UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the Quarterly Period Ended February 1, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____ .

Commission File Number: 0-23246

Daktronics, Inc.
(Exact name of Registrant as specified in its charter)

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

331 32nd Avenue
Brookings, SD 57006
(Address of principal executive offices, Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

The number of shares of the registrant's common stock outstanding as of February 19, 2003 was 18,459,815.

DAKTRONICS, INC. AND SUBSIDIARIES
FORM 10-Q
For the Quarterly Period Ended February 1, 2003

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (including exhibits and information incorporated by reference herein) contains statements which constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. These statements appear in a number of places in this Report and include all statements that are not historical statements of fact regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things: (i) the Company’s financing plans; (ii) trends affecting the Company’s financial condition or results of operations; (iii) the Company’s growth strategy and operating strategy; and (iv) the declaration and payment of dividends. The words “may,” “would,” “could,” “will,” “expect,” “estimate,” “anticipate,” “believe,” “intend,” “plans,” and similar expressions and variations thereof are intended to identify forward-looking statements. Investors are cautioned that any such forward looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond the Company’s ability to control, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors discussed herein and those factors discussed in detail in the Company’s filings with the Securities and Exchange Commission.

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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

	February 1, 2003 (unaudited)	April 27, 2002 (note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,863	$ 2,097
Accounts receivable, less allowance for doubtful accounts of $660 at February 1, 2003 and $1,102 at April 27, 2002	15,274	17,878
Current maturities of long-term receivables	2,140	2,515
Inventories	17,018	16,472
Costs and estimated earnings in excess of billings	18,007	10,277
Prepaid expenses and other	670	524
Deferred income taxes	3,297	2,784
Total current assets	65,269	52,547
Advertising rights, net	400	489
Long term receivables, less current maturities	4,457	5,366
Goodwill, net	1,043	1,061
Intangible and other assets, other than goodwill, net	946	1,038

	6,846	7,954
PROPERTY AND EQUIPMENT, at cost:		
Land	654	654
Buildings	12,244	12,110
Machinery and equipment	13,603	14,643
Office furniture and equipment	12,959	11,862
Equipment held for rent	3,626	3,265
Transportation equipment	2,107	1,888
	45,193	44,422
Less accumulated depreciation	20,060	17,577
	25,133	26,845
TOTAL ASSETS	$ 97,248	$ 87,346

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

	February 1, 2003 (unaudited)	April 27, 2002 (note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable, bank	$ —	$ 51
Accounts payable	8,470	6,690
Accrued expenses	8,765	7,337
Current maturities of long-term debt	3,394	4,254
Billings in excess of costs and estimated earnings	3,521	2,944
Customer deposits	2,298	2,185
Income taxes payable	1,368	733
Total current liabilities	27,816	24,194
Long-term debt, less current maturities	5,926	9,574
Deferred income	1,063	711
Deferred income taxes	1,203	1,282
	8,192	11,567
TOTAL LIABILITIES	36,008	35,761
MINORITY INTEREST IN SUBSIDIARY	94	84
SHAREHOLDERS' EQUITY:		
Common stock, no par value, authorized 60,000 shares, 18,439 and 18,271 shares issued at February 1, 2003 and April 27, 2002	13,974	13,533
Additional paid-in capital	649	505
Retained earnings	46,539	37,492
Less cost of treasury stock, 20 shares	(9)	(9)
Accumulated other comprehensive income, foreign currency translation adjustment	(7)	(20)
TOTAL SHAREHOLDERS' EQUITY	61,146	51,501
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 97,248	$ 87,346

The accompanying notes are an integral part of these Consolidated Financial Statements

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

	Three Months Ended		Nine Months Ended	
	February 1, 2003 (13 weeks)	January 26, 2002 (13 weeks)	February 1, 2003 (40 weeks)	January 26, 2002 (39 weeks)
Net sales	$ 38,220	$ 30,863	$ 130,400	$ 112,682
Cost of goods sold	25,855	21,817	86,925	79,829
Gross profit	12,365	9,046	43,475	32,853
Operating expenses:				
Selling	5,868	5,592	18,649	16,408
General and administrative	1,824	1,744	5,159	5,082
Product design and development	1,534	1,890	5,086	5,312
	9,226	9,226	28,894	26,804
Operating income	3,139	(180)	14,581	6,049
Nonoperating income (expense):				
Interest income	184	201	516	565
Interest expense	(195)	(361)	(675)	(1,204)
Other income (expense), net	58	(111)	323	(41)
Income (loss) before income Taxes and minority interest	3,186	(451)	14,745	5,369
Income tax expense (benefit)	1,288	(179)	5,688	2,023
Income (loss) before minority interest	1,898	(272)	9,057	3,346
Minority interest in income of subsidiary	(10)	(21)	(10)	(49)
Net income (loss)	$ 1,888	$ (293)	$ 9,047	$ 3,297
Earnings (loss) per share:				
Basic	$ 0.10	$ (0.02)	$ 0.49	$ 0.18
Diluted	$ 0.10	$ (0.02)	$ 0.47	$ 0.17

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

	Nine Months Ended	
	February 1, 2003 (40 weeks)	January 26, 2002 (39 weeks)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 9,047	$ 3,297
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,214	3,127
Amortization	190	385
Minority interest in income of subsidiary	9	49

Provision for doubtful accounts	(440)	504
Loss on sale of property and equipment	743	—
Deferred income taxes	(592)	(11)
Change in operating assets and liabilities	943	(1,743)
Net cash provided by operating activities	14,114	5,608
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,982)	(6,533)
Proceeds from sale of property and equipment	738	—
Net cash used in investing activities	(3,244)	(6,533)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings on notes payable	(51)	443
Proceeds from issuance of long-term debt	1,588	—
Principal payments on long-term debt	(6,095)	(2,432)
Proceeds from exercise of stock options	441	531
Net cash provided by (used in) financing activities	(4,117)	(1,458)
Effect of exchange rate changes on cash	13	(17)
Increase (decrease) in cash and cash equivalents	6,766	(2,400)
Cash and cash equivalents:		
Beginning	2,097	2,896
Ending	$ 8,863	$ 496
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash payments for:		
Interest	$ 691	$ 1,120
Income taxes, net of refunds	5,525	1,537
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment acquired through long term debt		$ 2,150
Tax benefits related to exercise of stock options	$ 144	

The accompanying notes are an integral part of these Consolidated Financial Statements.

DAKTRONICS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share amounts)
(unaudited)

Note 1. Basis of Presentation

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

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The balance sheet at April 27, 2002, has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These financial statements should be read in conjunction with the Company’s financial statements and notes thereto for the year ended April 27, 2002, which are contained in the Company’s Annual Report on Form 10-K, previously filed with the Securities and Exchange Commission. The results of operations for the interim periods presented are not necessarily indicative of results that may be expected for any other interim period or for the full fiscal year.

The consolidated financial statements include the accounts of the Company and its wholly owned and greater than 50% owned subsidiaries. All significant inter-company accounts and transactions have been eliminated.

Certain reclassifications have been made to the fiscal year 2002 financial statements to conform to the presentation used in the fiscal 2003 financial statements. The reclassifications had no effect on shareholders' equity or net income as previously reported.

Note 2. Recently Issued Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations." This statement, which is effective for fiscal years beginning after June 15, 2002, covers the accounting for closure or removal-type costs that are incurred with respect to long-lived assets. The nature of the Company's business and long-lived assets is such that adoption of this new standard should have no significant impact on the Company's financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes FASB No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." The new statement also supersedes certain aspects of APB 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," with regard to reporting the effects of a disposal of a segment of a business and will require expected future operating losses from discontinued operations to be reported in discontinued operations in the period incurred rather than as of the measurement date as presently required by APB 30. Additionally, certain dispositions may now qualify for discontinued operations treatment. The provisions of the statement are required to be applied for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years. The adoption of SFAS No.144 had no impact on the Company's financial position or results of operations.

In July 2002, the FASB issued Statement of Financial Accounting Standards No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (SFAS 146). SFAS 146 addresses financial

accounting and reporting for costs associated with exit or disposal activities and replaces Emerging Issues Task Force Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in Restructuring).* SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. SFAS 146 also establishes that fair value is the objective for initial measurement of the liability. The statement is effective for exit or disposal activities initiated after December 31, 2002. The adoption of this new standard did not have a significant impact on the Company's financial position or results of operations.

Note 3. Revenue Recognition

Long-term contracts: Earnings on long-term contacts (defined by the Company as contracts in excess of $100,000 of non-standard products and services) are recognized on the percentage-of-completion method, measured by the percentage of costs incurred to date to estimated total costs for each contract. Operating expenses are charged to operations as incurred and are not allocated to contract costs. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are estimable.

Equipment other than long-term contracts: The Company recognizes revenue on equipment sales, other than long-term contracts, when title passes, which is usually upon shipment.

Advertising rights: The Company occasionally sells and installs its products at facilities in exchange for the rights to sell and retain future advertising revenues. It recognizes revenue for the amount of the present value of the future advertising payments at such time that all such advertising is sold for the full term of the contract for the advertising rights.

On those transactions where the Company has not sold the advertising for the full term of the rights, it records the related cost of equipment as advertising rights and amortizes that cost over the term of the rights. Revenue is recognized when it is earned under the provisions of applicable advertising contracts. Advance collections of advertising revenues are recorded as deferred income. The cost of capitalized advertising rights, net of amortization, was $400 as of February 1, 2003 and $489 as of April 27, 2002.

Product maintenance: In connection with the sale of the Company's products, it also occasionally sells separately priced extended warranties and product maintenance contracts. The revenue related to such contracts are deferred and recognized as net sales over the term of the agreement which varies from two to ten years.

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

Services: Revenues generated by the Company for services, event support, control room design, on-site training, and continuing technical support for operators of the Company's equipment are recognized as net sales as the services are performed.

Note 4. Earnings Per Share

Earnings per common share have been computed on the basis of the weighted-average number of common shares outstanding during each period presented. A reconciliation of the income and common share amounts used in the calculation of basic and diluted earnings per share (EPS) for the three and six months ended February 1, 2003 and January 26, 2002 follows:

	Net Income	Shares	Per Share Amount
For the three months ended February 1, 2003:			
Basic earnings per share	$ 1,888	18,382,970	$ 0.10
Effect of dilutive securities:			
Exercise of stock options	—	1,313,903	—
Diluted earnings per share	$ 1,888	19,696,873	$ 0.10
For the three months ended January 26, 2002:			
Basic earnings per share	$ (293)	18,217,183	$ (0.02)
Effect of dilutive securities:			
Exercise of stock options and warrants	—	990,668	—
Diluted earnings per share	$ (293)	19,207,851	$ (0.02)
For the nine months ended February 1, 2003:			
Basic earnings per share	$ 9,047	18,329,934	$ 0.49
Effect of dilutive securities:			
Exercise of stock options	—	1,066,409	(0.02)
Diluted earnings per share	$ 9,047	19,396,343	$ 0.47
For the nine months ended January 26, 2002:			
Basic earnings per share	$ 3,297	18,307,103	$ 0.18
Effect of dilutive securities:			
Exercise of stock options and warrants	—	1,210,969	(0.01)
Diluted earnings per share	$ 3,297	19,518,072	$ 0.17

Note 5. Goodwill and Other Intangible Assets — Adoption of SFAS No. 142

Effective April 28, 2002, in accordance with SFAS No. 142, the Company ceased amortizing goodwill with a net book value of approximately $1,061 as of April 27, 2002. The adoption of SFAS No. 142 is expected to reduce fiscal 2003 annual amortization expense by approximately $108. Instead goodwill will be reviewed for impairment at least annually. The transitional impairment review was performed during the quarter ended February 1, 2003 and the carrying value of goodwill was not impaired.

For the three and nine months ended January 26, 2002, $139 and $188 of goodwill amortization expense, net of tax benefits was recorded. The following table presents the impact of SFAS 142 on net income and the related per share amounts as if it had been in effect for the three and nine months ended January 26, 2002.

	Three Months Ended		Nine Months Ended	
	February 1, 2003	January 26, 2002	February 1, 2003	January 26, 2002

Reported net income	$ 1,888	$ (293)	$ 9,047	$ 3,297
Goodwill amortization, net of tax effects	—	$ 139	—	$ 188
Adjusted net income	$ 1,888	$ (154)	$ 9,047	3,485
Basic earnings per share:				
Reported net income per share	$ 0.10	$ (0.02)	$ 0.49	$ 0.18
Goodwill amortization, net of tax effects	—	0.01	—	0.01
Adjusted net income per share	$ 0.10	$ (0.01)	$ 0.49	$ 0.19
Diluted earnings per share:				
Reported net income per share	$ 0.10	$ (0.02)	$ 0.47	$ 0.17
Goodwill amortization, net of tax effects	—	0.01	—	0.01
Adjusted net income per share	$ 0.10	$ (0.01)	$ 0.47	$ 0.18

Intangible assets subject to amortization, which included primarily a non-compete agreement and a patent license, were as follows:

	February 1, 2003	April 27, 2002
Intangible Assets	$ 550	$ 550
Less: Accumulated Amortization	(392)	(310)
	$ 158	$ 240

Amortization expense related to other intangible assets was approximately $82 for the nine months ended February 1, 2003 and is expected to be $113 for the full fiscal year ending May 3, 2003.

Note 6. Inventories

Inventories consist of the following:

	February 1, 2003	April 27, 2002
Raw materials	$ 6,725	$ 7,396
Work-in-process	3,173	1,707
Finished goods	7,120	7,369
	$ 17,018	$ 16,472

Note 7. Segment Disclosure

The Company’s chief operating decision maker reviews financial information presented on a consolidated basis, accompanied by disaggregated information about revenue and certain expenses, by market and geographic region, for purposes of assessing financial performance and making operating decisions. Accordingly, the Company considers itself to be operating in a single industry segment. The Company does not manage its business by solution or focus area. The Company has no individual customers that constitute a significant concentration.

The Company does not maintain information on sales by products, and therefore, disclosure of such information is not practical.

The following table presents information about the Company by geographic area:

	United States	Other	Total
Net sales for the nine months ended:			
February 1, 2003	124,925	5,475	130,400
January 26, 2002	101,309	11,373	112,682
Long-lived assets:			
February 1, 2003	24,825	308	25,133
April 27, 2002	26,584	261	26,845

Note 8. Litigation

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, based upon consultation with legal counsel, the ultimate disposition of these matters will not have a material adverse effect on the Company’s consolidated financial position.

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

The following discussion highlights the principal factors affecting changes in financial condition and results of operations. This discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes to Consolidated Financial Statements.

OVERVIEW

The Company designs, manufactures, and sells a wide range of computer-programmable information display systems to customers in a variety of markets throughout the world. The Company focuses its sales and marketing efforts on markets as well as products. The primary categories of markets include sport, business, and transportation.

The Company’s net sales and profitability historically have fluctuated due to the impact of large product orders, such as display systems for major league sport facilities and colleges and universities, as well as the seasonality of the sports market. Net sales also fluctuate due to seasonality factors, including the timing of the various sports seasons and the impact of holidays, which primarily impact the Company’s third quarter. The Company’s gross margins on large product orders tend to fluctuate more than those for small standard orders. Large product orders that involve competitive bidding and substantial subcontract work for product installation generally have lower gross margins. Although the Company follows the percentage of completion method of recognizing revenues for larger custom orders, the Company nevertheless has experienced fluctuations in operating results and expects that its future results of operations may be subject to similar fluctuations.

The Company operates on a 52-53 week fiscal year, with fiscal years ending on the Saturday closest to April 30 of each year. The Company’s 2003 fiscal year contains 53 weeks and the first quarter of fiscal year 2003 contained 14 weeks as compared to the more typical 52-week year and 13-week quarter.

Critical Accounting Policies and Estimates

The following discussion and analysis of financial condition and results of operations are based upon the Company’s Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On a regular basis, the Company evaluates its estimates, including those related to estimated total costs on long-term contracts,

estimated costs to be incurred for product warranties and extended maintenance contracts, bad debts, excess and obsolete inventory and contingencies. Its estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies require significant judgments and estimates in the preparation of its consolidated financial statements:

Revenue recognition on long-term contracts. Earnings on long-term contracts are recognized on the percentage-of-completion method, measured by the percentage of costs incurred to date to estimated total costs for each contract. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are estimatable. Generally, contracts entered into by the Company have fixed prices established and to the extent the actual costs to complete contracts are higher than the amounts estimated as of the date of the financial statements, the resulting gross margin would be negatively effected in future quarters when the Company revises its estimates. The Company’s practice is to revise estimates as soon as such changes in estimates are known.

Allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of its customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As of February 1, 2003, the Company had an allowance for doubtful accounts balance of approximately $0.7 million.

Warranty, extended warranty and product maintenance. The Company has created a reserve for standard warranties on its products equal to its estimate of the actual costs to be incurred in connection with its performance under the standard warranty. It also has deferred revenue related to separately priced extended warranties and product maintenance agreements. In the event that the Company would become aware of an increase in its warranty and maintenance reserves, deferrals of additional reserves may become necessary, resulting in an increase in costs of goods sold. As of February 1, 2003, the Company had a total of approximately $3.7 million deferred for these costs and revenues.

Inventory. Inventories are stated at the lower of cost or market. Market refers to the current replacement cost, except that market may not exceed the net realizable value (i.e., estimated selling price in the ordinary course of business less reasonable predictable costs of completion and disposal); and market is not less than the net realizable value reduced by an allowance for normal profit margins. In valuing inventory the Company estimates market value where it is believed to be the lower of cost or market and any necessary charges are charged to costs of goods sold in the period in which it occurs. All other inventory is valued at cost.

RESULTS OF OPERATIONS

The following table sets forth the percentage of net sales represented by items included in the Company's Consolidated Statements of Income for the periods indicated:

	Three Months Ended		**Nine Months Ended**	
	February 1, 2003 (13 weeks)	**January 26, 2002 (13 weeks)**	**February 1, 2003 (40 weeks)**	**January 26, 2002 (39 weeks)**
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	67.7%	70.7%	66.7%	70.2%
Gross profit	32.3%	29.3%	33.3%	29.8%
Operating expenses	24.1%	29.9%	22.1%	24.4%
Operating income	8.2%	(0.6%)	11.2%	5.4%
Interest income	0.5%	0.7%	0.4%	0.5%
Interest expense	(0.5%)	(1.2%)	(0.5%)	(1.1%)
Other income (expense), net	0.1%	(0.4%)	0.2%	0.0%
Income (loss) before income taxes and minority interest	8.3%	(1.5%)	11.3%	4.8%
Income tax expense (benefit)	3.4%	(0.6%)	4.4%	1.9%
Minority interest in income of subsidiary	(0.0%)	(0.0%)	(0.0%)	(0.0%)
Net income (loss)	4.9%	(0.9%)	6.9%	2.9%

NET SALES

Net sales increased 15.7% to $130.4 million for the nine months ended February 1, 2003 as compared to $112.7 million for the same period in fiscal year 2002. Net sales increased 23.8% to $38.2 million for the quarter ended February 1, 2003 as compared to $30.9 million for the same period in fiscal year 2002. Net sales increased for the nine months of fiscal year 2003 versus fiscal year 2002 in the sports and business markets and in services revenue, which include primarily maintenance, equipment services and parts sales. For the quarter ending February 1, 2003 as compared to the quarter ended January 26, 2002, net sales increased in the sports and transportation markets services. On a domestic basis, net sales increased in the sports and transportation markets for the quarter ended February 1, 2003 as compared to the quarter ended January 26, 2002. Year to date net sales in domestic areas were up in the sports and business markets. On an international basis, net sales were down both for the quarter and nine months ended February 1, 2003 as compared to the quarter and nine months ended January 26, 2002. International sales have historically been focused in the sports markets, although for the fiscal year 2003, net sales in the commercial market have grown as a percentage of total net sales internationally. International sales year to date are approximately 5% and 10% of net sales for the nine months ended February 1, 2003 and January 26, 2002, respectively. The Company also began fiscal year 2003 and the third quarter of fiscal year 2003 with a higher backlog of approximately $51 million for both periods, as compared to $37 million and $32 million for the beginning of fiscal year 2002 and the beginning of the third quarter of fiscal year 2002, respectively.

The increase in the sports markets was focused mainly in the college, university and smaller sports venues, primarily high schools, for the nine months ended February 1, 2003 as compared to the same periods in fiscal year 2002. Net sales in the college and university venues also increased for the quarter ended February 1, 2003 as compared to the same quarter of fiscal year 2002. Net sales to these two areas of the sports market grew in excess of 26% over the third quarter of fiscal year 2002 due to the effects of regionalizing and expanding the sales force, product pricing and contributions from the sports marketing division which raises funds through sale of advertising to fund purchases of the Company's equipment. Net sales in the major league sports market were relatively flat for the quarter and down slightly year to date as compared to the same periods in fiscal year 2002, however the Company believes that it has significantly grown market share with the major league sports franchises and has booked significant orders which will contribute to net sales in future quarters. The improvements in the sports markets are attributable to many factors including the Company's breath of products and services, its integration capabilities, its strength and experience in sales and engineering, product quality and relationships it has developed over the years with customers. It expects net sales in the sports markets to

be up in total for the fiscal year over the previous fiscal year. The increases in net sales in the sports markets were limited to the domestic markets. Internationally, the Company experienced a decline in net sales in sports markets for both the quarter and nine months ending February 1, 2003, as compared to the third quarter and nine months ending January 26, 2002 although as mentioned previously, net sales internationally have historically averaged less than 10% of total net sales.

In the business market, the first nine months of fiscal year 2003 included revenues from a significant project with lower overall margins. No comparable project was included in net sales for the first six months of fiscal year 2003. The overall increase in net sales in the business market, which offset the loss of that project, was the result of a 30% increase in standard product sales for the nine months ended February 1, 2003 as compared to the same periods in fiscal year 2002. This increase in standard order volume was partially offset by a small decline in orders for custom projects. The growth is attributable in part to new products developed and the development of the sales staff and distribution channels. As the Company continues to penetrate the business market, including national accounts and further matures its regional sales force, it expects this trend of increasing standard order volume to continue double-digit growth rates. The Company's ability to generate greater sales to national accounts and similar large customers could cause this rate of growth to develop faster.

Net sales in the transportation markets were up for the quarter ended February 1, 2003 as compared to the same period of the previous year. The increase in net sales is due primarily to order bookings during the first half of the current fiscal year. The Company began the third quarter of fiscal year 2003 with an unusually high backlog of orders resulting in an increase in net sales of over 80% for the third quarter of fiscal year 2003 as compared to the third quarter of fiscal year 2002. Year to date net sales are relatively flat for fiscal year 2003 as compared to fiscal year 2002, however its backlog in this market finished the quarter strong down slightly from the beginning of the quarter. The Company expects net sales in the transportation market will continue to grow as its products and sales force further penetrate the market and existing orders are converted to net sales although the growth could be hampered through changes in local, state and federal spending due to budget constraints. For the year it expects net sales in the transportation market to be higher than the previous fiscal year.

Typically net sales in the sports markets represent approximately two-thirds of total net sales with commercial representing 15% and transportation representing 10%, although these ranges can vary quarter to quarter as a result of the impact of large projects.

The Company occasionally sells products in exchange for the proceeds of advertising revenues generated from use of products. These sales represented less than 10% of net sales for the quarter and nine months ended February 1, 2003. The gross profit on these net sales has been comparable to the gross profit margin on other net sales.

The order backlog as of February 1, 2003 was approximately $51 million as compared to $30 million as of January 26, 2002 and $51 million as of November 2, 2002. Historically, the Company's backlog varies significantly due to the timing of large orders. The dollar increase in backlog as compared to January 26, 2002 was primarily concentrated in the sports markets, however the transportation backlog experienced significant growth on a percentage basis from the end of the third quarter of fiscal year 2002 and since the end of the first quarter of the current fiscal year. Backlog in the business market increased slightly as compared to the previous year as sales grew in standard products, which due to the shorter lead-time, causes a decline in the backlog, although net sales are rising.

The Company books orders only upon receipt of a firm contract and, in many cases, only after receipt of any required deposits related to the order. As a result, certain orders for which the Company has received binding letters of intent or contracts will not be booked until all required contractual documents and deposits are received. In addition, order bookings can vary significantly as a result of the timing of large orders. Total order bookings for standard orders and contracts for the three months ended February 1, 2003, were up in excess of 70% compared to the three months ended January 26, 2002. Order bookings were up significantly in all three major markets for the quarter and nine months ended February 1, 2003 as compared to the same periods in fiscal year 2002. Within the sports markets orders in major league facilities were down for the nine months ended February 1, 2003 but were up during the quarter ended on the same date as compared to the same periods

in the previous fiscal year. It expects to book additional material orders in the major league sports area in the fourth quarter. Orders in the transportation markets were up significantly for the quarter and for the nine months ended February 1, 2003 as compared to similar periods for the previous fiscal year. Within the transportation market, the aviation business is down only slightly year to date as compared to the previous fiscal year, due to the overall conditions of that market.

The overall growth in orders across all markets over the past nine months, which has translated into net sales, has been the result of a number of factors. Overall, the Company has positioned itself as the leader in large screen video and scoring displays and believes that it offers the most complete, integrated systems for fan entertainment, which it believes has added to orders in the sports markets. It also believes that it’s development of new markets and new uses for its technology have created new opportunities. Also product development, competitive pricing and deployment of a regional sales and service staff have helped drive the increase in orders and net sales. Finally, new products and the lessened effect of the events of September 11th have positively helped order bookings.

The Company expects that orders will continue to grow over the long term in all three of its markets. It also believes that much of its sports market is protected more in economic downturns than its business markets. Growth in the business markets is dependant on the economic conditions, however the Company believes that this market will grow in the current economic conditions, since the market is new and has the least penetration.

GROSS PROFIT

Gross profit increased 36.7% to $12.4 million for the three months ended February 1, 2003 compared to $9.0 million for the same period in fiscal year 2002. For the nine months ended February 1, 2003, gross profit increased 32.2% to $43.5 million as compared to $32.9 million for the nine months ended January 26, 2002. As a percent of net sales, gross profit was 32.3% and 33.3% for the quarter and nine months ended February 1, 2003 as compared to 29.3% and 29.8% for the quarter and nine months ended January 26, 2002. The increase in gross profit margins as a percent of net sales for the quarter was due to a number of factors including those listed in the following paragraphs, improvements in raw material costs, and an overall improvement in expected margins at contract signing, primarily in the business markets which was offset slightly by other markets. These improvements were offset by higher unabsorbed manufacturing costs for the quarter and slightly lower percentage of standard orders that typically produce higher margins. For the nine months ended February 1, 2003 as compared to the nine months ended January 26, 2002, gross profit margins increased as a percent of net sales due to the same positive factors listed above as well as improved overhead absorption due to production volumes and benefits realized from cost reductions in the prior fiscal year. Gross profit for the full fiscal year as a percent of net sales is expected to be higher than the gross profit percentages obtained in fiscal year 2002, but less than the level realized in the first nine months of fiscal year 2003.

During the quarter ending February 1, 2003, the Company also recognized revenue on two contracts, one related to commissions on sales of advertising contracts and the other for services provided over the past nine months which were not recognized due to the uncertainty of collection. The affect of these two transactions was a 0.7 increase in gross margin percentage. The effect for the year was not material.

During the third quarter the Company became aware of a provision in the South Dakota sales and use tax laws that could be interpreted to subject the Company to past unpaid use tax and the imposition of use tax in the future against certain equipment the Company sells and installs. The State of South Dakota has verbally confirmed that no such tax will be assessed for periods prior to January 1, 2003, and that in the future, the law could be interpreted to subject the Company to a use tax on equipment. As a result of this, the Company is working with the state to amend the current law to clarify that the Company is not subject to such use taxes. Management is optimistic that the legislation will be passed by the state legislature and signed by the Governor due to its interest in creating a favorable environment for business growth and in clarifying the applicability of the law. If passed, the law would likely become effective July 2003. Based on this, the Company has accrued

use tax which was charged against cost of goods sold for January 2003 to cover for the possibility that the Company could become subject to the use tax.

OPERATING EXPENSES

Operating expenses. Operating expenses, which are comprised of selling, general and administrative and product design and development, remained the same for the third quarter of fiscal year 2003 as compared to the third quarter of fiscal year 2002 and were $9.2 million. As a percent of net sales, operating expenses decreased from 29.9% to 24.1%. For the nine months ended February 1, 2003, operating expenses increased 7.8% from $26.8 million for the nine months ended January 26, 2002 to $28.9 million for the nine months ended February 1, 2003. For the nine months ended February 1, 2003, all components of operating expenses were affected as a result of the first quarter of fiscal year 2003 containing 14 weeks as opposed to the 13 weeks included in the first quarter of fiscal year 2002. The higher levels of sales for the quarter and nine months ended February 1, 2003, as compared to the previous fiscal year contributed to the improvements as a percent of sales.

Beginning in the third quarter of fiscal year 2001, the Company began building its operating expense infrastructure in preparation of the expected growth in net sales in fiscal year 2002 and consistent with the Company’s plan to become more regionalized. This buildup continued into the middle of the second quarter of fiscal year 2002 when the Company began to see that the anticipated level of sales for the year would not be achievable. Beginning in the third quarter of fiscal year 2002, the Company undertook efforts to reduce certain operating expenses, keeping in mind its belief in the market as a whole and an expectation that the economic conditions at that time were not expected to continue for the long-term. As such, operating expenses in fiscal year 2002 were not reduced to levels consistent with fiscal year 2002 net sales in terms of a desired percentage of net sales. Operating expenses were reduced to the levels that would support the Company in a return to levels of growth which could be expected as the economy turned around and orders started to book again at reasonably expected levels. Although the levels of spending were reduced during fiscal year 2002 and some of these reductions carried over into fiscal year 2003, it is expected that in the absence of changing conditions, operating expenses will be higher in fiscal year 2003 than in fiscal year 2002 in terms of dollars, but down as a percentage of net sales. The Company believes that the level of order bookings and net sales demonstrates a return to reasonable revenue levels to support the current level of operating expenses.

Selling Expenses. Selling expenses consist primarily of salaries, other employee related costs, travel and entertainment, facilities-related costs for sales and service offices, and expenditures for marketing efforts including such things as collateral materials, conventions and trade shows, product demos and supplies. Selling expenses increased 5.0% to $5.9 million for the three months ended February 1, 2003 compared to $5.6 million for the same period in fiscal year 2002. Selling expenses increased 13.6% to $18.6 million for the nine months ended February 1, 2003 from $16.4 million for the same period in fiscal year 2002. Selling expenses declined to 15.4% of net sales for the third quarter of fiscal year 2003 from 18.1% of net sales for the third quarter of fiscal year 2002. For the nine months ended February 1, 2003, selling expenses were 14.3% of net sales as compared to 14.6% of net sales for the nine months ended January 26, 2002.

The increases in selling expense dollars resulted from higher levels of personnel, and related costs due to the additional infrastructure put in place in connection with the expansion of the sales staff located outside of Brookings, South Dakota. Also, during the first nine months of fiscal year 2003, the Company wrote down the carrying costs of demonstration equipment by approximately $570,000, primarily due to technology improvements and replacement with newer equipment. The Company also experienced higher postage, marketing, depreciation and various other costs as a result of investments in infrastructure in its sales expansion and regionalization efforts, and the growth in net sales. The Company expects selling expenses to increase slightly during the next twelve months in the absence of changing conditions from the levels of the most recent quarter.

General and Administrative. General and administrative expenses consist primarily of salaries, other employee-related costs, professional fees, facilities and equipment related costs for administration departments, amortization of intangibles, and supplies. General and administrative expenses increased 4.6% to $1.8 million

for the three months ended February 1, 2003 compared to $1.7 million for the same period in fiscal year 2002. General and administrative expenses increased 1.5% to $5.2 million for the nine months ended February 1, 2003 as compared to $5.1 million for the nine months ended January 26, 2002, respectively. General and administrative expenses declined to 4.8% as a percent of net sales from 5.6% of net sales for the third quarter of fiscal year 2003 as compared to the third quarter of fiscal year 2002. For the nine months ended February 1, 2003, general and administrative expenses were 4.0% of net sales as compared to 4.5% of net sales for the nine months ended January 26, 2002.

The increase for the third quarter of fiscal year 2003 as compared to the third quarter of fiscal year 2003 was primarily due an increase in compensation and benefits costs. For the nine months ended February 1, 2003, increases in professional fees related to fiscal year 2002 audit costs and other professional fees and an increase in depreciation costs related to the capital expenditures in previous quarters were offset by the reduction in amortization expense as required under SFAS 142 and reductions in the costs of training expenses throughout the Company.

Product Design and Development. Product design and development expenses consist primarily of salaries, other employee-related costs, facilities and equipment related costs, and supplies. Product design and development expenses decreased to $1.5 million for the three months ended February 1, 2003 compared to $1.9 million for the same period in fiscal year 2002. Product design and development expenses decreased 1.5% to $5.1 million for the nine months ended February 1, 2003 as compared to $5.3 million for the nine months ended January 26, 2002. Product design and development declined to 4.0% as a percent of net sales from 6.1% of net sales for the third quarter of fiscal year 2003 as compared to the third quarter of fiscal year 2002. For the nine months ended February 1, 2003, product design and development expenses were 3.9% of net sales as compared to 4.7% of net sales for the nine months ended January 26, 2002.

Generally, product design and development expenses increase during times when the Company's engineering personnel are not as involved in long-term contracts, as the same personnel who work on research and development also work on long-term contracts. The Company expects that product design and development expenses will approximate 4.0% of net sales on an annual basis. Product design and development costs during the quarter focused on projects associated with control systems, software development and various video display technology enhancements.

INTEREST INCOME

The Company occasionally sells products on an installment basis or in exchange for the rights to sell and retain advertising revenues from the scoreboard or display, both of which result in long-term receivables. Interest income resulting from these long-term receivables decreased 8.5% to $0.18 million for the quarter ended February

1, 2003 as compared to $0.2 million for the third quarter of fiscal year 2002. For the nine months ended February 1, 2003, interest income declined 8.7% to $0.5 million from $0.6 million for the nine months ended January 26, 2002. The decline for both periods of time was the result of lower average levels of long-term receivables outstanding during the respective periods.

INTEREST EXPENSE

Interest expense is comprised primarily of interest costs on the Company’s notes payable and long-term debt. Interest expense decreased 46.0% to $0.20 million for the three months ended February 1, 2003 as compared to $0.36 million for the three months ended January 26, 2002. For the nine months ended February 1, 2003, interest expense declined 43.9% to $0.68 million from $1.2 million for the nine months ended January 26, 2002. The decrease for both the nine months and the quarter was due to the reduction of debt outstanding under the Company’s line of credit and decreases in average long-term debt outstanding.

OTHER INCOME (EXPENSE)

Other income (expense) increased from ($0.11) million to $0.06 million for the third quarter of fiscal year 2003 as compared to the third quarter of fiscal year 2002. It also increased to $0.32 million for the first nine months of fiscal year 2003 as compared to ($0.04) in the first nine months of fiscal year 2002. This increase for the nine months was the result of gains realized on the sale of the rental equipment used by the Company’s video display rental subsidiary. Offsetting that gain was a partial write-down of the carrying value of the Company’s investment in a business which markets and partially manufactures products on behalf of the Company in Malaysia due to the effects of the economic conditions there and the performance of that business.

LIQUIDITY AND CAPITAL RESOURCES

Working capital was $37.5 million at February 1, 2003 and $28.4 million at April 27, 2002. The Company has historically financed working capital needs through a combination of cash flow from operations and borrowings under bank credit agreements.

Cash provided by operations for the nine months ended February 1, 2003 was $14.1 million. Net income of $9.0 million plus depreciation and amortization of $4.4 million, an increase in accounts payable, accrued expenses, income taxes payable and a decrease in accounts receivable and long term receivables, was offset by an increase in costs and estimated earnings in excess of billings and an increase in inventory. Cash used by investing activities consisted of $4.0 million of purchases of property and equipment as described below. Cash used by financing activities included $1.6 million in proceeds from refinancing certain debt at lower interest rates, and $0.4 million in proceeds from the exercise of stock options, offset by $4.5 million used to pay down the Company’s long-term debt including the portion refinanced.

The increase in billings in excess of costs and estimated earnings and the decline in accounts receivable resulted from the higher level of sales, occurring late in the quarter. Included in accounts receivable as of February 1, 2003, was approximately $0.1 million of retainage on long-term contracts, all of which is expected to be collected within one year. Accounts payable increased as a result of the growth in net sales as the Company purchased more raw materials during the quarter.

During the nine months ended February 1, 2003, the Company invested approximately $0.4 million in equipment to be used as demonstration equipment, approximately $0.8 million in rental equipment for primarily its video display rental subsidiary approximately $1.0 million on information systems hardware and software, $0.9 million in manufacturing equipment and various other items, including vehicles and building improvements. These purchases were made to support the Company’s continued growth and to replace obsolete equipment.

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

The Company’s product development activities include the enhancement of existing products and the development of new products from existing technologies. Product design and development expenses were $1.8 million for the quarter ended February 1, 2003. The Company intends to continue to incur these expenditures to develop new display products using various technologies to offer higher more cost effective and energy efficient displays. The Company also intends to continue developing software applications for its display controllers to enable these products to continue to meet the needs and expectations of the marketplace.

The Company has a credit agreement with a bank providing for a $20.0 million line of credit, which includes up to $2.0 million for standby letters of credit. The line of credit is at LIBOR rate plus 1.55% (2.89% at February 1, 2003) and is due on October 1, 2004. As of February 1, 2003, no advances had been drawn on the line of credit and the bank had issued no standby letters of credit. The credit agreement is unsecured and requires the Company to meet certain covenants including the maintenance of tangible net worth of at least $40 million, a minimum liquidity ratio, a limit on dividends and distributions, and a minimum adjusted fixed charge coverage ratio. Daktronics Canada, Inc. (formerly Servtrotech, Inc.), the Company’s Canadian subsidiary, has a credit agreement with a bank that provides for a $0.2 million line of credit. The interest rate on the line of credit is equal to 1% above the bank’s prime rate of interest (4.5% at February 1, 2003). As of February 1, 2003, there were no advances outstanding against this line. The line is secured primarily by accounts receivables, inventory and other assets of the subsidiary. SportsLink, Ltd. has a credit agreement with a bank that provides for a $100,000 line of credit. The rate on the line of credit is equal to the bank’s prime rate of interest (4.75% as of February 1, 2003). As of February 1, 2003, no advances were outstanding under the line. The credit agreement is secured by the assets of the subsidiary and is guaranteed by the Company.

The Company is sometimes required to obtain performance bonds for display installations and currently has a bonding line available through a surety company that provides for an aggregate of $100 million in bonded work outstanding. At February 1, 2003, the Company had approximately $15 million of bonded work outstanding against this line.

The Company believes that if its growth continues, it may need to increase the amount of its credit facility. The Company anticipates that it will be able to obtain any needed funds under commercially reasonable terms from its current lender. The Company believes that cash from operations, from its existing or increased credit facility, and its current working capital will be adequate to meet the cash requirements of its operations in the foreseeable future.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FOREIGN CURRENCY EXCHANGE RATES

Through February 1, 2003 substantially all of the Company’s net sales were denominated in United States dollars, and its exposure to foreign currency exchange rate changes has been immaterial. Net sales originating outside the United States through February 1, 2003, were 4.2% of total net sales. It is expected that in the future net sales to international markets may increase as a percentage of net sales; however, the Company does not expect that such increases will be denominated in foreign currencies. As a result, operating results are not expected to become subject to significant fluctuations based upon changes in the exchange rates of certain currencies in relation to the United States dollar. However, to the extent that the Company engages in international sales denominated in United States dollars, an increase in the value of the United States dollar relative to foreign currencies could make the Company’s products less competitive in international markets. Although the Company will continue to monitor and minimize its exposure to currency fluctuations, and, when appropriate, may use financial hedging techniques in the future to minimize the effect of these fluctuations, exchange rate fluctuations as well as differing economic conditions, changes in political climates, differing tax structures and other rules and regulations could adversely affect the Company’s financial results in the future.

INTEREST RATE RISKS

The Company’s exposure to market rate risk for changes in interest rates relates primarily to the Company’s debt and long-term accounts receivable. The Company maintains a blend of both fixed and floating rate debt instruments. As of February 1, 2003, the Company’s outstanding debt approximated $9.3 million, substantially all of which was in fixed rate obligations. Each 100 basis point increase or decrease in interest rates would have an insignificant annual effect on variable rate debt interest based on the balances of such debt as of as of February 1, 2003. For fixed rate debt, interest rate changes affects its fair market value, but do not impact earnings or cash flows.

In connection with the sale of certain video displays, scoreboards and message display centers, the Company has entered into long-term sales contracts and sales type leases. The aggregate amounts due from customers include an imputed interest element. The majority of these financings carry fixed rates of interest. As of February 1, 2003, the Company’s outstanding long-term receivables were approximately $6.6 million. Each 25 basis point increase in interest rates would have an associated annual opportunity cost of approximately $0.02 million.

The following table provides information about the Company’s financial instruments that are sensitive to changes in interest rates, including debt obligations for the three quarters ending May 3, 2003, and the fiscal years following fiscal year 2003. Weighted average variable interest rates are based on implied forward rates in the yield curve at the reporting date.

	Principal (Notional) Amount by Expected Maturity (in thousands) Fiscal Year Ending					
	2003	2004	2005	2006	2007	There-After
Assets:						
Long-term receivables, including current portion:						
Fixed rate	753	1,434	1,195	1,027	710	1,478
Average interest rate	6.4%	7.7%	9.5%	9.7%	9.2%	9.1%
Liabilities:						
Long and short term debt:						
Fixed rate	735	3,262	1,498	3,407	323	59
Average interest rate	7.4%	7.5%	8.5%	6.3%	9.1%	12%
Variable rate	36					
Average interest rate	4.5%					

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

Substantially all of the Company’s cash balances are denominated in United States dollars. Cash balances in foreign currencies are operating balances maintained in accounts of the Company’s Canadian subsidiary. These balances are immaterial to the Company as a whole.

PART II. OTHER INFORMATION

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. The Company’s Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-14(c) and 15d-14(c) under the Exchange Act) as of an evaluation date within 90 days prior to the filing date of this Quarterly Report on Form 10-Q. Based on this evaluation, they have concluded that, as of the evaluation date, the Company’s disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to the Company (including its consolidated subsidiaries) required to be included in its reports filed or submitted under the Exchange Act.

Changes in Internal Controls. Since the evaluation date referred to above, there have not been any significant changes in the Company’s internal controls or in other factors that could significantly affect such controls.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

99.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

/s/ William R. Retterath
Daktronics, Inc.
William R. Retterath, Chief Financial Officer
Principal Financial Officer

Date February 21, 2003

Daktronics, Inc.

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTI0N 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, James B. Morgan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Daktronics, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ James B. Morgan
James B. MorganChief
Executive Officer
Date: February 21, 2003

Daktronics, Inc.

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTI0N 906 OF THE SARBANES-OXLEY ACT OF 2002

I, William R. Retterath, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Daktronics, Inc.;

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

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

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

   b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the “Evaluation Date”); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls; and

6. The registrant’s other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ William R. Retterath
William R. RetterathChief
Financial Officer
Date: February 21, 2003

EXHIBIT 99.1

DAKTRONICS, INC.

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

In connection with the Quarterly Report on Form 10-Q of Daktronics, Inc. (the “Company”) for the quarterly period ending February 1, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James B. Morgan, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of February 21, 2003 (the last date of the period covered by the Report).

/s/ JAMES B. MORGAN
James B. Morgan
Chief Executive Officer
February 21, 2003

EXHIBIT 99.2

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

In connection with the Quarterly Report on Form 10-Q of Daktronics, Inc. (the “Company”) for the quarterly period ending February 1, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William R. Retterath, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

(4) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of February 21, 2003 (the last date of the period covered by the Report).

/s/ WILLIAM R. RETTERATH
William R. Retterath
Chief Financial Officer
February 21, 2003