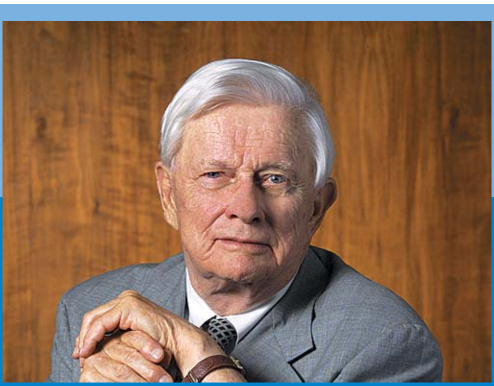
Methode Electronics, Inc.
2001 Annual Report

TECHNOLOGY LEADERSHIP



William Joseph McGinley
Founder
Chairman of the Board
and Chief Executive Officer
1923-2001

William J. McGinley founded Methode Electronics, Inc. in 1946 with $1,000 in capital. A true pioneer of the Electronics Industry, his vision lead the development and expansion of the Company during a period of unprecedented technological change.

William J. McGinley's optimism, energy, and entrepreneurial style set a tone that continues to inspire...

Right up to the time of his passing, William J. McGinley was ever active in pushing himself and the company in new directions and to new heights.

He was always the one to encourage the Company to enter new areas, to innovate, and to solve customer problems through invention. From pioneering in tube sockets and printed circuit boards for television sets, from connectors to microprocessor chip carriers for the latest computers, he led the Company forward in technology to the next wave in electronics. By early entry into the field of fiber optics, the enabling technology of the fastest telecommunication networks and the Internet, Methode moved quickly on several exciting ideas to commercialize on the marriage of photons and electrons. The success of these light-speed products fueled the phenomenal growth of a new division, which culminated in Methode's successful spin-off of its Stratos Lightwave subsidiary in FY 2001.

We herein share with you excerpts from Methodology, underlining how the spirit and winning formula will carry on at Methode.

"It's not bad for managers to sweat the details! Successful inspiration usually requires perspiration."

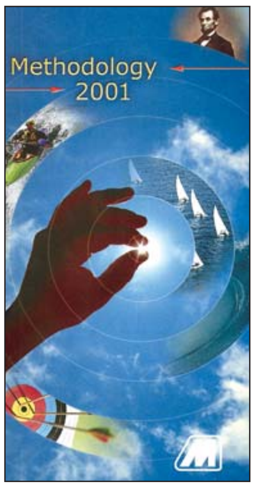
"Success is a marathon, not a sprint. Never give up."

"There is only one boss – the Customer."

"Our objective is to maintain a financially solid company with the mind-set of a small entrepreneurial enterprise."

The individual performances of Methode and Stratos Lightwave were strong enough to have earned both companies recognition by Deloitte & Touche as "Fast 50" companies for greater Chicagoland, based on five-year revenue growth from fiscal year 1995 through 2000.

Further recognition of financial performance was granted to William J. McGinley in the April 2001 performance ranking of Chicagoland CEO's of its largest publicly traded companies. In that recent period comparison, McGinley and Methode ranked second best of the top 100 companies with a 182% annual stock return.



Apart from his legacy of over 50 years of accomplishment and growth, William J. McGinley's leadership, sense of direction, and many of his best guidelines for the Company live on in a booklet called Methodology which is provided annually to all employees. It "reflects hard-earned lessons that have stood the test of time and have formed certain attitudinal tenets in the Company."

Robert R. McGinley

James W. McGinley

Creativity, exuberance and a willingness to take calculated risks all fueled our dad's drive for innovation. His innovation in thought and action is the heart of the legacy that he left to Methode Electronics, Inc.

Methode enters the 21st Century with new and seasoned leadership and a strong foundation in emerging technologies.

We look forward to a future ripe with new opportunities for creativity and growth.

We also appreciate the continued confidence of our customers, investors, employees and suppliers during this period of change.

Contents

Selected Financial Data

METHODE ELECTRONICS, INC. AND SUBSIDIARIES

dollars in thousands, except per share data

Years Ended April 30,	2001	2000	1999	1998	1997
Income Statement Data					
Net sales	**$359,710**	$357,624	$362,082	$358,743	$324,995
Gross profit	**63,288**	83,665	86,799	94,970	92,218
Goodwill impairment	**9,695**	—	—	—	—
Provision for exiting printed circuit business	**—**	—	3,100	—	—
Income from continuing operations before income taxes	**19,204**	40,938	45,037	54,994	59,326
Income taxes	**6,440**	13,840	15,720	18,870	21,600
Income from continuing operations	**12,764**	27,098	29,317	36,124	37,726
Discontinued operations (loss)	**6,588**	3,790	3,502	(858)	(507)
Net income	**19,352**	30,888	32,819	35,266	37,219
Balance Sheet Data					
Shareholders' equity	**229,330**	273,832	248,475	226,040	197,197
Capital expenditures	**15,578**	12,859	17,539	21,572	17,915
Working capital	**123,326**	105,222	101,945	88,920	73,817
Long-term debt	**—**	—	269	1,264	1,005
Fixed assets (net)	**70,124**	70,911	78,368	78,220	71,342
Total assets	**294,930**	332,798	311,268	285,016	251,811
Current ratio	**3.3**	3.2	3.0	2.9	2.7
Per Common Share:					
Net Income from continuing operations:					
Basic	**$0.36**	$0.77	$0.83	$1.02	$1.07
Diluted	**0.36**	0.76	0.83	1.02	1.07
Net Income:					
Basic	**0.54**	0.87	0.93	1.00	1.06
Diluted	**0.54**	0.87	0.93	1.00	1.06
Dividends:					
Class A	**0.20**	0.20	0.20	0.20	0.20
Class B	**0.20**	0.20	0.20	0.20	0.20
Book value	**6.41**	7.69	7.03	6.37	5.59
From Continuing Operations:					
Return on equity	**5%**	10%	12%	17%	21%
Pre-tax income as a percentage of sales	**5.3%**	11.4%	12.4%	15.3%	18.3%
Income as a percentage of sales	**3.5%**	7.6%	8.1%	10.1%	11.6%
Employees	**3,400**	3,300	3,500	3,550	3,400

Fiscal year 2001 earnings reflect $6.6 million tax-free income ($.18 per diluted share) from life insurance proceeds and a special charge of $4.1 million ($2.7 million after tax; $.08 per diluted share) to provide for the restructuring of two business units and the write-off of excess inventory and idle equipment.

Fiscal year 2000 earnings reflect a $3 million provision for a bad debt related to the bankruptcy of a large automotive safety system supplier ($1.9 million after tax; $.06 per diluted share).

Company Profile Methode Electronics, Inc. is a global manufacturer of component and subsystem devices. The Company designs, manufactures and markets devices employing electrical, electronic, wireless, sensing and optical technologies.

Methode's components are found in the primary end markets of the automotive, communications (including information processing and storage, networking equipment, wireless and terrestrial voice/data systems), aerospace, rail and other transportation industries; and the consumer and industrial equipment markets.

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Fiscal year 2001 was one of unprecedented change, challenge and opportunity for Methode Electronics, Inc.

Three events during the year were of greatest long-term significance to the Company and its shareholders: the passing of its founder, William J. McGinley, new leadership of the Company, and the spin-off of Stratos Lightwave.

- **While still at the helm after fifty-five years of continuous leadership, the Company's founder, William J. McGinley, passed on. We are deeply indebted to him for his many contributions to Methode and to the electronics industry throughout an era of unparalleled technological change. His legacy remains in the form of a solid organizational structure, a foundation in Methodology, and strong pillars of quality, innovation and value throughout our business units. This legacy will continue to guide the Company and its growth. To these great principles and to him we dedicate this report.**
- **In a special meeting of your Board, Donald W. Duda was promoted to President from his position as Executive Vice-President. In February, William T. Jensen rejoined the Board of Directors and the Company as its Chairman after 49 plus years of prior service in a variety of executive roles, culminating in the presidency of Methode.**
- **The year-end distribution of the outstanding shares of Stratos Lightwave marked the release to Methode shareholders of the full value of this subsidiary. Remaining with Methode after this event is the invaluable experience obtained in the entire process of creating and incubating a totally new business venture in a high technology, rapidly growing and quickly changing market. This experience will be put to good use as we continue to create and nurture new business ventures as well as acquire new enterprises.**

change

HIGHLIGHTS FROM FISCAL YEAR ENDED APRIL 30, 2001

- Sales from continuing operations totaled $359.7 million up $2.1 million from a year ago.
- Income from continuing operations, excluding non-recurring items, was $18.7 million or $0.52 per share compared to $27.1 million or $0.76 per share in fiscal year 2000, which included a $0.06 per share charge related to the bankruptcy of a large automotive customer.
- A special charge, net of taxes, of $12.4 million was taken. This charge included a write-down of a prior investment in certain technologies that have not yet proven to be commercially feasible, a restructuring of two electronic business units in response to changes in the competitive environment, a write-down of excess inventories and idle equipment. Part of this special charge was offset by a key-man life insurance tax-free gain of $6.6 million.
- Dividends of $.05 each quarter ($.20 for the year) were declared, thus maintaining our unbroken record of quarterly dividends for nearly 30 consecutive years.

During the year your management dealt with several major challenges in the market, including a serious weakening in the economic environment and a sharp slowdown in the telecom and computer related markets. As one indicator of overall market conditions, U.S. factories in April 2001 were operating at only 77.4% of capacity, the lowest utilization rate since 1983.

Unlike the usual past periods of significant declines in demand in various market segments, the downturn that began in 2001 was uncharacteristically rapid. It quickly cascaded across many of our divisions and product lines, calling for us to take quick action.

Our automotive-related businesses were the first to feel the effects of a slowing economy as automakers adjusted downward their vehicle production, which reached a low point in January. Results were also affected by severe pricing pressure and a change in senior management at our largest domestic automotive plant. In the fourth quarter, improved customer demand and concerted efforts to reduce llenge

downtime, reduce product re-work and scrap contributed to improved results. Further financial benefits are expected from new efforts in automation, the formation of process improvement teams, and the implementation of new quality systems. Going forward, these improvements, plus the launch of several new programs for our automotive customers, place Methode's domestic automotive business in better shape coming out of 2001 than going in. We are also pleased with the continued solid performance from our international automotive controls units and the progress they are making in penetrating new accounts to further extend our global reach.

In the broader electronics market, where the fuller cross-section of Methode's products and services compete, our diversity in market segments, geography, customers and applications, along with quick action to adjust manpower and capacity, allowed us to grow sales and maintain margins in an overall weakening market. Our Interconnect, dataMate, and Network Bus business units, however, all saw substantial reduction in demand in two markets that had been particularly strong throughout most of the 1990's — telecom and computers. Contraction of these markets, along with a slowdown in commercial and consumer demand for electronic equipment that persists into the current period, required us to restructure and realign several of our business units. Consequently, we consolidated operations in Europe, arranged to shift more of our Far East activity to a lower cost location in China, and combined two domestic factory units under a single management and location.

In the process we found opportunities to eliminate redundancies, reorganize activities and strengthen our management team for the many challenges that lie ahead.

James F. McQuillen was promoted to the position of Executive Vice President, Interconnect Products vacated by the promotion of Donald W. Duda. Jim will be able to apply his extensive production and operations experience to help us further improve the efficiencies of our global operations. Rounding out the new executive team, Douglas A. Koman was promoted to Vice President, Corporate Finance.

Additionally, with all these changes, we initiated a new branding concept that will help the Company to present itself in a more unified way to an increasingly globalized customer base. Supporting the need for better and faster processing of management information within the Company, we initiated steps to install a common computerized platform that will allow us to close the books faster at the end of accounting periods. The system will also improve all aspects of our day to day use of information to better manage the business.

OUTLOOK

As we look to the future, Methode is well positioned in its major markets for sales growth and earnings improvement.

With the events of the past year behind us and a new management team in place, we are better positioned to concentrate the synergies of our independent business units on solving customer problems with innovative and higher value solutions.

While business cycles and the ever faster pace of technological change will continue to be a challenge, our people and our steadfast ability to provide quality, value and innovation will continue to be the formula for the success of Methode Electronics, Inc.

William T. Jensen
Chairman

Donald W. Duda
President

July 19, 2001

opportunity

Methode at a Glance

Methode Electronics, Inc. is made up of twelve domestic and seven international business units serving a diverse global customer base.

Business Unit	*Products and Services*	*Primary Customers*
UNITED STATES		
Adam Technologies	Broad range of advanced interconnect products and systems for printed circuit boards and cable.	Computer and Computer Peripherals, Medical, Data and Telecommunications, CATV, Wireless and Networking
Automotive Electronic Controls	Automotive electronic and electromechanical controls, sensors and switch devices.	Automotive OEMs
Connectivity Technologies	Fiber optic ribbon array, structured cabling solutions and cable management products.	Data Centers and Co-Locations
Connector Products	A wide range of standard and custom interconnect solutions.	Computer, Telecommunications, Automotive, Medical, Industrial and Aerospace
dataMate Products	Custom computer I/O terminators, interconnect circuits, computer peripheral adapters, SCSI testers and signal repeaters.	Computer and Networking
Duel Systems	Sonically welded packages for PCMCIA, wireless, compact flash and miniature card applications.	Computer, Networking, Wireless and Add-On Memory
Magna-lastic Devices	Non-contact torque sensing technology for applications utilizing rotating shafts.	Automotive, Industrial and Appliance
Methode Development	Custom electronic subassemblies and hybrids for a wide range of control and sensor applications; EMC shielding solutions.	Automotive, Networking, Communications, Electronics, Aerospace, Industrial, Appliance and Wireless
Methode RF Products	A complete line of high quality RF coaxial connectors and cable assemblies.	Telecommunications and Wireless
Network Bus Products	Power distribution solutions utilizing laminated bus bars, custom power distribution assemblies and flexible braided cables.	Telecommunications, Computers, Industrial and Military
Trace Laboratories **• Central** **• East**	Internationally accredited independent testing capabilities: environmental, electrical, failure analysis, materials, mechanical, consulting and other testing services.	Aerospace, Automotive, Computer, Electronics, Medical, Military, Industrial and Telecommunications
INTERNATIONAL		
Automotive Electronic Controls **• Malta** **• Scotland**	Automotive electronic and electromechanical controls, sensors and switch devices.	Automotive OEMs
Methode Electronics Far East	A wide range of standard and custom interconnect solutions.	Computer, Computer Peripheral, Storage and Telecommunications
Methode Electronics Ireland	A comprehensive range of high speed interconnect cable and system components, SCSI terminators and adapters plus a wide range of standard and custom interconnect solutions.	Computer, Networking, Storage, Telecommunications, Industrial and Medical
Methode Electronics Mexico	Automotive electronic and electromechanical devices, cable assemblies, electronic products and assemblies.	Automotive and Electronic OEMs
Methode Fibre Optics Europe	A full range of fibre optic interconnect solutions.	Telecommunication and Data Communication
Optokon	A full range of active and passive fibre optic interconnect solutions; calibration services for fibre optic test and measurement instrumentation.	Telecommunication, Data Communication and CATV

QUALITY

The ultimate proof of quality is recognition in the marketplace, where independent standards are met and customer preferences are won.

Our goal is to be "best in class" in both product and in service. Being best in class in itself is not a guarantee that we will win business. However, sub-standard quality in today's highly competitive marketplace is a virtual guarantee that we will lose business. Sub-standard therefore is never an option.

Since we make quality the job of everyone at Methode, the process starts and ends with people. We take great care to hire, train, motivate, retain, and promote the best people. We equip them with the best tools and provide the opportunities to allow them to deliver top quality and customer satisfaction.

From the earliest days of our existence, attention to quality and customer satisfaction were both part of the corporate culture. Entry into the field of automotive electronics in the early 1960's provided us with the opportunity to learn several best practices from the automotive industry and allowed us to infuse those best practices to improve quality company-wide. Sharing and cross-fertilization of quality practices reinforced a culture of continuous improvement, advanced further with the establishment of a corporate quality function headed by a Vice President reporting directly to the President.

The acquisition of Trace Laboratories enabled the Company to further deepen its capabilities in quality and quality certification. Its technical staff provides design studies, failure analyses, product/material qualification, safety inspection and consulting services, all aimed at helping clients improve product performance and reliability.

The cumulative result of these quality initiatives and enhanced capabilities are business practices and a company culture based on the process of continuous improvement. This process directly benefits both Methode and its customers. In addition to being able to capitalize on our culture of quality to attract new customers, existing customers reward us with renewed business for established programs, preferred supplier status, quality awards, plus enhanced access to their new projects. Methode Malta enjoyed many of these benefits this past year by winning a quality award from Ford Motor Company, as well as winning a significant new five-year contract to supply a new switch to all North American Ford vehicles. Expansion of our Malta facility to accommodate this growth along with the installation of new fully-automated assembly lines is now underway.

Ford Motor Company Presents Methode Malta with Award

Methode's automotive operation in Malta was specially honored in March 2001 by Ford Motor Company for high mileage improvement in an assembly provided by Methode. Pictured is Ford President and CEO, Jacques Nasser and other Ford executives presenting the Recognition of Achievement Award to Managing Director David Mifsud.

Form left to right: Richard Parry-Jones, *Group Vice President of Product Development*, Jacques Nasser, *President and CEO*, David Mifsud, *Methode Malta Managing Director*, Carlos Mazzorin, *Group Vice President of Global Purchasing and South America.*

Expansion at Methode Malta will increase capacity to serve global markets.

Recent Quality Initiatives and Recognition

ISO 9001 Certification
Methode Technical Components and Methode Development Company

QS 9000 Certification
Methode Connector Products and Methode Electronics Mexico

Otis Elevator Quality Award
Methode Network Bus Products

Innovation is the cultural keystone of Methode Electronics, Inc.

Innovation is the overriding reason customers return to Methode for solutions to their most challenging problems. No good comes from developing something new and exciting if the product does not solve a customer requirement in his time of need. Innovation has been, and will continue to be, a powerful and enabling force in our Company. While helping customers solve critical problems, innovation also enables us to continually renew and revitalize the Company. By applying and improving on mature capabilities and creating or acquiring new technologies, we are able to enter new areas of growth, develop new competencies and reap the benefits of our risk taking with new streams of revenue and profit.

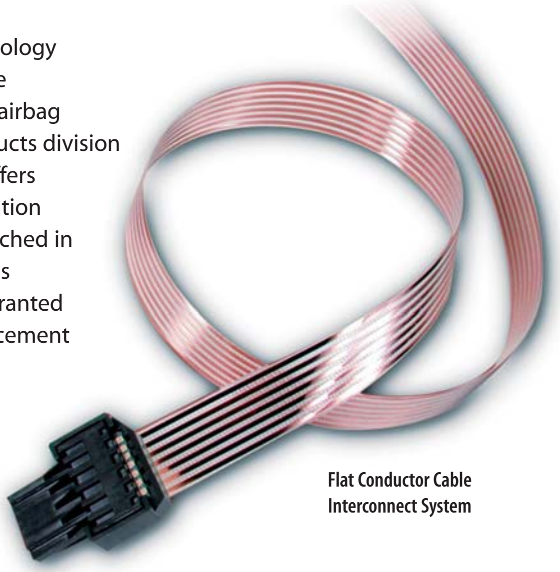
Innovation is also the powerful force that enables us to meet customer demands for higher performance, higher quality, and lower cost products and assemblies. Innovation in design, in production and in delivery systems makes achievement of these goals possible.

Recent Product Innovation Highlights

- Finger print reader on a PCMCIA card. This unique custom solution combines the engineering, design and creative talents of Methode's Duel Systems and Connector Products divisions and demonstrates the synergy among our facilities to combine ideas to develop innovative solutions.

PCMCIA Finger Print Reader Card

- Borrowing from flat conductor cable technology developed for our now famous automotive clockspring system used with automobile airbag safety systems, Methode's Connector Products division designed a new Interconnect System. It offers unique termination features unmatched in the market. This innovation warranted cover story placement in *Appliance Manufacturer* Magazine.



Flat Conductor Cable Interconnect System

- As the application of electronics and additional electrically powered features in automobiles continues to expand at an ever-faster pace, so has the development of new products and sub-assemblies designed and produced by our automotive division. Pictured here are new switches for ignition, keyless entry and hidden switch applications. New keyless entry assemblies add to the list of parts that further build on our strong base of innovative products for the automotive industry.

Hidden Switches

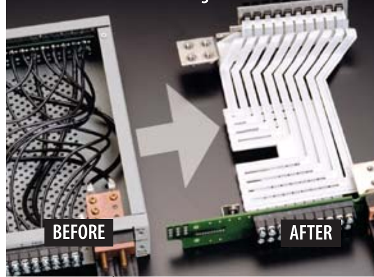
Keyless Entry

Ignition Module

The sum of all our product and service interactions is the value we provide our customers.

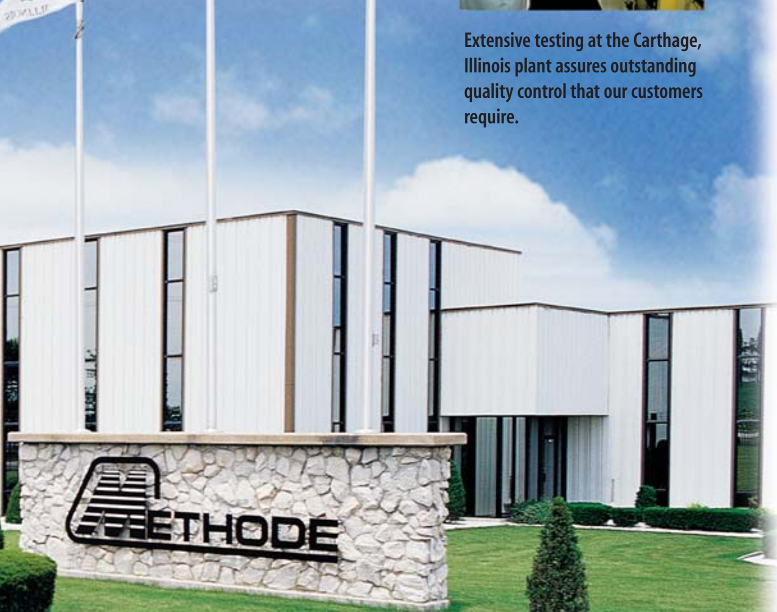
It is an imperative of today's marketplace that our survival is contingent on our ability to continually improve on the total value we deliver. To retain customer preference for the Methode brand name means we must engineer our products with more features, advantages and benefits compared to our competition, while simultaneously pursuing improvement in production and delivery systems to lower costs.

The process starts with staying close to customers and listening carefully to their needs. It means extending our enterprise into their own systems when required so that we can share design drawings and dimensions using computer aided design tools to speed the process and reduce the potential for error. It means providing working models in days using our stereolithography technology, rather than in weeks when conventional model making techniques are utilized. It means transacting orders in real time using our electronic data interchange (EDI) connections rather than transcribing phone orders. It means improving all areas of our core competencies so that we do all things better. It means that we apply all of our skills and capabilities to provide unique value-added solutions that truly differentiate Methode from other suppliers.



Network Bus Custom Configuration

Extensive testing at the Carthage, Illinois plant assures outstanding quality control that our customers require.



Combining several parts into a single assembly,

our Network Bus Products division reduced customer assembly time and added value by engineering a solution that improved current carrying capacity by 33% while improving heat dissipation characteristics.

Combining products and design expertise,

Duel Systems and Connector Products co-engineered with a European customer a unique wireless PCMCIA card. The card is capable of handling high-speed tri-band data transmission for the emerging 3G wireless network market.

New 3G Wireless PCMCIA Card

Combining new internally developed technology as an added feature,

to an existing connector product, Methode's dataMate division created a "Program-As-Needed" electronic key known as a "software lock". It enables customers to store electronic signatures in an external connector assembly.

Electronic Key

Pentium III Terminators

dataMate added more value to its Terminator line with new models compatible with the latest generation of Pentium III®* microprocessors.

By adding an automatic surface insulation resistance testing machine to their portfolio

of testing services, Trace Laboratories East is able to be a stronger "one-stop shop" for our customers.

The Auto-SIR machine tests the electrical characteristics of solder joints and detects imperfections in printed circuit boards.

*Pentium is a registered trademark of Intel Corporation.

BOARD OF
Directors and Officers

Board of Directors

William T. Jensen
Chairman

Donald W. Duda
President

John R. Cannon
Senior Executive Vice President

Michael G. Andre
Director

James W. Ashley
Secretary
Partner
Lord, Bissell & Brook

William C. Croft
Chairman of the Board
Clements National Company

Kevin J. Hayes
Director

James W. McGinley
President and Chief Executive Officer
Stratos Lightwave, Inc.

Robert R. McGinley
Director

Raymond J. Roberts
Chief Financial Officer and Secretary-Treasurer
Coilcraft, Inc.

George C. Wright
President
Piedmont Co., Inc.

Corporate Executives

William T. Jensen
Chairman

Donald W. Duda
President

Douglas A. Koman
Vice President, Corporate Finance

Robert J. Kuehnau
Vice President, Treasurer, Controller and Assistant Secretary

John R. Cannon
Senior Executive Vice President

James F. McQuillen
Executive Vice President, Interconnect Products

Stephen U. Harders
Vice President, Administration

Charles A. Kozel
Vice President, Advanced Engineering

Robert A. Miller
Vice President, Quality Assurance

The Company's business is managed on a technology product basis, with those technology segments being Electronic, Optical and Other. The business units whose results are identified in the Electronic segment principally employ electronic processes to control and convey signals. The business units whose results are identified in the Optical segment principally employ light to control and convey signals. The Other segment includes a manufacturer of bus systems, independent laboratories that provide services for qualification testing and certification of electronic and optical components, and, for fiscal 2000 and prior, manufacturers of multi-layer printed circuit boards. The Company exited the printed circuit business in September 1999.

As described in Note 3 to the consolidated financial statements, a majority of the Optical segment was transferred to the Company's newly formed subsidiary, Stratos Lightwave, Inc. (Stratos), effective May 28, 2000. On June 26, 2000, Stratos issued shares of common stock in an initial public offering after which the Company owned 84.3% of Stratos' common stock outstanding. Effective as of the close of business on April 28, 2001, the Company distributed all of its remaining interest in Stratos through a stock dividend to its stockholders of record as of the close of business on April 5, 2001. This distribution was made in the amount of 1.5113 shares of Stratos common stock for each share of Methode Class A and Class B common stock. The Company's consolidated financial statements for all periods present Stratos as a discontinued operation through the distribution date in accordance with Accounting Principles Board Opinion No. 30.

Results of Operations

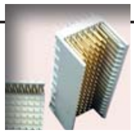
The following table sets forth certain income statement data as a percentage of net sales for the periods indicated:

	Year Ended April 30,		
	2001	2000	1999
Income:			
Net sales	**100.0%**	100.0%	100.0%
Settlement of litigation	**—**	—	0.7
Other	**0.7**	0.9	0.8
	100.7	100.9	101.5
Costs and expenses:			
Cost of products sold	**82.4**	76.6	76.0
Selling and administrative expenses	**12.5**	13.1	12.2
Goodwill impairment	**2.7**	0	0
Provision for exiting printed circuit business	**—**	—	0.9
Amortization of intangibles	**0.4**	0.4	0.4
Income From Operations	**2.7**	10.8	12.0
Interest, net	**0.5**	0.4	0.3
Other, net	**2.1**	0.2	0.1
Income From Continuing Operations Before Income Taxes	**5.3**	11.4	12.4
Income taxes	**1.8**	3.9	4.3
Income From Continuing Operations	**3.5**	7.5	8.1
Discontinued operations	**1.9**	1.1	1.0
Net Income	**5.4%**	8.6%	9.1%

Fiscal Years Ended April 30, 2001 and 2000

Net sales. Consolidated net sales increased 1% to $359.7 million in fiscal 2001 from $357.6 million in fiscal 2000. Net sales of the Electronic segment, which represented 88% of consolidated net sales in fiscal 2001 and fiscal 2000, increased to $317.3 million in fiscal 2001 from $312.9 million in fiscal 2000. Sales to the automotive industry, which represented 66% and 69% of Electronic segment net sales in 2001 and 2000 decreased by 4% in North America and increased modestly in Europe resulting in a worldwide decrease of 3% in fiscal 2001. The North American sales decrease was partly related to sales price reductions of up to 5% on many products sold to the auto manufacturers launched prior to fiscal year 2001. This decrease was offset by a 45% sales increase at our Duel Systems sonic welded package facility and a 25% sales increase at our terminator and cable assembly facility in Ireland.





Net sales of the Optical segment represented 7% of consolidated net sales in fiscal 2001 and 5% of consolidated net sales in fiscal 2000. Optical segment net sales increased 28% to $24.7 million in fiscal 2001 from $19.2 million in fiscal 2000. Net sales at Connectivity Technologies, a subsidiary that provides custom installation of fiber optic cable assemblies primarily to data centers, more than doubled in fiscal 2001 to $10 million.

Net sales of the Other segment, principally current-carrying bus devices and test laboratories, declined 31% to $17.7 million in fiscal 2001 from $25.5 million in fiscal 2000. The Company exited the printed circuit board business in the second quarter of fiscal 2000 which accounted for $4.6 million of the decline in net sales. Net sales of current-carrying bus devices decreased $2.7 million in fiscal 2001.

Other income. Other income consisted primarily of earnings from the Company's automotive joint venture, license fees and royalties. The decrease in fiscal year 2001 was caused by a reduction in the earnings of the Company's automotive joint venture.

Cost of products sold. Cost of products sold as a percentage of net sales was 82% in fiscal 2001 compared with 77% in fiscal 2000.

The gross margin of the Electronic segment decreased to 17% in fiscal 2001 from 24% in fiscal 2000. Fiscal year 2001 included a fourth quarter special charge of $4.1 million to provide for the restructuring of two business units in response to changes in the Company's business environment and the write-off of excess inventories and idle equipment. Gross margins on sales to the automotive industry were down significantly in fiscal year 2001 due to decreases in selling prices, unit volume decreases, higher material and labor content, and increases in other product related costs. The Carthage and Golden, Illinois plants had over 30 new product launches this fiscal year compared to five new product launches in fiscal 2000. This aggressive launch schedule resulted in higher than anticipated operating expenses for these products. Also, start-up costs and interim operating expenses for the Company's Reynosa, Mexico plant were higher than anticipated.

Gross margins of the Optical segment increased to 21% in fiscal 2001 from 15% in fiscal 2000. The significant increase in sales at Connectivity Technologies is the primary contributor to the margin increase in fiscal 2001. Margin improvement at the Company's Czech Republic operation was offset by margin declines at the Company's fiber optic operation in the United Kingdom.

Gross margins of the Other segment improved to 24% in fiscal 2001 from 20% in fiscal 2000. This improvement was the result of exiting the printed circuit business in fiscal 2000. Margins for the Company's bus systems operation and its independent laboratories both experienced modest declines in fiscal 2001.

Selling and administrative expenses. Selling and administrative expenses as a percentage of net sales were 13% in both fiscal 2001 and fiscal 2000.

Goodwill impairment. In fiscal 2001 the Company reevaluated its investment in Sentorque, Inc. (Sentorque) and recorded a charge of $9.7 million to write down this investment to estimated fair value. Sentorque, through a wholly-owned subsidiary, owns certain torque sensing technologies that have not yet proven to be commercially feasible. The write down to estimated fair value for this investment was determined by comparing the present value of the expected future cash flows from existing licenses for the technologies to the Company's carrying value for this investment. The Company purchased 75% of Sentorque's outstanding common stock in February 1997.

Interest, net. Interest income, net of interest expense was $1.7 million in both fiscal 2001 and fiscal 2000. The additional interest earned on higher available cash balances and higher interest rates in fiscal 2001 was offset by a corresponding reduction in interest earned on lower balances of advances to the Company's automotive joint venture.

Other, net. Other non-operating income for fiscal year 2001 included $6.6 million from insurance proceeds related to the death on January 22, 2001 of William J. McGinley, the Company's founder. The balance of other non-operating income in fiscal 2001 and fiscal 2000 consists primarily of currency exchange gains at the Company's foreign locations.

Income taxes. The effective income tax rate was 34% in both fiscal 2001 and fiscal 2000. The impact of the non-deductible goodwill impairment charge recorded in fiscal 2001 was offset by the non-taxable life insurance proceeds received in fiscal 2001 and lower tax rates on income from foreign operations. The effective rate for both fiscal year 2001 and fiscal year 2000 reflect the effect of lower tax rates on income from foreign operations, however income from foreign operations was a larger component of total consolidated income in fiscal 2001.

Fiscal Years Ended April 30, 2000 and 1999

Net Sales. Consolidated net sales decreased 1% to $357.6 million in fiscal 2000 from $362.1 million in fiscal 1999. Net sales of the Electronic segment, which represented 88% of consolidated sales in fiscal 2000 and 87% in fiscal 1999, decreased to $312.9 million in fiscal 2000 from $314.6 million in fiscal 1999. Sales to the automotive industry, which represented 69% and 65% of Electronic segment sales in 2000 and 1999, grew by 5% in fiscal 2000. This increase was offset by a 27% sales decrease at our Singapore connector facility, a 17% sales decrease at our terminator and cable assembly facility in Ireland and a 15% decrease in sales of our dataMate products.

Net sales of the Optical segment represented 5% of consolidated sales in fiscal 2000 and fiscal 1999. Optical segment net sales increased 14% to $19.2 million in fiscal 2000 from $16.9 million in fiscal 1999. The Company had double-digit sales growth at both of its optical cable assembly facilities in the United Kingdom and the Czech Republic.

Net sales of the Other segment, principally current carrying bus devices, printed circuit boards and test laboratories, declined 17% to $25.5 million in fiscal 2000 from $30.6 million in fiscal 1999. The Company exited the printed circuit board business in fiscal 2000 which resulted in a decrease in printed circuit board sales of $8.1 million. Sales of current carrying bus devices increased $2.4 million and test laboratory sales increased modestly in fiscal 2000.

Settlement of litigation. Income from the settlement of litigation in fiscal 1999 represented the settlement of a claim relative to one of the Company's patents in the Electronic segment.

Other income. Other income consisted primarily of earnings from the Company's automotive joint venture, license fees and royalties. The increase in other income in fiscal 2000 was the result of increased earnings from the automotive joint venture. License fees consist of both fixed schedule payments and contingent payments based on sales volumes of licensed products.

Cost of products sold. Cost of products sold as a percentage of net sales was 77% in fiscal 2000 compared with 76% in fiscal 1999.

Gross margins of the Electronic segment decreased to 24% in fiscal 2000 from 25% in fiscal 1999. Gross margins on sales to the automotive industry were flat from year to year. Our Singapore connector facility, our terminator and cable assembly facility in Ireland and our dataMate facility all reported decreased gross margins due to sales volume declines in fiscal 2000.

Gross margins of the Optical segment decreased to 15% in fiscal 2000 from 22% in fiscal 1999. The margin decline was experienced across all of the Company's optical business and was primarily due to declines in the average unit prices for its products.

Gross margins of the Other segment improved to 20% in fiscal 2000 from 11% in fiscal 1999. This improvement was primarily the result of exiting the printed circuit business.

Selling and administrative expenses. Selling and administrative expenses as a percentage of net sales were 13% in fiscal 2000 and 12% in fiscal 1999. The increase was primarily due to an increase in the provision for bad debts of $1.9 million. Fiscal 2000 included a $3 million provision for a bad debt related to the bankruptcy of a large automotive safety system supplier.

Provision for exiting printed circuit business. The $3.1 million provision for exiting the printed circuit business in 1999 represents the estimated loss on disposal of assets, employee severance pay and additional costs associated with environmental matters specifically related to the decision to exit the business. Operating losses that were incurred in the first half of fiscal 2000 to wind down these businesses were not material and were recorded as incurred.

Interest, net. Interest income, net of interest expense increased $0.7 million in fiscal 2000. The increase is primarily the result of higher cash balances available for investment and a reduction in short-term borrowings at the Company's foreign locations.

Other, net. Other, net was primarily currency exchange gains at the Company's foreign locations in both fiscal 2000 and 1999.

Income taxes. The effective income tax rates were 34% in fiscal 2000 and 35% in fiscal 1999. The effective income tax rates for both years reflect the effects of lower tax rates from foreign operations, offset in part by state income taxes.

Financial Condition, Liquidity and Capital Resources

Net cash provided by operations was $33.5 million, $54.8 million and $32.3 million in fiscal years 2001, 2000 and 1999, respectively. The decrease in cash provided from operations in 2001 was primarily the result of lower net income. The increase in cash



provided by operations in 2000 was primarily the result of the accelerated collection of accounts receivable that included substantial amounts related to automotive tooling programs.

Net cash used in investing activities was $13.0 million for fiscal year 2001, $16.4 million for fiscal year 2000 and $18.1 million for fiscal year 1999. Net cash used in investing activities in fiscal 2001 included a $6.0 million loan to an affiliate of the Estate of William J. McGinley (see Note 11 to Consolidated Financial Statements) and was reduced by $10.1 million of life insurance proceeds received, principally from policies on the life of Mr. McGinley, owned by the Company. Net cash used in investing activities in fiscal 2000 was reduced by $3.5 million of proceeds received on the sale of the Company's printed circuit assets.

Net cash used in financing activities was $5.6 million in fiscal year 2001, $8.9 million in fiscal year 2000 and $8.6 million in fiscal year 1999. The Company paid cash dividends of $7.1 million in fiscal years 2001, 2000 and 1999. Net cash used in financing activities was reduced by proceeds from the exercise of stock options of $2.7 million in fiscal 2001 and $1.3 million in fiscal 2000. In fiscal 1999 the Company used $3.1 million of its available cash to acquire 275,000 shares of its Class A Common Stock for treasury. The purchases of these treasury shares were made pursuant to a three-year Class A Common Stock Repurchase Program authorized by the Board of Directors in February 1999.

Euro Conversion

On January 1, 1999, eleven member countries of the European Union established fixed conversion rates between their existing currencies ("legal currencies") and one common currency, the Euro. The Euro is now trading on currency exchanges and may be used in certain transactions such as electronic payments. Beginning in January 2002, new Euro-denominated notes and coins will be used, and legacy currencies will be withdrawn from circulation. The conversion to the Euro has eliminated currency exchange rate risk for transactions between the member countries, which for the Company primarily consists of sales to certain customers and payments to certain suppliers. The Company is currently addressing the issues involved with the new currency, which include converting information technology systems, recalculating currency risk, and revising processes for preparing accounting and taxation records. Based on the work completed so far, the Company does not believe the Euro conversion will have a significant impact on the results of its operations or cash flows.

Cautionary Statement

Certain statements in this report are forward-looking statements that are subject to certain risks and uncertainties. The Company's business is highly dependent upon specific makes and models of automobiles. Therefore, the Company's financial results will be subject to many of the same risks that apply to the automotive industry, such as general economic conditions, interest rates and consumer spending patterns. A significant portion of the balance of the Company's business relates to the computer and telecommunication industries which are subject to many of the same risks facing the automotive industry as well as fast-moving technological change. Other factors which may result in materially different results for future periods include actual growth in the Company's various markets; operating costs; currency exchange rates and devaluations; delays in development, production and marketing of new products; and other factors set forth from time to time in the Company's reports filed with the Securities and Exchange Commission. Any of these factors could cause the Company's actual results to differ materially from those described in the forward-looking statements. The forward-looking statements in this report are intended to be subject to the safe harbor protection provided under the securities law.

Quantitative And Qualitative Disclosure About Market Risk

Although certain of the Company's subsidiaries enter into transactions in currencies other than their functional currency, foreign currency exposures arising from these transactions are not material to the Company. The primary foreign currency exposure arises from the translation of the Company's net equity investment in its foreign subsidiaries to U.S. dollars. The Company generally views as long-term its investments in foreign subsidiaries with functional currencies other than the U.S. dollar. The primary currencies to which the Company is exposed are the Singapore dollar, Maltese lira and other European currencies. The fair value of the Company's net foreign investments would not be materially affected by a 10% adverse change in foreign currency exchange rates from April 30, 2001 and 2000 levels.

CONSOLIDATED Balance Sheets

(in thousands)

April 30,	2001	2000
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 42,788**	$ 28,890
Accounts receivable, less allowance (2001 - $3,522; 2000 - $5,336)	**66,124**	67,281
Inventories:		
Finished products	**8,314**	7,865
Work in process	**30,114**	30,294
Materials	**12,932**	9,587
	51,360	47,746
Current deferred income taxes	**7,521**	5,134
Prepaid expenses	**9,532**	4,332
Total Current Assets	**177,325**	153,383
Property, Plant and Equipment		
Land	**1,953**	1,965
Buildings and building improvements	**42,731**	41,314
Machinery and equipment	**152,145**	143,839
	196,829	187,118
Less allowances for depreciation	**126,705**	116,207
	70,124	70,911
Other Assets		
Goodwill, less accumulated amortization (2001 - $5,538; 2000 - $4,339)	**27,629**	38,665
Cash surrender value of life insurance	**7,537**	9,667
Other	**12,315**	7,210
	47,481	55,542
Net assets of discontinued operations (Note 3)	**—**	52,962
	$ 294,930	$ 332,798
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	**$ 27,658**	$ 27,011
Salaries, wages and payroll taxes	**8,368**	9,550
Other accrued expenses	**17,241**	10,011
Income taxes	**732**	424
Notes payable	**—**	1,165
Total Current Liabilities	**53,999**	48,161
Other Liabilities	**5,344**	3,879
Deferred Compensation	**6,257**	6,926
Shareholders' Equity (Note 5)		
Common Stock, Class A	**17,538**	17,452
Common Stock, Class B	**553**	562
Stock Awards	**(114)**	(993)
Additional paid-in capital	**33,320**	27,984
Retained earnings	**190,591**	238,898
Accumulated other comprehensive income	**(9,023)**	(6,536)
	232,865	277,367
Less cost of shares in treasury	**3,535**	3,535
	229,330	273,832
	$ 294,930	$ 332,798

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF *Income*

(in thousands, except per share data)

Year Ended April 30,	2001	2000	1999
Income			
Net sales (Note 12)	**$ 359,710**	$ 357,624	$ 362,082
Settlement of litigation	**—**	—	2,647
Other	**2,430**	3,244	2,982
	362,140	360,868	367,711
Costs and expenses:			
Cost of products sold	**296,422**	273,959	275,283
Selling and administrative expenses	**44,969**	46,944	44,343
Goodwill impairment (Note 2)	**9,695**	—	—
Provision for exiting printed circuit business	**—**	—	3,100
Amortization of intangibles	**1,293**	1,363	1,285
	352,379	322,266	324,011
Income From Operations	**9,761**	38,602	43,700
Interest, net	**1,680**	1,699	999
Other, net	**7,763**	637	338
Income From Continuing Operations Before Income Taxes	**19,204**	40,938	45,037
Income taxes (Note 7)	**6,440**	13,840	15,720
Income From Continuing Operations	**12,764**	27,098	29,317
Discontinued operations (Note 3):			
Income from discontinued operations, less applicable income taxes (2001-$2,973; 2000-$2,260; 1999-$2,130)	**7,846**	3,790	3,502
Costs associated with spin-off	**(1,258)**	—	—
Net Income	**$ 19,352**	$ 30,888	$ 32,819
Amounts per Common Share (Note 8):			
Income from continuing operations:			
Basic	**$0.36**	$0.77	$0.83
Diluted	**$0.36**	$0.76	$0.83
Net income:			
Basic	**$0.54**	$0.87	$0.93
Diluted	**$0.54**	$0.87	$0.93

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF

Shareholders' Equity

(dollar amounts in thousands, except per share data)

Years Ended April 30, 2001, 2000 and 1999

	Common Stock Class A	Common Stock Class B
Balance at April 30, 1998	$ 17,235	$ 602
Stock Award grant of 146,078 shares of Common Stock, Class A	73	
Earned portion of Stock Awards		
Tax effect of Stock Awards		
Purchase of treasury stock 275,000 shares Common Stock, Class A		
Conversion of 6,004 shares of Common Stock, Class B to 6,004 shares of Common Stock, Class A	3	(3)
Foreign currency translation adjustments		
Net income for the year		
Cash dividends on Common Stock – $.20 per share		
Balance at April 30, 1999	17,311	599
Stock Award grant of 123,995 shares of Common Stock, Class A	62	
Earned portion of Stock Awards		
Exercise of options for 85,765 shares of Common Stock, Class A	42	
Tax effect of Stock Awards and Stock Options		
Contributions and sales of 39,455 shares of treasury stock to ESOP		
Conversion of 73,140 shares of Common Stock, Class B to 73,140 shares of Common Stock, Class A	37	(37)
Foreign currency translation adjustments		
Net income for the year		
Cash dividends on Common Stock – $.20 per share		
Balance at April 30, 2000	17,452	562
Stock Award forfeiture of 5,575 shares of Common Stock, Class A	(3)	
Earned portion of Stock Awards		
Exercise of options for 159,138 shares of Common Stock, Class A	80	
Tax effect of Stock Awards and Stock Options		
Conversion of 17,777 shares of Common Stock, Class B to 17,777 shares of Common Stock, Class A	9	(9)
Foreign currency translation adjustments		
Net income for the year		
Distribution of Stratos Lightwave, Inc. (Note 3)		
Cash dividends on Common Stock – $.20 per share		
Balance at April 30, 2001	$ 17,538	$ 553

See notes to consolidated financial statements.

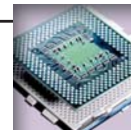
Stock Awards	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustments	Treasury Stock	Total Share-holders' Equity	Comprehensive Income
$ (1,067)	$ 21,022	$ 189,397	$ (376)	$ (773)	$ 226,040	
(2,181)	2,108				—	
2,216					2,216	
	(63)				(63)	
				(3,084)	(3,084)	
					—	
			(2,354)		(2,354)	$ (2,354)
		32,819			32,819	32,819
						$ 30,465
		(7,100)			(7,100)	
(1,032)	23,067	215,116	(2,730)	(3,857)	248,474	
(1,813)	1,751				—	
1,852					1,852	
	1,275				1,317	
	520				520	
	1,371			322	1,693	
					—	
			(3,806)		(3,806)	$ (3,806)
		30,888			30,888	30,888
						$ 27,082
		(7,106)			(7,106)	
(993)	27,984	238,898	(6,536)	(3,535)	273,832	
82	(79)				—	
797					797	
	2,620				2,700	
	2,795				2,795	
					—	
			(2,487)		(2,487)	$ (2,487)
		19,352			19,352	19,352
						$ 16,865
		(60,518)			(60,518)	
		(7,141)			(7,141)	
$ (114)	$ 33,320	$ 190,591	$ (9,023)	$ (3,535)	$ 229,330	

CONSOLIDATED STATEMENTS OF *Cash Flows*

(in thousands)

Year Ended April 30,	2001	2000	1999
OPERATING ACTIVITIES			
Income from continuing operations	**$ 12,764**	$ 27,098	$ 29,317
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Provision for depreciation and amortization	**15,905**	15,643	15,979
Provision for losses on accounts receivable	**1,397**	3,016	1,073
Goodwill impairment	**9,695**		
Income from life insurance proceeds	**(6,752)**	—	—
Deferred income taxes	**(794)**	(838)	(1,060)
Amortization of Stock Awards	**797**	1,852	2,216
Provision for loss on idle equipment	**639**	1,000	—
Contribution of treasury stock to ESOP	**—**	1,200	—
Changes in operating assets and liabilities:			
Accounts receivable	**(240)**	8,891	(19,308)
Inventories	**(3,614)**	(6,289)	3,903
Current deferred income taxes and prepaid expenses	**(5,457)**	1,166	(2,520)
Accounts payable and accrued expenses	**9,129**	2,104	2,669
Net Cash Provided By Operating Activities	**33,469**	54,843	32,269
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	**(15,578)**	(12,859)	(17,539)
Purchase of subsidiary (Note 4)	**—**	(1,005)	(1,479)
Purchases of life insurance policies	**(1,169)**	(1,076)	(939)
Proceeds of life insurance policies	**10,051**	—	—
Loan to related party (Note 11)	**(6,000)**	—	—
Proceeds from sale of printed circuit assets	**—**	3,529	—
Other	**(301)**	(5,003)	1,858
Net Cash Used In Investing Activities	**(12,997)**	(16,414)	(18,099)
FINANCING ACTIVITIES			
Borrowings (repayments) on lines of credit and long-term borrowings	**(1,165)**	(3,581)	1,625
Exercise of stock options	**2,700**	1,317	—
Treasury stock transactions	**—**	493	(3,084)
Cash dividends	**(7,141)**	(7,106)	(7,100)
Net Cash Used In Financing Activities	**(5,606)**	(8,877)	(8,559)
Net cash used in discontinued operations	**(968)**	(22,877)	(7,575)
Increase (Decrease) In Cash And Cash Equivalents	**13,898**	6,675	(1,964)
Cash and cash equivalents at beginning of year	**28,890**	22,215	24,179
Cash And Cash Equivalents At End Of Year	**$ 42,788**	$ 28,890	$ 22,215

See notes to consolidated financial statements.



APRIL 30, 2001
(dollar amounts in thousands, except per share data)

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation. The consolidated financial statements include the accounts and operations of the Company and its subsidiaries.

Cash Equivalents. All highly liquid investments with a maturity of three months or less when purchased are carried at their approximate fair value and classified in the balance sheet as cash equivalents.

Inventories. Inventories are stated at the lower of cost (first-in, first-out method) or market.

Property, Plant and Equipment. Properties are stated on the basis of cost. The Company amortizes such costs by annual charges to income, computed on the straight-line method using estimated useful lives of 5 to 40 years for buildings and improvements and 3 to 15 years for machinery and equipment for financial reporting purposes. Accelerated methods are generally used for income tax purposes.

Income Taxes. Income taxes are accounted for using the liability method as required by Statement of Financial Accounting Standards, ("SFAS") No. 109, *Accounting for Income Taxes.* Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Revenue Recognition. Revenue from product sales, net of trade discounts and allowances, is recognized when title passes which is generally upon shipment. The Company handles returns by replacing, repairing or issuing credit for defective products when returned. Return costs were not significant in fiscal years 2001, 2000 and 1999.

Shipping and Handling Fees and Costs. The Company includes shipping and handling costs in cost of products sold.

Foreign Currency Translation. The functional currencies of the Company's foreign subsidiaries are the local currencies. Accordingly, the results of operations of the Company's foreign subsidiaries are translated into U.S. dollars using average exchange rates during the year, while the assets and liabilities are translated using period end exchange rates.

Long-Lived Assets. The Company periodically reviews long-lived assets to determine if there are indicators of impairment. When indicators of impairment are present, the Company evaluates the carrying value of property, plant and equipment and intangibles, including goodwill, in relation to the operating performance and future undiscounted cash flows of the underlying businesses. The Company adjusts the net book value of the underlying assets if the sum of the expected future cash flows is less than book value.

Intangibles. The excess of purchase price over the estimated fair value of net assets of acquired companies is being amortized on a straight-line basis over periods ranging from 25 to 40 years.

Research and Development Costs. Costs associated with the development of new products are charged to expense when incurred. Research and development costs for the years ended April 30, 2001, 2000 and 1999 amounted to $20,500, $17,200 and $20,400, respectively.

Fair Value of Financial Instruments. The carrying amounts of the Company's borrowings under its short-term revolving credit agreements approximate their fair value. The weighted average interest rates on such borrowings for the years ended April 30, 2001, 2000 and 1999 were 6.50%, 7.18% and 7.23%, respectively.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Segment Disclosures. In 1999, the Company adopted SFAS No. 131 *Disclosures about Segments of an Enterprise and Related Information.* SFAS 131 established standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports. It also established standards for related disclosures about products and services, geographic areas, and major customers. The adoption of Statement No. 131 did not affect the results of operations or financial position of the Company, but did affect the disclosure of segment information (see Note 13).

Comprehensive Income. SFAS No. 130, *Reporting Comprehensive Income,* requires companies to report all changes in equity during a period, except those resulting from investment by owners and distribution to owners, in a financial statement for the period in which they were recognized. The Company has chosen to disclose Comprehensive Income, which encompasses net income and foreign currency translation adjustments, in the Consolidated Statement of Shareholders' Equity.

(dollar amounts in thousands, except per share data)

Reclassification. Certain amounts in fiscal 2000 and 1999 have been reclassified to conform to the classification in fiscal 2001.

Recent accounting pronouncements

In December 1999, the SEC issued Staff Accounting Bulletin (SAB), No. 101, "Revenue Recognition in Financial Statements." SAB 101 summarizes certain of the SEC staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. The Company adopted SAB 101 effective February 1, 2000. Such adoption did not have an effect on the revenue recognition policy of the Company.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. SFAS No. 133 is effective for fiscal year ended April 30, 2001. The adoption of this statement did not have a significant impact on the Company's financial results.

2. GOODWILL IMPAIRMENT

The Company recorded a $9,695 goodwill impairment charge during the fourth quarter of fiscal 2001. The charge represented the write-down to estimated fair value of the Company's fiscal 1997 investment in Sentorque, Inc. Sentorque, Inc. and its subsidiary own certain torque sensing technologies that have not yet proven to be commercially feasible. The estimated fair value of the impaired asset was determined by comparing the present value of expected future cash flows from existing licenses for the technology to the Company's carrying value of the investment.

3. DISCONTINUED OPERATIONS

As of May 28, 2000, the Company contributed and transferred to its then wholly-owned subsidiary, Stratos Lightwave, Inc. (Stratos), all of the assets and liabilities of its optoelectronics and fiber optic divisions and all of the capital stock and equity interest held by the Company in certain other subsidiaries that conducted the majority of its optical products business, pursuant to a master separation agreement.

In the first quarter of fiscal 2001 Stratos issued 10,062,500 shares of common stock in an initial public offering at a price of $21 per share. Proceeds from the offering totaled $195,500 net of underwriting discount and expenses and was used by Stratos to pay $2,957 of additional purchase price in connection with its acquisition of Polycore Technologies, Inc. and for Stratos general corporate purposes.

After the initial public offering, the Company owned 84.3% of Stratos' common stock outstanding. Effective as of the close of business on April 28, 2001 ("the distribution date"), Methode distributed all of its remaining interest in Stratos through a stock dividend to Methode stockholders of record as of the close of business on April 5, 2001. This distribution was made in the amount of 1.5113 shares of Stratos common stock for each outstanding share of Methode Class A and Class B common stock. Methode's consolidated financial statements for all periods present Stratos as discontinued operations through the spin-off date of April 28, 2001 in accordance with APB Opinion No. 30.

Net sales for Stratos were $126,902, $71,785 and $46,458 in 2001, 2000 and 1999, respectively. The net assets of discontinued operations at April 30, 2000 consisted of the following:

Current assets	$ 25,203
Property, plant and equipment, less accumulated depreciation	24,935
Goodwill, less accumulated amortization	10,563
Other assets	436
Total Assets	61,137
Current liabilities	(6,163)
Other liabilities	(2,012)
Total Liabilities	(8,175)
Net Assets of Discontinued Operations	$ 52,962

4. ACQUISITION AND DIVESTITURES

Effective May 5, 1997, the Company purchased all of the outstanding shares of Adam Technologies Inc., a designer and marketer of electronic connectors, for cash including contingent cash consideration, provided that certain performance targets were attained for fiscal 1998, 1999 and 2000. Such targets were substantially met and additional cash payments were made subsequent to each fiscal year end. This acquisition was accounted for using the purchase method of accounting, and the results of operations of Adam Technologies Inc. have been included in the Company's consolidated financial statements from its date of acquisition. The excess of purchase price over net assets acquired, based on estimated fair value is being amortized on a straight-line basis over 40 years.

In April 1999, the Company made the decision to exit the printed circuit industry and divest its two board manufacturing facilities. In the fourth quarter of fiscal 1999 the Company recorded a non-recurring charge of $3,100 or $1,860 net of tax benefits for the costs associated with the exit of the business. The charge was comprised of $1,540 for the write-down of the plant and equipment with a carrying value of $4,700 to their fair value,



$600 for additional environmental costs directly associated with the decision to close the operations, and approximately $960 for other exit costs. The write-down for the plant and equipment reflected impairment in their carrying value. The fair value of the plant and equipment was based upon the estimated current value less costs to sell. The Company ceased operating both facilities as of September 30, 1999 and sold the majority of the assets for cash of approximately $3,529. At April 30, 2001 an accrual for costs relating to exiting the printed circuit business of $440 remained. The Company believes this accrual is adequate for potential losses on remaining printed circuit assets and environmental costs directly associated with closing these operations. Net sales of the Company's printed circuit board businesses were $4,608 and $12,755 for fiscal 2000 and 1999, respectively. Net losses of the businesses were $661 and $1,061 for fiscal 2000 and 1999, respectively.

5. SHAREHOLDERS' EQUITY

Preferred Stock. The Company has 50,000 authorized shares of Series A, Junior Participating Preferred Stock, par value $100 per share, of which none were outstanding during any of the periods presented.

Common Stock. Common Stock, Class A, is entitled to dividends at least equivalent to those paid on the shares of Common Stock, Class B. The Common Stock, Class A, has more limited voting rights than the Common Stock, Class B. Generally the holders of Common Stock, Class A, are entitled to elect 25% of the Company's Board of Directors and are entitled to one-tenth of one vote per share respecting other matters. Holders of Common Stock, Class B, are entitled to one vote per share. Each share of Common Stock, Class B, is convertible into one share of Common Stock, Class A, at the option of the holder. At April 30, 2001, 5,895,547 shares of Common Stock, Class A, are reserved for future issuance in connection with the conversion of shares of Common Stock, Class B, and the Company's stock award and stock option plans.

Common Stock, par value $.50 per share, authorized, issued and in treasury, was as follows:

	April 30, 2001		April 30, 2000	
	Common Stock		Common Stock	
	Class A	Class B	Class A	Class B
Authorized	**100,000,000**	**5,000,000**	100,000,000	5,000,000
Issued	**35,075,461**	**1,106,954**	34,904,121	1,124,731
In Treasury	**419,745**	**12,200**	419,745	12,200

Shareholders' Rights Agreement. On June 23, 2000, the Company's Board of Directors declared a dividend of one preferred share purchase right (a "Right") for each share of Class A and Class B Common Stock (collectively, the "Common Shares") outstanding on June 30, 2000 to the stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company one ten-thousandth of a share of the Company's Series A Junior Participating Preferred Stock at an exercise price of $400.00 per one ten-thousandth of a preferred share, subject to adjustment.

The Rights will trade automatically with the Common Shares and will not be exercisable until it is announced that a person or group has become an "acquiring person" by acquiring 15% or more of the Common Shares, or a person or group commences a tender offer that will result in such person or group owning 15% or more of the Common Shares. Thereafter, separate right certificates will be distributed, and each right will entitle its holder to purchase for the exercise price, a fraction of a share of the Company's Series A Junior Participating Preferred Stock having economic and voting terms similar to one share of Class A Common Stock.

Upon announcement that any person or group has become an acquiring person, each Right will entitle all rightholders (other than the acquiring person) to purchase, for the exercise price, a number of shares of Common Shares having a market value of twice the exercise price. Rightholders would also be entitled to purchase the common stock of another entity having a value of twice the exercise price if, after a person has become an acquiring person, the Company were to enter into certain mergers or other transactions with such other entity. If any person becomes an acquiring person, the Company's Board of Directors may, at its option and subject to certain limitations, exchange one share of Class A Common Stock for each Right.

The Rights may be redeemed by the Company's Board of Directors for $0.01 per Right at any time prior to a person or group having become an acquiring person. The Rights will expire on June 30, 2010.

Stock Awards. The Company has an Incentive Stock Award Plan (Incentive Plan) which permits the issuance of up to 3,000,000 shares of Common Stock, Class A, to certain officers and key employees of the Company, of which 2,588,286 shares have been awarded through April 30, 2001. Pursuant to the terms of the Incentive Plan, the granted stock does not vest until two years after the award date. If for any reason other than retirement, disability or death an employee terminates his service before the

(dollar amounts in thousands, except per share data)

two-year period, the stock will not vest and will be made available for future grants.

The Company also has an Incentive Stock Award Plan for Non-employee Directors that permits the issuance of up to 120,000 shares of Common Stock, Class A, to non-employee directors, of which 111,000 shares have been awarded at April 30, 2001. Shares awarded pursuant to this plan have no vesting restrictions.

There were no incentive stock awards granted under either plan for fiscal years 2001 and 2000 performance.

Stock Options. In fiscal 1998 the Company adopted the Methode Electronics, Inc. 1997 Stock Plan and in fiscal 2001 the Company adopted the Methode Electronics 2000 Stock Plan ("Plans"). The Plans award stock options to directors and key employees. As of April 30, 2001, there were no shares available for grant under the 1997 Plan and two million available under the 2000 Plan. Stock options granted under the 1997 Plan through April 30, 2001 vest over a period of two weeks to twenty-seven months after the date of the grant and have a term of ten years. No options were granted under the 2000 Stock Plan as of April 30, 2001.

The decrease in the intrinsic value of Methode's stock options attributable to the distribution of Stratos shares on April 28, 2001 was restored in accordance with the methodology set forth in the FASB Interpretation No. 44 Accounting for Certain Transactions Involving Stock Compensation and Interpretation of APB Opinion No. 25. Accordingly, after the distribution of Stratos, the number of Methode options outstanding was increased and the exercise prices were correspondingly decreased to reflect the decline in intrinsic value on the distribution date. Unvested Methode options held by Stratos employees were forfeited as of the distribution of Stratos pursuant to terms of the 1997 Stock Plan.

The following table summarizes the transactions pursuant to the 1997 Stock Plan:

	Options Outstanding		Exercisable Options	
	Shares	Wtd. Avg. Exercise Price	Shares	Wtd. Avg. Exercise Price
April 30, 1998	204,545	$15.53	—	—
Granted	250,866	14.31		
Cancelled	(26,280)	15.26		
April 30, 1999	429,131	14.84	96,305	$15.53
Granted	291,180	27.18		
Exercised	(85,765)	15.41		
Cancelled	(23,083)	15.30		
April 30, 2000	611,463	20.49	200,131	$15.34
Granted	447,350	38.75		
Exercised	(159,138)	16.97		
Cancelled	(94,344)	30.65		
Adjustment to options to compensate for loss in intrinsic value due to Stratos distribution	1,563,675			
April 30, 2001	2,369,006	$10.22	1,005,055	$ 8.27

	Options Outstanding at April 30, 2001			Exercisable Options at April 30, 2001	
Range of Exercise Prices	Shares	Avg. Remaining Life (Years)	Wtd. Avg. Exercise Price	Shares	Wtd. Avg. Exercise Price
$ 3.87 - 7.73	622,989	7.1	$ 5.06	543,574	$ 5.20
$ 8.08 - 13.51	1,545,860	8.8	11.47	291,915	9.21
$14.70 - 17.66	200,157	9.3	16.56	169,566	16.53
	2,369,006	8.4	10.22	1,005,055	8.27

The Company has adopted the disclosure-only provisions of SFAS No. 123 and has not recorded any compensation expense associated with these stock options. Consistent with prior years, stock-based compensation continues to be recorded using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25 and related Interpretations. If the Company had determined compensation cost based on the fair value at the grant date consistent with SFAS No. 123, the Company's income from continuing operations and diluted earnings per share from

continuing operations would have been reduced to the pro forma amounts indicated below:

	Year Ended April 30		
	2001	2000	1999
Income from continuing operations:			
As reported	**$ 12,764**	$ 27,098	$ 29,317
Pro forma	**7,060**	25,707	28,376
Earnings per share from continuing operations:			
As reported	**36**	.77	.83
Pro forma	**.20**	.73	.80
Diluted earnings per share:			
As reported	**.36**	.76	.83
Pro forma	**.20**	.72	.80

The weighted average estimated fair value of options granted during fiscal 2001, 2000 and 1999 was $25.16, $15.27 and $6.27. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2001	2000	1999
Risk free interest rate	**6.0%**	5.9%	5.4%
Expected option life in years	**6.0**	6.0	6.0
Expected volatility	**70.0%**	55.2%	43.8%
Dividend yield	**0.6%**	0.5%	1.4%

6. EMPLOYEE STOCK OWNERSHIP PLAN AND EMPLOYEE 401(K) SAVINGS PLAN

The Company had an Employee Stock Ownership Plan (ESOP) for the benefit of its eligible full-time employees. Eligible employees were generally U.S. employees who had completed one year of service. The Company made annual contributions of $1,200 to the ESOP during fiscal 2000 and 1999. The Company terminated the ESOP effective April 30, 2000 and replaced this benefit with a Company contribution to the Employee 401(k) Savings Plan equal to 3% of eligible compensation. The Company contribution to the Employee 401(k) Savings Plan was $1,844 in fiscal 2001.

7. INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities at April 30 were as follows:

	2001	2000
Deferred tax liabilities:		
Accelerated tax depreciation	**$ 3,809**	$ 4,708
Other liabilities	**477**	—
Total deferred tax liabilities	**4,286**	4,708
Deferred tax assets:		
Deferred compensation and Stock Awards	**2,444**	3,356
Inventory valuation differences	**1,635**	1,010
Environmental reserves	**1,350**	805
Goodwill impairment	**3,810**	—
Bad debt reserves	**1,357**	2,067
Vacation accruals	**932**	1,143
Restructuring	**834**	246
Other accruals	**2,222**	1,251
	14,584	9,878
Less valuation allowance	**3,810**	—
Total deferred tax assets	**10,774**	9,878
Net deferred tax assets	**$ 6,488**	$ 5,170
Net current deferred tax assets	**$ 7,521**	$ 5,134
Net non-current deferred tax assets (liabilities)	**(1,033)**	36
	$ 6,488	$ 5,170

Income taxes on income from continuing operations consisted of the following:

	2001	2000	1999
Current			
Federal	**$ 5,732**	$11,860	$12,712
Foreign	**1,035**	487	1,393
State	**467**	2,331	2,675
	7,234	14,678	16,780
Deferred (credit)	**(794)**	(838)	(1,060)
	$ 6,440	$13,840	$15,720

A reconciliation of the consolidated provisions for income taxes to amounts determined by applying the prevailing statutory federal income tax rate of 35% to pre-tax earnings from continuing operations is as follows:

	2001	2000	1999
Income tax at statutory rate	**$ 6,721**	$14,328	$15,763
Effect of:			
State income taxes	**532**	1,472	1,542
Foreign operations with lower statutory rates	**(2,654)**	(2,340)	(1,793)
Goodwill	**3,810**	417	418
Life insurance proceeds	**(2,384)**	—	—
Other – net	**415**	(37)	(210)
Income tax provision	**$ 6,440**	$13,840	$15,720

The Company paid income taxes of approximately $8,275 in 2001, $16,452 in 2000 and $15,216 in 1999. No provision has been made for income taxes of approximately $18,870 at April 30, 2001 which would be payable should undistributed net income of $47,710 of foreign operations be distributed as dividends, as the Company plans to continue these foreign operations and does not contemplate such distributions in the foreseeable future.

(dollar amounts in thousands, except per share data)

8. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	2001	2000	1999
Numerator:			
Income from continuing operations	**$12,764**	$27,098	$29,317
Income from discontinued operations	**6,588**	3,790	3,502
Net income	**19,352**	30,888	32,819
Denominator:			
Denominator for basic earnings per share-weighted-average shares	**35,605**	35,308	35,312
Dilutive potential common shares-employee stock awards/options	**191**	236	99
Denominator for diluted earnings per share-adjusted weighted-average shares and assumed conversions	**35,796**	35,544	35,411
Income from continuing operations:			
Basic	**$.36**	$.77	$.83
Diluted	**$.36**	$.76	$.83
Net income:			
Basic	**$.54**	$.87	$.93
Diluted	**$.54**	$.87	$.93

Options to purchase 600,303 shares of common stock at a weighted average option price of $35.37 per share were outstanding at year end but were not included in the computation of diluted earnings per share because the options exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive. The excluded shares equate to 1,765,873 shares at a weighted average option price of $11.99 after the adjustment to compensate for the loss of intrinsic value due to the Stratos distribution.

9. ENVIRONMENTAL MATTERS

The Company is involved in environmental investigation and/or remediation at certain of its former plant sites. The Company is not yet able to determine when such remediation activity will be complete.

At April 30, 2001 and 2000, the Company had accruals, primarily based upon independent engineering studies, for environmental matters of approximately $3,702 and $2,735, respectively, of which $602 and $635, is classified in Other Accrued Expenses, the remainder is included in Other Liabilities. The Company believes the provisions it has made for environmental matters are adequate to satisfy its liabilities relating to such matters.

In 2001, the Company spent $710 on remediation cleanups and related studies compared with $420 in 2000 and $624 in 1999. In the fourth quarter of fiscal 2001 the Company recorded a $1,000 provision for environmental remediation. In the fourth quarter of fiscal 1999, the Company also recorded $600 to provide for additional environmental costs associated with the exit of its printed circuit businesses, as well as a $1,000 provision for general printed circuit environmental costs not associated with the decision to exit the businesses. In 2001, the costs associated with environmental matters as they relate to day-to-day activities were not material.

10. PENDING LITIGATION

Certain litigation arising in the normal course of business is pending against the Company. The Company is of the opinion that the resolution of such litigation will not have a significant effect on the consolidated financial statements of the Company.

11. RELATED PARTY TRANSACTIONS

The Company's cost of sales includes purchases of product from Stratos of $3,684 in 2001, $5,898 in 2000 and $4,018 in 1999.

For purposes of governing certain of the ongoing relationships between the Company and Stratos at and after the separation and to provide for an orderly transition, the Company and Stratos entered into various agreements to provide services such as centralized advertising, legal, accounting, employee benefits, real estate, insurance services, information technology services, treasury and other corporate and infrastructure services. The agreements govern individual transitional services as requested by Stratos or the Company, of the other party. Such services are to be provided in accordance with the policies, procedures and practices in effect before the transfer date. The term of each agreement shall be one year (provision for extension exists) unless earlier terminated. The Company received a net reimbursement of approximately $436 under its transitional service agreements with Stratos. In accordance with a tax sharing agreement, Stratos is included in the Company's fiscal 2001 consolidated tax return. As of April 30, 2001, Stratos had a payable of $1,550 to the Company representing its portion of the tax liability.

In April 2001, the Company loaned $6,000 to an affiliate of the Estate of William J. McGinley (the "Estate"). The Estate owns approximately 80.5% of the Company's Class B Common Stock outstanding. The loan was made directly to Horizon Farms, Inc., an Illinois corporation ("Horizon"), which is owned by the Estate. The loan, which is included in other assets on the Company's balance sheet, is payable on June 30, 2003 and bears interest at a rate of 5.25% per annum. The loan is secured by a mortgage lien on certain real property owned by Horizon pursuant to a Mortgage and Security Agreement.

12. MATERIAL CUSTOMERS

Sales to two automotive customers approximated 52%, 54% and 46% of net sales in the years ended April 30, 2001, 2000 and 1999, respectively. At April 30, 2001 and 2000, accounts receivable from customers in the automotive industry were approximately $41,545 and $37,598.

Accounts receivable are generally due within 30 to 45 days. Credit losses relating to all customers generally have been within management's expectation.

13. SEGMENT INFORMATION

As described in Note 1, the Company adopted SFAS No. 131 in fiscal year 1999. The Company has two reportable business segments: Electronic Products and Optical Products.

Methode Electronics, Inc. is a global manufacturer of component and subsystem devices. The Company designs, manufactures and markets devices employing electrical, electronic, wireless, sensing and optical technologies.

Methode's components are found in the primary end markets of the automotive, communications (including information processing and storage, networking equipment, wireless and terrestrial voice/data systems), aerospace, rail and other transportation industries; and the consumer and industrial equipment markets.

The business units whose results are identified in the Electronic segment principally employ electronic processes to control and convey signals. In fiscal 2001, the results of the Electronic segment include the $9,695 goodwill impairment charge associated with Sentorque, as described in Note 2.

The business units whose results are identified in the Optical segment principally employ light to control and convey signals.

As described in Note 3, the Company transferred the majority of this business to a subsidiary that it distributed to its shareholders in a tax-free distribution effective as of the close of business April 28, 2001. The following information has been restated to reflect the operations of Stratos as a discontinued operation.

The Company's businesses which manufacture multi-layer printed circuit boards and bus systems as well as its independent laboratories which provide services for qualification testing and certification of electronic and optical components are included in the Other segment. In April 1999 the Company announced its decision to exit the manufacture of printed circuitry as described in Note 4.

The accounting policies of the technology segments are the same as those described in the summary of significant accounting policies. The Company allocates resources to and evaluates performance of its technology segments based on operating income. Transfers between technology segments are recorded using internal transfer prices set by the Company.

The table below presents information about the Company's reportable segments:

	Fiscal Year 2001				
	Electronic	Optical	Other	Eliminations	Consolidated
Net sales to unaffiliated customers	$ 317,333	$ 24,675	$ 17,702		$ 359,710
Transfers between technology segments		3,084	154	$ (3,238)	—
Total net sales	$ 317,333	$ 27,759	$ 17,856	$ (3,238)	$ 359,710
Income before income taxes	$ 19,267	$ 2,802	$ 1,947		$ 24,016
Corporate expenses, net					(4,812)
Total income before income taxes					$ 19,204
Depreciation and amortization	$ 13,601	$ 448	$ 957		$ 15,006
Corporate depreciation and amortization					899
Total depreciation and amortization					$ 15,905
Identifiable assets	$ 183,981	$ 14,342	$ 14,467		$ 212,790
General corporate assets					82,140
Total assets					$ 294,930

	Fiscal Year 2000				
	Electronic	Optical	Other	Eliminations	Consolidated
Net sales to unaffiliated customers	$ 312,908	$ 19,216	$ 25,500		$ 357,624
Transfers between technology segments		1,567	316	$ (1,883)	—
Total net sales	$ 312,908	$ 20,783	$ 25,816	$ (1,883)	$ 357,624
Income before income taxes	$ 48,507	$ 359	$ 1,112		$ 49,978
Corporate expenses, net					(9,040)
Total income before income taxes					$ 40,938
Depreciation and amortization	$ 12,963	$ 585	$ 1,337		$ 14,885
Corporate depreciation and amortization					758
Total depreciation and amortization					$ 15,643
Identifiable assets	$ 171,807	$ 13,288	$ 14,565		$ 199,660
General corporate assets					80,176
Net assets of discontinued operations					52,962
Total assets					$ 332,798

Continued on page 24

(dollar amounts in thousands, except per share data)

13. SEGMENT INFORMATION *continued*

	Fiscal Year 1999				
	Electronic	Optical	Other	Eliminations	Consolidated
Net sales to unaffiliated customers	$ 314,595	$ 16,874	$ 30,613		$ 362,082
Transfers between technology segments	—	1,452	186	(1,638)	—
Total net sales	$ 314,595	$ 18,326	$ 30,799	$ (1,638)	$ 362,082
Income (loss) before income taxes	$ 55,979	$ 1,748	$ (4,829)		$ 52,898
Corporate expenses, net					(7,861)
Total income before income taxes					$ 45,037
Depreciation and amortization	$ 13,034	$ 519	$ 1,575		$ 15,128
Corporate depreciation and amortization					851
Total depreciation and amortization					$ 15,979
Identifiable assets	$ 178,254	$ 10,357	$ 23,075		$ 211,686
General corporate assets					73,413
Net assets of discontinued operations					26,169
Total assets					$ 311,268

Information about the Company's continuing operations in different geographic regions is as follows:

	2001	2000	1999
Net Sales:			
United States	**$ 269,182**	$ 272,534	$ 270,914
Asia Pacific	**15,786**	16,174	21,954
Europe	**74,742**	68,916	69,214
	$ 359,710	$ 357,624	$ 362,082
Income (loss) from continuing operations before income taxes:			
United States	**$ 9,215**	$ 31,671	$ 32,069
Asia Pacific	**(150)**	(974)	2,880
Europe	**8,459**	8,542	9,089
Income & expenses not allocated	**1,680**	1,699	999
	$ 19,204	$ 40,938	$ 45,037
Long-Lived Assets:			
United States	**$ 55,464**	$ 67,110	$ 73,860
Asia Pacific	**7,113**	9,184	11,012
Europe	**35,439**	34,213	35,315
	$ 98,016	$ 110,507	$ 120,187

14. SUMMARY OF QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of unaudited quarterly results of operations for the two years ended April 30, 2001.

	Fiscal Year 2001 Quarter Ended			
	July 31	October 31	January 31	April 30
Net sales	$89,920	$93,939	$86,143	$89,708
Gross profit	19,472	18,616	14,303	10,897
Income from continuing operations	6,842	5,564	9,042	(8,684)
Net income	8,554	9,058	13,102	(11,362)
Income from continuing operations per Common Share	.19	.16	.25	(.24)
Net income per Common Share	.24	.25	.37	(.32)

	Fiscal Year 2000 Quarter Ended			
	July 31	October 31	January 31	April 30
Net sales	$85,755	$90,359	$85,310	$96,200
Gross profit	20,444	20,802	20,077	22,342
Income from continuing operations	6,973	4,983	6,560	8,582
Net income	8,454	5,403	7,353	9,678
Income from continuing operations per Common Share	.20	.14	.18	.24
Net income per Common Share	.24	.15	.21	.27

Third quarter fiscal year 2001 earnings reflect $6 million tax-free income ($.17 per diluted share) from life insurance proceeds and fourth quarter 2001 earnings reflect $0.5 million of tax-free income from life insurance and special charges of $9.7 million for goodwill impairment and $4.1 million to provide for the restructuring of two business units and the write-off of excess inventories and idle equipment ($11.9 million after tax; $.33 per diluted share).

Second quarter fiscal 2000 earnings reflect a $3 million provision for a bad debt related to the bankruptcy of a large automotive safety system supplier ($1.9 million after tax; $.06 per diluted share).

REPORT OF *Independent Auditors*

Board of Directors and Shareholders
Methode Electronics, Inc.

We have audited the accompanying consolidated balance sheets of Methode Electronics, Inc. and subsidiaries as of April 30, 2001 and 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended April 30, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Methode Electronics, Inc. and subsidiaries at April 30, 2001 and 2000, and the consolidated results of their operations and their cash flows for each of the three years in the period ended April 30, 2001, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Chicago, Illinois
June 25, 2001

STOCK PRICE RANGE AND *Dividends*

The Company has approximately 1,030 and 355 holders of record of its Class A and Class B Common Stock as of April 30, 2001. Both classes of shares are traded on the NASDAQ National Market System under the symbols METHA and METHB.
The Company pays dividends quarterly and paid dividends on both Class A and Class B shares at an annual rate of $0.20 in fiscal 2001 and 2001.

The following table sets forth the fiscal quarterly high and low sales prices for the last two fiscal years as reported on NASDAQ and the cash dividends paid.

	Class A			Class B		
In Dollars	**High**	**Low**	**Div. Paid**	**High**	**Low**	**Div. Paid**
Fiscal Year Ended April 30, 2001						
1st Quarter	$56.56	$30.00	$0.05	$57.75	$31.50	$0.05
2nd Quarter	62.06	32.00	0.05	62.50	33.75	0.05
3rd Quarter	39.25	15.81	0.05	31.00	16.50	0.05
4th Quarter	24.13	12.50	0.05	23.19	13.50	0.05
Fiscal Year Ended April 30, 2000						
1st Quarter	$24.50	$14.38	$0.05	$24.00	$13.75	$0.05
2nd Quarter	22.50	13.50	0.05	21.50	14.00	0.05
3rd Quarter	43.50	15.50	0.05	43.06	16.50	0.05
4th Quarter	66.44	32.50	0.05	65.50	31.50	0.05

SEC Form 10-K

A copy of the Company's annual report to the Securities and Exchange Commission will be provided upon
written request to
Douglas A. Koman, Vice President, Corporate Finance
Methode Electronics, Inc.,
7401 West Wilson Avenue
Chicago, IL 60706.

Transfer Agent and Registrar

ChaseMellon Shareholder Services, L.L.C.
Overpeck Centre, 85 Challenger Road
Ridgefield Park, NJ 07660
Toll-free 1-800-288-9581 (TDD) 1-800-231-5469
www.chasemellon.com

Annual Meeting

3:30 p.m. on September 18, 2001 at the
Rosewood Meeting Facility
9421 West Higgins Road
Rosemont, IL 60018

Management of Business Units

United States

Adam Technologies Inc.
909 Rahway Avenue
Union, NJ 07083

Vince P. DeVito
President

Automotive Electronic Controls
111 West Buchanan St.
Carthage, IL 62321

Automotive Electronic Controls
Golden Plant
1015 County Road 2400
Golden, IL 62339

David Wessel

Automotive Electronic Controls
Southfield Office
24450 Evergreen Road,
Suite 203
Southfield, MI 48075

Joseph Malecke

Connectivity Technologies
1208 Tappan Circle
Carrollton, TX 75006

William L. DiBella
President

Connector Products
1700 Hicks Road
Rolling Meadows, IL 60008

Mark W. Davis
General Manager

dataMate Products
7447 West Wilson Avenue
Chicago, IL 60706

John J. Daly
General Manager

Duel Systems
1750 Junction Avenue
San Jose, CA 95112

Robert Zajac
General Manager

Magna-lastic Devices, Inc.
111 West Buchanan St.
Carthage, IL 62321

Methode Development Company
7447 West Wilson Avenue
Chicago, IL 60706

Albert C. Chiappetta
General Manager

Methode RF Products
909 Rahway Avenue
Union, NJ 07083

Network Bus Products
4001 Industrial Avenue
Rolling Meadows, IL 60008

Christopher W. Ogden
General Manager

Trace Laboratories Central
1150 W. Euclid Avenue
Palatine, IL 60067

Jeffry A. Schutt
General Manager

Trace Laboratories East
5 North Park Drive
Hunt Valley, MD 21030

Scott S. Opperhauser
Vice President

International

Automotive Electronic Controls
German Office
Hagenauer Strasse 1-3
65203 Wiesbaden
Germany

Joseph Khoury

Methode Electronics Europe Ltd.
Unit 14, Vale of Leven
Industrial Estate
Dumbarton,
Dunbartonshire G82 3PD
Scotland, U.K.

Todd Smith
Managing Director

Methode Electronics Far East Pte Ltd.
1 Tuas Lane
Jurong Town
Singapore 638610

Andrew C. Waldron
Managing Director

Methode Electronics Ireland, Ltd.
11 Annacotty Industrial Estate
Limerick
Ireland

Joseph K. Sheehan
Vice President

Methode Electronics Malta Ltd.
Mriehel Industrial Estate
Mriehel QRM09
Malta

David Mifsud
Managing Director

Methode Electronics Mexico
Carr Riberena Km 10.5
Maquilpark
C.D. Reynosa
Tamaulipas, Mexico

Tom Cutts
General Manager

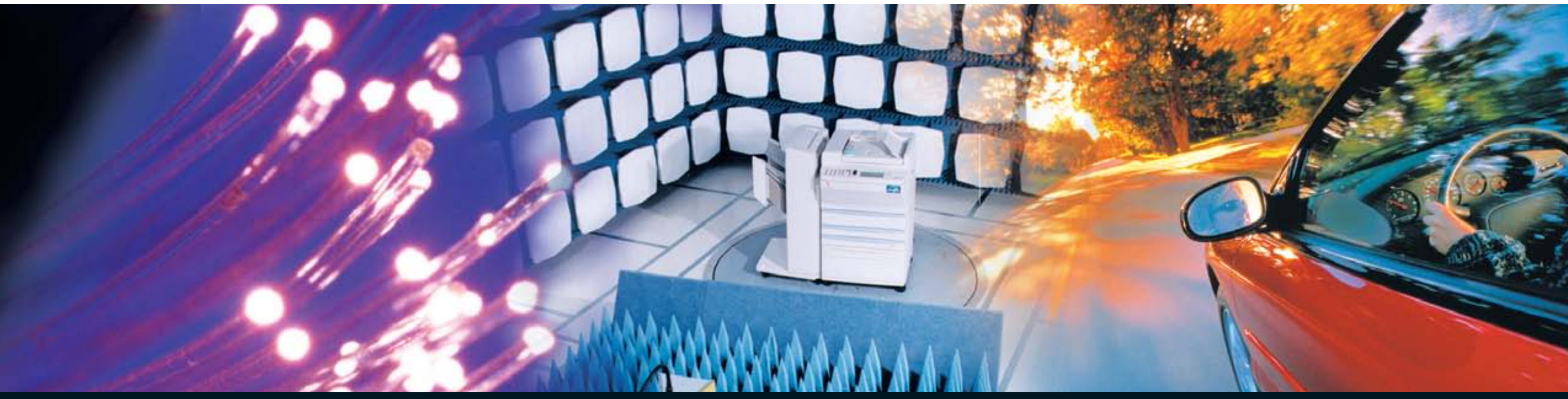
Methode Fibre Optics Europe Ltd.
Boundary Road
Haverhill Suffolk CB9 7UU
England, U.K.

Joseph K. Sheehan
Managing Director

Optokon Co. Ltd.
Antoninuv Dul 250,
586 02 Jihlava, Czech Republic

Jiri Stefl
Managing Director

Hirsch O'Connor Design, Inc., Chicago, Illinois



METHODE ELECTRONICS, INC. WORLDWIDE LOCATIONS

METHODE ELECTRONICS, INC.

Corporate Headquarters
7401 West Wilson Avenue
Chicago, Illinois 60706-4548

TOLL FREE 1.877.316.7700
www.methode.com