UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x	**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the quarterly period ended August 1, 2009

or

o	**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

Commission file number 0-2816

METHODE ELECTRONICS, INC.

(Exact name of registrant as specified in its charter.)

Delaware (State or other jurisdiction of incorporation or organization)	**36-2090085** (I.R.S. Employer Identification No.)
7401 West Wilson Avenue, Harwood Heights, Illinois (Address of principal executive offices)	**60706-4548** (Zip Code)

(708) 867-6777

(Registrant s telephone number, including area code)

None

(Former name, former address, former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or smaller reporting company. See definitions of accelerated filer , large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

At September 1, 2009, registrant had 37,520,657 shares of common stock outstanding.

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METHODE ELECTRONICS, INC.

FORM 10-Q

August 1, 2009

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

METHODE ELECTRONICS, INC AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	As of August 1, 2009 (Unaudited)	As of May 2, 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 57,052	$ 54,030
Accounts receivable, net	54,840	60,406
Inventories:		
Finished products	9,260	11,865
Work in process	13,952	10,765
Materials	19,011	17,796
	42,223	40,426
Deferred income taxes	4,954	4,928
Refundable income taxes	14,864	14,764
Prepaid expenses and other current assets	7,402	6,692
TOTAL CURRENT ASSETS	181,335	181,246
PROPERTY, PLANT AND EQUIPMENT	297,771	289,084
Less allowances for depreciation	228,080	219,167
	69,691	69,917
GOODWILL	11,771	11,771
INTANGIBLE ASSETS, net	20,024	20,501
OTHER ASSETS	22,544	21,853
	54,339	54,125
TOTAL ASSETS	$ 305,365	$ 305,288
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 25,099	$ 24,495
Other current liabilities	26,054	29,023
TOTAL CURRENT LIABILITIES	51,153	53,518
OTHER LIABILITIES	13,960	13,561
DEFERRED COMPENSATION	2,338	3,308
SHAREHOLDERS EQUITY		
Common stock, $0.50 par value, 100,000,000 shares authorized, 38,315,225 and 38,290,776 shares issued as of August 1, 2009 and May 2, 2009, respectively	19,158	19,145

Unearned common stock issuances		(3,632)		(3,632)
Additional paid-in capital		68,794		68,506
Accumulated other comprehensive income		20,683		15,675
Treasury stock, 1,372,188 shares as of August 1, 2009 and May 2, 2009		(11,495)		(11,495)
Retained earnings		140,942		143,577
TOTAL METHODE ELECTRONICS, INC. SHAREHOLDERS EQUITY		234,450		231,776
Noncontrolling interest		3,464		3,125
TOTAL SHAREHOLDERS EQUITY		237,914		234,901
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$	305,365	$	305,288

See notes to condensed consolidated financial statements.

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METHODE ELECTRONICS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME/(LOSS) (Unaudited)

(in thousands, except per share data)

	Three Months Ended			
	August 1, 2009		August 2, 2008	
INCOME				
Net sales	$	89,776	$	134,514
Other		1,387		733
		91,163		135,247
COSTS AND EXPENSES				
Cost of products sold		70,909		105,430
Restructuring		3,611		4,917
Selling and administrative expenses		15,874		16,398
		90,394		126,745
Income from operations		769		8,502
Interest income/(expense), net		(102)		534
Other expense, net		(394)		(269)
Income before income taxes		273		8,767
Income tax expense		286		1,897
Net income/(loss)		(13)		6,870
Less: Net Income attributable to noncontrolling interest		(6)		(54)
NET INCOME/(LOSS) ATTRIBUTABLE TO METHODE ELECTRONICS, INC.	$	(19)	$	6,816
Amounts per common share attributable to Methode Electronics, Inc.:				
Basic net income/(loss)	$		$	0.18
Diluted net income/(loss)	$		$	0.18
Cash dividends:				
Common stock	$	0.07	$	0.05
Weighted average number of Common Shares outstanding:				
Basic		36,638		37,198
Diluted		36,638		37,644

See notes to condensed consolidated financial statements.

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METHODE ELECTRONICS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands)

	Three Months Ended	
	August 1, 2009	August 2, 2008
OPERATING ACTIVITIES		
Net income/(loss)	$ (13)	$ 6,870
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Provision for depreciation	5,038	5,942
Impairment of tangible assets	710	
Amortization of intangibles	565	1,372
Amortization of stock awards and stock options	299	792
Changes in operating assets and liabilities	1,070	(3,722)
Other	19	88
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,688	11,342
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(3,266)	(3,340)
Acquisition of technology licenses	(87)	(156)
Other		63
NET CASH USED IN INVESTING ACTIVITIES	(3,353)	(3,433)
FINANCING ACTIVITIES		
Proceeds from exercise of stock options		103
Tax benefit from stock options and awards		46
Cash dividends	(2,616)	(1,895)
NET CASH USED IN FINANCING ACTIVITIES	(2,616)	(1,746)
Effect of foreign currency exchange rate changes on cash	1,303	609
INCREASE IN CASH AND CASH EQUIVALENTS	3,022	6,772
Cash and cash equivalents at beginning of period	54,030	104,716
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 57,052	$ 111,488

See notes to condensed consolidated financial statements.

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METHODE ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollar amounts in thousands, except share data)

August 1, 2009

1. BASIS OF PRESENTATION

Methode Electronics, Inc. was incorporated in 1946 as an Illinois corporation and reincorporated in Delaware in 1966. As used herein, we , us , our , the Company or Methode means Methode Electronics, Inc. and its subsidiaries. The condensed consolidated financial statements and related disclosures as of August 1, 2009 and results of operations for the three months ended August 1, 2009 and August 2, 2008 are unaudited, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The May 2, 2009 condensed consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (U.S. GAAP). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. In our opinion, these financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for the fair statement of the results for the interim periods. These financial statements should be read in conjunction with the financial statements included in our latest Form 10-K for the year ended May 2, 2009 filed with the SEC on July 2, 2009. Results may vary from quarter to quarter for reasons other than seasonality.

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued Statement No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles , (Statement No. 168). Statement No. 168 will become the single source of authoritative nongovernmental U.S. generally accepted accounting principles (GAAP), superseding existing FASB, American Institute of Certified Public Accountants (AICPA), Emerging Issues Task Force (EITF), and related accounting literature. Statement No. 168 reorganizes the thousands of GAAP pronouncements into roughly 90 accounting topics and displays them using a consistent structure. Also included is relevant Securities and Exchange Commission guidance organized using the same topical structure in separate sections. Statement No. 168 will be effective for financial statements issued for reporting periods that end after September 15, 2009. This will have an impact on the Company s financial statements since all future references to authoritative accounting literature will be references in accordance with Statement No. 168.

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R) (SFAS No. 167). SFAS No. 167 is intended to improve financial reporting by providing additional guidance to companies involved with variable interest entities and by requiring additional disclosures about a company s involvement in variable interest entities. This standard is effective for interim and annual periods ending after November 15, 2009, which is our third quarter fiscal 2010, that ends on January 30, 2010. The adoption of this standard will not have a material impact on our financial statements.

In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets (SFAS No. 166). SFAS No. 166 is a revision to SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities , and will require more information about transfers of financial assets and where companies have continuing exposure to the risk related to transferred financial assets. It eliminates the concept of a qualifying special purpose entity, changes the requirements for derecognizing financial assets, and requires additional disclosure. This standard is effective for interim and annual periods ending after November 15, 2009, which is our third quarter fiscal 2010, that ends on January 30, 2010. The adoption of this standard will not have a material impact on our financial statements.

3. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements , an Amendment of Accounting Research Bulletin No. 51, Consolidated Financial Statements (SFAS No. 160). SFAS No. 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial

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METHODE ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollar amounts in thousands, except share data)

3. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS - Continued

statements. We adopted SFAS No. 160 on May 3, 2009. As a result, we have reclassified financial statement line items within our condensed consolidated balance sheet and statement of income/(loss) for the prior period to conform with this standard. Additionally, see Note 5 for disclosure reflecting the impact of SFAS No. 160 on our reconciliation of comprehensive income.

In June 2008, the FASB issued FSP EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities . FSP EITF 03-6-1 was issued to clarify that unvested share-based payment awards with a right to receive non-forfeitable dividends are participating securities. This FSP also provides guidance on how to allocate earnings to participating securities and compute basic earnings per share using the two-class method. FSP EITF 03-6-1 was effective for fiscal years beginning after December 15, 2008. We adopted FSP EITF 03-6-1 on May 3, 2009. The adoption of this FSP did not have a material impact on our earnings per share calculations.

In February 2008, the FASB issued FASB Staff Position No. 157-2, which delays the effective date of SFAS No. 157 for non-financial assets and liabilities, which are not measured at fair value on a recurring basis (at least annually) until fiscal years beginning after November 15, 2008, which is our fiscal year 2010 that began May 3, 2009. The adoption of SFAS No. 157 for non-financial assets and liabilities did not have a material impact on our condensed consolidated financial statements.

On May 3, 2009, we adopted the provisions of Statement No. 141 (Revised 2007), Business Combinations (Statement No. 141R). Statement No. 141R establishes principles and requirements on how an acquirer recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, noncontrolling interests in the acquiree, goodwill or gain from a bargain purchase and accounting for transaction costs. Additionally, Statement No. 141R determines what information must be disclosed to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The adoption of Statement No. 141R did not have an impact on our consolidated financial statements, but will have an impact on the accounting for future business combinations.

In April 2009, the FASB issued three FSPs related to fair value measurements. The first, FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly , provides guidance on determining whether a market is inactive and whether transactions in that market are distressed. The second FSP issued, FSP FAS 115-2, FAS 124-2, and EITF 99-20-2, Recognition and Presentation of Other-Than-Temporary Impairments , provides guidance on how to assess whether an asset has experienced an other-than-temporary impairment and, if so, where the impairment should be recorded in the financial statements. The third FSP issued, FSP FAS 107-1 and APB 28-1, Interim Disclosures About Fair Value of Financial Instruments , requires that disclosures currently required under SFAS No. 107, Disclosures about Fair Value of Financial Instruments, be presented for interim periods as well as annual periods. The Company adopted these FSPs during the first quarter of 2010. The adoption of these FSPs did not have a material impact on the Company s consolidated financial statements.

In May 2009, the FASB issued SFAS No. 165, Subsequent Events (SFAS No. 165). SFAS No. 165 establishes general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this statement sets forth: (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in the financial statements and (3) the disclosure that an entity should make about events or transactions that occurred after the balance sheet date. SFAS No. 165 was effective for the interim or annual financial periods ending after June 15, 2009. We adopted SFAS No. 165 on August 1, 2009, and evaluated subsequent events through the time these financial statements were filed with the Securities and Exchange Commission.

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METHODE ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollar amounts in thousands, except share data)

4. RESTRUCTURING

March 2009 Restructuring

In March 2009, we announced several additional restructuring actions to further reduce our exposure to the North American automotive industry and to consolidate manufacturing facilities in lower cost regions to reduce costs. The restructuring is expected to be completed during the second half of fiscal 2010. We record the expense in the restructuring section of our consolidated statement of income. As of August 1, 2009, we have recorded a total of $9,204 of the restructuring charges. We estimate that we will record additional pre-tax restructuring charges in fiscal 2010 of between $2,300 and $3,900.

During the fiscal quarter ended August 1, 2009, we recorded a restructuring charge of $1,941, which consisted of $1,671 for employee severance and $270 relating to other costs. As of August 1, 2009, we had an accrued restructuring liability of $186 reflected in the current liabilities section of our consolidated balance sheet. We expect this liability to be paid out during fiscal 2010.

The table below reflects the March 2009 restructuring activity for the fiscal quarter ended August 1, 2009.

	One-Time Employee Severance	Asset Write-Downs	Other Costs	Total
Accrued balance at May 2, 2009	$ 140	$	$	$ 140
First quarter fiscal 2010 restructuring charges	1,671		270	1,941
First quarter 2010 payments and asset write-downs	(1,625)		(270)	(1,895)
Accrued balance at August 1, 2009	$ 186	$	$	$ 186

January 2008 Restructuring

In January 2008, we announced a restructuring of our U.S.-based automotive operations and a decision to discontinue producing certain legacy products in the Interconnect segment. The Automotive and Interconnect restructuring is expected to be completed during the current fiscal year. We record the expense in the restructuring section of our condensed consolidated statement of income. As of August 1, 2009, we have recorded a total of $24,844 of the restructuring charges. We estimate that we will record additional pre-tax restructuring charges in fiscal 2010 of between $500 and $1,000. During the first quarter of fiscal 2010, we recorded impairment charges on our fixed assets of $710 for the Automotive segment. Based on the rules of SFAS No. 144   Accounting for the Impairment or Disposal of Long-Lived Assets , (SFAS No. 144), we concluded that the future estimated cash flows did not support the current net book values of the assets (before the impairment adjustment) due to lower forecasted sales in the Automotive segment. We continue to perform periodic impairment testing, and if indicators exist, we will record any charges incurred as per SFAS No. 144, in the period when impairment is incurred.

During the three months ended August 1, 2009, we recorded a restructuring charge of $1,670, which consisted of $180 for employee severance, $1,450 in impairments and accelerated depreciation and $40 relating to other costs. As of August 1, 2009, we had an accrued restructuring liability of $1,661 reflected in the current liabilities section of our consolidated balance sheet.

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METHODE ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollar amounts in thousands, except share data)

4. RESTRUCTURING - Continued

The table below reflects the January 2008 restructuring activity for the fiscal quarter ended August 1, 2009

	One-Time Employee Severance	Asset Write-Downs	Other Costs	Total
Accrued balance at May 2, 2009	$ 1,849	$	$	$ 1,849
First quarter fiscal 2010 restructuring charges	180	1,450	40	1,670
First quarter 2010 payments and asset write-downs	(368)	(1,450)	(40)	(1,858)
Accrued balance at August 1, 2009	$ 1,661	$	$	$ 1,661

5. COMPREHENSIVE INCOME/(LOSS)

The components of our comprehensive income/(loss) for the three months ended August 1, 2009 and August 2, 2008 include net income/(loss) and adjustments to stockholders equity for foreign currency translations. The foreign currency translation adjustment was due to exchange rate fluctuations in our foreign affiliates local currency versus the U.S. dollar.

The following table presents details of our comprehensive income/(loss) (unaudited):

	Three Months Ended August 1, 2009		
	Total	Methode Shareholders	Noncontrolling Interest
Net income/(loss)	$ (13)	$ (19)	$ 6
Translation adjustment	5,008	4,675	333
Total comprehensive income	$ 4,995	$ 4,656	$ 339

	Three Months Ended August 2, 2008		
	Total	Methode Shareholders	Noncontrolling Interest
Net income	$ 6,870	$ 6,816	$ 54

Translation adjustment		1,735		1,509		226
Total comprehensive income	$	8,605	$	8,325	$	280

6. GOODWILL AND INTANGIBLE ASSETS

We review our goodwill and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable, and we also review our goodwill annually in accordance with SFAS No. 142, Goodwill and Other Intangibles (SFAS No. 142). The values assigned to goodwill and intangible assets are normally based on estimates and judgments regarding expectations for the success and life cycle of products and technologies acquired. A severe decline in expectations could result in significant impairment charges, which could have a material adverse effect on our financial condition and results of operations.

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METHODE ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollar amounts in thousands, except share data)

6. GOODWILL AND INTANGIBLE ASSETS - Continued

The following tables present details of the Company s intangible assets:

	As of August 1, 2009			
	Gross	Accumulated Amortization	Net	Wtd. Avg. Remaining Amortization Periods (Years)
Customer relationships and agreements	$ 14,995	$ 12,801	$ 2,194	14.4
Patents and technology licenses	23,332	5,631	17,701	13.3
Covenants not to compete	480	351	129	2.6
Total	$ 38,807	$ 18,783	$ 20,024	

	As of May 2, 2009			
	Gross	Accumulated Amortization	Net	Wtd. Avg. Remaining Amortization Periods (Years)
Customer relationships and agreements	$ 14,995	$ 12,718	$ 2,277	14.7
Patents and technology licenses	23,244	5,169	18,075	13.4
Covenants not to compete	480	331	149	2.8
Total	$ 38,719	$ 18,218	$ 20,501	

The estimated aggregate amortization expense for fiscal 2010 and each of the four succeeding fiscal years is as follows:

2010	$ 2,242
2011	2,191
2012	1,679
2013	1,302
2014	1,190

As of August 1, 2009, the patents and technology licenses include $2,400 of tradenames that are not subject to amortization.

7. ACQUISITIONS

On September 30, 2008, we acquired certain assets of Hetronic LLC (Hetronic) for $53,639 in cash. We also incurred $2,447 in transaction costs. Hetronic is a global leader in industrial safety radio remote controls with locations in the U.S., Malta, the Philippines and Germany. Hetronic is represented in 45 countries by direct sales associates, licensed partners, distributors and representatives. Hetronic provides application specific and standard controls to many different industries, such as material handling, transportation, mining, military, agriculture and construction.

Based on a third-party valuation report, the tangible net assets acquired had a fair value of $20,533. The fair values assigned to intangible assets acquired were $12,170 for customer relationships, $2,700 for the tradename and trademarks, $1,450 for technology valuation, and $170 for non-competes, resulting in $19,063 of goodwill. The customer relationships, technology valuation and non-compete agreements will be amortized over 5 to approximately 12 years. The trade name and trademarks are not subject to amortization but will be subject to periodic impairment testing. The accounts and transactions of Hetronic have been included in the Interconnect segment in the consolidated financial statements from the effective date of the acquisition.

METHODE ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollar amounts in thousands, except share data)

8. INCOME TAXES

At August 1, 2009, we had valuation allowances against our deferred tax assets of $52,298. In accordance with FASB No. 109, Accounting for Income Taxes , a valuation allowance is required to be recorded when it is more likely than not that deferred tax assets will not be realized. Future realization depends on the existence of sufficient taxable income within the carry-forward period available under the tax law. Sources of future taxable income include future reversals of taxable temporary differences, future taxable income exclusive of reversing taxable differences, taxable income in carry-back years and tax planning strategies. These sources of positive evidence of realizability must be weighed against negative evidence, such as cumulative losses in recent years.

In forming a judgment about the future realization of our deferred tax assets, we considered both the positive and negative evidence of realizability and gave significant weight to the negative evidence from our recent cumulative loss. We will continue to assess this situation and make appropriate adjustments to the valuation allowance based on our evaluation of the positive and negative evidence existing at the time. We are currently unable to forecast when there will be sufficient positive evidence for us to reverse the valuation allowances that we have recorded.

The valuation allowance is associated with the deferred tax assets for the differences between book and tax that result from net operating losses (NOL), foreign investment tax credits with unlimited carryovers generated in the current and prior years and temporary differences which become deductible when the related asset is recovered or related liability is settled.

We recognize interest and penalties accrued related to the unrecognized tax benefits in the provision for income taxes. During the three months ended August 1, 2009, we recognized $43 in interest and zero in penalties. We had approximately $978 accrued at August 1, 2009 for the payment of interest. The total unrecognized tax benefit as of August 1, 2009 was $6,126.

We believe that it is reasonably possible that the total amount of unrecognized tax benefits will change within the next twelve months. We have certain tax return years subject to statutes of limitation, which will close within twelve months of the end of the quarter. Unless challenged by tax authorities, the closure of those statutes of limitation is expected to result in the recognition of uncertain tax positions in the range between $500 and $2,500.

The Company and all of its domestic subsidiaries file income tax returns in the U.S. federal jurisdiction and various states. Our foreign subsidiaries file income tax returns in certain foreign jurisdictions since they have operations outside the U.S. The Company and its subsidiaries are generally no longer subject to U.S. federal, state and local examinations by tax authorities for years before fiscal 2006.

9. COMMON STOCK AND STOCK-BASED COMPENSATION

The following table sets forth the changes in the number of issued shares of common stock during the three-month period presented:

	Three Months Ended	
	August 1, 2009	**August 2, 2008**
Balance at the beginning of the period	38,290,776	38,225,379
Options exercised		18,189
Restricted stock awards vested	24,449	38,397
Balance at the end of the period	38,315,225	38,281,965

We paid a quarterly dividend of $2,616 on July 31, 2009. We intend to retain the remainder of our earnings not used for dividend payments to provide funds for the operation and expansion of our business. Our Board of

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METHODE ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollar amounts in thousands, except share data)

9. COMMON STOCK AND STOCK-BASED COMPENSATION - Continued

Directors approved a stock repurchase plan on September 18, 2008 to repurchase up to 3,000,000 shares. The plan expires at the end of fiscal 2010. There were no shares purchased during the first quarter of fiscal 2010.

Stock Options Granted Under the 2000 and 2004 Stock Plans

There are 595,505 stock options that were granted in previous years under the 2000 and 2004 stock plans that are outstanding and exercisable as of August 1, 2009. There were 30,128 options that expired during the first quarter of fiscal 2010. There was no remaining compensation expense relating to these options in the first quarter of fiscal 2010.

The following tables summarize the stock option activity and related information for the stock options granted under the 2000 and 2004 stock plans for the three months ended August 1, 2009:

	Summary of Option Activity		
	Shares		**Wtd. Avg. Exercise Price**
Outstanding at May 2, 2009	625,633	$	10.26
Exercised			
Forfeited	(30,128)		8.08
Outstanding at August 1, 2009	595,505	$	10.48

	Options Outstanding and Exercisable at August 1, 2009			
Range of Exercise Prices	**Shares**		**Wtd. Avg. Exercise Price**	**Avg. Remaining Life (Years)**
$5.12 - $7.69	154,125	$	6.68	1.8
$8.08 - $11.64	306,620		10.85	1.8
$12.11 - $17.66	134,760		13.98	0.8
	595,505	$	10.48	

The options outstanding had an intrinsic value of $140 at August 1, 2009.

Stock Options Granted Under the 2007 Stock Plan

In March 2009, the Compensation Committee approved 285,000 stock option grants to our executive officers under the 2007 Stock Plan. The March 2009 stock options vest on the third anniversary from the date of grant. In July 2009, the Compensation Committee approved 275,000 stock option grants to our executive officers and other management under the same plan. The July 2009 stock options vest on one-third per year on each anniversary from the date of grant. Both the March 2009 and July 2009 stock option grants have a ten-year term.

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METHODE ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollar amounts in thousands, except share data)

9. COMMON STOCK AND STOCK-BASED COMPENSATION - Continued

The following tables summarize the stock option activity and related information for the stock options granted under the 2007 stock plan for the three months ended August 1, 2009:

	Summary of Option Activity		
	Shares		Wtd. Avg. Exercise Price
Outstanding at May 2, 2009	285,000	$	2.72
Granted	275,000		6.46
Exercised			
Cancelled			
Outstanding at August 1, 2009	560,000	$	4.56

Options Outstanding at August 1, 2009			
Exercise Price		Shares	Avg. Remaining Life (Years)
$	2.72	285,000	9.6
$	6.46	275,000	9.9

We estimated the fair value of our employee stock options on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

		Fiscal 2009 Grants		Fiscal 2010 Grants
Average expected volatility		69.58%		87.31%
Average risk-free interest rate		1.39%		1.46%
Dividend yield		2.26%		2.66%
Expected life of options		6.87 years		6.87 years
Weighted-average grant-date fair value	$	1.46	$	3.97

Restricted Stock Awards and Restricted Stock Units

In April 2007, 225,000 shares of common stock subject to performance-based Restricted Stock Awards (RSAs) granted to our CEO in fiscal 2006 and 2007 were converted to Restricted Stock Units (RSUs). The RSUs are subject to the same vesting schedule and other major provisions of the RSAs they replaced, except the RSUs are not payable until the earlier of: (1) thirty days after the CEO s date of termination of employment with the Company and all of its subsidiaries and affiliates; or (2) the last day of our fiscal year in which the payment of common stock in satisfaction of the RSUs becomes deductible to the Company under Section 162(m) of the Internal Revenue Code. At the end of fiscal 2009, 100,000 RSUs were cancelled due to the company not meeting specific revenue and performance goals. All further discussion of RSAs in this report includes the RSUs described above.

At May 3, 2009, the beginning of fiscal 2010, there were 578,287 performance-based and time-based RSAs outstanding. The time-based RSAs vest in three equal annual installments from the grant date. All RSAs awarded to senior management are performance-based and vest after three years if the recipient remains employed by the Company until that date and we have met certain revenue growth and return on invested capital targets. As of August 1, 2009, it was determined that based on the current economic environment, the performance-based shares granted in fiscal years 2008 and 2009 are not expected to meet the revenue growth and return on invested capital targets. All of the unvested RSAs are entitled to voting rights and to payment of dividends. During the three

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9. COMMON STOCK AND STOCK-BASED COMPENSATION - Continued

months ended August 1, 2009, we awarded 24,000 restricted shares to our independent directors, all of which vested immediately upon grant.

We recognized pre-tax compensation expense for RSAs of $237 and $792 in the three months ended August 1, 2009 and August 2, 2008, respectively. We record the expense in the selling and administrative section of our condensed consolidated statement of income.

The following table summarizes the RSA activity for the three months ended August 1, 2009:

	Shares
Unvested at May 2, 2009	578,287
Awarded	24,000
Vested	(24,667)
Forfeited	
Unvested at August 1, 2009	577,620

The table below shows the Company s unvested RSAs at August 1, 2009:

Grant Fiscal Year	RSAs	Vesting Period	Weighted Average Value	Probable Unearned Compensation Expense at August 1, 2009	Target Unearned Compensation Expense at August 1, 2009
2006	125,000	3-year cliff performanced-based	$ 12.42	$	$
2007	834	3-year equal annual installments	11.07		
2008	17,793	3-year equal annual installments	14.89	68	68
2008	149,730	3-year cliff performanced-based	15.14		700
2009	49,724	3-year equal annual installments	10.64	264	264
2009	234,539	3-year cliff performanced-based	11.35		1,781

At August 1, 2009, the aggregate unvested RSAs had a grant date weighted average fair value of $12.61 and a weighted average vesting period of approximately 13 months.

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10. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share (EPS) is calculated by dividing net earnings/(loss) by the weighted average number of common shares outstanding for the applicable period. Diluted EPS is calculated after adjusting the numerator and the denominator of the basic EPS calculation for the effect of all potential dilutive common shares outstanding during the period.

The following table sets forth the computation of basic and diluted earnings/(loss) per share:

	Three Months Ended			
	August 1, 2009		August 2, 2008	
Numerator - net income/(loss) attributable to Methode Electronics, Inc.	$	(19)	$	6,816
Denominator:				
Denominator for basic earnings/(loss) per share-weighted-average shares		36,638		37,198
Dilutive potential common shares-employee stock options				446
Denominator for diluted earnings/(loss) per share adjusted weighted- average shares and assumed conversions		36,638		37,644
Basic and diluted net income/(loss) per share:				
Basic	$		$	0.18
Diluted	$		$	0.18

Potential common shares have not been included in the calculation of diluted net loss per share, as the effect would be anti-dilutive. As such, the numerator and demoninator used in computing both basic and diluted net loss per share for the three months ended August 1, 2009 are the same. Options to purchase 286,624 shares of common stock were outstanding at August 2, 2008 but were not included in the computation of diluted earnings/(loss) per share because the exercise price was greater than the average market price of the common shares; therefore, the effect would have been anti-dilutive.

11. SEGMENT INFORMATION

We are a global manufacturer of component and subsystem devices. We design, manufacture and market devices employing electrical, electronic, wireless, sensing and optical technologies. Our components are found in the primary end markets of the automotive, appliance, 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.

SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information (SFAS No. 131), establishes annual and interim reporting standards for an enterprise s operating segments and related disclosures about its products, services, geographic areas and major customers. An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses, and about which separate financial information is regularly evaluated by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources. The CODM, as defined by SFAS No. 131, is the Company s President and Chief Executive Officer.

The Automotive segment supplies electronic and electromechanical devices and related products to automobile OEMs, either directly or through their tiered suppliers, including control switches for electrical power and signals, connectors for electrical devices, integrated control components, switches and sensors that monitor the operation or status of a component or system, and packaging of electrical components.

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11. SEGMENT INFORMATION - Continued

The Interconnect segment provides a variety of copper and fiber-optic interconnect and interface solutions for the appliance, computer, networking, telecommunications, storage, medical, military, aerospace, commercial and consumer markets. Solutions include solid-state field effect interface panels, optical and copper transceivers, terminators, connectors, custom cable assemblies and conductive polymer and thick film inks. Services include the design and installation of fiber optic and copper infrastructure systems, and manufacture of active and passive optical components.

The Power Products segment manufactures current-carrying laminated bus devices, custom power-product assemblies, powder coated bus bars, braided flexible cables and high-current low voltage flexible power cabling systems that are used in various markets and applications, including telecommunications, computers, transportation, industrial and power conversion, insulated gate bipolar transistor solutions, aerospace and military.

The Other segment includes a designer and manufacturer of magnetic torque sensing products, and independent laboratories that provide services for qualification testing and certification, and analysis of electronic and optical components.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. We allocate resources to and evaluate performance of segments based on operating income. Transfers between segments are recorded using internal transfer prices set by us.

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METHODE ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Dollar amounts in thousands, except share data)

11. SEGMENT INFORMATION - Continued

	Three Months Ended August 1, 2009					
	Automotive	Inter-Connect	Power Products	Other	Eliminations	Consolidated
Net sales	$ 51,199	$ 24,741	$ 11,414	$ 2,707	$ 285	$ 89,776
Transfers between segments		(51)	(224)	(10)	(285)	
Net sales to unaffiliated customers	$ 51,199	$ 24,690	$ 11,190	$ 2,697	$	$ 89,776
Segment income (loss) before restructuring charge	$ 5,509	$ 1,031	$ 852	$ (580)	$	$ 6,812
Restructuring	(2,618)	(771)	(222)			(3,611)
Segment income (loss) including restructuring charge	$ 2,891	$ 260	$ 630	$ (580)	$	$ 3,201
Corporate expenses, net						(2,928)
Income before income taxes						$ 273

	Three Months Ended August 2, 2008					
	Automotive	Inter-Connect	Power Products	Other	Eliminations	Consolidated
Net sales	$ 84,733	$ 35,718	$ 12,135			