

DAKTRONICS INC /SD/
Form DEF 14A
July 12, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement
- [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to §240.14a-12

Daktronics, Inc.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.
- [] Fee computed on table below per Exchange Act Rules 14a-6(i) and 0-11.
 - 1 Title of each class of securities to which transaction applies:
 - 2 Aggregate number of securities to which transaction applies:
Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth
 - 3 the amount on which the filing fee is calculated and state how it was determined):

 - 4 Proposed maximum aggregate value of transaction:
 - 5 Total fee paid:
- [] Fee paid previously with preliminary materials.
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- [] Form or Schedule and the date of its filing.
 - 1 Amount previously paid:
 - 2 Form, Schedule or Registration Statement No.:
 - 3 Filing Party:
 - 4 Date Filed:

DAKTRONICS, INC.
201 Daktronics Drive
Brookings, South Dakota 57006

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
AUGUST 31, 2016

Time 7:00 p.m. Central Daylight Time on Wednesday, August 31, 2016

Place Daktronics, Inc.
201 Daktronics Drive
Brookings, South Dakota 57006

Items of Business

1. To elect three Directors to serve for a three-year term that expires on the date of the Annual Meeting of Shareholders in 2019 or until their successors are duly elected;
2. To conduct an advisory approval of the Company's executive compensation; and
3. To ratify the appointment by the Audit Committee of the Board of Directors of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2017.

Record Date You are entitled to vote if you were a shareholder of record at the close of business on June 27, 2016.

Annual Meeting All shareholders are invited to attend the Annual Meeting in person.

Voting by Proxy Even if you plan to attend the Annual Meeting, please submit a proxy as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions. Shareholders may vote their shares:

1. over the Internet;
2. by telephone; or
3. by mail.

For specific instructions, refer to the procedural matters section of the proxy statement or to the voting instructions on the proxy card, both of which accompany this notice.

THIS PROXY STATEMENT AND PROXY CARD ARE BEING DISTRIBUTED ON OR ABOUT JULY 12, 2016.
By Order of the Board of Directors,

Carla S. Gatzke
Secretary

IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE DAKTRONICS, INC. ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 31, 2016.

This notice and the accompanying proxy statement, proxy card and our Fiscal 2016 Annual Report to Shareholders, which includes our Annual Report on Form 10-K for the fiscal year ended April 30, 2016, are available at our website at www.daktronics.com. Additionally, and in accordance with the rules of the Securities and Exchange Commission, shareholders may access these materials at the cookies-free website indicated in the Notice of Internet Availability of Proxy Materials that you receive in connection with this notice and the accompanying proxy statement.

Daktronics, Inc.
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DAKTRONICS, INC.

PROXY STATEMENT
FOR 2016 ANNUAL MEETING OF SHAREHOLDERS

PROCEDURAL MATTERS

General

The enclosed proxy is solicited by and on behalf of the Board of Directors of Daktronics, Inc., a South Dakota corporation, for use at our Annual Meeting of Shareholders to be held on Wednesday, August 31, 2016 at Daktronics, Inc., 201 Daktronics Drive, Brookings, South Dakota at 7:00 p.m. Central Daylight Time, and at any adjournment or postponement thereof (the "Annual Meeting"), for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Shareholders. This Proxy Statement and the accompanying form of proxy, together with our fiscal year 2016 Annual Report to Shareholders, are being made available to shareholders on the Internet or are being mailed on or about July 12, 2016 to shareholders entitled to vote at the Annual Meeting.

In this Proxy Statement, "Daktronics", "Company", "registrant", "we", "us" and "our" refer to Daktronics, Inc.

Shareholders Entitled to Vote; Record Date

Only shareholders of record at the close of business on June 27, 2016 (the "Record Date") are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, there were 44,093,054 shares of our common stock outstanding and entitled to vote held by 1,133 shareholders of record.

Notice of Internet Availability of Proxy Materials

We are making proxy materials for the Annual Meeting available over the Internet. Therefore, we are mailing to the majority of our shareholders a notice about the Internet availability of the proxy materials instead of a paper copy of the proxy materials. The notice is entitled "Notice of Internet Availability of Proxy Materials." All shareholders receiving the notice will have the ability to access the proxy materials over the Internet and to request to receive a paper copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found on the notice. Our proxy materials may also be accessed on our website at www.daktronics.com by selecting "About Us", then "Investor Relations" and then "Annual Reports and Proxies" under the heading "Financial Information." We are providing some of our shareholders, including shareholders who have previously requested to receive paper copies of the proxy materials, with paper copies of the proxy materials instead of the Notice of Internet Availability of Proxy Materials.

Voting at the Annual Meeting; Vote Requirements

The holders of a majority of the shares of common stock issued and outstanding and entitled to vote at the Annual Meeting, present in person or represented by proxy, will constitute a quorum for the transaction of business. If a quorum is not present, the Annual Meeting may be adjourned from time to time until a quorum is present. Abstentions and broker non-votes will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Each share is entitled to one vote on all matters submitted to a vote. However, with respect to only the election of Directors, every shareholder will have the right to cast a number of votes equal to the number of Directors to be elected at the Annual Meeting multiplied by the number of shares the shareholder is entitled to vote. Shareholders may cast all votes for one nominee or divide the votes as they choose among two or more nominees. Shares abstaining will be treated as not voted.

A plurality of the votes cast is required for the election of Directors. This means that the Director nominee with the most votes for a particular slot is elected for that slot. Only votes "for" or "withheld" affect the outcome. Abstentions are

not counted for purposes of the election of Directors. The affirmative vote of a majority of the shares of common stock represented at the Annual Meeting, either in person or by proxy, assuming a quorum is present, is required to approve any of the other proposals. If an executed proxy is returned and the shareholder has abstained from voting on any matter, the shares represented by such proxy will be considered present at the Annual Meeting for purposes of determining a quorum and for purposes of calculating the vote, but they will not be considered to have been voted in favor of such matter. If a signed proxy is returned by a broker holding shares in "street name," and it indicates that the broker does not have discretionary authority to vote certain shares on one or more matters, such shares will be considered present at the Annual Meeting for purposes of determining a quorum but will not be considered to be represented at the Annual Meeting for purposes of calculating the vote with respect to such matter.

Counting Votes

The inspector of election appointed for the Annual Meeting will count the votes cast by proxy or in person at the Annual Meeting.

Brokers who hold shares in street name for customers will not be able to vote the shares without instructions from their customers with respect to any of the proposals, other than the proposal to ratify the selection of our auditors (Proposal Three of this Proxy Statement).

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Shares for which brokers have not received instructions, and which therefore are not voted, with respect to a particular proposal are referred to as “broker non-votes” with respect to that proposal. Abstentions from voting on a proposal described in this proxy statement and broker non-votes will not affect the outcome of the vote on that proposal.

How Votes are Submitted

If the shares of our common stock are held directly in the name of the shareholder, he or she can vote on matters to come before the Annual Meeting:

- by completing, dating and signing the proxy card and returning it to us in the postage-paid envelope provided for that purpose, if the shareholder has received a paper copy of a proxy card;
- by written ballot at the Annual Meeting;
- by telephone, by calling 1-800-690-6903; or
- by Internet, at www.proxyvote.com.

Shareholders whose shares of our common stock are held in “street name” must either direct the record holder of their shares as to how to vote their shares of common stock or obtain a proxy from the record holder to vote at the Annual Meeting. “Street name” shareholders should check the voting instruction cards used by their brokers or nominees for specific instructions on methods of voting, including by telephone or using the Internet.

Participants in the Daktronics, Inc. 401(k) Plan (the “401(k) Plan”) who hold our common stock in the 401(k) Plan are entitled to instruct the trustee of the 401(k) Plan as to how to vote their shares. Each participant will receive a Notice of Internet Availability of Proxy Materials, similar to the notice received by the registered holders described above. Each participant will have the ability to access the proxy materials over the Internet and to request to receive a paper copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found on the notice as described above. The participants can vote on matters as described above. The votes will then be tabulated and submitted for vote by the trustee for the 401(k) Plan. If a participant does not timely vote, the trustee will vote the shares allocated to that participant in the same proportion as the shares that are voted by all other participants under the 401(k) Plan.

Proxies

All shares entitled to vote and represented by properly submitted proxies received before the Annual Meeting will be voted at the Annual Meeting in accordance with the instructions indicated on those proxies if they are not revoked before the vote as described below. If no instructions are indicated on a properly submitted proxy, the shares represented by that proxy will be voted as recommended by the Board of Directors. If any other matters are properly presented for consideration at the Annual Meeting, the proxy holders will have discretion to vote on those matters in accordance with their best judgment.

Revocability of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. A proxy may be revoked by:

- delivering a written notice of revocation to the Secretary of the Company;
- submitting another proxy bearing a later date;
- voting by telephone or via the Internet after a prior telephone or Internet vote; or
- attending the Annual Meeting and voting in person (although attendance at the Annual Meeting alone will not itself revoke a proxy).

Expenses of Solicitation

All expenses of this solicitation, including the cost of preparing and mailing this Proxy Statement, will be borne by us. We may reimburse brokerage firms, custodians, nominees, fiduciaries and other persons representing beneficial owners of stock for their reasonable expenses in forwarding solicitation material to such beneficial owners. Our Directors, officers and employees may also solicit proxies in person or by telephone, email, letter or facsimile. Such Directors, officers and employees will not be additionally compensated, but they may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation.

Procedure for Submitting Shareholder Proposals

Shareholders may present proper proposals for inclusion in our proxy materials for consideration at the next annual meeting of our shareholders by submitting their proposals to us in a timely manner. In order to be included in our proxy materials for the next annual meeting, shareholder proposals must be received by us no later than March 14, 2017 and must otherwise comply with the requirements of Rule 14a-8 under the Securities Exchange Act of 1934. If a shareholder wants to nominate a Director or bring other business before the shareholders at the next annual meeting of our shareholders without including the proposal in our proxy statement, we must receive notice of the proposal on or before May 28, 2017, and the shareholder must otherwise comply with Rule 14a-4(c) under the Securities

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Exchange Act of 1934. Notices of intention to present proposals at the 2017 annual meeting of shareholders should be addressed to Corporate Secretary, Daktronics, Inc., 201 Daktronics Drive, Brookings, South Dakota 57006.

At the date of this Proxy Statement, management knows of no other business that may properly come before the Annual Meeting. However, if any other matters properly come before the Annual Meeting, the individuals named in enclosed form of the proxy will vote the proxies received in response to this solicitation in accordance with their best judgment on such matters.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of common stock as of June 27, 2016, the Record Date, by each of our Directors, by each executive officer named in the Summary Compensation Table, by all Directors, and executive officers as a group, and by each shareholder who is known by us to own beneficially more than five percent of our outstanding common stock.

Name and Address of Beneficial Owners	Note	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percentage of Outstanding Shares ⁽²⁾
5% Beneficial Owners:	(15)		
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	(16)	3,656,729	8.3 %
RidgeWorth Capital Management LLC as Parent Company for Ceredex Value Advisors LLC 3333 Piedmont Road NE, Suite 1500 Atlanta, GA 30305	(17)	2,002,046	4.5 %
Dr. Aelred J. Kurtenbach	(18)	2,655,987	6.0 %
Daktronics, Inc. 401(k) Plan	(19)	2,858,014	6.5 %
Named Executive Officers and Directors:			
Reece A. Kurtenbach	(3)	438,558	1.0 %
James B. Morgan	(4)	1,506,116	3.4 %
Byron J. Anderson	(5)	75,353	*
Robert G. Dutcher	(6)	78,612	*
Nancy D. Frame	(7)	91,693	*
John L. Mulligan	(8)	100,271	*
Kevin P. McDermott	(9)	20,312	*
John P. Friel	(10)	17,716	*
Sheila M. Anderson	(11)	51,614	*
Bradley T. Wiemann	(12)	228,308	*
Matthew J. Kurtenbach	(13)	322,140	*
Carla S. Gatzke	(14)	762,333	1.7 %
All Directors and executive officers as a group (12 persons, consisting of those named above)		3,693,026	8.4 %

* Less than one percent

(1) Each person has sole voting and sole dispositive power with respect to all outstanding shares, except as noted. The individuals holding restricted shares have the power to vote but not the power to dispose of such shares.

(2) Applicable percentage ownership is based on 44,093,054 shares of common stock outstanding as of June 27, 2016. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options held by that person

that are currently exercisable, options held by that person that are exercisable within 60 days of June 27, 2016, and restricted stock units that are scheduled to vest within 60 days of June 27, 2016. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

(3) Includes 90,445 shares subject to options, 28,423 shares held through the 401(k) Plan, 17,400 shares held by his spouse, 44,800 shares held by his children and 3,532 shares of restricted stock with which vest within 60 days from June 27, 2016.

(4) Includes 55,362 shares held through the 401(k) Plan and 3,525 shares of restricted stock which vest on September 3, 2016.

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- (5) Includes 56,930 shares subject to exercisable options and 3,525 shares of restricted stock which vest on September 3, 2016.
- (6) Includes 45,421 shares subject to exercisable options and 3,525 shares of restricted stock which vest on September 3, 2016.
- (7) Includes 38,421 shares subject to exercisable options and 3,525 shares of restricted stock which vest on September 3, 2016.
- (8) Includes 19,623 shares subject to exercisable options and 3,525 shares of restricted stock which vest on September 3, 2016.
- (9) Includes 9,191 shares subject to exercisable options and 3,525 shares of restricted stock which vest on September 3, 2016.
- (10) Includes 9,191 shares subject to exercisable options and 3,525 shares of restricted stock which vest on September 3, 2016.
- (11) Includes 35,767 shares subject to options, 6,186 shares held through the 401(k) Plan and 2,150 shares of restricted stock which vest within 60 days from June 27, 2016.
- (12) Includes 70,195 shares subject to options, 38,559 shares held through the 401(k) Plan, 559 shares held by his spouse and 2,232 shares of restricted stock which vest within 60 days from June 27, 2016.
- (13) Includes 69,955 shares subject to options, 12,859 shares held through 401(k) Plan, 31,100 shares held by his children and 2,220 shares of restricted stock which vest within 60 days from June 27, 2016.
- (14) Includes 65,599 shares subject to options, 133,276 shares held through the 401(k) Plan, 90,000 shares held by her spouse, 30,385 shares held by her children and 2,070 shares of restricted stock with which vest within 60 days from June 27, 2016.
- (15) To the Company's knowledge, except as noted in the table above, no person or entity is the beneficial owner of more than 5% of the outstanding shares of the Company's common stock.
- (16) Data based on an Amendment to Schedule 13G filed by the shareholder with the Securities and Exchange Commission (the "SEC") on February 10, 2016. As set forth in the Schedule 13G, Blackrock, Inc. has sole voting power as to 3,566,041 of these shares and sole dispositive power as to all 3,656,729 shares.
- (17) Data based on Schedule 13G filed by the shareholder with the SEC on February 09, 2016. As set forth in the Schedule 13G, RidgeWorth Capital Management LLC, as Parent Company for Ceredex Value Advisors LLC, has sole voting power as to 1,441,726 of these shares and sole dispositive power as to all 2,002,046 shares.
- (18) Includes 1,084,461 shares held by his spouse, Irene Kurtenbach, and 300,000 shares held in Medary Creek LLLP. Medary Creek LLLP is a limited liability limited partnership of which Aelred and Irene Kurtenbach are the general partners.
- (19) The common stock held by the 401(k) Plan and allocated to the 401(k) Plan participants are voted by the trustee of the 401(k) Plan according to the instructions of the 401(k) Plan participants. The address of the 401(k) Plan is 201 Daktronics Drive, Brookings, South Dakota 57006.

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ELECTION OF DIRECTORS

General

Our Board of Directors consists of eight individuals divided into three classes serving staggered three-year terms of office. There are three Directors (James B. Morgan, John L. Mulligan, and Kevin P. McDermott) whose terms will expire at the 2016 Annual Meeting; two Directors (Robert G. Dutcher and Nancy D. Frame) whose terms expire in 2017; and three Directors (Byron J. Anderson, John P. Friel, and Reece A. Kurtenbach) whose terms will expire in 2018. The Nominating and Corporate Governance Committee has recommended to the Board of Directors that James B. Morgan, John L. Mulligan, and Kevin P. McDermott be nominated for re-election at the 2016 Annual Meeting, and the Board of Directors has approved that recommendation. All nominees have consented to being named as a nominee in this proxy statement and have indicated a willingness to serve if elected. However, if any nominee becomes unable to serve before the election, the shares represented by proxies may be voted for a substitute designated by the Board, unless a contrary instruction is indicated on the proxy.

Vote Required

See “Procedural Matters – Voting at the Annual Meeting: Vote Requirements” for a description of the votes required for the election of Directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE “FOR” THE ELECTION OF THE NOMINEES FOR DIRECTORS NAMED BELOW.

Directors and Nominees for Director

The following table sets forth the name, age and certain other information about each nominee for Director as of the Record Date:

Name	Age	Principal Occupation	Committees Served On
James B. Morgan	69	Retired	
John L. Mulligan	77	Investment associate with UBS	Audit Committee, Chair
Kevin P. McDermott	62	Provides litigation support consulting services on a part time basis; a board member of Genesco Inc.	Audit Committee

James B. Morgan (69) is currently retired. He has been a Director since 1984. He served as the Company's President and Chief Executive Officer from 2001 through his retirement effective on September 1, 2013. Prior to that he served as President and Chief Operating Officer and Vice President for Engineering. He originally joined the Company in 1969 as its first design engineer. He holds a Bachelor of Science degree and a Master of Science degree in electrical engineering from South Dakota State University. Mr. Morgan brings to the Board his experience and knowledge of our business and industry derived from his previous positions as President and Chief Executive Officer and his experience of over 45 years working for the Company.

John L. Mulligan (77) has been a Director and has served as chairperson of the Audit Committee since 1993. Since 1993, he has been employed by a number of financial institutions as a financial advisor and Vice President. He has been employed by UBS since May 2008 and, from 1999 through May 2008, he was with Morgan Stanley. From 1967 to March 1990, he served as President, Chairman, Chief Executive Officer and Director of American Western Corporation, a publicly-held company. Mr. Mulligan also served as a certified public accountant early in his career. Mr. Mulligan brings to the Board a significant amount of financial expertise from his experience in the financial services industry as well as a deep understanding of shareholder issues and concerns based on his more than 20-year

career as chief executive officer of a public company.

Kevin P. McDermott (62) has been a Director since June 2015. Mr. McDermott joins the board of directors with 33 years of experience with the accounting firm of KPMG LLP, including audit engagement partner, SEC reviewing partner, professional practice partner, and in the firm's Office of General Counsel. In addition to fulfilling professional obligations related to audits of financial statements and internal control over financial reporting, he assisted clients with financial and operational issues, acquisition due diligence, personnel performance, and corporate governance. In his capacity as SEC reviewing partner, Mr. McDermott performed concurring partner reviews of audits of financial statements and internal control over financial reporting for publicly-held audit clients. While in the Office of General Counsel, he provided assistance on a privileged basis to the firm and outside counsel in various SEC and Public Company Accounting Oversight Board investigations and third party litigation matters. Although Mr. McDermott retired from KPMG LLP, he provides litigation support consulting services on a part time basis. He is a licensed Certified Public Accountant in Tennessee and New York and holds a Bachelor of Science in economics from South Dakota State University. Mr. McDermott was appointed to the board of directors of Genesco Inc. effective February 1, 2016. Mr. McDermott brings significant expertise in the area of financial and internal control reporting

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by publicly traded companies. This expertise aligns with our responsibility and commitment to provide oversight for our shareholders and others relating to the integrity of our financial statements and related filings.

The identity of the remaining Directors and certain information about them as of the Record Date are set forth below:

Robert G. Dutcher (71) is currently retired. He has been a Director of the Company since 2002 and chairperson of the Compensation Committee since 2005. Before his retirement, from April 2009 until March 2011, he served as Strategic Advisor Lead Member of MEDRAD, Inc. From April 2008 through March 2009, he was President and Chief Executive Officer of the Cardiovascular Division of MEDRAD, Inc. From 2001 until April 2008, he was the Chairman, President and Chief Executive Officer of Possis Medical, Inc., a publicly-held medical device company located in Minneapolis, Minnesota, which was acquired by MEDRAD, Inc. in April 2008. From 1993 until April 2008, he served as President and Chief Executive Officer of Possis Medical. Before joining Possis Medical in 1985, he was with Medtronic, Inc. for 12 years, most recently as Director of Research and Development. He previously worked in an engineering capacity for Control Data Corporation and Honeywell, Inc. Mr. Dutcher holds a Bachelor of Science degree in electrical engineering from South Dakota State University and a Master of Science degree in electrical engineering from the University of Minnesota. Mr. Dutcher brings to the Board extensive knowledge in driving profitable growth in technology driven industries from his experience in leading R&D at Medtronic and as Chief Executive Officer of Possis Medical.

Nancy D. Frame (71) is currently retired. She has been a Director of the Company since 1999, chairperson of the Nominating and Corporate Governance Committee since 2004 and Lead Independent Director since 2005. She also serves as a member of the Compensation Committee. She was Deputy Director of the U.S. Trade and Development Agency from 1986 to 1999, when she retired. As a senior executive in this federal government agency, she was responsible for managing its day-to-day operations, budget, system of financial controls, and ethics program. From 1980 to 1986, she was Assistant General Counsel at the U.S. Agency for International Development, where she was in charge of all legal matters affecting personnel, labor relations and ethics. Before that she held various legal positions in the areas of international trade and commercial law. She has a law degree from Georgetown University, Washington, D.C. and a Bachelor of Science degree from South Dakota State University. Ms. Frame brings to the Board a legal and managerial background which is particularly pertinent to corporate governance and risk oversight and to understanding the legal issues faced by the Company, especially as they relate to our international development.

Byron J. Anderson (72) is currently retired. He has been a Director of the Company since 2005 and has served on the Compensation Committee and Nominating and Governance Committee since November 2005 and on the Audit Committee since May 2015. Before his retirement, from 1999 to 2004 he served at Agilent Technologies, Inc. as Senior Vice President serving customers and managing business groups located in the United States, Europe, Japan and Asia, which included worldwide sales and service activities. Before working with Agilent, he held various senior positions with Hewlett-Packard Company, ending his career there as a Vice President responsible for a business unit serving the worldwide communications industry. He holds an Master of Business Administration from Harvard University and an electrical engineering degree from South Dakota State University. Mr. Anderson brings to the Board significant experience in high-tech industry with a unique knowledge of supply chains, international development, foreign trade and corporate strategy obtained from his years in management of large multi-national, technology companies.

Reece A. Kurtenbach (51) was appointed as President and Chief Executive Officer and a Director effective on September 1, 2013 and has served as Chairman of the Board since September 2014. He served as Executive Vice President from 2012 until September 2013, Vice President for Live Events and International from 2007 to 2012, Vice President for Video Systems from 2004 until 2007, and manager for video products engineering from 1994 until 2004. Mr. Kurtenbach joined the Company in 1991 as an applications engineer focusing on large display projects. Mr.

Kurtenbach also worked as a student employee with various responsibilities from 1983 to 1987. Mr. Kurtenbach holds a Bachelor of Science degree from South Dakota State University in electrical engineering, with minors in mathematics and computer science. Mr. Kurtenbach is the son of Dr. Aelred Kurtenbach. The Board believes that Mr. Kurtenbach is an appropriate representative of management on the Board given his position as a senior executive officer and his long tenure with the Company which dates back 29 years. In addition, Mr. Kurtenbach brings a wealth of industry experience to the Board.

John P. Friel (62) has been a Director since September 2015. Mr. Friel served for 30 years in various capacities at MEDRAD, Inc., a global company that designs, develops, manufactures, sells, and supports medical devices. MEDRAD is an affiliate of Bayer, AG. He joined MEDRAD in the accounting area and earned a promotion to Treasurer and Vice President in corporate planning in 1986 and in the business development area in 1987. He then served as Executive Vice President of Sales and Marketing from 1989 to 1995, Senior Vice President and general manager from 1995 to 1998, and as President and Chief Executive Officer from 1998 to 2010. MEDRAD received the Malcolm Baldrige National Quality Award twice during his tenure - in 2004 and again in 2010. Mr. Friel is currently the managing director at Preservation Technologies L.P., the director of the medical device industry segment at Blue Water Growth LLC, and a business consultant and board member of various companies in his position at Five Radicals LLC. Mr. Friel is a principal and founder of Five Radicals, which focuses on Baldrige Performance Excellence, strategic planning, general business consulting to entrepreneurial medical device companies, and private equity business development opportunity search efforts. He holds a Master of Arts in law and diplomacy from Tufts University and a Bachelor of Arts in political science and Bachelor of Science in accounting from Pennsylvania State University. Mr. Friel brings extensive global general management knowledge and practice. He has strong experience

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in building and growing businesses, especially in technical product development and global expansions, which align with many of the Company's initiatives and strategies.

Independent Directors

Our Nominating and Corporate Governance Committee has determined that each of Messrs. Anderson, Mulligan, Dutcher, Friel and McDermott and Ms. Frame are “independent,” as that term is defined in Rule 5605(a)(2) of the NASDAQ Listing Rules. Accordingly, the Board is composed of a majority of independent Directors as required by the NASDAQ Listing Rules.

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PROPOSAL TWO

ADVISORY (NON-BINDING) APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION

The foundation of our executive compensation program is to pay for performance. Base compensation for our executive officers is set relatively low as compared to our peer groups, and a meaningful portion of the compensation paid to our executive officers is based on long-term equity incentive compensation and annual non-equity incentive compensation, which is focused on the key results and strategic drivers of our business. We believe that our executive compensation program aligns our incentive compensation with the long-term interests of our shareholders because it is designed to motivate our executives to deliver long-term sustainable growth and shareholder value and to provide retention incentives.

Our Chief Executive Officer (“CEO”) and all of the other executive officers named in the Summary Compensation Table appearing later in this proxy statement (collectively, the “Named Executive Officers”) are subject to at-will employment consistent with applicable South Dakota state law. There are no employment agreements in place with any of the Named Executive Officers. We also do not maintain any supplemental executive retirement plans for our executive officers, and our Named Executive Officers participate in a retirement program that is open to all of our U.S. employees. We generally do not provide significant prerequisites and other personal benefits.

We urge you to read the Compensation Discussion and Analysis section of this proxy statement for additional details on our executive compensation, including our compensation philosophy and objectives and the fiscal 2016 compensation of our Named Executive Officers. We believe that, viewed as a whole, our compensation practices and policies are appropriate and are fair to both the Company and its executives.

Proposal

The U.S. Congress has enacted requirements commonly referred to as the “say-on-pay” rules. As required by those rules, we are asking you to vote on the adoption of the following resolution:

BE IT RESOLVED by the shareholders of Daktronics, Inc., that the shareholders approve the compensation of the Company's Named Executive Officers as disclosed pursuant to Item 402 of Regulation S-K in the Company's proxy statement for the 2016 Annual Meeting.

Shareholder Approval

Proxies will be voted in favor of the resolution unless shareholders specify otherwise in their proxies and except for broker non-votes. The affirmative vote of at least a majority of the voting power of the shares present, in person or by proxy, and entitled to vote (excluding broker non-votes) is required for advisory approval of our executive compensation. As an advisory approval, this proposal is non-binding. However, the Board and our Compensation Committee, which is responsible for designing and overseeing the administration of our executive compensation program, value the opinions of our shareholders and will consider the outcome of the vote when making future compensation decisions for our Named Executive Officers.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE “FOR” PROPOSAL TWO, THE ADVISORY (NON-BINDING) APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THE PROXY STATEMENT PURSUANT TO THE SEC’S COMPENSATION DISCLOSURE RULES.

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PROPOSAL THREE
 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED
 PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed Ernst & Young LLP as our independent registered public accounting firm ("the Independent Auditor") to perform reviews of our interim consolidated financial statements to be included in our fiscal 2017 Quarterly Reports on Form 10-Q and to audit our annual consolidated financial statements and our internal control over financial reporting for fiscal 2017, and it recommends that the shareholders vote for ratification of such appointment. Ernst & Young LLP has acted as our Independent Auditor since fiscal year 2003. A representative of Ernst & Young LLP is expected to be present at the Annual Meeting, will have the opportunity to make a statement, and is expected to be available to respond to appropriate questions.

Audit and Other Professional Fees

The aggregate fees billed for professional services rendered by Ernst & Young LLP for the last two fiscal years are set forth in the following table:

	Fiscal Year Ended	
	April 30,	May 2,
	2016	2015
Audit fees ⁽¹⁾	\$862,625	\$795,470
Audit-related fees ⁽²⁾	26,600	26,200
All other fees ⁽³⁾	1,995	1,995
Totals	\$891,220	\$823,665

(1) Audit fees consist of fees related to professional services rendered in connection with the audit of our annual financial statements, the audit of our internal control over financial reporting, the reviews of the interim financial statements included in our Quarterly Reports on Form 10-Q and other professional services provided in connection with statutory and regulatory filings or engagements.

(2) Audit-related fees are fees for assurance and related services performed by Ernst & Young LLP that are reasonably related to the performance of the audit or review of the Company's financial statements.

(3) All other fees are fees for other permissible work performed by Ernst & Young LLP that does not meet the above category descriptions.

As provided in the Audit Committee's charter, all engagements for any non-audit services by our Independent Auditor must be approved by the Audit Committee before the commencement of any such services. The Audit Committee may designate a member or members of the Audit Committee to represent the entire Audit Committee for purposes of approving non-audit services, subject to review by the full Audit Committee at its next regularly scheduled meeting.

The Audit Committee considers the provision of services by Ernst & Young LLP to us, over and above the audit fees, to be compatible with the ability of Ernst & Young LLP to maintain its independence.

Shareholder Approval

The affirmative vote of a majority of the shares of our common stock represented at the Annual Meeting, either in person or by proxy, assuming a quorum is present, is required to ratify the appointment by the Audit Committee of the Board of Directors of Ernst & Young LLP as our Independent Auditor for the fiscal year ending April 29, 2017. If the shareholders do not approve the selection of Ernst & Young LLP, the Audit Committee will reconsider its selection.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING APRIL 29, 2017 AS SET

FORTH IN PROPOSAL THREE.

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CORPORATE GOVERNANCE

Board Leadership Structure

The Board of Directors adheres to governance principles that assure the integrity and continued viability of the Company. The Board has responsibility for risk management oversight and for providing strategic guidance to the Company. The Board believes that it must stay well-informed about the issues, challenges and opportunities facing Daktronics so that the Board members can properly exercise their fiduciary responsibilities to our shareholders. As part of this process, the Board is kept informed of our business through discussions with the Chief Executive Officer and other officers, by reviewing material provided to them and by participating in meetings of the Board and its Committees.

Dr. Aelred Kurtenbach, one of our founders and our first Chief Executive Officer ("CEO"), served as Chairman of the Board from the Company's inception until September 2014. When he retired from the CEO responsibilities in 2001, the Board separated the Chair and CEO roles and retained Dr. Kurtenbach as Chair in order to continue to benefit from his leadership. The Board has also established a Lead Independent Director role. Ms. Nancy Frame has served as our Lead Independent Director since 2005. When Dr. Kurtenbach retired as Chairman of the Board in September 2014, the Board studied and discussed publicly available research and expert guidance on different structures. After this study and discussion, the Board determined that a return to the combined Chair and CEO roles plus a Lead Independent Director role would best serve the Company and its shareholders going forward.

The Chairman conducts the Board meetings, and the Lead Independent Director presides over independent Director meetings. The Lead Independent Director also serves as chairperson of the Nominating and Corporate Governance Committee. In this dual role, the Lead Independent Director is able to bring to the Board a special focus on governance issues. She also facilitates the ability of non-management Directors to fulfill their responsibilities, builds consensus among Board members and provides a structure for communicating any concerns the non-management Directors may have directly to our executive management.

Our governance practices are compliant with the NASDAQ Listing Rules and the corporate governance regulations of the Sarbanes-Oxley Act of 2002. Among other things, these practices include the following:

The Nominating and Corporate Governance Committee reviews with the Board annually the composition of the Board as a whole, including the Directors' independence, skills, experience, age, diversity and availability of service to the Company.

The Nominating and Corporate Governance Committee recommends Director candidates for approval by the Board and election by the shareholders, taking into account the Company's need for diverse skills, professional experiences, backgrounds and other qualities to ensure a variety of viewpoints.

The Board conducts periodic self-evaluations facilitated by the Nominating and Corporate Governance Committee.

The independent Directors meet in conjunction with regularly scheduled quarterly Board meetings and at other appropriate times.

The Board and all Board Committees are authorized to hire their own advisors as they deem to be necessary or advisable to fulfill their obligations, and the Company will pay the costs of such advisors.

Meetings of the Board of Directors and Committees

During fiscal 2016, the Board of Directors held four regularly scheduled meetings and one special meeting, the Audit Committee met nine times, the Compensation Committee met four times, and the Nominating and Corporate Governance Committee met four times. All of the Directors attended at least 75 percent of the aggregate of all meetings of the Board of Directors and Committees upon which they served and the annual meeting of shareholders held in September 2015.

Executive Sessions of the Board

The Board has adopted a practice of meeting in executive session, and then with independent Directors only, in conjunction with each regularly scheduled Board meeting. The independent Directors met four times in fiscal 2016.

Annual Meeting Attendance Policy

As set forth in our Corporate Governance Guidelines, members of the Board of Directors are expected to devote sufficient time and attention to prepare for attend and participate in Board meetings, shareholder meetings and meetings of Committees of the Board on which they serve.

Board's Role in Risk Oversight

The Board takes an active role in risk oversight both as a full Board and through its Committees. The Company's management team attends a portion of each regular Board meeting, and the Board engages management in a review of the business with respect to our strategies and risks. Such risks include those inherent in our businesses as well as the risks from external sources such as competitors, the economy, credit markets and regulatory and legislative developments.

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The various Committees of the Board are also responsible for specific areas of risks. The Audit Committee meets regularly with management and our independent registered public accounting firm to oversee our financial risk management processes, controls and capabilities. The Audit Committee also oversees and reviews with management certain aspects of our credit, litigation, and currency risks and other finance matters. In addition, the Audit Committee reviews and monitors our procedures regarding the receipt, retention and treatment of complaints regarding internal accounting, accounting controls or audit matters. The Compensation Committee oversees our executive compensation arrangements and certain benefit plans. This includes the identification and management of risks that may arise from our compensation policies and practices. The Nominating and Corporate Governance Committee has oversight of corporate governance, including practices and procedures that promote good governance and thus mitigate governance risk, and it is also responsible for reviewing the performance of the Board, its Committees and their members. These Committees report to the full Board on these topics, including risks, as they deem to be necessary or advisable.

Code of Conduct

The Board of Directors has adopted our Code of Conduct, which applies to all of our employees, officers and Directors as described in our Annual Report to Shareholders. Included in the Code of Conduct are ethics provisions that apply to our Chief Executive Officer, Chief Financial Officer, and all other financial and accounting management employees. Copies of the Code of Conduct are available on our website at www.daktronics.com. The Nominating and Corporate Governance Committee reviews the Code of Conduct annually and oversees its implementation.

Policy and Procedures with Respect to Related Party Transactions

Our Board of Directors has adopted a written policy and procedure with respect to related party transactions, which the Audit Committee oversees. Under the policy, a “related party transaction” is generally defined as a transaction, arrangement or relationship in which the Company was, is or will be a participant; the amount involved exceeds \$120,000; and in which any “related person” had, has or will have a direct or indirect material interest. The policy generally defines a “related person” as a Director, executive officer or beneficial owner of more than five percent of any class of our voting securities and any immediate family member of any of the foregoing persons.

The Audit Committee reviews and, if appropriate, approves related party transactions, including certain transactions which are deemed to be pre-approved under the policy. On an annual basis, the Audit Committee reviews any previously approved related party transaction that is ongoing.

Committees of the Board of Directors

The Board of Directors currently has three standing Committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee. During fiscal 2016, our Audit Committee consisted of John L. Mulligan (Chairperson), Byron J. Anderson (beginning May 1, 2015 through September 3, 2015), John P. Friel (beginning September 3, 2015), and Kevin P. McDermott (beginning August 17, 2015). Upon a prior board member's resignation from the Board effective May 1, 2015, Mr. Anderson was appointed to the Audit Committee. Mr. Anderson served on the Audit Committee through September 3, 2015, when Mr. Friel were appointed to the Audit Committee. The Board of Directors has determined that each Audit Committee member is independent as defined under Rule 5605(a)(2) of the NASDAQ Listing Rules and Rule 10A-3 under the Securities Exchange Act of 1934 (“Exchange Act”). The Board has determined that Mr. Mulligan and Mr. McDermott are qualified as “audit committee financial experts,” as that term is defined in Item 407(d)(5)(ii) of Regulation S-K. The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities concerning the quality and integrity of our financial reports and related filings with the SEC. In fulfilling this role, the Audit Committee, among other things, oversees the accounting and financial reporting process and audits of the financial statements and related SEC filings, appoints and determines the compensation of our independent registered public accounting firm, reviews the scope and findings of the audit, reviews the adequacy and effectiveness of our accounting policies and system of internal control over financial reporting, and oversees our

policy and procedures with respect to related party transactions. The Audit Committee's Charter is available on our website at www.daktronics.com.

Compensation Committee. During fiscal 2016, our Compensation Committee consisted of Robert G. Dutcher (Chairperson), Byron J. Anderson and Nancy D. Frame. All of the Compensation Committee members satisfy the independence requirements of the NASDAQ Listing Rules, as determined by the Board of Directors. The Compensation Committee annually reviews and approves the Chief Executive Officer's and other executives' compensation packages and acts upon management's recommendations for executives concerning employee equity incentives, bonuses and other compensation and benefit plans. The Compensation Committee's Charter is available on our website at www.daktronics.com.

Nominating and Corporate Governance Committee. During fiscal 2016, our Nominating and Corporate Governance Committee (the "Nominating Committee") consisted of Nancy D. Frame (Chairperson), Byron J. Anderson and John P. Friel. The Board of Directors has determined that all of the Nominating Committee members satisfy the independence requirements of the NASDAQ Listing Rules. Our Nominating Committee advises and makes recommendations to the Board of Directors on all matters concerning the selection of candidates as nominees for election as Directors, develops and recommends to the Board of Directors corporate governance guidelines,

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oversees our Code of Conduct, and provides oversight with respect to corporate governance and ethical conduct. It also facilitates the annual review of the performance of the Board of Directors. The Nominating Committee's Charter and our Corporate Governance Guidelines are available on our website at www.daktronics.com.

The information below describes the criteria and process that the Nominating Committee uses to evaluate future candidates to the Board of Directors:

Director Qualification

When Board candidates are considered, they are evaluated based upon various criteria, such as their broad-based business and professional skills and experiences, experience serving as management or on the board of directors of other organizations, concern for the long-term interests of the shareholders, technology company experience, financial literacy, personal integrity and judgment and their willingness to be prepared and active participants at Board and Committee meetings. The Nominating and Corporate Governance Committee and the Board seek to attract and retain highly qualified Directors who have sufficient time to attend to their duties and responsibilities to the Company.

The Nominating and Corporate Governance Committee and the Board seek members who will contribute to our overall corporate goals, taking into account:

- The Company's responsibility to its key stakeholders, which include shareholders, customers, suppliers, community and employees.

- Integrity in financial reporting and business conduct. Candidates are selected based upon their potential contributions to the long-term interests of shareholders.

- Diversity of a candidate's skills and experiences.

Each candidate for Director must possess the following specific minimum qualifications:

- Demonstrated integrity and ethics in his or her professional life and an established record of professional accomplishment in his or her chosen field.

- Absence of any material personal, financial or professional interest in any present or potential competitor of the Company.

- Ability to participate fully in activities of the Board of Directors, including active membership in at least one Committee of the Board of Directors (in the case of independent Directors) and attendance at, and active participation in, meetings of the Board of Directors and the Committee(s) of the Board of which he or she is a member.

Shareholder Proposals for Nominees

The Nominating and Corporate Governance Committee will consider written proposals from shareholders for nominees for Director. Any such nominations must be submitted to the Nominating and Corporate Governance Committee in the care of our Corporate Secretary and should include (at a minimum) the following information: (a) all information relating to such nominee that is required to be disclosed in Schedule 14A under the Exchange Act (including appropriate biographical information); (b) other board memberships; (c) such person's written consent to being named in the proxy statement as a Director nominee and to serving as a Director, if elected; (d) the name(s) and address(es) of the shareholder(s) making the nomination and the number of shares of our common stock which are owned beneficially and of record by such shareholder(s); and (e) a statement as to the qualifications of the nominee. Shareholder proposals should be submitted by the deadline described in this proxy statement under the caption "Procedural Matters – Procedure for Submitting Shareholder Proposals" above.

The Nominating Committee will not change the manner in which it evaluates candidates for Board nominees, including the applicable criteria set forth above, based on whether the candidate was recommended by a shareholder. To date, we have not received any shareholder proposals to nominate a Director.

Board of Directors' Evaluation

On an ongoing basis, the Nominating Committee facilitates a process to determine whether the Board of Directors and its Committees are functioning effectively. The results of this process are reported to the Board for discussion.

How to Contact the Board of Directors

Shareholders wishing to contact our Board of Directors may do so by writing to it at the following address: Corporate Secretary, Daktronics, Inc., 201 Daktronics Drive, Brookings, South Dakota 57006. All letters received will be forwarded to the Board of Directors.

Compensation Committee Interlocks and Insider Participation

During fiscal 2016, none of our executive officers served on the board of directors or compensation committee of another company that had an executive officer who served on our Board of Directors or our Compensation Committee.

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Director Compensation

The following table sets forth information about the compensation paid to and earned by our Directors for the fiscal year ended April 30, 2016:

FISCAL YEAR 2016 DIRECTOR COMPENSATION

Name ⁽¹⁾	Fees			
	Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽²⁾	Option Awards (\$) ⁽³⁾	Total Compensation (\$)
Byron J. Anderson	\$40,000	\$29,998	\$25,000	\$ 94,998
Robert G. Dutcher	39,000	29,998	25,000	93,998
Nancy D. Frame	41,000	29,998	25,000	95,998
John P. Friel ⁽⁴⁾	20,500	29,998	25,000	75,498
Kevin P. McDermott ⁽⁵⁾	19,500	29,998	25,000	74,498
James B. Morgan	35,000	29,998	25,000	89,998
John L. Mulligan	41,000	29,998	25,000	95,998
James A. Vellenga ⁽⁶⁾	10,250	—	—	10,250

As an employee of the Company, Reece A. Kurtenbach, the President and Chief Executive Officer since (1) September 1, 2013, was a Named Executive Officer during fiscal 2016 and therefore his compensation is included in the appropriate tables within the section of this proxy statement entitled "Executive Compensation."

Represents September 3, 2015 grants of 3,525 restricted shares of our common stock, which vest on September 3, (2) 2016 if they are then Directors of the Company. This amount was computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC 718").

Represents September 3, 2015 stock option awards of 9,191 shares with a grant date fair value of \$25,000, which vest on September 3, 2016 if they are then Directors of the Company. This amount was computed in accordance (3) with ASC 718. The 2015 Stock Incentive Plan (the "2015 Plan") requires that all options granted under the 2015 Plan have an exercise price equal to the fair market value of our common stock on the date of grant. All options granted to non-employee Directors under the 2015 Plan are non-qualified options not intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986.

(4) Was elected to the Board of Directors on September 2, 2015.

(5) Was appointed to the Board of Directors in June 2015.

(6) Mr. Vellenga passed away in August 2015.

Independent Director Fees. For fiscal 2016, each independent Director received an annual retainer of \$25,000. In addition, each independent director received \$2,500 per meeting for each Board of Directors meeting attended in person. The following table describes the annual retainers paid to each independent director for Committee membership participation:

	Chair	Other Members
Audit Committee	\$6,000	\$ 4,000
Compensation Committee	4,000	2,000
Nominating and Corporate Governance Committee	4,000	2,000

The retainers for Board and Committee service are included in the table above entitled "Fiscal Year 2016 Director Compensation".

Stock Ownership and Retention Guidelines. The Board of Directors has implemented stock ownership guidelines for Directors. Under these guidelines, each Director is expected to achieve a target of 5,000 shares owned, excluding shares subject to options. Directors have five years from the later of their first becoming a member of the Board of

Directors or, if applicable, January 2007 to achieve this level of ownership. As of the Record Date, all directors were in compliance with these guidelines.

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Executive Officers

The following discussion sets forth information as of June 27, 2016 about our executive officers who are not Directors.

Name	Positions with the Company	Executive Officer	
		Age	Since
Sheila M. Anderson	Chief Financial Officer	43	2012
Bradley T. Wiemann	Executive Vice President	53	2004
Matthew J. Kurtenbach	Vice President	47	2014
Carla S. Gatzke	Vice President and Secretary	55	2015

Sheila M. Anderson joined the Company in 2002 as a senior accountant after spending a number of years working as a certified public accountant in public accounting and auditing firms and as a senior accountant at a private company. In 2006, Ms. Anderson was named Corporate Controller and, in 2012, she was named Chief Financial Officer and Treasurer. Ms. Anderson holds a Master of Business Administration degree from the University of South Dakota and a Bachelor of Science degree in Accounting from Southwest Minnesota State University.

Bradley T. Wiemann joined the Company in 1993 as a lead design engineer after spending a number of years with Rockwell International Corporation, where he was involved in flight control systems. In 1994, he became manager of the Company's engineering groups focused on commercial and transportation product design. In 2001, his responsibilities expanded to include sales and service for commercial and transportation. In 2004, he was appointed Vice President, Commercial and Transportation and, in 2012, he was named Executive Vice President. In 2013, his responsibilities expanded to include sales and service for the School & Theatres business unit, which is now known as the High School Park and Recreation business unit. Mr. Wiemann holds a Master of Science degree in electrical and computer engineering from the University of Iowa and a Bachelor of Science degree in electrical engineering from South Dakota State University.

Matthew J. Kurtenbach joined the Company in 1992 as a manager in manufacturing, and he subsequently served as a project manager for sports projects and as a project manager for the Company's process improvements and facility expansions. In 2001, he was named Manufacturing Manager and, in 2006, he was appointed Vice President, Manufacturing. Also in 2006, he was charged with leading the Company's transformation to lean manufacturing. More recently, he gained responsibility for repair center operations associated with after-sales services. Mr. Kurtenbach holds a Master of Science degree in industrial management and a Bachelor of Science degree in electrical engineering from South Dakota State University. Mr. Kurtenbach is the son of Aelred J. Kurtenbach and the brother of Reece A. Kurtenbach and Carla S. Gatzke.

Carla S. Gatzke joined the Company in 1981 as a student employee in inventory, information systems, and engineering. In 1984, she moved into the role of Systems Sales Engineering where she was responsible for sales and project management for legislative voting systems. In 1988, Ms. Gatzke took an 18 month leave of absence to attend Drake University and teach for one semester. In 1990, Ms. Gatzke returned to Daktronics and managed Star Circuits, a subsidiary of the Company which manufactures printed circuit boards. In 1992, she became responsible for the Human Resources Department and, in 1996, she added the responsibility of the Company's Information and Technology and Systems Department. In 2006, the responsibility of the Company's Human Resources and Information and Technology and Systems departments were separated, and Ms. Gatzke retained responsibility for the Human Resources Department. In 2005, she was appointed Vice President of Human Resources. Ms. Gatzke has served as Corporate Secretary since 1994. Ms. Gatzke holds a Master of Business Administration degree from Drake University and a Bachelor of Science degree in electrical engineering with minors in math and computer science from South Dakota State University. Ms. Gatzke is the daughter of Aelred J. Kurtenbach and the sister of Reece A. Kurtenbach and Matthew J. Kurtenbach.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires that our Directors, executive officers, and persons who own more than 10 percent of a registered class of our equity securities (“10% Shareholders”) file with the SEC initial reports of ownership on Form 3 and reports of change in ownership on Form 4 or Form 5. Such Directors, executive officers and 10% Shareholders are also required by rules of the SEC to furnish us with copies of all Section 16(a) forms that they file. To our knowledge, based solely on a review of copies of such forms submitted to us and on written representations from our reporting persons, we believe all required reports were filed on a timely basis during fiscal 2016.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The following discussion should be read in conjunction with the various tables and accompanying narrative disclosure appearing in this proxy statement. Those tables and narrative disclosure provide more detailed information regarding the compensation and benefits

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awarded to, earned by, or paid to our Named Executive Officers, as well as the plans in which they are eligible to participate. At last year's annual meeting, our shareholders provided an advisory "say-on-pay" vote indicating their overwhelming support of the Company's compensation program for our Named Executive Officers. Our shareholders also previously voted that such say-on-pay votes be held annually. As a result, Proposal Two presented in this proxy statement seeks our shareholders' input on our executive compensation program. This Compensation Discussion and Analysis, the compensation tables and the narrative disclosures that accompany the tables provide information that will assist our shareholders in deciding how to vote on Proposal Two.

Executive Summary

Our executive compensation program, developed by management and approved by the Compensation Committee of the Board of Directors (the "Committee"), is intended to be simple (easily understood) and team-based, focused on a few key performance metrics and balanced among:

- Employees, managers and executives
- Long-term and short-term objectives
- Financial and stock performance
- Cash and equity compensation

The compensation program is designed to align the interests of the executive team with the interests of our shareholders. It uses salary, benefits, and non-equity-based and equity-based incentive plans to achieve these goals, with a focus on tying compensation to corporate performance. The retention of top talent and the achievement of corporate objectives measure the effectiveness of our compensation program.

The Company's financial performance for the fiscal year ended April 30, 2016 included declines in sales and orders. Orders and sales decreased over last fiscal year due to decreased customer demand in billboard and spectacular niches, the timing of customer deliveries extending beyond the fiscal year, and timing volatility in booking large orders. The additional week in fiscal 2015 accounted for approximately 2.0% of the decline. In fiscal 2016, we delivered a 0.6 percent return on assets and a 1.0 percent return on beginning shareholders' equity. In fiscal 2016 compared to fiscal 2015, sales were down 7.4 percent, and operating income decreased by 92.0 percent. In fiscal 2016, operating income as a percent of sales decreased to 0.4 percentage as compared to 5.1 percent in fiscal 2015.

Changes to executive compensation during the current fiscal year were mainly due to both maintaining competitiveness as the economy improved and the Company's financial results.

Role of Compensation Committee, Philosophy and Objectives

The Compensation Committee has responsibility for guiding our executive compensation philosophy and overseeing the design of executive compensation programs. In arriving at the appropriate levels of pay and incentive opportunities, the Committee reviews our compensation philosophy and trends in our peer group to ensure that our executive compensation program is competitive to effectively recruit and retain talented management, focuses our executives to achieve short and long-range corporate objectives, and aligns the interests of the executives with the interests of our shareholders.

The Committee bases its executive compensation decisions on the following philosophies:

- Executive compensation should be appropriate to recruit and retain high-performing executives successfully, taking into account executive pay at comparable companies and our pay practices for non-executive employees.
- An individual executive's compensation should be based on the executive's responsibility level, capability and performance.
-

The executive team's compensation should include a significant component that is based on the Company's overall financial performance to encourage the executive team to focus on the overall success of the Company. Our executives should receive few perquisites, if any, other than those provided to all employees.

The Committee annually reviews each executive's compensation. The Committee has determined that our executives' compensation will include base salary, non-equity-based incentive compensation, and equity-based incentive pay in the form of options and restricted stock units. We view the various components of compensation as related but distinct.

We determine the appropriate level for each executive compensation component based in part, but not exclusively, on the following factors:

- internal equity and consistency;
- individual performance;
- the executive compensation paid by other companies with which we compete for executive talent; and
- Company performance.

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The base salary reflects the pay that the Committee believes is appropriate for each executive's responsibility, capability and performance. The non-equity-based incentive compensation is designed to focus the executive team on the Company-wide goals and objectives, which focus on growth in revenue and reductions in cost in order to achieve and sustain a target operating margin. The Committee has not adopted any formal policies or guidelines for allocating compensation between long-term and currently paid-out compensation, between cash and non-cash compensation, or among different forms of non-cash compensation, although it has a preference for a material amount of "at risk" compensation, the amount of which is based on our financial results. The equity-based compensation plan is designed to encourage executives to also own stock in the Company, and thereby more directly align executives' interests with our shareholders' interests.

The Committee considers both internal equity and market competitiveness. We compare executive pay to the compensation of other key managers and employees at the Company. As described below, we also compare overall executive compensation to comparison companies and to salary database information. The Committee believes that equitable and competitive compensation, as well as leader development and promotion-from-within, is essential to retain high-performing executives. The average number of years of experience with Daktronics of our currently employed non-Director Named Executive Officers is 23.5 years.

For fiscal 2016, our Named Executive Officers were Reece A. Kurtenbach, President and Chief Executive Officer; Sheila M. Anderson, Chief Financial Officer and Treasurer; Bradley T. Wiemann, Executive Vice President; Matthew J. Kurtenbach, Vice President, Manufacturing; and Carla S. Gatzke, Vice President of Human Resources and Secretary.

Role of Executive Officers in Compensation Decisions

Our Chief Executive Officer and Vice President of Human Resources present to the Compensation Committee their recommendation for the salary, non-equity-based incentive compensation, and equity-based compensation grants for the Named Executive Officers and selected other executives. The Committee considers these recommendations and accepts or adjusts them, in whole or in part. The Chief Executive Officer and Vice President of Human Resources are not present for the discussions or determinations about their own compensation, but they generally participate in the discussions regarding other executive officers' compensation. The Chair of the Compensation Committee presents the Committee's findings regarding compensation for executive officers to the Board of Directors. Based on such input, the Board of Directors reviews and generally approves and adopts the executives' compensation plan.

Benchmarking

In making decisions regarding elements and amounts of compensation, the Committee considers the compensation paid to executive officers at similar levels and responsibilities. These are public companies in our geographical area (South Dakota, North Dakota, Minnesota, Iowa, and Nebraska) with revenues of between \$250 million and \$1 billion and with a focus on manufacturing or technology.

The following list sets forth the companies comprising our peer group list:

Apogee Enterprises, Inc.	Hawkins, Inc.
Imation Corp	EVINE Live Inc.
Bio-Techne Corp	Tennant Company
Winnebago Industries	Lindsay Corporation
Raven Industries, Inc.	Hutchinson Technology, Inc.
Graco, Inc.	Arctic Cat, Inc.
MTS Systems Corporation	Datalink Corp

The Committee also considers compensation data from Salary.com and Economic Research Institute, which takes into consideration company size, geography, base salary and variable cash compensation, but excludes equity incentive

compensation information.

To date, we have not retained consulting firms to assist us in determining executive compensation. The Committee believes that its executive compensation is sufficiently conservative, as well as appropriately competitive, so as not to require an external consultant opinion.

Elements of Compensation

For fiscal 2016, the principal components of our executive compensation program consisted of the following, each of which is addressed below in greater detail:

- base salary;
- non-equity-based incentive compensation plan;
- equity-based compensation plan;
- deferred compensation arrangements; and
- benefits.

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Base Salary. The base salary reflects each executive's responsibility, capability and performance. Base salary is determined based on the benchmarking data for the executive's responsibilities, the executive's experience in his or her area of responsibility, and the executive's performance and the impact of such performance on our business results.

The Committee also takes into account the Company's financial performance, and it has in the past limited executive pay changes based on business or economic conditions. The Committee also considers the recommendations of the Chief Executive Officer for other Named Executive Officers.

The Committee noted that Mr. Reece Kurtenbach's base salary for fiscal 2014 was considerably lower than the benchmarking data for Chief Executive Officers ("CEO") and that Mr. Kurtenbach was fully performing the responsibilities of CEO. Therefore, the Committee approved an adjustment to Mr. Kurtenbach's base salary for fiscal 2015 to a level that is more competitive.

The Committee also determined that the base salaries for fiscal 2014 for the other Named Executive Officers were generally lower than competitive levels in the benchmarking data, and therefore it approved an increase in the base salaries for fiscal 2015 for the other Named Executive Officers. In addition, the Committee determined that Ms. Sheila Anderson's base salary for fiscal 2014 was somewhat lower than competitive levels due to her brief time in the responsibility of Chief Financial Officer ("CFO") and that she is fully performing the responsibilities of CFO. Therefore, the Committee approved an additional increase in base salary for Ms. Anderson for fiscal 2015.

Non-Equity-Based Incentive Compensation Plan. The purpose of our non-equity-based incentive compensation plan is to focus the executive team on the Company-wide goals and objectives of growth in revenue and reductions in cost in order to achieve and sustain a target operating margin. The non-equity-based incentive compensation plan is a formula-based variable cash compensation plan, with no payouts if operating margin is less than 2.5 percent, targeted payouts at a 10 percent operating margin, and maximum payouts at a 12.5 percent operating margin. The targeted level of variable cash compensation varies from an amount equal to three months of base salary to 7.5 months of base salary for each executive officer. The maximum level of the variable cash compensation is 120 percent of the targeted level of variable cash compensation.

This level of non-equity compensation takes into account other non-equity incentive compensation plans at comparable companies, as well as the Committee's preference for a material level of executive compensation that varies with the Company's performance. The Compensation Committee selected the operating margin measure for the formula because it believes it is the most appropriate indicator of performance that will drive long-term shareholder value, and it is consistent with our corporate strategies.

The various payout percentages based on operating margins are as follows:

Operating Margin	Percentage of Targeted Non-equity Incentive Compensation
Less than 2.5%	—
2.5 to 5.0%	0.0 to 25.0%
5.0 to 7.5%	25.1 to 60.0%
7.5 to 10.0%	60.1 to 100.0%
10.0 to 12.5%	100.1 to 120.0%

We follow applicable laws and regulations regarding the recovery of any non-equity-based compensation, other incentive-based or equity-based compensation and profits realized from the sale of securities resulting from any misconduct on the part of an executive officer.

During fiscal 2016, the Named Executive Officers were eligible for non-equity-based incentive compensation if the maximum payout of 120 percent of target was achieved as follows: Chief Executive Officer - 67 percent of his base salary; Chief Financial Officer - 46 percent of her salary; Vice President and Secretary - 42 percent of her base salary; and all other Named Executive Officers - 54 percent of their base salaries. For fiscal 2014, a payout of approximately 47 percent was made. For fiscal 2015, a payout of approximately 26 percent was made. For fiscal 2016, there was no non-equity-based incentive compensation paid out to any Named Executive Officer.

Equity-Based Compensation Program. Grants of equity awards have been the primary vehicles for offering long-term incentives to our executives and to aligning the interests of employees more closely with those of our shareholders.

Each year, the Board of Directors, based on recommendations of the Compensation Committee, determines the number of shares that may be subject to equity awards for all employees, including the Named Executive Officers. The total number of shares subject to equity awards is constrained by our Board's desire to limit dilution to shareholders to a level consistent with our historical levels, which generally approximate a dilution of one percent, and to limit the total grant date fair value of the equity awards to a targeted level. The one percent dilution is based on an assessment of a conservative amount relative to high-tech growth companies. The grant date fair value is based

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on a comparison to the prior fiscal year's expense and the current year's estimate of a percentage of total payroll expense. The Compensation Committee and the Board of Directors generally follow a practice of calculating the equity grant valuation limit based on the share price on the date of the Compensation Committee meeting at which the equity grants are determined by the Committee for recommendation to the Board to assure that the valuation limit is consistent with the approximate dilution limit of one percent. The Compensation Committee then allocates these equity grants to the Named Executive Officers, and the Chief Executive Officer allocates equity grants to selected employees. To facilitate the grant of stock options to employees and other executive officers, the Board of Directors authorized the Chief Executive Officer to grant individual stock options and restricted stock units during fiscal 2016, subject to the guidelines and limitations imposed by the Compensation Committee.

The Committee also considers trends in equity-based compensation, the mix of the type of equity grants, and the number of our shares that are available for equity grants. The Compensation Committee and the Board of Directors also generally follow a practice of allocating similar equity grants to each of the Named Executive Officers, with some variation based on responsibilities and experience. The allocation among Named Executive Officers is based on historical grants, the value of past grants and the Company's performance, all of which are subject to the objectives listed under the section of this proxy statement entitled "Compensation Discussion and Analysis - Role of Compensation Committee, Philosophy and Objectives."

For the fiscal 2014 allocation, the Committee determined that each Named Executive Officer would be allocated equity grants for approximately 10,000 shares of common stock, with a ratio of 2.5:1 of incentive stock options to restricted stock units. The Committee recommended that Reece A. Kurtenbach should receive more equity grants than the other Named Executive Officers due to his being named as Chief Executive Officer effective on September 1, 2013 and that Sheila A. Anderson should receive fewer equity grants due to it being her first year as Chief Financial Officer. The Board approved the Compensation Committee's recommended allocation. For fiscal 2014, all equity grants to employees were made under the Company's 2007 Stock Incentive Plan (the "2007 Plan").

In fiscal 2014, Mr. Kurtenbach was granted incentive stock options to purchase 8,750 shares of our common stock and restricted stock units for 3,500 shares in the annual employee equity grant. The Compensation Committee also recommended and the Board approved a one time grant to Mr. Kurtenbach of incentive stock options to purchase 25,000 shares when he was appointed Chief Executive Officer as described in footnote 5 to the Summary Compensation Table.

For the fiscal 2015 allocation, the Committee recommended that each Named Executive Officer would again be allocated equity grants for approximately 10,000 shares of common stock, with a ratio of 2.5:1 of incentive stock options to restricted stock units. The Committee recommended that Mr. Reece A. Kurtenbach should receive a grant of twice the amount of other Named Executive Officers to facilitate ownership of additional stock of the Company by the CEO and to reflect a ratio of grants to the CEO compared to grants to other Named Executive Officers that is more similar to the ratio in the benchmarking data. The Board approved the Compensation Committee's recommended allocation. For fiscal 2015, all equity grants to employees were made under the 2007 Plan.

For fiscal 2016, the Compensation Committee determined that it would continue to grant restricted stock units as well as incentive stock options in a manner substantially similar to fiscal 2015, and that the valuation of the equity grants, based on the grant date fair value as determined under ASC 718, would be limited to approximately \$2.5 million for all employees, including the Named Executive Officers. The total number of shares of common stock subject to stock options and restricted stock units granted to all employees remained the same in fiscal 2016 compared to fiscal 2015. The value of the restricted stock units was equal to 90.6 percent of the value of the stock options for executives, as determined under the fair value provisions of ASC 718. For fiscal 2016, all equity grants to employees were made under the 2015 Plan.

The Board and the Compensation Committee approve equity grants for Named Executive Officers and other employees annually in their summer meetings to coincide with the Director equity grants and the annual meeting of

shareholders. Equity awards are not typically granted at other times of the year for employees, including new employees. The exercise price of all stock options granted is equal to the fair market value of the Company's common stock as reported on The NASDAQ Global Select Market on the date of grant, which is defined in the 2007 Plan and the 2015 Plan as the closing price of the common stock as reported on The NASDAQ Global Select Market on the date of grant. All options also contain five-year vesting provisions, with 20 percent of the shares underlying the stock option vesting each year following the date of grant. The restricted stock units also contain a five-year vesting provisions, with 20 percent of the restricted stock units vesting each year following the date of grant.

Benefits. Our Named Executive Officers are eligible for all benefits generally available to our full-time employees. We do not provide pension arrangements, post-retirement health coverage, or similar benefits for our executives or employees.

All employees, including the Named Executive Officers, are entitled to participate in the 401(k) Plan, which is qualified under Section 401(k) of the Internal Revenue Code of 1986. At the discretion of the Board of Directors, we may make matching contributions equal to a percentage of the salary deduction contributions or other discretionary amounts. We paid \$2.3 million in matching and discretionary contributions in fiscal 2016, \$2.1 million in fiscal 2015 and \$1.9 million in fiscal 2014. Contributions to the 401(k) Plan on behalf of the Named Executive Officers are described in the table entitled "Summary Compensation Table – Fiscal 2016."

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All employees, including the Named Executive Officers, are entitled to participate in the Daktronics, Inc. Employee Stock Purchase Plan (“ESPP”), which is intended to qualify under Section 423 of the Internal Revenue Code of 1986. The ESPP allows employees to purchase shares of our common stock, subject to annual limitations, at a price equal to 85 percent of the lower of the fair market value of the common stock at the beginning or the end of each six-month offering period.

Accounting and Tax Treatment

We account for equity-based compensation paid to employees under ASC 718, Compensation-Stock Compensation promulgated by the Financial Accounting Standards Board, which requires us to estimate and record an expense over the service period of the award. Thus, we may record an expense in one year for awards granted in earlier years. Accounting rules also require us to record cash compensation as an expense at the time the obligation is accrued.

With respect to option awards, we generally can deduct the gain recognized by employees and Directors from the exercise of non-qualified options. However, to the extent that an option is an incentive stock option, we cannot deduct the gain recognized by the optionee upon exercise of the option if there is no disqualifying disposition by the optionee.

With respect to restricted stock awards, we generally can deduct the fair market value of the shares vested on the vesting date. Alternatively, if the recipient were to make an election under Section 83(b) of the Internal Revenue Code of 1986, we would be entitled to a deduction on the date of grant equal to the value of the restricted stock on the date of grant.

Section 162(m) of the Internal Revenue Code of 1986 generally disallows a tax deduction to a public company for compensation in excess of \$1 million paid to the company's chief executive officer and four other most highly-paid executive officers. Qualifying performance-based compensation will not be subject to the deduction limitation if certain requirements are met. Because the potential amount of base salary and non-equity-based incentive compensation that each of our executive officers can earn is less than \$1 million, Section 162(m) has not been material to our compensation decisions.

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COMPENSATION COMMITTEE REPORT

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate future filings by reference, including this proxy statement, in whole or in part, the following report of the Compensation Committee shall not be deemed to be incorporated by reference into any such filings and shall not otherwise be deemed filed under such acts.

The Compensation Committee has reviewed and discussed the section of this proxy statement entitled “Compensation Discussion and Analysis” with management. Based on such review and discussions, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

By the Compensation Committee,

Robert G. Dutcher, Chair

Byron J. Anderson

Nancy D. Frame

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EXECUTIVE COMPENSATION

For the fiscal years ended April 30, 2016, May 2, 2015 and April 26, 2014, the following table sets forth information about compensation awarded to, earned by or paid to our principal executive officer and principal financial officer and our next three most highly compensated executive officers whose total compensation was greater than \$100,000 for the fiscal year ended April 30, 2016. The Company operates on a 52 or 53 week fiscal year, with our fiscal year ending on the Saturday closest to April 30 of each year. Fiscal 2015 is a 53-week year; therefore, the fiscal year ended May 2, 2015 contained results for 53 weeks while the fiscal years ended April 30, 2016 and April 26, 2014 contained results for 52 weeks.

SUMMARY COMPENSATION TABLE – FISCAL 2016

Name and Principal Position	Year	Salary(\$)	Stock Awards(\$) ⁽¹⁾	Option Awards(\$) ⁽²⁾	Non-Equity Incentive Plan Compensation(\$) ⁽³⁾	All Other Compensation(\$) ⁽⁴⁾	Total(\$)
Reece A. Kurtenbach ⁽⁵⁾ Chief Executive Officer and President	2016	\$367,308	\$ 40,620	\$ 44,850	\$ —	\$ 7,891	\$460,669
	2015	315,077	72,780	83,250	61,600	7,270	539,977
	2014	247,123	34,580	165,900	81,765	5,882	535,250
Sheila M. Anderson ⁽⁶⁾ Chief Financial Officer	2016	\$228,308	\$ 20,310	\$ 22,425	\$ —	\$ 6,866	\$277,909
	2015	208,977	36,390	41,625	26,620	6,986	320,598
	2014	172,224	27,170	34,075	41,321	6,528	281,318
Bradley T. Wiemann Executive Vice President	2016	\$236,985	\$ 20,310	\$ 22,425	\$ —	\$ 7,950	\$287,670
	2015	229,560	36,390	41,625	28,072	7,762	343,409
	2014	202,896	29,640	37,200	46,626	7,558	323,920
Matthew J. Kurtenbach ⁽⁷⁾ Vice President	2016	\$222,985	\$ 20,310	\$ 22,425	\$ —	\$ 7,187	\$272,907
	2015	219,272	36,390	41,625	26,378	6,916	330,581
	2014	185,762	29,640	37,200	43,798	6,523	302,923
Carla S. Gatzke ⁽⁸⁾ Vice President and Secretary	2016	\$193,154	\$ 18,618	\$ 20,541	\$ —	\$ 6,636	\$238,949
	2015	186,854	33,358	38,129	20,790	6,422	285,553

Consists of restricted stock units granted under the 2007 Plan for the fiscal years 2014 and 2015 and under the 2015 Plan for fiscal 2016. In accordance with ASC 718, the amount is calculated based on the grant date fair value (1) of the award. Refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the fiscal year ended April 30, 2016 for a discussion of the assumptions used in calculating the amount under ASC 718.

Consists of stock options granted under the 2007 Plan for the fiscal years 2014 and 2015 and under the 2015 Plan for fiscal 2016. The value of the option awards is calculated based on the grant date fair value of the award in accordance with ASC 718. Refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the fiscal year ended April 30, 2016 for a discussion of the assumptions used in calculating the amount under ASC 718. (2)

The amounts in this column reflect the total variable cash compensation paid to the Named Executive Officers under the non-equity-based incentive compensation plan. As explained earlier in this proxy statement, variable (3) incentive compensation payments are based upon the achievement of certain operating margin targets for fiscal 2014, fiscal 2015 and fiscal 2016.

Consists of matching contributions made by us under the 401(k) Plan, which is intended to qualify under Section (4) 401(k) of the Internal Revenue Code of 1986.

(5) Reece A. Kurtenbach was named Chief Executive Officer and President on September 1, 2013. Mr. Kurtenbach's salary was increased to \$275,000 effective September 1, 2013, and he was awarded additional stock compensation

for the increase in responsibilities.

- (6) Sheila M. Anderson was named Chief Financial Officer and Treasurer in September 2012.
- (7) Matthew J. Kurtenbach became a Named Executive Officer during fiscal 2014.
- (8) Carla S. Gatzke became a Named Executive Officer during fiscal 2015.

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The following table sets forth information regarding grants of plan-based awards to the Named Executive Officers during fiscal 2016:

GRANTS OF PLAN-BASED AWARDS — FISCAL 2016

Name	Grant Date	Estimated future payouts under All non-equity incentive plan awards ⁽¹⁾			All other stock awards: number of shares of stock or units (#) ⁽²⁾	All other securities underlying options (#) ⁽³⁾	Exercise or base price of option awards(\$/share) ⁽⁴⁾	Grant date fair value of stock and option awards(\$) ⁽⁵⁾
		Threshold(\$)	Target(\$)	Maximum(\$)				
Reece A. Kurtenbach	09/03/2015	66,667	266,667	320,000	6,000	15,000	8.51	85,470
Sheila M. Anderson	09/03/2015	27,958	111,833	134,200	3,000	7,500	8.51	42,735
Bradley T. Wiemann	09/03/2015	33,367	133,467	160,160	3,000	7,500	8.51	42,735
Matthew J. Kurtenbach	09/03/2015	31,471	125,883	151,060	3,000	7,500	8.51	42,735
Carla S. Gatzke	09/03/2015	20,938	83,750	100,500	2,750	6,870	8.51	39,159

Consists of variable cash compensation under our annual non-equity-based incentive compensation plan. The amounts reflect the minimum payment level, if an award is achieved, the target payment level and the maximum (1) payment level under the plan. For additional information concerning our annual non-equity-based compensation plan, see the section of this proxy statement entitled “Compensation Discussion and Analysis - Elements of Compensation.”

Consists of restricted stock units granted to the Named Executive Officers in fiscal 2016 under the 2015 Plan. The (2) units vest as to 20 percent of the shares one year after the date of grant and as to an additional 20 percent in each succeeding year, but only if the Named Executive Officer is then an employee of the Company.

Consists of options granted to the Named Executive Officers in fiscal 2016 under the 2015 Plan. The options vest (3) and become exercisable as to 20 percent of the shares one year after the date of grant and as to an additional 20 percent in each succeeding year, but only if the Named Executive Officer is then an employee of the Company.

The exercise price of all options was equal to the closing price of the common stock as quoted on The NASDAQ (4) Global Select Market on the date of grant as provided in the 2015 Plan.

Represents the full grant date fair value determined pursuant to ASC 718 as reflected in our financial statements, (5) based on the numbers of shares subject to the options and restricted stock unit awards granted and the closing price of the common stock as quoted on The NASDAQ Global Select Market on the date of grant, which was \$8.51 per share on September 3, 2015.

The following table sets forth information about unexercised options and restricted stock units that have not vested that were held at April 30, 2016 by the Named Executive Officers:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END — FISCAL 2016

Name	Option Awards ⁽¹⁾				Stock Awards	
	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of

						Stock that Have Not Vested (#) ⁽²⁾	Stock That Have Not Vested (\$) ⁽³⁾
Reece A. Kurtenbach	11/16/2006	7,000	—	34.065	11/15/2016	—	—
	11/15/2007	9,000	—	20.070	11/14/2017	—	—
	12/04/2008	10,500	—	8.290	12/03/2018	—	—
	12/03/2009	10,500	—	8.650	12/02/2019	—	—
	12/02/2010	7,155	—	14.370	12/01/2020	—	—
	12/01/2011	8,400	2,100	9.240	11/30/2021	—	—
	08/23/2012	6,480	4,320	9.510	08/22/2022	—	—
	08/22/2013	3,500	5,250	11.050	08/21/2023	—	—
	09/01/2013	10,000	15,000	10.930	08/31/2023	—	—
	09/04/2014	3,000	12,000	13.310	09/03/2024	—	—
	09/03/2015	—	15,000	8.510	09/02/2025	—	—
		—	—	—		14,184	123,401

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Name	Grant Date	Option Awards ⁽¹⁾				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#) ⁽²⁾	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽³⁾
Sheila M. Anderson	11/16/2006	2,500	—	34.065	11/15/2016	—	—
	11/15/2007	4,000	—	20.070	11/14/2017	—	—
	12/04/2008	3,500	—	8.290	12/03/2018	—	—
	12/03/2009	3,500	—	8.650	12/02/2019	—	—
	12/02/2010	2,445	—	14.370	12/01/2020	—	—
	12/01/2011	3,200	800	9.240	11/30/2021	—	—
	08/23/2012	2,400	1,600	9.510	08/22/2022	—	—
	09/12/2012	3,600	2,400	9.560	08/22/2022	—	—
	08/22/2013	2,748	4,122	11.050	08/21/2023	—	—
	09/04/2014	1,500	6,000	13.310	09/03/2024	—	—
	09/03/2015	—	7,500	8.510	09/02/2025	—	—
	—	—	—	—	8,010	69,687	
Bradley T. Wiemann	11/16/2006	7,000	—	34.065	11/15/2016	—	—
	11/15/2007	9,000	—	20.070	11/14/2017	—	—
	12/04/2008	10,500	—	8.290	12/03/2018	—	—
	12/03/2009	10,500	—	8.650	12/02/2019	—	—
	12/02/2010	7,155	—	14.370	12/01/2020	—	—
	12/01/2011	8,400	2,100	9.240	11/30/2021	—	—
	08/23/2012	6,480	4,320	9.510	08/22/2022	—	—
	08/22/2013	3,000	4,500	11.050	08/21/2023	—	—
	09/04/2014	1,500	6,000	13.310	09/03/2024	—	—
	09/03/2015	—	7,500	8.510	09/02/2025	—	—
	—	—	—	—	8,484	73,811	
Matthew J. Kurtenbach	11/16/2006	7,000	—	34.065	11/15/2016	—	—
	11/15/2007	9,000	—	20.070	11/14/2017	—	—
	12/04/2008	10,500	—	8.290	12/03/2018	—	—
	12/03/2009	10,500	—	8.650	12/02/2019	—	—
	12/02/2010	7,155	—	14.370	12/01/2020	—	—
	12/01/2011	8,400	2,100	9.240	11/30/2021	—	—
	08/23/2012	6,300	4,200	9.510	08/22/2022	—	—
	08/22/2013	3,000	4,500	11.050	08/21/2023	—	—
	09/04/2014	1,500	6,000	13.310	09/03/2024	—	—
	09/03/2015	—	7,500	8.510	09/02/2025	—	—
	—	—	—	—	8,460	73,602	
Carla S. Gatzke	11/16/2006	7,000	—	34.065	11/15/2016	—	—

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11/15/2007	8,500	—	20.070	11/14/2017	
12/04/2008	9,500	—	8.290	12/03/2018	
12/03/2009	9,500	—	8.650	12/02/2019	
12/02/2010	6,455	—	14.370	12/01/2020	
12/01/2011	8,000	2,000	9.240	11/30/2021	
08/23/2012	6,300	4,200	9.510	08/22/2022	
08/22/2013	2,748	4,122	11.050	08/21/2023	
09/04/2014	1,374	5,496	13.310	09/03/2024	
09/03/2015	—	6,870	8.510	09/02/2025	
	—	—	—		7,840 68,208

(1) All options vest in equal installments over five years beginning one year after the grant date, but only if the Named Executive Officer is then an employee of the Company and expire after 10 years.

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- (2) Restricted stock units vest as to 20 percent of the shares one year after date of grant and as to an additional 20 percent in each succeeding year, but only if the Named Executive Officer is then an employee of the Company.
- (3) Determined by multiplying the Company's \$8.70 per share closing stock price on April 29, 2016, which was the last business day of fiscal year 2016, by the number of shares subject to the award.

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The grant date of the restricted stock units and the number of shares subject to the restricted stock units are as follows:

Officer	Grant Date	Shares Granted	Officer	Grant Date	Shares Granted
Reece A. Kurtenbach	12/03/2009	2,100	Bradley T. Wiemann	12/03/2009	2,100
	12/02/2010	1,575		12/02/2010	1,575
	12/01/2011	2,100		12/01/2011	2,100
	08/23/2012	2,160		08/23/2012	2,160
	08/22/2013	3,500		08/22/2013	3,000
	09/04/2014	6,000		09/04/2014	3,000
	09/03/2015	6,000		09/03/2015	3,000
Sheila M. Anderson	12/03/2009	700	Matthew J. Kurtenbach	12/03/2009	2,100
	12/02/2010	490		12/02/2010	1,575
	12/01/2011	800		12/01/2011	2,100
	08/23/2012	800		08/23/2012	2,100
	09/12/2012	1,200		08/22/2013	3,000
	08/22/2013	2,750		09/04/2014	3,000
	09/04/2014	3,000		09/05/2015	3,000
Carla S. Gatzke	09/03/2015	3,000			
	12/03/2009	1,900			
	12/02/2010	1,420			
	12/01/2011	2,000			
	08/23/2012	2,100			
	08/22/2013	2,750			
	09/04/2014	2,750			
	09/03/2015	2,750			

The following table sets forth information regarding the exercise of stock options by and the vesting of restricted stock awards during fiscal 2016 for the Named Executive Officers:

OPTION EXERCISES AND STOCK VESTED – FISCAL 2016

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽²⁾
Reece A. Kurtenbach	—	—	3,067	33,766
Sheila M. Anderson	—	—	1,808	20,409
Bradley T. Wiemann	—	—	2,367	25,576
Matthew J. Kurtenbach	—	—	2,355	25,436
Carla S. Gatzke	—	—	2,204	23,815

(1) Consists of the difference between the closing price of our common stock on the date of exercise and the per share exercise price of the option multiplied by the number of shares acquired upon exercise.

(2) Consists of the number of shares vested multiplied by the market value of the stock as of the vesting date.

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Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth certain information as of April 30, 2016 with respect to our equity compensation plans:

EQUITY COMPENSATION PLAN INFORMATION

Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
2007 Stock Incentive Plan	2,110,690	\$ 11.58	—
2015 Stock Incentive Plan	240,027	8.51	2,601,958
Employee Stock Purchase Plan ⁽¹⁾	Not Applicable	Not Applicable	514,248
Equity compensation plans not approved by security holders	—	—	—
Total	2,350,717	\$ 11.26	3,116,206

(1) Under the ESPP, shares are acquired at the time of investment by the participating employees at the applicable discount.

Post-Employment Compensation

Potential Payments upon Termination of Employment or Change in Control

The table below reflects the compensation that would be paid to each of our Named Executive Officers in the event of termination of such executive's employment. The amounts shown assume that such termination was effective as of April 30, 2016, include estimated amounts earned through such date, and are estimates of the amounts which would be paid out to the executives upon their termination. The actual amounts to be paid can be determined only at the time of such executive's separation from the Company. In addition, there may be re-negotiation of the payments upon any termination of employment or change in control.

Under the 2001 Incentive Stock Option Plan (the "2001 Plan"), 2007 Plan, and the 2015 Plan all options and restricted stock units immediately vest upon a change in control, as that term is defined in the 2001 Plan, 2007 Plan, and the 2015 Plan. Upon a termination of employment for any reason, and consistent with our employment policies which apply to all employees, we are obligated to pay for accrued and unused vacation time, which would then be payable in a lump sum.

Name	Benefit	Termination due to change in control	Termination without cause or for good reason	Termination for cause or for good reason	Death
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Reece A. Kurtenbach	Stock option vesting acceleration ⁽¹⁾	\$ 2,850	\$ —	\$ —	\$—
	Restricted stock vesting acceleration	123,401	—	—	—
	Vacation pay	35,527	35,527	35,527	35,527
		\$ 161,778	\$ 35,527	\$ 35,527	\$35,527
Sheila M. Anderson	Stock option vesting acceleration ⁽¹⁾	\$ 1,425	\$ —	\$ —	\$—
	Restricted stock vesting acceleration	69,687	—	—	—
	Vacation pay	11,659	11,659	11,659	11,659
		\$ 82,771	\$ 11,659	\$ 11,659	\$11,659

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Name	Benefit	Termination due to change in control	Termination without cause or for good reason	Termination for cause or for good reason	Death
Bradley T. Wiemann	Stock option vesting acceleration ⁽¹⁾	\$ 1,425	\$ —	\$ —	\$—
	Restricted stock vesting acceleration	73,811	—	—	—
	Vacation pay	21,086	21,086	21,086	21,086
		\$ 96,322	\$ 21,086	\$ 21,086	\$21,086
Matthew J. Kurtenbach	Stock option vesting acceleration ⁽¹⁾	\$ 1,425	\$ —	\$ —	\$—
	Restricted stock vesting acceleration	73,602			