Committee deems necessary for the purposes of avoiding any portion of amounts owed to the Recipient being retroactively included in the taxable income of the Recipient for any prior taxable year.

Section 4. Eligibility

Officers, other Employees of the Company and its Subsidiaries, members of the Board, and Consultants who are responsible for or contribute to the management, growth and/or profitability of the business of the Company and its Subsidiaries, as determined by the Committee, are eligible to be granted Awards under the Plan. Recipients under the Plan shall be selected from time to time by the Committee, in its sole discretion or as otherwise provided in Section 2.3, from among those eligible.

Section 5. Option Awards

5.1 Option Types. Each Option shall be evidenced by a written Agreement, in such form as the Committee may approve from time to time, which Agreement shall be subject to the provisions of this Plan and to such other terms and conditions as the Committee may deem appropriate. The Options granted under the Plan may be either Incentive Options or Non-Qualified Options. No Option may be issued more than ten (10) years after the date the Plan is approved by the shareholders of the Company.

5.2 Non-Qualified Options. To the extent that any Option or portion of an Option does not qualify as an Incentive Option, it shall constitute a separate Non-Qualified Option.

5.3 Incentive Options; Interpretation. Notwithstanding anything in the Plan to the contrary, no term of the Plan relating to an Incentive Option shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify either the Plan or any Incentive Option under Section 422 of the Code. The preceding sentence shall not preclude any modification or amendment to an outstanding Incentive Option, whether or not such modification or amendment results in disqualification of such Option as an Incentive Option, to the extent that the Committee determines that such modification or amendment is necessary or appropriate.

5.4 Terms and Conditions. Options granted under the Plan shall be subject to the following terms and conditions, as applicable, and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Annual Limit on Incentive Options. The aggregate Fair Market Value (determined as of the time the Option is granted) of the Stock with respect to which an Incentive Option under this Plan or any other plan of the Company and any Subsidiary or Parent Corporation is exercisable for the first time by a person during any calendar year shall not exceed $100,000. To the extent any Option is exercisable in excess of the foregoing limit in any calendar year, such portion of the Option that is in excess of $100,000 shall be a Non-Qualified Stock Option.

(b) Option Exercise Price. Subject to the last two sentences of this Section 5.4(b), the exercise price per share of Stock purchasable under an Option shall be determined by the Committee at the time of grant and, if the Committee does not fix the exercise price of the Option, the exercise price shall be 100% of the Fair Market Value of the Stock on the date of grant. However, the exercise price of an Option shall not be less than 100% of the Fair Market Value of the Stock on the date of grant of such Option. If an Employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of capital stock of the Company or any Parent Corporation or Subsidiary and an Incentive Option is granted to such Employee, the Incentive Option exercise price shall be no less than 110% of the Fair Market Value of the Stock on the date of grant of such Incentive Option.

(c) Option Term. Subject to the last two sentences of this Section 5.4(c), the Committee shall fix the term of each Option and, if the Committee does not fix the term of an Option, the term shall be ten (10) years from the date the Option is granted, subject to earlier termination as otherwise provided herein. However, no Option shall be exercisable more than ten years after the date of grant of such Option. If an Employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of capital stock of the Company or any Parent Corporation or Subsidiary and an Incentive Option is granted to such Employee, the term of such Incentive Option shall be no more than five (5) years from the date of grant of such Incentive Option.

(d) Exercisability. An Option shall be exercisable in accordance with such terms and conditions and during such periods as determined by the Committee at or after grant, subject to the restrictions stated in Section 5.4(a) above. The Committee may also grant Options that become exercisable upon the attainment of specified performance goals over a specified performance period. If the Committee does not determine the time at which an Option shall be exercisable, such Option shall be exercisable in equal installments of up to 20% of the shares of Stock subject to the Option on and after the first anniversary of the date of grant of the Option and up to an additional 20% of the shares of Stock subject to the Option on and after the second, third, fourth and fifth anniversary dates of the date of grant of the Option, subject to earlier termination as otherwise provided herein. Notwithstanding anything in the Plan to the contrary, no Option shall be exercisable after the expiration of its term.

(e) Method of Exercise. An Option may be exercised, in whole or in part, at any time during the Option term, by giving written notice of exercise to the Company, specifying the number of shares of Stock to be purchased. Such notice shall be accompanied by payment in full of the exercise price, either by certified or bank check, or by any other form of legal consideration deemed sufficient by the Committee and consistent with the Plan's purpose and applicable law, including to the extent permitted by applicable law, delivery of irrevocable instructions to a broker acceptable to the Company to promptly deliver to the Company the amount of sale or loan proceeds to pay the entire exercise price and any tax withholding resulting from such exercise. As determined by the Committee at the time of grant or exercise, in its sole discretion, payment in full or in part may also be made by tendering, by either actual delivery of Stock or attestation, Stock already owned by the Recipient for a period of time greater than six (6) months (or such other period established from time to time by the Committee in order to avoid adverse accounting treatment under generally accepted accounting principles) and that is valued at Fair Market Value as of such time; provided, however, that in the case of an Incentive Option, the right to make a payment in the form of already owned shares of Stock may be authorized only at the time the Incentive Option is granted. No Stock shall be issued upon exercise of an Option until full payment therefor has been made. A Recipient shall generally have the rights to dividends and other rights of a shareholder with respect to Stock subject to the Option after the Recipient has given written notice of exercise, has paid in full for such Stock, and, if requested, has given the representation described in Section 11.1.

(f) Transferability of Options.

(i) No Incentive Option shall be transferable by the Recipient otherwise than by will or by the laws of descent and distribution, and an Incentive Option shall be exercisable during a Recipient's lifetime only by such Recipient.

(ii) The Committee may, in its discretion, authorize all or a portion of any Nonqualified Option to be granted to a Recipient to be on terms which permit transfer by such Recipient to: (A) the spouse, children or grandchildren of the Recipient ("Immediate Family Members"), (B) a trust or trusts for the exclusive benefit of such Immediate Family Members, or (C) a partnership or partnerships in which such Immediate Family Members are the only partners, provided that: (1) there is no consideration for any such transfer, (2) the Option pursuant to which such Stock is granted has been approved by the Committee and expressly provides for transfer in a manner consistent with this Section 5.4(f)(ii), and (3) subsequent transfers of a transferred Option shall be prohibited. Following transfer, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, provided that the term "Recipient" herein shall in such event be deemed to refer to the transferee, except that the events of termination of employment and service and the provisions of Sections 5.4(g) and (h) hereof shall continue to be applied with respect to the original Recipient, following which the Option shall be exercisable by the transferee only to the extent, and for the periods, specified in such Sections.

(iii) Non-Qualified Options may be transferred to the spouse or former spouse of the Recipient to the extent provided in a domestic relations order issued in accordance with applicable state law.

(g) Termination by Death or Disability. Unless the Option Agreement provides otherwise or the Committee determines otherwise, if a Recipient's employment by or service to the Company or any Subsidiary or Parent Corporation terminates by reason of the Recipient's death or Disability, the Option may thereafter be exercised, to the extent it was exercisable at the time of death or Disability (or on such accelerated basis as the Committee shall determine at or after grant), by the Recipient or the legal representative of the estate or by the legatee of the Recipient under the will of the Recipient, but it may not be exercised after one year from the date of such Disability or death or the expiration of the stated term of the

Option, whichever period is shorter. In the event of termination of employment or service by reason of the Recipient's death or Disability, if an Incentive Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, the Option will thereafter be treated as a Non-Qualified Option. All Options or portions thereof that are not vested at the time of termination shall automatically terminate at such time.

(h) Other Termination. Unless the Option Agreement provides otherwise or the Committee determines otherwise, if a Recipient's employment by or service to the Company or any Subsidiary or Parent Corporation terminates for any reason other than the Recipient's death or Disability, the Option may thereafter be exercised by the Recipient to the extent it was exercisable at the time of such termination for three months from the date of such termination or the expiration of the stated term of the Option, whichever period is shorter, and the portions of all Options that are not vested at the time of termination shall automatically terminate at such time.

(i) Option Cancellation or Repurchase. Notwithstanding any other provisions of the Plan or any Agreement evidencing any outstanding Option, the Company shall not be permitted to cancel any outstanding Options in exchange for the issuance of any other Award or to repurchase outstanding Options if the per share exercise price of the Option is higher than the Fair Market Value of the Stock subject to the Options.

Section 6. Awards of Restricted Stock and Restricted Stock Units

6.1 Grant. Awards of Restricted Stock and Restricted Stock Units may be granted either alone or in addition to other Awards granted under the Plan. The Committee shall determine to whom Restricted Stock and Restricted Stock Units will be granted, the number of shares subject to Awards of Restricted Stock or Restricted Stock Units, the times or other conditions within which such an Award may be subject to forfeiture, and all other conditions of Awards of Restricted Stock or Restricted Stock Units in addition to those contained in Section 6.4. The Committee may also grant Restricted Stock and Restricted Stock Units in which the restrictions lapse upon the attainment of specified performance goals over a specified performance period.

6.2 Award Agreement. Each Award of Restricted Stock or Restricted Stock Units shall be evidenced by a written Agreement, in such form as the Committee may approve from time to time, which Agreement shall be subject to the provisions of this Plan and to such other terms and conditions as the Committee deems appropriate. The Recipient of an Award of shares of Restricted Stock or Restricted Stock Units shall not have any rights with respect to such Award unless and until such Recipient has executed an Agreement evidencing the Award, has delivered a fully executed copy thereof to the Company, and has otherwise complied with its then applicable terms and conditions.

6.3 Restricted Stock Award Certificate. Subject to the last sentence of this Section 6.3, each Recipient of a Restricted Stock Award shall be issued a stock certificate in respect of shares of Restricted Stock awarded under the Plan. Such certificate shall be registered in the name of the Recipient and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Award, substantially in the following form:

> The transferability of this certificate and the shares of Stock represented hereby are subject to the terms and conditions (including forfeiture) of the Daktronics, Inc. 2007 Stock Incentive Plan and an Agreement entered into between the registered owner and the Company. Copies of such Plan and Agreement are on file in the offices of the Secretary of the Company.

The Committee shall require that the stock certificates evidencing such shares be held in custody by the Company or its designated agent for that purpose until the restrictions thereon shall have lapsed, and that, as a condition of any Restricted Stock Award, the Recipient shall have delivered a stock power, endorsed in blank, relating to the Stock covered by such Award. The Company may issue shares of Restricted Stock without a stock certificate in book entry form if it determines it can reasonably do so in compliance with the restrictions set forth in the Agreement governing such Restricted Stock Award.

6.4 Restrictions and Conditions on Restricted Stock Awards. The shares of Restricted Stock awarded pursuant to the Plan shall be subject to the following restrictions and conditions:

(a) Restriction Period. Subject to the provisions of this Plan and the Award Agreement, during a period set by the Committee commencing with the date of such Award (the "Restriction Period"), the Recipient shall not be permitted to sell, transfer, pledge or assign shares of Restricted Stock awarded under the Plan. Within these limits, the Committee may provide for the lapse of such restrictions in installments where deemed appropriate.

(b) Rights as Shareholder. Except as provided in Sections 6.4(a) and (c), or as otherwise provided in an applicable Award Agreement, the Recipient shall have, with respect to the shares of Restricted Stock, all of the rights of a shareholder of the Company, including the right to vote the shares and the right to receive any cash dividends. The Committee, in its sole discretion or as otherwise required by application of Section 409A of the Code, may require the payment of cash dividends to be deferred and, if the Committee so determines, reinvested in additional shares of Restricted Stock (to the extent shares are available under Section 3.1). Certificates for shares of unrestricted Stock shall be delivered to the Recipient promptly after, and only after, the period of forfeiture shall have expired without forfeiture in respect of such shares of Restricted Stock and any other conditions to the vesting of the Restricted Stock have been met.

(c) Performance Restrictions. Notwithstanding Section 6.4(b) above, any Award of Restricted Stock based on the achievement of performance goals shall not be considered outstanding for any purpose, and no dividends, voting or other rights of a shareholder shall attach to such shares until such time as the performance goals have been satisfied and the shares are issued to the Recipient without restriction.

(d) Termination of Employment or Service. Except to the extent provided in the applicable Award Agreement, upon termination of employment or service of a Recipient for any reason during the Restriction Period, all shares of Restricted Stock then subject to restriction shall automatically terminate and be forfeited by the Recipient. The Committee may, in its sole discretion, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to the Recipient's shares of Restricted Stock.

(e) Transferability. Subject to the provisions of this Plan and the Award Agreement, Restricted Stock Awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Restriction Period.

6.5 Terms and Conditions of Awards of Restricted Stock Units. The shares of Restricted Stock Units awarded pursuant to the Plan shall be subject to the following restrictions and conditions:

(a) Vesting. At the time of the grant of Restricted Stock Units, the Committee may impose such restrictions or conditions to the vesting of such Restricted Stock Units as it, in its sole discretion, deems appropriate, to be contained in the Award Agreement. The Committee may divide such Restricted Stock Units into classes and assign different vesting conditions for each class. If all conditions to the vesting of a Restricted Stock Unit are satisfied, and except as provided in Section 6.5(c), upon the satisfaction of all vesting conditions with respect to a Restricted Stock Unit, such Restricted Stock Unit shall vest.

(b) Shares Upon Vesting. Upon the vesting of Restricted Stock Units, the Recipient shall be entitled to receive, within 30 days following the date on which such Restricted Stock Units vest, one share of Stock for each Restricted Stock Unit that so vests.

(c) Termination of Employment or Service. Except to the extent provided in the applicable Award Agreement, upon termination of a Recipient's employment or service for any reason, all Restricted Stock Units shall automatically terminate and be forfeited by the Recipient. The Committee may, in its sole discretion, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to the Recipient's Restricted Stock Units.

(d) Transferability. Subject to the provisions of this Plan and the Award Agreement, Restricted Stock Units may not be sold, assigned, transferred, pledged or otherwise encumbered during the Restriction Period.

Section 7. Deferred Stock Awards

7.1 Grant. Deferred Stock may be awarded either alone or in addition to other Awards granted under the Plan. The Committee shall determine the duration of the period (the "Deferral Period") during which, and the conditions under which, receipt of the Deferred Stock will be deferred, and the other terms and conditions of the Award consistent with the terms of the Plan, in addition to those contained in Section 7.2. The Committee may also condition the receipt of Deferred Stock upon the attainment of specified performance goals. Each Award of Deferred Stock shall be confirmed by, and subject to the terms of, an Agreement executed by the Company and the Recipient.

7.2 Terms and Conditions. Shares of Deferred Stock awarded pursuant to this Plan shall be subject to the following terms and conditions:

(a) Transferability. Subject to the provisions of this Plan and the applicable Award Agreement, Deferred Stock Awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Deferral Period. At the expiration of the Deferral Period, share certificates shall be delivered to the Recipient in a number equal to the shares covered by the Deferred Stock Award.

(b) Rights as Shareholder. An Award of Deferred Stock shall not be considered outstanding for any purpose, and no dividends, voting or other rights of a shareholder shall attach to such shares until such time as the Deferral Period has ended and the shares are issued to the Recipient.

(c) Termination of Employment or Service. Except as provided in the applicable Award Agreement, upon termination of employment or service for any reason during the Deferral Period, the Award of Deferred Stock shall automatically terminate and be forfeited by the Recipient. The Committee may, in its sole discretion, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all of the remaining deferral limitations imposed hereunder with respect to any or all of the Recipient's Deferred Stock.

Section 8. Change in Control

8.1 Automatic Acceleration. Upon the occurrence of a Change in Control, except as otherwise provided in an applicable Agreement, all outstanding Awards granted to a Recipient that have not theretofore vested shall immediately vest, and all restrictions on such Awards shall immediately lapse, and each Option granted to a Recipient that is outstanding at such time shall be come fully and immediately exercisable.

8.2 Limitation on Change in Control Payments. Notwithstanding anything in Section 8.1 or Section 9 to the contrary, if, with respect to a Recipient, the acceleration of the exercisability of an Option or the payment of cash in exchange for all or part of an Award as provided in Section 8.1 or Section 9 (which acceleration or payment could be deemed a "parachute payment" within the meaning of Section 280G(b)(2) of the Code), together with any other payments which such Recipient has the right to receive, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code) then, unless otherwise provided in the applicable Award Agreement, such acceleration of exercisability or vesting and payments pursuant to the Plan shall be reduced to the largest amount as, in the sole judgment of the Committee, will result in no portion of such payments being subject to the excise tax imposed by Section 4999 of the Code.

Section 9. Additional Change in Control Provisions

In addition to the provisions of Section 8, upon the occurrence of a Change in Control, the Committee shall be obligated to do one of the following in order to protect the interests of Recipients upon a Change in Control:

(a) Substitution of Award. Make appropriate provision for the protection of outstanding Awards granted under this Plan by the substitution, in lieu of such Awards, of other Awards, which other Awards are designed to preserve the value of the Awards granted under the Plan;

(b) Cancellation of Options. With respect to any Option, declare, at least twenty days prior to the Change in Control, and provide written notice to each Recipient of the declaration, that each outstanding Option, whether or not then exercisable, shall be cancelled at the time of, or immediately prior to the occurrence of, the Change in Control (unless it shall have been exercised prior to the occurrence of the Change in Control); and/or

(c) Cash Payment. Cause payment to be made, within twenty days after a Change in Control, in exchange for each cancelled Award to each Recipient of an Award that is cancelled, of an amount of cash equal to the Fair Market Value for each share of Stock covered by the cancelled Award, except that with respect to any cancelled Option, cash equal to the amount (if any) by which the per share transaction consideration, taking into account such factors as the Committee deems appropriate in determining this value, exceeds the exercise price per share of Stock covered by such Option.

Notwithstanding the foregoing, no Recipient of an Award shall be entitled to the payment provided in this Section 9 if such Award has expired or was cancelled pursuant to the terms of the Plan or the applicable Agreement.

Section 10. Substitute Awards

10.1 Purpose. Awards may be granted under this Plan from time to time in substitution for Awards held by Employees of other corporations who are about to become Employees of the Company, or any Parent Corporation or Subsidiary thereof, or whose employer is about to become a Subsidiary of the Company, as the result of a merger or consolidation of the Company or its Subsidiary with another corporation, the acquisition by the Company or its Subsidiary of all or substantially all the assets of another corporation, the acquisition by the Company or its Subsidiary of at least 50% of the issued and outstanding stock of another corporation, or such other similar corporate transaction as determined by the Committee, in its sole discretion.

10.2 Terms and Conditions. To the extent permitted by applicable law, the terms and conditions of the substitute Award granted pursuant to Section 10.1 may vary from the terms and conditions set forth in this Plan to such extent as the Committee at the time of the grant may deem appropriate to conform, in whole or in part, to the provisions of the Stock Awards in substitution for which they are granted; provided, however, with respect to Incentive Options, unless otherwise determined by the Committee, no such variation shall be permitted that affects the status of any such substitute Option as an Incentive Option.

Section 11. General Provisions

11.1 Compliance With Laws. No Stock will be issued pursuant to the Plan unless in compliance with applicable legal requirements including, without limitation, those relating to securities laws and stock exchange listing requirements. The Committee may require each Recipient receiving Stock pursuant to an Award under the Plan to represent to and agree with the Company in writing that such person is acquiring the Stock without a view to distribution thereof.

11.2 Stop Transfer Orders. All certificates for Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. The issuance of Stock may be effected on a non-certificated basis to the extent not prohibited by applicable law or the applicable rules of any stock exchange upon which the Stock is then traded.

11.3 No Rights as a Shareholder. Unless otherwise provided by the Committee, in the Plan or in an Award Agreement or in any other written agreement between a Recipient and the Company or a Subsidiary of the

Company, no Award shall entitle the Recipient to any cash dividend, voting or other rights of a shareholder of the Company unless and until the date of issuance under the Plan of any shares of Stock that are subject to such Award.

11.4 Effect of Transfer/Leave of Absence. For purposes of any Incentive Option, the following events shall not be deemed a termination of employment:

(a) Transfer. A transfer of an Employee from the Company to a Parent Corporation or a Subsidiary, or a transfer of an Employee from a Parent Corporation or a Subsidiary to the Company or any other Parent Corporation or Subsidiary;

(b) Leave of Absence. A leave of absence approved in writing by the Company; and;

(c) Military Leave. A military leave in which the Employee's right to reemployment is guaranteed under the provisions of the Uniform Services Employment and Reemployment Rights Act (USERRA) and regulations promulgated thereunder.

11.5 Tax Withholding. Each Recipient shall, no later than the date as of which any part of the value of an Award first becomes includable as compensation in the gross income of the Recipient for federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to the Award. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company, any Parent Corporation and any Subsidiary shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due from it to the Recipient. If the terms of an Award so permit, a Recipient may elect by written notice to the Company to satisfy part or all of the withholding tax requirements associated with the Award by:

(a) Retain Stock. Authorizing the Company to retain from the number of shares of Stock that would otherwise be deliverable to the Recipient, or

(b) Delivering of Held Stock. Delivering to the Company from Stock already owned by the Recipient, that number of shares having an aggregate Fair Market Value equal to part or all of the tax payable by the Recipient under this Section, and if shares of Stock are withheld, the amount withheld shall not exceed the minimum required federal, state and FICA withholding amount.

Any such election shall be in accordance with, and subject to, applicable tax and securities laws, regulations and rulings, accounting rules, regulations and requirement and any other rules or regulations established by the Committee.

11.6 No Right to Employment, Service or Awards. The granting of an Award under the Plan shall impose no obligation on the Company, its Subsidiary or any Parent Corporation to continue the employment of a Recipient and shall not lessen or affect the Company's, its Subsidiary's or its Parent Corporation's right to terminate the employment of such Recipient. Nothing in the Plan shall interfere with or limit in any way the right of the Company, the Board or the Company's shareholders to terminate the directorship of any Director at any time, nor confer upon any Director any right to continue to serve as a Director of the Company. Nothing in the Plan shall interfere with or limit in any way the right of the Company or the Board to terminate the service of any Consultant at any time, nor confer upon any Consultant any right to continue to serve as a Consultant to the Company. No Recipient or other person shall have any claim to be granted any Award, and there is no obligation for uniform treatment of Recipients or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Recipient.

11.7 Other Benefit and Compensation Programs. Payments and other benefits received by a Recipient under an Award shall not be deemed a part of a Recipient's regular, recurring compensation for purposes of any termination, indemnity or severance pay laws and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company, its Subsidiary or its Parent Corporation, unless expressly so provided by such other plan, contract or arrangement or the Committee determines that an Award or portion of an Award should be included to reflect competitive compensation practices or to recognize that an Award has been made in lieu of a portion of competitive cash compensation.

11.8 Successors and Assigns. The Plan shall be binding on all successors and assigns of the Company and a Recipient including, without limitation, the estate of such Recipient and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Recipient's creditors.

11.9 Nontransferability of Awards; Designation of Beneficiary.

(a) Nontransferability. Unless otherwise provided in this Plan or in the applicable Award Agreement, no Award or interest in an Award may be sold, assigned, pledged (as collateral for a loan or as security for the performance of an obligation or for any other purpose) or transferred by a Recipient or made subject to attachment or similar proceedings otherwise than by will or by the applicable laws of descent and distribution, except to the extent a Recipient designates one or more beneficiaries on a Company-approved form, as set forth in Section 11.9(b) of this Plan, who may exercise the Award or receive payment under the Award after the Recipient's death, and during a Recipient's lifetime, an Award may be exercised only by the Recipient.

(b) Designation of Beneficiary. A Recipient may designate a beneficiary to succeed to the Recipient's Awards under the Plan in the event of the Recipient's death by filing a beneficiary form with the Company and, upon the death of the Recipient, such beneficiary shall succeed to the rights of the Recipient to the extent permitted by law, the terms of this Plan and the applicable Award Agreement. In the absence of a validly designated beneficiary who is living at the time of the Recipient's death, the Recipient's executor or administrator of the Recipient's estate shall succeed to the Awards, which shall be transferable by will or pursuant to laws of descent and distribution.

11.10 International Recipients. With respect to Recipients who reside or work outside the United States of America, the Committee may, in its sole discretion, amend the terms of the Plan or adopt such modifications, procedures or subplans with respect to such Recipients as are necessary or desirable to ensure the viability of the benefits of the Plan, comply with applicable foreign laws or obtain more favorable tax or other treatment for a Recipient, the Company, a Subsidiary or a Parent Corporation; provided, however, that no such changes shall apply to the Awards to Recipients who may be "covered employees" under Section 162(m) of the Code or any successor thereto unless consistent with the provisions thereof.

11.11 No Trust or Fund. The Plan is intended to constitute an "unfunded" plan. Nothing contained herein shall require the Company to segregate any monies, other property, or shares of Stock, or to create any trusts, or to make any special deposits for any immediate or deferred amounts payable to any Recipient, and no Recipient shall have any rights that are greater than those of a general unsecured creditor of the Company.

11.12 Severability. If any provision of the Plan or any Award Agreement shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan or Award Agreement, and such Plan or Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

Section 12. Term; Amendments and Termination

(a) Term. This Plan shall commence on the Effective Date and shall terminate on August 14, 2017 or at such earlier date as the Committee shall determine, and no Award may be granted under the Plan after August 14, 2017. The termination of this Plan shall not affect any Awards then outstanding under the Plan.

(b) Amendments. The Board may amend, alter or discontinue the Plan, but no amendment, alteration, or discontinuation shall be made which would impair the rights of a Recipient under an Award theretofore granted without the Recipient's or Recipient's consent. The Board shall obtain approval of the Company's shareholders for any amendment that would require such approval in order to satisfy the requirements of

Section 162(m) of the Code, Section 422 of the Code, stock exchange rules or other applicable law. The Committee may amend the terms of any Award theretofore granted prospectively or retroactively; however, subject to Sections 3, 8 and 9 of the Plan, no such amendment shall impair the rights of any Recipient without his, her or its consent. Adjustments made by the Committee pursuant to Section 3 (relating to adjustments of Stock) and Section 9 shall not be subject to the limitations of this Section 12. Notwithstanding the foregoing provisions of this Section 12, neither the Plan nor any outstanding Option shall be amended to decrease the exercise price of such Award unless first approved by the requisite vote of the shareholders, and neither the Plan nor any outstanding Agreement shall be amended in any way that would cause an outstanding Award that is not subject to the tax described in Section 409A of the Code to be subject to such tax.

Section 13. Governing Law

To the extent that federal laws do not otherwise control, this Plan and all determinations made and actions taken under this Plan shall be governed by the laws of the State of South Dakota, without regard to the conflicts of law provisions thereof, and construed accordingly.

Section 14. Effective Date of Plan

The Plan shall be effective on the date it is approved by the Company’s shareholders, which was August 15, 2007.

EXHIBIT 31.1

DAKTRONICS, INC.
CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER REQUIRED BY RULE 13a-14(e)
OR RULE 15d-14(a) OF THE SECURITES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTI0N 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James B. Morgan, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended July 28, 2007 of Daktronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financially reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James B. Morgan
James B. Morgan
Chief Executive Office
Date: August 20, 2007

EXHIBIT 31.2

DAKTRONICS, INC.
CERTIFICATION OF THE CHIEF FINANCIAL OFFICER REQUIRED BY RULE 13a-14(e)
OR RULE 15d-14(a) OF THE SECURITES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTI0N 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William R. Retterath, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended July 28, 2007 of Daktronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financially reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ William R. Retterath
William R. Retterath
Chief Financial Officer
Date: August 20, 2007

EXHIBIT 32.1

DAKTRONICS, INC.
CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Daktronics, Inc. (the “Company”) for the quarterly period ended July 28, 2007 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James B. Morgan, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James B. Morgan
James B. Morgan
Chief Executive Officer
August 20, 2007

DAKTRONICS, INC.
CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Daktronics, Inc. (the "Company") for the quarterly period ended July 28, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William R. Retterath, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William R. Retterath
William R. Retterath
Chief Financial Officer
August 20, 2007