

DAKTRONICS INC /SD/
Form DEF 14A
July 09, 2013

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
 - 3 0-11 (set forth 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.
Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the 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 21, 2013

Time 7:00 p.m. Central Daylight Time on Wednesday, August 21, 2013

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 2016 or until their successors are duly elected;
2. To approve the adoption of our Amended and Restated Articles of Incorporation;
3. To conduct an advisory vote on the compensation of our named executive officers;
4. 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 2014; and
5. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Record Date You are entitled to vote if you were a shareholder of record at the close of business on June 24, 2013.

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

Voting by Proxy 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 this proxy statement or to the voting instructions on the proxy card.

THIS PROXY STATEMENT AND PROXY CARD ARE BEING DISTRIBUTED ON OR ABOUT JULY 12, 2013.

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 21, 2013.

This notice, the accompanying proxy statement and our Fiscal 2013 Annual Report to Shareholders, which includes our Annual Report on Form 10-K for the year ended April 27, 2013, are available at our website at <http://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.
Table of Contents

	Pages
<u>Procedural Matters</u>	<u>1</u>
<u>Security Ownership of Certain Beneficial Owners and Management</u>	<u>3</u>
<u>Proposal One - Election of Directors</u>	<u>5</u>
<u>Proposal Two - Articles of Incorporation</u>	<u>7</u>
<u>Proposal Three - Advisory (non-binding) Vote on the Compensation Paid to our Named Executive Officers</u>	<u>8</u>
<u>Proposal Four - Ratification of Appointment of Independent Registered Public Accounting Firm</u>	<u>9</u>
<u>Corporate Governance</u>	<u>10</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>14</u>
<u>Compensation Discussion and Analysis</u>	<u>14</u>
<u>Compensation Committee Report</u>	<u>19</u>
<u>Executive Compensation</u>	<u>20</u>
<u>Audit Committee Report</u>	<u>26</u>
<u>Householding of Annual Disclosure Documents</u>	<u>27</u>
<u>Available Information</u>	<u>27</u>

Table of Contents

DAKTRONICS, INC.

PROXY STATEMENT
FOR 2013 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 21, 2013 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 2013 Annual Report to Shareholders, are being made available to shareholders on the Internet or are being mailed on or about July 8, 2013 to all 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 24, 2013 (the "Record Date") are entitled to notice of and to vote at the meeting. As of the Record Date, there were 42,497,499 shares of our common stock outstanding and entitled to vote held by 1,293 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 <http://www.daktronics.com> by selecting "Investors" and then "Annual Report and Proxy" under "Shareholder Tools." 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 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 three 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 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 Four of this Proxy Statement). Shares for which brokers have not received instructions, and which therefore are not voted, with respect to a particular proposal are

Table of Contents

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 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 meeting;
- by telephone, by calling 1-800-690-6903; or
- by Internet, at <http://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 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 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. 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, e-mail, 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 10, 2014 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 24, 2014, and the shareholder must otherwise comply with Rule 14a-4(c) under the Securities Exchange Act of 1934. Notices of intention to present proposals at the 2014 annual meeting of shareholders should be addressed to Corporate Secretary, Daktronics, Inc., 201 Daktronics Drive, Brookings, South Dakota 57006.

Table of Contents

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 24, 2013, 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:			
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	(15)	2,911,670	6.9 %
Mairs & Power, Inc. 332 Minnesota Street W-1520 First National Bank Building St. Paul, MN 55107	(16)	2,503,262	5.9 %
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	(17)	2,213,362	5.2 %
Daktronics, Inc. 401(k) Plan	(18)	2,391,513	5.6 %
Named Officers and Directors:			
Dr. Aelred J. Kurtenbach	(3)	2,343,910	5.5 %
James B. Morgan	(4)	1,505,660	3.5 %
Frank J. Kurtenbach	(5)		