

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): January 23, 2007

**Daktronics, Inc.**

(Exact name of registrant as specified in its charter)

**South Dakota**

(State or other jurisdiction of  
incorporation or organization)

**0-23246**

(Commission  
File Number)

**46-0306862**

(I.R.S. Employer  
Identification Number)



**331 32<sup>nd</sup> Avenue**

**Brookings, SD**

(Address of principal executive office)

**57006**

(zip code)

**(605) 697-4000**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name or former address, if changed since last report.)

*This Form 8-K contains or may contain forward looking statements and information that are based upon beliefs of, and information currently available to, management of Daktronics, Inc. (the "Company") as well as estimates and assumptions made by the Company's management. When used in the Form 8-K and other reports filed by the Company with the Securities and Exchange Commission, the words "anticipate", "believe", "estimate", "expect", "future", "intend", "plan" or the negative of these terms and similar expressions as they relate to the Company or the Company's management identify forward looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions and other factors relating to the Company and its subsidiaries, their industry, their operations and results of operations and any businesses that may be acquired by the Company. These risks include those described in the Company's Annual Report on Form 10-K for fiscal 2006. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.*

**Item 1.01. Entry into a Material Definitive Agreement.**

On January 23, 2007, the Company entered into amendments (collectively, the "Amendments") to its Loan Agreement and related Revolving Note (collectively, the "Credit Facility") with U. S. Bank National Association (the "Bank"). The Amendments increase the limit on the revolving loan amount available to \$45 million, decrease the interest rate charged under the Credit Facility, increase the amount available for letters of credit, modifies the Adjusted Fixed Charge Coverage ratio by increasing the reserve for maintenance capital expenditures to \$4,000,000 and implement a loan fee of .1% per annum on the average daily unused portion of the Credit Facility. As of January 23, 2007, the amount outstanding under the Credit Facility was approximately \$18,907,000.

As a result of investments the Company has made over the past twelve months, it has determined that additional access to funds was necessary in the short term to finance working capital needs and capital expenditures. The Company expects that these needs will diminish in the future, although these expectations could change.

The foregoing description of the Credit Facility is qualified in its entirety by reference to the Amendments, copies of which are filed as Exhibits 10.1 and 10.2 to this Current Report on Form 8-K and incorporated herein by reference.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant. The disclosure required by this item is included in Item 1.01 and is incorporated herein by reference.**

The disclosure required by this item is included in Item 1.01 and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits**

The following exhibits are filed with this Form 8-K:

- 10.1 Sixth Amendment to Loan Agreement dated January 23, 2007 by and between the Company and the Bank
- 10.2 Renewal Revolving Note dated as of January 23, 2007 signed by the Company in favor of the Bank

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**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, hereunto duly authorized.

**DAKTRONICS,INC.**

By: /s/ William R. Retterath  
William R.Retterath, Chief Financial Officer

Date: January 25, 2007

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**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
<u>10.1</u>	<u>Sixth Amendment to Loan Agreement dated January 23, 2007 by and between the Company and the Bank</u>
<u>10.2</u>	<u>Renewal Revolving Note dated as of January 23, 2007 signed by the Company in favor of the Bank</u>

## SIXTH AMENDMENT TO LOAN AGREEMENT

This Sixth Amendment to Loan Agreement is made and entered into effective the 23rd day of January, 2007, by and between **U.S. Bank National Association**, a national banking association, with an address of 141 North Main Avenue, Post Office Box 5308, Sioux Falls, South Dakota 57117-5308 (“Lender”) and **Daktronics, Inc.**, a South Dakota corporation, with an address of 331 — 32nd Avenue, Brookings, South Dakota 57006 (“Borrower”).

### RECITALS:

A. Lender and Borrower entered into a Loan Agreement dated October 14, 1998 and Borrower executed and delivered to Lender a Revolving Note dated October 14, 1998, in the original principal sum of \$15,000,000.00.

B. The Loan Agreement and Revolving Note were amended by an Amendment to Loan Agreement and a Modification of Promissory Note, each dated November 30, 1999, an Amendment to Loan Agreement and a Modification of Promissory Note, each dated December 8, 2000, a Third Amendment to Loan Agreement and Revolving Note dated June 20, 2002, a Fourth Amendment to Loan Agreement and Revolving Note dated December 2, 2003, and a Fifth Amendment to Loan Agreement and Revolving Note dated October 1, 2005.

C. Pursuant to the Amendment to Loan Agreement and the Modification of Promissory Note dated November 30, 1999, the loan amount was increased to \$20,000,000.00 (the “Revolving Loan”).

D. Lender and Borrower desire to renew and amend the Revolving Note (pursuant to a Renewal Revolving Note dated even date herewith) to increase the principal amount of the loan and extend the maturity date thereof, and to correspondingly amend the Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Borrower and Lender covenant and agree as follows:

1. The following definitions in Section 1.1 of the Loan Agreement are amended and restated as follows:

“Revolving Loan Maturity Date”: November 15, 2008.

“Revolving Note”: The Renewal Revolving Note dated January 23, 2007, along with any amendments, renewals, or extensions thereof.

2. Borrower and Lender acknowledge that the “Term Note” as defined in the Loan Agreement has been repaid. All references in the Loan Agreement to the “Term Loan” and “Term Note” are deleted.

3. Section 2.1 of the Loan Agreement is amended and restated as follows:

Section 2.1 Revolving Loan. Upon the terms and subject to the conditions hereof, Lender agrees to make available a revolving loan (the “Revolving Loan”) to Borrower in the principal amount of Forty-five Million and No/100 Dollars (\$45,000,000.00). Borrower may obtain advances, prepay and obtain new advances under the Revolving Loan.

Borrower may request and Lender shall issue as part of the Revolving Loan, letters of credit in a total amount not to exceed \$10,000,000.00. Letters of credit not exceeding a total amount of \$1,000,000.00 may have an expiration date of no later than November 15, 2009. Otherwise, all letters of credit shall expire on or before November 15, 2008. The amount available to be borrowed under the Revolving Loan shall be correspondingly reduced by the face amount of all letters of credit issued. Notwithstanding any agreement to the contrary, Lender shall have no obligation to issue any letter of credit, or to amend, extend, renew or replace any letter of credit, unless it is in form and substance acceptable to Lender.

4. Section 2.3 of the Loan Agreement is amended and restated as follows:

Section 2.3 Loan Fee. Borrower shall pay Lender a loan fee of .1% per annum on the average daily unused amount of the Revolving Loan from and after January 23, 2007 through the Revolving Loan Maturity Date, computed on the basis of the actual number of days elapsed and a 360-day year. The amount of such loan fee accruing during each quarter shall be due and payable on or before the 30th day of the following quarter, provided that the loan fee remaining unpaid shall be due and payable when the unpaid balance of principal and interest under the Revolving Note becomes due and payable in full. “Unused amount of the Revolving Loan” means the difference of (a) the amount of the Revolving Loan, minus, (b) the aggregate outstanding principal amount of the advances and outstanding letters of credit.

5. Section 5.8 of the Loan Agreement is deleted.

6. Section 6.1 of the Loan Agreement is amended and restated as follows:

Section 6.1 Financial Statements and Reports. The Borrower will furnish to the Lender:

6.1(a) As soon as available and in any event within ninety (90) days after the end of each fiscal year of the Borrower, financial statements of income, cash flow and changes in stockholders’ equity, a balance sheet as of the end of the year and notes thereto, setting forth in each case in comparative form corresponding figures from the previous annual audit, certified without qualification by an independent certified public accountant of recognized regional standing selected by the Borrower. Provided Borrower is in compliance with all filing requirements of the Securities and Exchange Commission and timely files all of the above information with the Securities and Exchange Commission within the time frame above, Borrower shall not be obligated to provide such financial information to Lender.

6.1(b) As soon as available and in any event within forty-five (45) days after the end of each fiscal quarter of the Borrower, unaudited financial statements for Borrower for such quarter and for the period from the beginning of such fiscal year to the end of such quarter, substantially similar to the annual audited statements. Provided Borrower is in compliance with all filing requirements of the Securities and Exchange Commission and timely files all of the above information with the Securities and Exchange Commission within the time frame above, Borrower shall not be obligated to provide such information to Lender.

- 6.1(c) [Reserved].

6.1(d) [Reserved].

6.1(e) [Reserved].

6.1(f) Immediately upon any officer of the Borrower becoming aware of any Default or Event of Default, a notice describing the nature thereof and what action the Borrower proposes to take with respect thereto.

6.1(g) From time to time, such other information regarding the business, operation and financial condition of the Borrower as the Lender may reasonably request.

7. Section 6.10 of the Loan Agreement is deleted.

8. Section 6.11 of the Loan Agreement is deleted.

9. Schedule VI to the Loan Agreement ("Schedule VI") is amended and restated as attached to this Sixth Amendment.

10. Section 7.3 of the Loan Agreement is amended and restated to read as follows:

Setoff. From time to time, in connection with the payment of principal and interest due and payable under the Revolving Note, and in all other instances after the occurrence and during the continuance of an Event of Default, Borrower hereby irrevocably authorizes and directs Lender, to charge Borrower's accounts and deposits with Lender (general or special, time or demand, provisional or final), other than third party security accounts, and to pay over to Lender an amount equal to all amounts from time to time due and payable to the Lender hereunder, under the Revolving Note, or under any of the Loan Documents or other promissory notes or instruments. Borrower hereby grants to Lender a security interest in and to all such accounts and deposits maintained by the Borrower with Lender.

11. Except as modified herein, all the terms and conditions of the Loan Agreement, including previous amendments thereto, shall remain in full force and effect.

12. Borrower acknowledges that the Loan Agreement and related Loan Documents are and shall remain the legal and binding obligation of Borrower, free of any claim, defense, or offset.

BORROWER:

DAKTRONICS, INC.

By: s/s James B. Morgan

James B. Morgan

Its: Chief Executive Officer

By: s/s William R. Retterath

William R. Retterath

Its: Chief Financial Officer

LENDER:

U.S. BANK NATIONAL ASSOCIATION

\_\_\_\_\_  
Caryl Wynja, Its Senior Vice President

STATE OF SOUTH DAKOTA )

:SS

COUNTY OF Brookings )

On this the 23rd day of January, 2007, before me personally appeared James B. Morgan, known to me to be the Chief Executive Officer, and William R. Retterath, known to me to be the Chief Financial Officer, of Daktronics, Inc., the corporation that is described in and that executed the within instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public - South Dakota

My Commission Expires:(seal)

STATE OF SOUTH DAKOTA )

:SS

COUNTY OF Minnehaha )

On this the 23rd day of January, 2007, before me personally appeared Carl Wynja, known to me to be the Senior Vice President, of U.S. Bank National Association, the national bank association that is described in and that executed the within instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public - South Dakota

My Commission Expires:(seal)

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## SCHEDULE VI

### ADDITIONAL COVENANTS

Until the Revolving Note and all of the other Obligations are paid and performed in full, unless the Lender shall otherwise consent in writing:

Dividends. The Borrower will not pay in excess of current year's net profit after tax any dividends or otherwise make any distributions on, or redemptions of, any of its outstanding stock.

Minimum Adjusted Fixed Charge Coverage Ratio. The Borrower will not permit its Minimum Adjusted Fixed Charge Ratio, as of the last day of any fiscal year for the four consecutive fiscal quarters ending on that date to be less than 2 to 1.

For purposes hereof, the following definitions have the following meanings:

"EBITDA": For any period of determination, the net income of the Borrower before deductions for income taxes, interest expense, depreciation and amortization, all as determined in accordance with GAAP.

"Adjusted Fixed Charge Coverage Ratio": For any period of determination with respect to the Borrower, the ratio of

(a) EBITDA minus the sum of (i) any dividends or other distributions, (ii) a reserve for maintenance capital expenditures in the amount of \$4,000,000.00, and (iii) tax expenses, to

(b) all required principal and interest payments with respect to Indebtedness (including but not limited to all payments with respect to capitalized lease obligations of the Borrower),

in each case determined for said period in accordance with GAAP.

"Indebtedness": All interest-bearing obligations, including those represented by bonds, debentures, or other debt securities, except principal reductions on the Revolving Loan.

IBD/EBITDA Ratio. The Borrower will not permit the ratio of its IBD to EBITDA, as of the last day of any fiscal quarter to be greater than 1 to 1.

For purposes hereof, the following definitions have the following meanings:

"IBD": All interest bearing obligations, including those represented by bonds, debentures, or other debt securities, excluding any long-term contractual obligations related to marketing transactions whose source of payment is underlying advertising agreements.

"EBITDA": For any period of determination, the net income of the Borrower before deductions for income taxes, interest expense, depreciation and amortization, all as determined in accordance with GAAP. This computation will use the last four quarters.

## RENEWAL REVOLVING NOTE

\$45,000,000.00

Brookings, South Dakota  
January 23, 2007

FOR VALUE RECEIVED, **Daktronics, Inc.**, a South Dakota corporation ("Borrower"), promises to pay to **U.S. Bank National Association**, a national banking association ("Lender", which term shall include any future holder hereof), at 141 North Main Avenue, Post Office Box 5308, Sioux Falls, South Dakota 57117-5308 or at such other place as Lender may from time to time designate in writing, the principal sum of Forty-five Million and No/100 Dollars (\$45,000,000.00) or so much thereof as may be advanced hereunder and to pay interest on the outstanding principal balance hereof from time to time at a daily fluctuating rate tied to the One-Month Reserve Adjusted Reuters London Inter-Bank Offering Rate ("LIBOR"), with the rate tiers determined on the last day of each fiscal quarter of Borrower's accounting year, and based upon the following rate tiers:

1	Total IBD / EBITDA ratio < 0.50x	LIBOR + 75 basis points
2	Total IBD / EBITDA ratio = or > 0.50x and < 1.25x	LIBOR + 100 basis points
3	Total IBD / EBITDA ratio = or > 1.25x	LIBOR + 125 basis points

Lender will tell Borrower the current LIBOR rate interest rate and rate tier upon Borrower's request. The initial rate tier shall be #1 above. The rate tier shall not be adjusted more often than quarterly. Interest shall be computed on the basis of actual days elapsed and a year of 360 days.

Interest is payable beginning February 1, 2007, and on the same date of each consecutive month thereafter, plus a final interest payment with the final payment of principal. Principal is payable on November 15, 2008, the "Revolving Loan Maturity Date".

Borrower may prepay this Note in whole at any time, or in part from time to time, without penalty or premium. No prepayment shall suspend any required payments of either principal or interest on this Note or reduce the amount of any scheduled payment.

Failure to exercise any option provided herein shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. Borrower agrees that if, and as often as, this Note is given to an attorney for collection or to defend or enforce any of Lender's rights hereunder, Borrower will pay to the Lender its reasonable attorneys' fees, together with all court costs and other expenses paid by Lender.

Borrower waives presentment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Note and any lack of diligence or delays in collection or enforcement of this Note. Borrower agrees that this Note, or any payment hereunder, may be extended from time to time, and Borrower consents to the release of any party liable for the obligation evidenced by this Note, the release of any of the security for this Note, the acceptance of any other security therefor, or any other indulgence or forbearance whatsoever, all without notice to any party and without affecting the liability of Borrower.

THIS NOTE SHALL BE CONSTRUED UNDER AND GOVERNED BY THE LAWS OF THE STATE OF SOUTH DAKOTA, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS OR PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS OF THE UNITED STATES APPLICABLE TO NATIONAL BANKS. WHENEVER POSSIBLE, EACH PROVISION OF THIS NOTE AND ANY OTHER STATEMENT, INSTRUMENT OR TRANSACTION CONTEMPLATED HEREBY OR RELATING HERETO, SHALL BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER SUCH APPLICABLE LAW, BUT, IF ANY PROVISION OF THIS NOTE OR ANY OTHER STATEMENT, INSTRUMENT OR TRANSACTION CONTEMPLATED HEREBY OR RELATING HERETO SHALL BE HELD TO BE PROHIBITED OR INVALID UNDER SUCH APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE ONLY TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISION OR THE REMAINING PROVISIONS OF THIS NOTE OR ANY OTHER STATEMENT, INSTRUMENT OR TRANSACTION CONTEMPLATED HEREBY OR RELATING HERETO.

AT THE OPTION OF LENDER, THIS NOTE MAY BE ENFORCED IN ANY FEDERAL COURT OR SOUTH DAKOTA CIRCUIT COURT SITTING IN SIOUX FALLS OR BROOKINGS, SOUTH DAKOTA; AND BORROWER CONSENTS TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT. IN THE EVENT BORROWER COMMENCES ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS NOTE, LENDER AT ITS OPTION SHALL BE ENTITLED TO HAVE THE CASE TRANSFERRED TO ONE OF THE JURISDICTIONS AND VENUES ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

Borrower irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or any of the Loan Documents (as defined in the Loan Agreement) or the transactions contemplated hereby or thereby.

This Note is a renewal of the indebtedness represented by the Revolving Note dated October 14, 1998, in the original principal sum of Fifteen Million and No/100 Dollars (\$15,000,000.00). It is understood and agreed by the parties that this Note shall not operate as a novation of the original loan or the Revolving Note dated October 14, 1998.

BORROWER:

DAKTRONICS, INC.

By: /s/ James B. Morgan

James B. Morgan

Its: Chief Executive Officer

By: s/s William R. Retterath  
William R. Retterath  
Its: Chief Financial Officer

STATE OF SOUTH DAKOTA )

:SS

COUNTY OF Brookings )

On this the 23rd day of January, 2007, before me personally appeared James B. Morgan, known to me to be the Chief Executive Officer, and William R. Retterath, known to me to be the Chief Financial Officer, of Daktronics, Inc., the corporation that is described in and that executed the within instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public - South Dakota

My Commission Expires:(seal)