

METHODE ELECTRONICS INC
Form 11-K
June 27, 2014

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

FORM 11-K

ý ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the year ended December 31, 2013

o TRANSITION REPORT PURSUANT TO 15 (d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from to

Commission File Number: 0-2816

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Methode Electronics, Inc. 401(k) Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Methode Electronics, Inc.
7401 West Wilson Avenue
Chicago, IL 60706-4548

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
Methode Electronics, Inc. 401(k) Savings Plan
Years Ended December 31, 2013 and 2012

Methode Electronics, Inc.
401(k) Savings Plan

Financial Statements and
Supplemental Schedule

Years Ended December 31, 2013 and 2012

Contents

Report of Independent Registered Public Accounting Firm	1
Financial Statements	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4-13
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)	14
Signatures	15

Report of Independent Registered Public Accounting Firm

The Administration Committee

Methode Electronics, Inc.

401(k) Savings Plan

We have audited the accompanying statements of net assets available for benefits of Methode Electronics, Inc. 401(k) Savings Plan as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 net assets available for benefits of the Plan at December 31, 2013 and 2012, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2013, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Sassetti LLC

June 27, 2014

Oak Park, Illinois

Methode Electronics, Inc.
401(k) Savings Plan

Statements of Net Assets Available for Benefits

	December 31, 2013	2012
Assets		
Cash	\$—	\$10,926
Investments, at fair value:		
Group annuity investment contracts	9,798,063	8,716,829
Mutual funds	41,100,039	32,898,655
Methode common stock fund	9,096,052	2,928,781
Total investments	59,994,154	44,544,265
Receivables:		
Participant loans	915,929	764,658
Due from Eetrex Inc. 401(k) P/S Plan	—	64,185
Total receivables	915,929	828,843
Total assets	60,910,083	45,384,034
Liabilities		
Total liabilities	—	—
Net assets available for benefits, at fair value	60,910,083	45,384,034
Adjustments from fair value to contract for fully benefit-responsive investment contracts	(40,041)(46,203
Net assets available for benefits	\$60,870,042	\$45,337,831

See accompanying notes

Methode Electronics, Inc.
401(k) Savings Plan

Statements of Changes in Net Assets Available for Benefits

	December 31, 2013	2012
Additions:		
Additions to net assets attributed to:		
Investment income:		
Interest and dividends	\$ 1,704,754	\$ 932,025
Net appreciation in fair value of investments	14,677,387	4,483,584
Total investment gain	16,382,141	5,415,609
Contributions:		
Participants	2,325,291	2,191,719
Employer	1,346,495	1,304,330
Rollovers	1,079,871	319,055
	4,751,657	3,815,104
Total additions, net	21,133,798	9,230,713
Deductions:		
Deductions from net assets attributed to:		
Benefits paid to participants		
Administrative expenses	5,576,587	4,299,735
Total deductions	25,000	25,000
Total liabilities	5,601,587	4,324,735
Net increase	15,532,211	4,905,978
Transfer of assets from merged Eetrex Inc. 401(k) P/S Plan	—	64,185
Net assets available for benefits:		
Beginning of year	45,337,831	40,367,668
End of year	\$ 60,870,042	\$ 45,337,831

See accompanying notes.

Methode Electronics, Inc.
401(k) Savings Plan

Notes to Financial Statements

1. Description of the Plan

The following description of the Methode Electronics, Inc. 401(k) Savings Plan (Plan) provides only general information. Participants should refer to the Summary Plan Description (SPD) for a more complete description of the Plan's provisions. Copies of the SPD are available from Methode Electronics, Inc.

General

The Plan is a defined-contribution plan established to provide additional retirement and other benefits for eligible employees, to enable eligible employees, through systematic savings, to accumulate funds on a tax-advantageous basis, and to provide a vehicle through which the plan sponsor, Methode Electronics, Inc. and its domestic subsidiaries (the Company), can attract and retain qualified employees.

Participation

Employees, with U.S. based payroll, who are employed by the Company for three full calendar months are eligible to participate in the Plan on the first day of the following calendar month.

Contributions

Participants may elect to contribute a minimum of 2% of their annual compensation (as defined in the Plan) on a pre-tax, after tax Roth 401(k) or any combination, up to the maximum annual dollar limit allowable by the Internal Revenue Service (IRS).

The Company contributes to the Plan, on behalf of each participant, a "safe-harbor" non-elective contribution of 3% of each participant's eligible compensation (as defined by the Plan), subject to the IRS maximum amount, for the portion of the Plan year in which the employee was a participant in the Plan.

Participants may direct contributions into various investment options offered by the Plan.

Methode Electronics, Inc.
401(k) Savings Plan

Notes to Financial Statements

1. Description of Plan (continued)

Participant Withdrawals

Withdrawals are permitted in the event of termination of employment, disability, death, retirement, attainment of age 59 1/2, or financial hardship. A financial hardship withdrawal is currently permitted by the IRS for certain authorized purposes. Such withdrawals must be approved by the 401(k) Hardship Committee. Withdrawals prior to the attainment of age 59 1/2 may be subject to an additional 10% tax penalty.

Vesting

Participants are immediately vested in Company contributions, their contributions, and actual earnings (losses) thereon.

Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. Loan terms range from 1 to 5 years or up to 15 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at the prime rate plus 1%. Principal and interest are paid ratably through payroll deductions.

Participant loans are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of Company contributions and Plan earnings (losses). Allocations are based on participant earnings or account balances as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974.

Methode Electronics, Inc.
401(k) Savings Plan

Notes to Financial Statements

2. Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Valuation of Investments

The shares of mutual funds and the Methode Electronics Common Stock Fund are reported at fair value. See note 4 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

In December, 2005, the Financial Accounting Standards Board ("FASB") issued certain authoritative literature with respect to the definition of fully benefit-responsive investment contracts and the presentation and disclosure of fully benefit-responsive investment contracts in plan financial statements. The literature requires that investments in common/collective trusts that include benefit-responsive investment contracts be presented at fair value in the statement of net assets available for benefits and that the amount representing the difference between fair value and contract value of these investments also be presented on the face of the statement of net assets available for benefits. The Plan has group annuity investment contracts with the Hartford Life Insurance Company ("Hartford") and Lincoln National Life Insurance Company ("Lincoln").

The Hartford group annuity contract fair value and contract value are estimated by Hartford Life Insurance Company. Contract value represents contributions made, plus interest at the contract rate, less funds used to pay participants' benefits. The Plan does not allow for new investment in this contract. There are significant penalties if the entire contract were prematurely terminated. The interest's guarantee is based on Hartford's ability to meet its financial obligations from its general assets.

The Hartford group annuity contract had an average yield of 3.09% (annualized) for each of the years ended December 31, 2013 and 2012. The crediting interest rate was 3.00% at December 31, 2013 and 2012, respectively.

The crediting interest rate is set at the beginning of the calendar year and is periodically reviewed for adjustment.

The Lincoln Stable Value Account is a fixed group annuity issued by The Lincoln National Life Insurance Company. As described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification TM ("ASC") Fully Benefit-Responsive Investment Contracts

Methode Electronics, Inc.
401(k) Savings Plan

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Topic, investment contracts held by a defined contribution plan that are fully benefit responsive are required to be reported at fair value and an adjustment to total net assets is required to show net assets at contract value. The Lincoln Stable Value held by the Plan is fully benefit responsive; therefore, contract value reporting is required. In this instance, contract value approximates fair value as a result of current interest rates credited to the contracts. Contract value represents contributions made, plus interest at the contract rate, less funds used to pay participants' benefits. The Lincoln contract had an average yield of 1.75% and 1.83% (annualized) for the years ended December 31, 2013 and 2012, respectively. The crediting interest rate was 1.72% at December 31, 2013 and 2012, respectively. The crediting interest rate is set at the beginning of each calendar quarter and is based upon the three-year average of the Barclays Capital Intermediate U.S. Government Credit Index minus 35 basis points. The guarantee is based on Lincoln's ability to meet its financial obligations from its general assets.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Concentration of Credit Risk

The Plan's exposure to a concentration of credit risk is limited by the diversification of investments across fourteen participant-directed fund elections, which includes a Methode Electronics Common Stock Fund. Additionally, the investments within each fund are further diversified into varied financial instruments, with the exception of the Methode Electronics Common Stock Fund, which invests in a single security.

Administrative Expenses

Generally, expenses of the Plan are paid by the Company.

Methode Electronics, Inc.
401(k) Savings Plan

Notes to Financial Statements

3. Investments

The Plan's investments (including investments purchased, sold, as well as held during the year) appreciated (depreciated) in fair value as determined by quoted market prices as follows:

	Years Ended December 31	
	2013	2012
Mutual funds	\$7,023,077	\$3,731,265
Common stock fund	7,654,310	752,319
	\$14,677,387	\$4,483,584

Investments that represent 5% or more of the Plan's net assets are as follows:

	Years Ended December 31	
	2013	2012
Lincoln Stable Value Fund	\$8,923,769	\$7,733,512
American Funds		
American Balanced Fund	11,802,256	10,029,869
American Growth Fund of America	6,463,829	4,891,038
American Mutual Fund	5,260,811	4,422,511
Euro Pacific Fund	4,198,636	3,246,781
Davis NY Venture Fund	*	2,973,146
Delaware Diversified Income	*	2,274,756
T Rowe Price Dividend Growth Adv	3,688,045	*
Methode Electronics Common Stock Fund	9,096,052	2,928,781

* Investment did not represent greater than 5% of Plan assets

Methode Electronics, Inc.
401(k) Savings Plan

Notes to Financial Statements

4. Fair Value Measurements

Accounting Standards Codification Topic 820 (ASC 820) defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Plan considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

ASC 820 also establishes a fair value hierarchy that requires the Plan to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial Instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The standard establishes three levels of inputs that may be used to measure fair value:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities ; or

Level 3: unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Methode Electronics, Inc.
401(k) Savings Plan

Notes to Financial Statements

4. Fair Value Measurements (continued)

Investments measured at Fair Value on a recurring Basis

The following summarizes the classification of Investments by classification and method of valuation for the years ended December 31,

	2013			Total
	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	
Mutual Funds				
Intermediate Term Bond	\$2,330,180	\$—	\$—	\$2,330,180
Moderate Allocation	11,802,256	—	—	11,802,256
Small Value	1,889,565	—	—	1,889,565
Mid-Cap Growth	1,956,595	—	—	1,956,595
Large Blend	4,747,714	—	—	4,747,714
Large Growth	8,454,130	—	—	8,454,130
Large Value	5,260,811	—	—	5,260,811
Foreign Large Blend	4,658,788	—	—	4,658,788
Total	41,100,039	—	—	41,100,039
Methode Common Stock Fund	9,096,052	—	—	9,096,052
Group Annuity/Investment Contracts	—	—	9,798,063	9,798,063
	\$50,196,091	\$—	\$9,798,063	\$59,994,154

Methode Electronics, Inc.
401(k) Savings Plan

Notes to Financial Statements

	2012			Total
	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	
Mutual Funds				
Intermediate Term Bond	\$2,274,756	\$—	\$—	\$2,274,756
Moderate Allocation	10,029,868	—	—	10,029,868
Small Value	1,090,768	—	—	1,090,768
Mid-Cap Growth	1,377,224	—	—	1,377,224
Large Blend	3,776,000	—	—	3,776,000
Large Growth	6,475,258	—	—	6,475,258
Large Value	4,422,511	—	—	4,422,511
Foreign Large Blend	3,452,270	—	—	3,452,270
Total	32,898,655	—	—	32,898,655
Methode Common Stock Fund	2,928,781	—	—	2,928,781
Group Annuity/Investment Contracts	—	—	8,716,829	8,716,829
	\$35,827,436	\$—	\$8,716,829	\$44,544,265

Methode Electronics, Inc.
401(k) Savings Plan

Notes to Financial Statements

4. Fair Value Measurements (continued)

The Plan's valuation methodology used to measure fair values are as follows:

Methode Electronics, Inc. Common Stock Fund: the fund invests primarily in Methode Electronics, Inc. common stock, which is traded on the New York Stock Exchange (NYSE) under the ticker symbol (MEI) and is valued at its quoted market price at the daily close of the NYSE. A small portion of the fund is invested in short-term money market instruments. The money market portion of the fund provides liquidity, which enables the Plan participants to transfer money daily among all investment choices.

Hartford Group Annuity Contract guarantees a fixed interest rate each year. The assets are valued at fair value as reported by Hartford and is based on discounted cash flows. Contract value is the sum of the amount invested less withdrawals plus interest computed at the guaranteed interest rate. These contracts do not hold any specific assets. The minimum interest rate on this contract is 3%.

Lincoln Stable Value Account: The fair value of the group annuity contract approximates contract value. Participants are allocated interest on the investment contracts on a daily basis based on the unit price of the investment contract. The minimum interest rate on this contract is 1.75%.

There have been no changes in these methodologies used at December 31, 2013 or 2012.

The table below is a summary of changes in the fair value of the Plan's Level 3 assets for the years ended December 31, 2013 and 2012:

	Hartford Contract	Lincoln Account	Total
Balance as of January 1, 2013	\$983,317	\$7,733,512	\$8,716,829
Contributions	—	586,813	586,813
Withdrawals	(115,352) (709,780) (825,132
Transfers, net	12,308	1,176,280	1,188,588
Realized, unrealized gains/losses, net	(5,979) 136,944	130,965
Balance as of December 31, 2013	\$874,294	\$8,923,769	\$9,798,063
	Hartford Contract	Lincoln Account	Total
Balance as of January 1, 2012	\$1,071,012	\$6,663,404	\$7,734,416
Contributions	—	558,319	558,319
Withdrawals	(107,657) (767,676) (875,333
Transfers, net	5,358	1,159,337	1,164,695
Realized, unrealized gains/losses, net	14,604	120,128	134,732
Balance as of December 31, 2012	\$983,317	\$7,733,512	\$8,716,829

Methode Electronics, Inc.
401(k) Savings Plan

Notes to Financial Statements

5. Income Tax Status

The Plan has received a determination letter from the IRS dated October 28, 2011, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended.

Generally accepted accounting principles require plan management to evaluate tax positions taken by the plan and recognize a tax liability if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or DOL. The plan administrator has analyzed the tax positions taken by the plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

6. Related Party Transactions

Lincoln Financial Group, the Plan's record keeper, is an affiliate of the Lincoln National Life Insurance Company, which the Plan has an insurance investment contract. The Plan also invests in Methode Electronics, Inc. Common Stock. These transactions qualify as related party and party-in-interest transactions.

8. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of investments at fair value per the financial statements to the Form 5500 at December 31,

	2013	2012
Investments, at fair value, per the financial statements	\$59,994,154	\$44,544,265
Adjustment from fair value to contract value for investments in fully benefit-responsive insurance contracts	(40,041) (46,203
Participant Loans	915,929	764,658
Investments, per Form 5500	\$60,870,042	\$45,262,720

Supplemental Schedule

Methode Electronics, Inc.
 401(k) Savings Plan
 Schedule H, Line 4i - Schedule of Assets
 (Held at End of Year)
 EIN #36-2090085 Plan #002
 December 31, 2013

(a.)	(b.)	(c.)	(d.)	(e.)
	Identity of Issue	Description of Investment	Shares or Units	Current Value
	Group annuity investment contracts			
	Hartford Life Insurance Company	Group Annuity Contract	N/A	\$874,294
*	Lincoln Financial Group	Lincoln Stable Value Fund	8,553,681	8,923,769
	Mutual funds			
	The American Funds Group	American Balanced Fund	483,238	11,802,256
		American Mutual Fund	151,125	5,260,811
		Europacific Growth Fund	85,563	4,198,636
		Growth Fund of America	150,320	6,463,829
		New Economy Fund	52,073	1,990,301
	Delaware Investments	Delaware Diversified Income	262,113	2,330,180
	Ivy	Ivy Mid Cap Growth I	80,551	1,956,595
	Vanguard	Total Stock Market Index	22,706	1,059,669
		FTSE All-World ex US Index Inv	23,112	460,152
	Goldman Sachs	Small Cap Value Inst	33,539	1,889,565
	T Rowe Price Dividend Growth Adv	Dividend Growth Adv	109,722	3,688,045
	Common stock fund			
*	Methode Electronics, Inc.	Methode Electronics, Inc. Common Stock	273,312	9,096,052
	Total investments at fair value			59,994,154
	Adjustment from fair value to contract value for fully responsive investment contracts			(40,041)
	Total investments, as adjusted			\$59,954,113
*	Participant loans	Interest rates range from 4.25% to 6.50%		\$915,929
			**	\$60,870,042

* Party in interest

** Cost information is not required for participant directed investments and participant loans and, therefore, is not included.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

METHODE ELECTRONICS, INC.

Date: June 27, 2014

By: /s/Douglas A. Koman

Douglas A. Koman

Chief Financial Officer

