METHODE ELECTRONICS INC
Form PRE 14A
February 21, 2003

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SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:
ý Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to Rule 14a-12

METHODE ELECTRONICS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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ý No fee required
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(3) Filing Party:

(4) Date Filed:

METHODE ELECTRONICS, INC.

NOTICE OF SPECIAL MEETING OF ELIGIBLE CLASS A STOCKHOLDERS

, 2003

To the Eligible Class A Common Stockholders of
METHODE ELECTRONICS, INC.

Notice is hereby given that a special meeting of the eligible holders of Class A common stock of Methode Electronics, Inc. ("Methode") will be held on , , 2003 at a.m., Chicago time, at , , , Illinois.

The purpose of the special meeting is to consider and vote upon a proposal to approve the making of a tender offer by Methode to purchase all of the outstanding shares of our Class B common stock at a price of $20.00 per share in cash on the terms and conditions provided for in an Agreement dated August 19, 2002, as amended December 26, 2002 (the "Agreement") by and among Methode; Marital Trust No. 1 and Marital Trust No. 2, each created under the William J. McGinley Trust (collectively, the "Trusts"); and Jane R. McGinley; Margaret J. McGinley; James W. McGinley and Robert R. McGinley (collectively, the "McGinley family members"). The making of such tender offer, pursuant to the terms of the Agreement, is referred to herein as the "Offer." A copy of the Agreement is attached as Annex A to the accompanying proxy statement.

All shares of our Class A common stock are entitled to vote at the special meeting, except for shares of our Class A common stock held by the Trusts and the McGinley family members (the "Eligible Class A common stockholders"). Our board of directors has fixed the close of business on , 2003 as the record date for the determination of Eligible Class A common stockholders entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof.

A special committee (the "Special Committee") of our board of directors has approved the Offer, and believes that the Offer is fair to, and in the best interests of, Methode and our Class A common stockholders. The Special Committee determined that the approximately $10.7 million premium to be paid to the holders of our Class B common stock was a fair price to pay to eliminate the control exercised by the Class B stockholders. **The Special Committee recommends that you vote "FOR" approval of the Offer**.

It is important that your shares be represented and voted at the special meeting. Whether or not you plan to attend the special meeting, please complete, sign, date and mail the accompanying proxy card in the enclosed self-addressed, stamped envelope, or deliver your proxy by telephone or the Internet in accordance with the instructions provided. Please do not submit a proxy card if you have delivered your proxy by telephone or the Internet. You may change your vote for any reason at any time before the special meeting by submitting written revocation of your proxy to the Corporate Secretary, by submitting a later-dated and properly executed proxy (including by means of a telephone or Internet vote) or by voting in person at the special meeting. Your cooperation is respectfully solicited.

By order of the Board of Directors.

William T. Jensen
Chairman

Chicago, Illinois
, 2003

YOUR VOTE IS IMPORTANT

If you have any questions or need assistance in voting your shares,
please call our proxy solicitor, Innisfree M&A Incorporated, toll free, at 1-888-750-5834.

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ANNEXES:

A. Agreement dated August 19, 2002 by and among Methode, the Trusts and the McGinley family and amendment dated December 26, 2002
B. Opinion of TM Capital dated August 19, 2002
C. Updated Opinion of TM Capital dated February 14, 2003

METHODE ELECTRONICS, INC.
7401 West Wilson Avenue
Chicago, Illinois 60706
(708) 867-6777

PRELIMINARY PROXY STATEMENT

Special Meeting of Eligible Class A Common Stockholders

To Be Held On , 2003

INTRODUCTION

The enclosed proxy is solicited on behalf of Methode Electronics, Inc. ("Methode") in connection with a special meeting of eligible holders of our Class A common stock to be held on , , 2003 at a.m., Chicago time, at , , , Illinois, and at any adjournment or postponement of the special meeting.

This proxy statement and accompanying proxy card, if applicable, are first being mailed to holders of our Class A common stock and our Class B common stock on or about , 2003. The Trusts and the McGinley family members and holders of our Class B common stock will be mailed this proxy statement for informational purposes only and are not entitled to vote at the special meeting.

At the special meeting, we will ask eligible Class A common stockholders to consider and vote upon a proposal to approve the making of a tender offer by Methode to purchase all of the outstanding shares of our Class B common stock at a price of $20.00 per share in cash on the terms and conditions provided for in an Agreement dated August 19, 2002, as amended December 26, 2002 (the "Agreement") by and among Methode; Marital Trust No. 1 and Marital Trust No. 2, each created under the William J. McGinley Trust (collectively, the "Trusts"); and Jane R. McGinley; Margaret J. McGinley; James W. McGinley and Robert R. McGinley (collectively, the "McGinley family members"). The making of such tender offer is referred to herein as the "Offer." A copy of the Agreement is attached as Annex A to this proxy statement.

A special committee (the "Special Committee") of our board of directors has approved the Offer, and believes that the Offer is fair to, and in the best interests of, Methode and our Class A common stockholders. The Special Committee determined that the approximately $10.7 million premium to be paid to the holders of our Class B common stock was a fair price to pay to eliminate the control exercised by the Class B stockholders. **The Special Committee recommends that you vote "FOR" approval of the Offer**.

It is important that your shares be represented and voted at the special meeting. Whether or not you plan to attend the special meeting, please complete, sign, date and mail the accompanying proxy card in the enclosed self-addressed, stamped envelope, or deliver your proxy by telephone or the Internet in accordance with the instructions provided. Please do not submit a proxy card if you delivered your proxy by telephone or the Internet. You may change your vote for any reason at any time before the special meeting by submitting written revocation of your proxy to the Corporate Secretary, by submitting a later-dated and properly executed proxy (including by means of a telephone or Internet vote) or by voting in person at the special meeting.

The date of this proxy statement is , 2003.

THE SPECIAL MEETING

General

The enclosed proxy is solicited on behalf of Methode in connection with a special meeting of eligible holders of our Class A common stock to be held on , , 2003 at a.m., Chicago time, at , , , Illinois, and at any adjournment or postponement of the special meeting.

At the special meeting, we will ask our eligible Class A common stockholders to consider and vote upon a proposal to approve the making of a tender offer by Methode to purchase all of the outstanding shares of our Class B common stock at a price of $20.00 per share in cash on the terms and conditions provided for in the Agreement by and among Methode, the Trusts and the McGinley family members. A copy of the Agreement is attached as Annex A to this proxy statement.

All shares of our Class A common stock are entitled to vote at the special meeting, except for shares of our Class A common stock held by the Trusts and the McGinley family members (the "Eligible Class A common stockholders"). The Trusts and the McGinley family members and holders of our Class B common stock will be mailed this proxy statement for informational purposes only and are not entitled to vote at the special meeting.

This proxy statement and the accompanying proxy card, if applicable, are first being mailed to holders of our Class A common stock and our Class B common stock on or about , 2003.

Record Date

Our board of directors has fixed the close of business on , 2003 as the record date for the determination of Eligible Class A common stockholders entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof. As of the record date, there were shares of our Class A common stock outstanding and held by Eligible Class A common stockholders.

Quorum; Votes Required

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of our Class A common stock held by Eligible Class A common stockholders is necessary to constitute a quorum at the special meeting. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum at the special meeting. Generally, broker non-votes occur when shares held by a broker or nominee for a beneficial owner are not voted with respect to a particular proposal because the broker or nominee has not received voting instructions from the beneficial owner and the broker or nominee lacks discretionary power to vote such shares.

At the special meeting, each share of Class A common stock held by Eligible Class A common stockholders will be entitled to one vote per share. The affirmative vote of a majority of the Class A common stock present in person or by proxy at the special meeting is required to approve the Offer. Absentions and broker non-votes will be counted as present at the meeting and will therefore have the same legal effect as a vote "against" the approval of the Offer.

Revoking Your Proxy

If you decide to change your vote, you may revoke your proxy at any time before the special meeting. You may revoke your proxy by notifying our Corporate Secretary in writing that you wish to

revoke your proxy at the following address: Methode Electronics, Inc., 7401 West Wilson Avenue, Chicago, Illinois 60706, attention Corporate Secretary. You may also revoke your proxy by submitting a later-dated and properly executed proxy (including by means of a telephone or Internet vote) or by voting in person at the special meeting. Attendance at the special meeting will not, by itself, revoke a proxy.

Proxy Solicitation and Expenses

We will bear the entire cost of the solicitation of proxies, including preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional information furnished to stockholders. The Trusts and the McGinley family members and holders of our Class B common stock will be mailed this proxy statement for informational purposes only and are not entitled to vote at the special meeting. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding shares of our Class A and Class B common stock beneficially owned by others to be forwarded to such beneficial owners. We will reimburse such persons for their reasonable costs of forwarding solicitation materials to such beneficial owners.

We have retained the services of Innisfree M&A Incorporated ("Innisfree") to perform the broker nominee search and to distribute proxy materials to banks, brokers, nominees and intermediaries. Innisfree will also solicit proxies from our Eligible Class A common stockholders for the special meeting. We will pay Innisfree approximately $10,000, plus out-of-pocket expenses, for these services. In addition, our directors, officers or other regular employees may solicit proxies by telephone, by e-mail, by fax or in person. No additional compensation will be paid to directors, officers and other regular employees for such services.

PROPOSAL TO APPROVE THE OFFER

General

At the special meeting, we will ask our Eligible Class A common stockholders to consider and vote upon a proposal to approve the making of a tender offer by Methode to purchase all of the outstanding shares of our Class B common stock at a price of $20.00 per share in cash on the terms and conditions provided for in the Agreement by and among Methode, the Trusts and the McGinley family members. A copy of the Agreement is attached as Annex A to this proxy statement.

The Special Committee has approved the Offer, and believes that the Offer is fair to, and in the best interests of, Methode and our Class A common stockholders. **The Special Committee recommends that you vote "FOR" approval of the Offer.**

The Special Committee approved the Offer for a number of reasons, including the following:

The Offer will Eliminate the McGinley Family's Control Block of our Class B Stock at a Reasonable Cost. The completion of the Offer will eliminate the right of the Trusts and the McGinley family members, as a voting block of our Class B common stock, to control our board of directors. The $20 per share being paid for each share of Class B common stock in the Offer represents a premium of $10.10 per share over the $9.90 per share 30 day volume weighted average closing price of our Class A common stock prior to the public announcement of the Offer (and a premium of $. per share over the $. closing price of our Class A common stock on , 2003). The Special Committee believes that the value to Methode of eliminating the McGinley control block is greater than the aggregate premium of approximately $10.7 million to be paid for all of the Class B shares.

Shift of Right to Elect Majority of our Board of Directors to our Class A Stockholders. Upon completion of the Offer and the reduction in the number of outstanding shares of Class B common stock to less than 100,000, the right to elect a majority of our board of directors will shift to our Class A stockholders from our Class B stockholders. After the completion of the Offer, our Class A common stock will retain its present right, voting as a separate class, to elect a minimum of 25% of our board of directors and will gain the right to control the election of the remaining directors through its right to cast approximately 97% of the votes to be cast in the election of these directors.

Reduction in McGinley Family's Voting Influence. In addition to eliminating the McGinley family's control of our board, the Offer will reduce the voting power of the Trusts and the McGinley family members from approximately 21% to less than 1% on all other matters. As a result of their reduced voting power, the Trusts and the McGinley family members will no longer have significant influence over the outcome of matters submitted to a vote of our stockholders.

Closer Alignment of Economic Interests and Voting Rights. The Offer will more closely align our stockholders' voting rights with their economic interests in our company by reducing the number of shares of Class B common stock outstanding to less than 100,000 shares, thereby reducing its overall voting power in relation to the voting power of the Class A common stock. Currently, shares of our Class A common stock represent approximately 97% of our outstanding common stock and shares of our Class B common stock represent approximately 3% of our outstanding common stock. However, shares of

our Class B common stock currently have the right to elect a majority of our board and represent approximately 23.7% of the total voting power of our common stock on other matters. After completion of the Offer, the voting power of shares of Class B common stock will represent no more than approximately 2.8% of the total voting power of our common stock.

The Agreement

The following discussion of the material terms and conditions of the Agreement is qualified in its entirety by reference to the provisions of the Agreement, which is attached to this proxy statement as Annex A and is incorporated herein by reference. We urge you to read the Agreement in its entirety.

On August 19, 2002, we entered into an Agreement with the Trusts and the McGinley family members pursuant to which we agreed to make a tender offer to purchase all of the outstanding shares of our Class B common stock at a price per share of $20.00 in cash. As of the date of this proxy statement, the Trusts and the McGinley family members owned an aggregate of 931,759 shares of Class B common stock, representing approximately 85.7% of the outstanding shares of Class B common stock, which gives them the right to elect up to 75% of our board of directors.

The Agreement was subsequently amended by the parties on December 26, 2002. Pursuant to this amendment, the parties agreed that we would call a special meeting of our Class A stockholders, excluding any shares of Class A common stock held by the Trusts and the McGinley family members, for the purpose of obtaining approval of the Offer by the affirmative vote of a majority of the shares of Class A common stock present in person or by proxy at the special meeting, and that such approval would be a condition to our obligation to close the Offer.

Under the terms of the Agreement:

Methode has agreed to make a tender offer to purchase all of the outstanding shares of our Class B common stock at a price per share of $20.00 in cash. Methode's obligation to commence the Offer is subject to the prior approval of the Offer by a majority of the shares of our Class A common stock present in person or by proxy at the special meeting (excluding shares of Class A common stock held by the Trusts and the McGinley family members);

If the Offer is approved at the special meeting, the Trusts and the McGinley family members have agreed to tender all of their shares of Class B common stock in the Offer;

The Trusts have agreed to cause Horizon Farms, Inc., an affiliate of the Trusts ("Horizon"), to repay in full the principal amount and all accrued interest due under a $6 million note due to Methode, which amounted to $6,583,886 as of January 31, 2003, within two business days after their receipt of the proceeds of the sale of their shares of Class B common stock pursuant to the Offer; and

The Trusts have agreed to use their reasonable best efforts to cause Class B directors James W. McGinley and Roy M. Van Cleave to resign from our board of directors or, at our request, take all lawful action to remove such directors. Messrs McGinley and Van Cleave have indicated that they will resign from our board if the Offer is completed.

Our obligation to complete the Offer is contingent, among other things, on:

a sufficient number of shares of Class B common stock being tendered so that upon the closing of the Offer, less than 100,000 shares of Class B common stock remain outstanding, so that thereafter, the holders of Class B common stock will no longer have the right to elect up to 75% of our board of directors;

our receipt of a supplemental private letter ruling from the Internal Revenue Service that the Offer and the transactions contemplated by the Agreement will not adversely affect our ability to rely on the private letter ruling received by us from the IRS with respect to our distribution of the shares of Stratos Lightwave, Inc. to our stockholders in April 2001;

there being no change, circumstance or event outside the ordinary course of business that is reasonably likely to be materially adverse to our business, properties, liabilities, operations or condition (financial or otherwise);

there being no legal action threatened, instituted or pending which prohibits, makes illegal or otherwise restrains the Offer; and

our having sufficient legally available funds from which the Class B common stock tendered in the Offer may lawfully be purchased.

The Agreement may be terminated and the transactions contemplated thereby abandoned at any time prior to the completion of the Offer as follows:

by mutual written consent of Methode (as approved by the Special Committee) and the Trusts;

by Methode if any of the conditions to its obligation to complete the Offer have not been satisfied or waived by Methode (as approved by the Special Committee);

by the Trusts if any of the conditions to the Trusts and the McGinley family members obligations have not been satisfied or waived by the Trusts; or

by Methode or the Trusts if the Offer is not completed on or prior to May 31, 2003.

If the Agreement is terminated by us due to the occurrence of any change, circumstance or event outside the ordinary course of business that is reasonably likely to be materially adverse to our business, properties, liabilities, operations or condition (financial or otherwise), Methode is required to pay to the Trusts and the McGinley family members within five business days after such termination a fee of $400,000 in the aggregate.

If we fail or decline to call a special meeting to approve the Offer or the Special Committee withdraws or modifies or proposes to withdraw or modify its recommendation that the Eligible Class A common stockholders vote in favor of the Offer, then, in either such event, Methode is required to pay to the Trusts and the McGinley family members within five business days after such event a fee of $150,000 in the aggregate.

Assuming the Offer is approved by the Eligible Class A common stockholders as provided herein, we expect to commence the Offer within 10 days after the special meeting and to complete the Offer on or before , 2003. However, the completion of the Offer is subject to the conditions described above. We cannot, therefore, assure you as to whether or when the Offer will be completed.

If the Offer is not approved by the Eligible Class A common stockholders as provided herein, the Special Committee has determined that it will not waive the condition in the Agreement that the Offer must be so approved. Accordingly, the Offer would not be made by Methode and the Agreement will be terminated. In this event, the Trusts and the McGinley family members will continue to have the right to elect up to 75% of our board of directors so long as they own a majority of the outstanding shares of Class B common stock and there are at least 100,000 shares of Class B common stock outstanding.

Background Of The Offer

In 1982, we amended our certificate of incorporation to create two classes of common stock, Class A common stock with one-tenth vote per share and Class B common stock with one vote per share. Under our certificate of incorporation, shares of our Class A common stock voting as a separate class have the right to elect a minimum of 25% of our board of directors and shares of our Class B common stock voting as a separate class have the right to elect the remaining directors, representing up to 75% of our board of directors, so long as there are at least 100,000 shares of Class B common stock outstanding.

Since 1982, a majority of the Class B common stock has been controlled at all times by our founder, William J. McGinley and his family. In January 2001, William J. McGinley died, at which time a majority of the Class B common stock passed to his estate (the "Estate") and was subsequently distributed to the Trusts in January 2002. In addition to the shares owned by the Trusts, members of William McGinley's family, including his wife, Jane, his two sons, James and Robert, and his daughter, Margaret, individually own, directly or indirectly, shares of Class B common stock. The Trusts and the McGinley family members have the ability to elect up to 75% of the members of the Methode board and to control approximately 21% of the voting power of the Class A common stock and Class B common stock on matters where both classes vote together even though the shares of Class B common stock held by the Trusts and the McGinley family members represent only approximately

2.6% of the total number of shares of our common stock outstanding. Currently, both James McGinley and Robert McGinley serve as members of our board of directors and were elected by the holders of our Class B common stock.

In December 2001, the McGinley family approached our board of directors regarding a possible sale of the Estate's shares of Class B common stock. At a December 6, 2001 board meeting, James McGinley informed our board of directors that the Estate had been reviewing its financial condition and needs and, as a result of that review, determined that it may need to liquidate certain assets. It was noted that shares of Methode's Class B common stock were one of the primary assets of the Estate. Prior to that time, our management had already been reviewing our dual class capital stock structure. After discussion, our board of directors directed management to continue its evaluation of possible options regarding our current capital structure and the Class B common stock held by the Estate and others.

Our management was concerned about the potential consequences to Methode and our Class A common stockholders if the Trusts decided to sell their Class B common stock, and with it control of our board of directors, to a third-party. In that regard, our management was aware that members of the McGinley family had received inquiries from one or more third-parties concerning a possible sale of their shares of Class B common stock.

Our management met with one of these parties which served the electronics industry at its request in December 2001. During this meeting, our management learned that this party proposed to follow its purchase of the Trusts' shares of the Class B common stock with a stock for stock merger. Based on the terms proposed by the third-party, our management determined that it would be more advantageous to Methode and our Class A common stockholders for us to evaluate the repurchase of the shares of Class B common stock held by the Trusts.

In January 2002, our senior management consulted with our outside financial advisor, Robert W. Baird & Co. ("Baird"), regarding our capital structure. On January 24, 2002, Baird made a presentation to our management regarding the benefits of eliminating the dual class capital structure and possible capitalization alternatives. Included in the presentation was a case study of five recent proposed or consummated dual class transactions: Pacificare Health Systems, BankAtlantic Bancorp, Fischer & Porter, J.M. Smucker Company, and Gartner, Inc. In these transactions, the premiums paid or proposed to be paid to the control class of stock to eliminate a dual class structure ranged from 0 to 24%.

On February 21, 2002, our board of directors held a special meeting to consider a possible transaction with the Trusts regarding their Class B common stock. James McGinley and Robert McGinley did not attend the meeting. At this meeting, our board of directors discussed the possible financial ramifications to us of repurchasing the Class B common stock held by the Trusts and the consequences to us and our Class A stockholders of a sale by the Trusts of their Class B common stock to a third-party. Our board of directors also discussed whether it should attempt to sell the company and the potential value that could be realized on a sale of the company as a whole at that time. After considering the various options, our board of directors adopted resolutions creating the Special Committee, consisting solely of Class A directors, to determine whether: (i) it was in the best interests of Methode and our stockholders (other than the Trusts) to repurchase some or all of the Class B common stock owned by the Trusts, and if so, to negotiate with the Trusts the terms of such a repurchase and enter into an agreement on behalf of Methode; (ii) in connection with any transaction with the Trusts, an offer should be made to the other holders of Class B common stock, and if so, to approve on behalf of Methode the terms and conditions of such an offer; and (iii) it was in the best interests of Methode, as an alternative to a repurchase of the Class B common stock held by the Trusts, to agree with the Trusts to enter into another transaction that would result in the elimination of our dual class structure, and if so, to take all actions on behalf of Methode to enter into such transaction that the Special Committee determined to be in the best interests of Methode and our stockholders (other than the Trusts), provided, however, that if the Special Committee determined that such other transaction required the approval of the full board of directors, it would make a recommendation to the board concerning the advisability of such transaction. Pursuant to these resolutions, Warren L. Batts, George W. Wright and William C. Croft, the Class A directors at the time, were appointed as the members of the Special Committee. Mr. Batts was appointed as the Chairman of the Special Committee. In addition, pursuant to the authorization of our board to retain such experts and advisors as the Special Committee determined necessary to carry out its responsibilities, the Special Committee retained the law firm of Morris, Nichols, Arsht & Tunnell ("Morris, Nichols") as its legal counsel and TM Capital Corp. ("TM Capital") as its financial advisor.

On February 27, 2002, the Special Committee and its legal and financial advisors held their first meeting. As of that date, the Trusts had not made a specific proposal but had, instead, invited an offer from Methode for their Class B common stock. At the meeting, Morris, Nichols discussed the fiduciary duties of the members under Delaware law and discussed the potential advantages and disadvantages of various structures for a possible transaction. TM Capital described for the Special Committee the process that TM Capital would undertake to gather information and analyze comparable transactions. The Special Committee also discussed the timing implications of a possible transaction, including the need to receive a supplemental IRS private letter ruling concerning the effect of any possible transaction with the Trusts on a prior revenue ruling concerning Methode's spin-off of Stratos Lightwave. The Special Committee concluded that any transaction with the Trusts could not be done on a basis favorable to Methode without such a revenue ruling.

On March 14, 2002, the Special Committee again met with its legal and financial advisors. At this meeting, TM Capital made a detailed presentation to the Special Committee of information and analyses it had prepared for the Special Committee to consider in approaching its task.

TM Capital discussed Methode's current capital structure, its historical financial information and future projections,

the trading prices of the Class A and Class B common stock over the past three years, and the trading relationship of shares with unequal voting rights of other public companies with dual classes of stock. TM Capital discussed with the Special Committee recent acquisition transactions which it had identified involving dual class stock in which the entire company was acquired where an additional premium was paid to the control stockholders and then reviewed a list of acquisitions where no additional premium was paid to the higher vote stock. TM Capital then reviewed its analysis of recent transactions where premiums had been paid for significant ownership blocks. TM Capital explained that in those transactions, the purchaser acquired between 10% and 50% equity ownership. TM Capital indicated that the average premium was approximately 50% for the control stake, but that the premiums ranged from 100% to -6%.

TM Capital then presented to the Special Committee certain information concerning six recent dual class restructuring transactions in which holders of a control block with superior voting rights had agreed to yield such rights in return for additional consideration in the form of securities and/or cash and which TM Capital believed were most similar to the transaction proposed with the Trusts. The companies involved in these six transactions were Continental Airlines, Inc., Dairy Mart Convenience Stores, Inc., Fedders Corporation, Pacificare Health Systems, Inc., Reinsurance Group of America, and Remington Oil and Gas Corporation. TM Capital noted that in these transactions the non-control shareholders had experienced dilution of their economic ownership in order to eliminate the superior voting power of the control block, and that an analysis of the magnitude of the dilution which had proven acceptable in each transaction would provide the best way to compare transactions which had involved different capital structures. TM Capital further noted that among these six transactions the premium paid to the control shareholders tended to increase as the relative size of the control block decreased, and that such a correlation was consistent with ownership dilution serving as the principal factor in determining the size of the premium that the holder of the control block could demand.

For these six transactions, TM Capital calculated the dilution to the non-control shareholders as ranging from 1.63% to 5.67%, with an average dilution of 3.33%. The size of the control block as a percentage of outstanding shares for these six transactions ranged from 13% to 84% of shares outstanding, all of which were larger proportions of outstanding shares than the 2.6% block which held control of Methode. Based upon TM Capital's dilution methodology, the larger proportions would be expected to result in lower percentage premiums, and the premiums paid in these comparable transactions did, in fact, exhibit that relationship, ranging from 1% to 32%. TM Capital also provided an exhibit illustrating that, given repurchase prices for the Class B common stock ranging from $11 per share to $22 per share, the ownership dilution to Methode's non-control shareholders would be below the average dilution in these comparable transactions. Finally, TM Capital provided a list of 14 recent transactions in which the control shareholders had agreed to eliminate the control aspects of a block of shares without requiring a premium.

TM Capital also discussed with the Special Committee the differences between its analysis of the Class B common stock and the analysis previously prepared by Baird for Methode's management. In addition to listing various non-financial considerations associated with a repurchase of the Class B common stock, the Baird presentation included matrices of the impact on Methode's cash and earnings per share (accretion/dilution) at various repurchase prices. TM Capital explained that, while it and Baird both reviewed examples of dual class capital structures, TM Capital excluded certain transactions utilized by Baird that it did not feel were relevant. More importantly, Baird analyzed only the percentage premium paid to the control stockholders and did not consider the direct cost to the non-control stockholders, as measured by the equity ownership dilution, which TM Capital advised the Special Committee was important to it in reaching its conclusions regarding the level of premium that the control block of shares of Class B common stock held by the Trusts could be expected to command.

The Special Committee determined that its proposal to the Trusts should be structured either as a direct purchase from the Trusts and the McGinley family members followed by a tender offer or a tender offer to all holders of Class B common stock, subject to the condition that a sufficient number of shares of Class B common stock were tendered so that the total number of shares of Class B common stock outstanding after the completion of the offer would be less than 100,000 shares, and a requirement that the Trusts and the McGinley family members agree to tender all of their Class B common stock. The Special Committee also determined that the proposal should contain a requirement that all amounts due under the $6 million Horizon loan be repaid from the proceeds received by the Trusts from tendering its Class B common stock in the tender offer. The Special Committee tentatively decided to make an offer to the Trusts to purchase their Class B common stock for $16.00 per share.

The Special Committee next met on March 18, 2002. At this meeting, the Special Committee again discussed the price to be offered to the Trusts for their Class B common stock. TM Capital indicated that it could support an offer within the range of $15.84 per share to $16.80, representing a premium of 32% to 40% over the current price of the Class A common stock. TM Capital expressed its view that, as a matter of

negotiating strategy, the offer should not be less than $16.00 per share to keep the Trusts in negotiations with the Special Committee and to avoid causing the Trusts and the McGinley family to seek another buyer. TM Capital also noted its view that the block of Class B common stock held by the Trusts was unique, due to its small size relative to Methode's total market value and revenues, and therefore was very valuable and could be sold for a very substantial premium to a third-party, which would not be in the best interests of Methode or its Class A common stockholders. The Special Committee and its advisors then discussed the proposed offer price and its strategy for negotiating with the Trusts. After this discussion, Mr. Batts requested that the Special Committee's advisors prepare a term sheet outlining the terms of the proposal discussed by the Special Committee other than price.

On March 20, 2002, the Special Committee met again with its legal and financial advisors. After discussion of a draft term sheet prepared by its advisors, the Special Committee approved a term sheet for presentation to the Trusts providing for a tender offer by Methode for all of the outstanding shares of Class B common stock at a price of $16.00 per share, conditioned on (1) the tender of a sufficient number of shares of Class B common stock so that the total number of shares of Class B common stock outstanding after the completion of the offer would be less than 100,000 shares and (2) Methode's receipt of a favorable tax ruling from the IRS that the proposed transaction would not result in any adverse tax consequences to Methode or its stockholders. The proposed term sheet also required the Trusts and the McGinley family members to tender all of their Class B common stock in the tender offer, subject only to a customary "no injunction" condition, and a requirement that the Trusts cause part of the proceeds from the sale of their Class B common stock to be used to repay the entire outstanding balance of the $6 million loan from Methode to an affiliate of the Trusts. Thereafter, legal counsel to the Special Committee presented the Special Committee's proposed offer to Roy M. Van Cleave, special counsel to the Trusts.

On March 29, 2002, the Special Committee met with its advisors to discuss the Trusts' response to its proposal. At the meeting, Mr. Batts reported on his discussion with Robert McGinley and Mr. Croft's conversation with James McGinley regarding the Special Committee's proposal, including James McGinley's informal suggestion that a price of in excess of $30 per share would be appropriate. In addition, Morris, Nichols reported on its discussions with the Trusts' counsel regarding the proposal in which Morris, Nichols was advised that the Trusts and the McGinley family did not believe that negotiations would be mutually beneficial at this time. After these reports, the Special Committee and its advisors discussed the possibility that the Trusts and the McGinley family would pursue a sale of Methode as a whole or their control block of Class B common stock to a third-party. During this discussion, TM Capital stated that it did not believe that the McGinley family could achieve a price per share of $30 or more in a transaction involving a sale of the whole company. Following further

discussion, the Special Committee asked Morris, Nichols to request additional information from the Trusts regarding its asking price and its plans concerning future negotiations with the Special Committee. During a subsequent discussion, the Trusts' special counsel indicated to Morris, Nichols that the Trusts intended to submit a counter-proposal to the Special Committee after it resolved certain tax issues.

On May 2, 2002, the Trusts' special counsel transmitted a counter-proposal to the Special Committee's counsel. Among other things, the Trusts' counter-proposal provided that the Trusts would agree to transfer their 880,901 shares of Class B common stock to Methode in exchange for (i) Methode's forgiveness of the entire outstanding balance of principal and interest on the $6 million Horizon loan and (ii) Methode's transfer to the Trusts of 2.5 shares of Class A common stock for each share of Class B common stock.

On May 9, 2002, the Special Committee met with its advisors to discuss the Trusts' counter-proposal. At the meeting, TM Capital informed the Special Committee that the counter-proposal had a value of approximately $35.11 per Class B share, with a dilutive effect on the equity ownership of the Class A common stock of over 6.5% and indicated that the counter-proposal was significantly in excess of any justifiable valuation for the Class B common stock held by the Trusts. After discussion, the Special Committee directed its counsel to inform the Trusts' special counsel that the proposed valuation of the Class B common stock held by the Trusts in the counter-proposal was well beyond that which could be supported by the Special Committee.

On May 24, 2002, the Special Committee met again with its advisors. At the meeting, Morris, Nichols reported to the Special Committee, based on discussions with the Trusts' special counsel, that it had concluded that the Trusts were not willing to change their valuation premises. After discussion, the Special Committee determined that it would report to Methode's board of directors that it was unable to negotiate a transaction with the Trusts.

On June 21, 2002, Mr. Batts, as the Chairman of the Special Committee, reported to Methode's board of directors at a board meeting that the Special Committee had been unable to negotiate an acceptable transaction for the purchase of the Class B common stock held by the Trusts.

On July 19, 2002, special counsel for the Trusts informed Morris, Nichols that the Trusts had engaged the services of a financial advisor and wanted to reopen negotiations.

On July 29, 2002, the Trusts' special counsel forwarded to the Special Committee's counsel a proposal for Methode to repurchase the 880,901 shares of Class B common stock held by the Trusts in exchange for (i) Methode's forgiveness of the entire outstanding balance of principal and interest on the $6 million Horizon loan, (ii) Methode's transfer to the Trusts of 3.0 shares of Class A common stock for each share of Class B common stock, and (iii) cash equal to 300% of the closing price of a share of Class A common stock on the trading date immediately preceding the public announcement of the exchange agreement for each share of Class B common stock held by the Trusts.

On August 1, 2002, with the approval of the chairman of the Special Committee, TM Capital contacted the Trusts' financial advisor to direct him to seven transactions that TM Capital believed were most appropriate for analyzing a possible repurchase of the Trusts' shares. These transactions were the six precedent transactions previously discussed with the Special Committee in March 2002 (Continental Airlines, Inc., Dairy Mart Convenience Stores, Inc., Fedders Corporation, Pacificare Health Systems, Inc., Reinsurance Group of America, and Remington Oil and Gas Corporation) and a recent transaction involving Reader's Digest Association, Inc., which are referred to herein as the "Seven Precedent Transactions".

On August 5, 2002, the Trusts' special counsel forwarded to the Special Committee's counsel a revised proposal for the repurchase of the Class B common stock held by the Trusts. Under the revised proposal, the Trusts would transfer to Methode their 880,901 shares of Class B common stock in exchange for (i) Methode's forgiveness of the entire outstanding balance of principal and interest on the $6 million Horizon loan, (ii) Methode's transfer to the Trusts of a certain number of shares (to be determined) of Class A common stock and (iii) an amount of cash equal to the excess of (a) 244% of the volume weighted average closing price of a share of Class A common stock for the 30 day period immediately preceding the public announcement of the exchange agreement multiplied by 880,901 over (b) the sum of the loan balance and closing price of the shares of Class A common stock transferred to the Trusts multiplied by such number of shares of Class A common stock so transferred.

On August 8, 2002, the Special Committee again met with its financial and legal advisors. At the commencement of the meeting, Mr. Croft orally tendered his resignation as a member of the Special Committee because he had agreed to be, and had been, nominated as a Class B director for Methode's 2002 annual meeting and thereafter did not participate in the meeting. TM Capital explained the Trusts' latest proposal and informed the Special Committee that the proposal included an exchange rate of 2.44 shares of Class A common stock for each share of Class B common stock with a method to monetize part of the consideration, and that the proposal amounted to a premium of approximately 144% for the Class B common stock and a 4.5% dilution to the Class A common stockholders.

After discussing issues other than price that needed to be addressed for the completion of the transaction, the Special Committee agreed that its first priority was to reach agreement with the Trusts on price. After extensive discussion among the Special Committee and its advisors regarding pricing elements, including the appropriate limits on premium and equity ownership dilution, the Special Committee determined to make a counter-offer to the Trusts, using the same terms and conditions as the Special Committee had previously offered to the Trusts, at a 100% premium over the volume weighted average closing price of the Class A common stock for the 30 day period immediately preceding the signing and public announcement of an agreement. After further discussions with TM Capital regarding the choice between a stock and a cash transaction, the Special Committee decided to make the counter-offer a cash transaction. Following the meeting, the Special Committee's advisors conveyed the Special Committee's counter-offer to the Trusts through their legal and financial advisors.

On August 9, 2002, the Trusts made a counter-offer at a 120% premium over the 30 day volume weighted average closing price of the Class A common stock, to be paid in cash in an amount equal to the outstanding principal and interest balance of the $6 million Horizon loan plus an additional $1 million with the remainder of the consideration in stock.

On August 13, 2002, the Special Committee again met with its advisors to consider the latest counter-proposal from the Trusts. During the meeting, TM Capital recommended to the Special Committee that it negotiate with the Trusts on the basis of a fixed price rather than a floating exchange ratio due to recent declines in the price of the Class A common stock. TM Capital informed the Special Committee that the 30 day volume weighted average closing price for the Class A common stock was currently $10.23 per share and that, as a point of reference, a 100% premium would therefore represent $20.46 per share. TM Capital reviewed the equity ownership dilution associated with the prices in the range the Special Committee was considering and indicated that the dilution was approximately 2.2% at a price of $20.50 per share. TM Capital also noted that in the Seven Precedent Transactions, the equity ownership dilution ranged from 1.63% to 5.67%, with an average dilution of 3.27%.

After discussion, the Special Committee agreed to propose that the McGinley family maintain only one director on Methode's board of directors and that the remaining Class B directors resign, although the Special Committee anticipated asking the current management directors, i.e. Messrs. Jensen

and Duda, to continue to serve on Methode's board. After further discussion on price, the Special Committee directed its advisors to offer the Trusts a 100% premium to the volume weighted average closing price of the Class A common stock for the 30 trading days immediately preceding the signing and public announcement of an agreement, payable in cash or stock and contingent on there being less than 100,000 shares of Class B common stock outstanding after the tender offer.

After the Special Committee meeting on August 13, 2002, the Special Committee's advisors communicated the Special Committee's offer to the Trusts' special counsel. The Trusts responded with a counter-proposal for a cash transaction on the same terms as the Special Committee's offer, but using a 60 trading day period instead of a 30 trading day period. In addition, the Trusts suggested that it did not have the power, as a matter of law, to implement the proposed resignation of the Class B directors.

On August 14, 2002, the Special Committee met again with its advisors to review the Trusts' counter-proposal. At this meeting, TM Capital advised the Special Committee that the Trusts' request to use a 60 day average would produce a higher price than the 30 day average and recommended that the Trusts' counter-proposal be rejected. TM Capital also informed the Special Committee that the 30 day volume weighted average closing price was $9.90, which put the purchase price at $19.80 based on the Special Committee's latest offer. TM Capital reported that it believed a $20 stock price was the minimum number that the Trusts would accept and that going back to the Trusts with a $20 price might help bring the negotiations to a conclusion. TM Capital also informed the Special Committee that, with the approval of Mr. Batts, Mr. Robertson of TM Capital had conveyed a $20 per share offer to the Trusts' financial advisor subject to the Special Committee's approval and was waiting to hear back from the Trusts. TM Capital noted that the $20 per share price represented a 102% premium and 3.16% dilution, based on the 30 day volume weighted average closing price of $9.90 per share, which was still below the 3.27% average dilution from the Seven Precedent Transactions previously reviewed with the Special Committee. TM Capital also noted that the $20 per share price represented a 146% premium and 4.52% dilution, based on the August 14, 2002 closing price of $8.14 per share. TM Capital informed the Special Committee that it was prepared to render an opinion that the $20 per share price was fair to the Class A stockholders from a financial point of view. Mr. Wright indicated that he favored a transaction on the terms outlined by TM Capital and previously recommended by Mr. Batts.

During August 14 and 15, 2002, the Trusts and the Special Committee, through their respective legal counsel, negotiated a non-binding term sheet containing the principal terms of a proposed transaction. On August 15, 2002, the parties executed a non-binding term sheet setting forth the terms that had been negotiated up to that point, including the agreement that Methode would commence a tender offer to the holders of all of the Class B common stock at $20 per share, subject to the conditions that sufficient shares are tendered such that less than 100,000 shares would remain outstanding after consummation of the tender offer, that no material adverse change had occurred in Methode's business, a customary no injunction condition, that Methode receive an IRS ruling that the agreement will have no adverse tax consequences to Methode or its stockholders and the resignations of certain Class B directors, the Trusts' agreement to sell their Class B common stock pursuant to the tender offer and to use a portion of the proceeds to repay the outstanding balance of the $6 million Horizon loan and to use their "best efforts" to cause the resignation or removal of certain Class B directors. Over the next three days, the Trusts and the attorney for the Special Committee negotiated the terms of a definitive agreement.

On August 18, 2002, the Special Committee met with its advisors. Prior to the meeting, the Special Committee members were given the current draft of the purchase agreement being negotiated between the Special Committee's counsel and the Trusts' counsel and a summary prepared by the Special Committee's counsel as well as presentation materials prepared by TM Capital. At the Special Committee's request, its counsel reviewed the principal terms of the agreement. Consistent with the terms of the non-binding term sheet the Special Committee had previously discussed, the agreement

contained the terms and conditions described under "Proposal to Approve the Offer The Agreement," see page of this proxy statement, except that the provision regarding the resignation of certain Class B directors was not agreed upon.

Following the review of the terms of the draft purchase agreement, TM Capital reviewed with the Special Committee its presentation materials, which included its updated financial analysis and a draft opinion letter provided to the Special Committee prior to the meeting. TM Capital informed the Special Committee that a $20 per share purchase price for the Class B common stock represented a 102% premium and approximately 3.16% dilution to non-control stockholders, based on the 30 day volume weighted average closing price of Class A common stock as of August 14, 2002 of $9.90 per share. TM Capital also indicated that a $20 per share purchase price represented a 146% premium and approximately 4.52% dilution to non-control stockholders, based on the closing price for the Class A common stock on August 14, 2002 of $8.14 per share. TM Capital noted that a 3.16% dilution, based on the 30 day volume weighted average closing price, was below the 3.27% average dilution to non-control stockholders in the Seven Precedent Transactions. TM Capital also noted that the 4.52% dilution based upon the August 14, 2002 closing price in the proposed transaction with the Trusts was lower than the two highest dilutions of the Seven Precedent Transactions (5.67% in the Continental transaction and 4.91% in the Fedders transaction) and higher than the other precedent transactions. After the TM Capital presentation, Mr. Batts stated that, in his view, this was the best deal available for the Class A stockholders to achieve long term value, and Mr. Wright concurred. TM Capital advised the Special Committee that it was prepared to opine that the repurchase was fair to the Class A common stockholders from a financial point of view.

On August 19, 2002, the Special Committee met again with its financial and legal advisors. Prior to the meeting, the Special Committee members were provided the latest version of the agreement and proposed resolutions. The Special Committee's counsel reported on the resolution of the remaining open issue as to the board composition following the consummation of the tender offer. Under the agreement, the Trusts are obligated to assist in the removal of James McGinley and Roy Van Cleave as Class B directors. The Special Committee's counsel also reviewed other changes to the agreement from the previous draft reviewed by the Special Committee, including that all parties would be obligated to use their reasonable best efforts to remove any injunction to the transaction that may be issued. TM Capital then advised the Special Committee that, as of August 19, 2002, the proposed transaction was fair to the Class A stockholders from a financial point of view. TM Capital also issued a written fairness opinion dated August 19, 2002, opining as to the fairness of the proposed transaction from a financial point of view to the Class A common stockholders, a copy of which is attached hereto as Annex B. The Special Committee's counsel then reviewed the resolutions that had been distributed to the Special Committee members. Thereafter, on a motion from Mr. Batts, seconded by Mr. Wright, the Special Committee approved and adopted the resolutions approving the agreement on the terms provided in the draft previously distributed to the Special Committee.

Methode, the Trusts and the McGinley family members entered into the Agreement on the terms approved by the Special Committee as of August 19, 2002. A copy of the Agreement is attached as Annex A to this proxy statement.

On September 13, 2002, a holder of 100 shares of our Class A common stock filed a derivative and class action on behalf of all holders of our Class A common stock in the Court of Chancery of the State of Delaware against Methode and certain of its directors seeking injunctive and other equitable relief with respect to Methode's proposed repurchase of its Class B common stock, as well as the $6 million loan from Methode to an entity owned by the Trusts and a split dollar insurance agreement dated August 6, 1996 between Methode and the William J. McGinley and Jane R. McGinley Irrevocable Trust (the "Action"). Among other things, the plaintiff in the Action claims that the director defendants' approval of the repurchase of the McGinley family stock at a purportedly inflated premium price through

the proposed tender offer constitutes a violation of their fiduciary duties of care and loyalty to Methode and its Class A stockholders. Plaintiff also claims that the director defendants have preferred the interests of Methode's controlling stockholders and incumbent board and management over the interests of Methode and its Class A stockholders and that the McGinleys have used their dominance of Methode's board of directors to divert the opportunity to receive a control premium from Methode and the Class A stockholders to themselves. Following the filing of the Action, the Court scheduled a four day trial in the Action to commence on January 6, 2003.

On December 26, 2002, the Special Committee held a meeting with its legal advisors and Donald Duda, President of Methode. Prior to the meeting, a draft amendment to the original agreement signed August 19, 2002 had been circulated to the Special Committee. The proposed amendment provided that Methode would agree to call a special meeting of its Eligible Class A common stockholders as soon as reasonably practicable for the purpose of obtaining their approval of the Offer by the affirmative vote of a majority of the shares of Class A common stock present or represented by proxy at the special meeting (excluding Class A shares held by the Trusts and the McGinley family members). In addition, the proposed amendment provided that if Methode fails to call a special meeting to approve the Offer or the Special Committee withdraws its recommendation in favor of the Offer, that Methode would be required to pay to the Trusts and the McGinley family members a termination fee of $150,000. After discussion among the Special Committee members and their counsel, the Special Committee approved the proposed amendment to the original agreement.

The amendment to the original agreement was executed by Methode, the Trusts and the McGinley family members on December 26, 2002. A copy of the amendment is included as part of Annex A to this proxy statement. In light of the amendment, plaintiff and his counsel in the Action agreed to postpone the scheduled trial until after the date of the Special Meeting. Accordingly, the trial is scheduled to begin on April 28, 2003.

On February 14, 2003, the members of the Special Committee met with their legal and financial advisors. After updating the members of the Special Committee with respect to the proposed transaction to tender for the Class B common stock of Methode, Morris, Nichols advised the Special Committee that the question for the Special Committee was whether it continued to believe that the transaction was in the best interests of Methode and its Class A stockholders and was fair to the Class A stockholders from a financial point of view and whether the Special Committee should recommend to the Class A stockholders that they approve the Offer at the special meeting.

Thereafter, TM Capital made a presentation to the Special Committee. TM Capital advised the Special Committee that prior to the meeting TM Capital had reviewed all public releases by Methode since August 2002 and had spoken with Methode's Vice President, Corporate Finance regarding its financial results and prospects. In addition, TM Capital indicated that the closing price for the Class A stock on the day prior to the meeting was $8.60 per share as compared to $8.14 on August 14, 2002 and that the volume weighted average price per Class A share for the 30 trading days ended February 13, 2003 was $9.74 per share as compared to $9.90 per share as of August 14, 2002. TM Capital then advised the Special Committee that TM Capital was aware of no new reclassification of dual class stock transactions since August 2002 where a premium was paid to the higher vote stock and, therefore, TM Capital continued to look to the Seven Precedent Transactions discussed with the Special

Committee in August 2002 in analyzing the fairness of the Offer to the Class A stockholders. TM Capital indicated that, in its opinion, the dilution analysis is the best indication of the direct cost to the Class A stockholders to eliminate control of the Board of Directors by the Class B stock. TM Capital also reminded the Special Committee that the average dilution of the Seven Precedent Transactions was 3.27%. Based on the volume weighted average price per Class A share for the 30 trading days ended February 13, 2002 of $9.74 per share, the dilution was 3.26%, as compared to 3.16% on August 19, 2002. Based upon the

closing price on February 13, 2002 of the Class A stock of $8.60, the dilution was 4.11% as compared to 4.52% on August 19, 2002. TM Capital informed the Special Committee that, while the 4.11% was above the average dilution of the Seven Precedent Transactions, it was less than the two highest precedent transactions. TM Capital also advised the Special Committee that it believed that the amount of dilution was within an acceptable range. Based upon this analysis, TM Capital reconfirmed its opinion that the proposed transaction was fair to the Class A stockholders from a financial point of view. TM Capital indicated to the Special Committee that it would provide an updated written fairness opinion dated as of February 14, 2003.

Mr. Batts stated that he continued to believe that the approximately $10.7 million premium was a fair price to pay to eliminate the control exercised by the Class B stockholders. Thereafter, the Special Committee unanimously voted to recommend the Offer to the Class A stockholders.

Opinion of the Financial Advisor to the Special Committee

TM Capital. TM Capital Corp., a New York and Atlanta based merchant banking and financial advisory firm, served as financial advisor to the Special Committee. As part of its investment and merchant banking business, TM Capital is regularly engaged in performing financial analyses with regard to businesses and their securities in connection with mergers and acquisitions, financings, restructurings, principal investments, valuations, fairness opinions and other financial advisory services. Since its founding in 1989, the firm has assisted numerous boards of directors and special committees in reviewing various transactions and opining as to the fairness of such transactions to certain constituents from a financial point of view.

TM Capital Fairness Opinion. As part of its engagement as financial advisor to the Special Committee, TM Capital was asked to render an opinion to the Special Committee with respect to the fairness of the Offer to the Class A common stockholders from a financial point of view. Attached as Annex B to this proxy statement is a copy of TM Capital's August 19, 2002 fairness opinion letter in which TM Capital opines as of the date thereof that the Offer is fair to the holders of Class A common stock from a financial point of view. In arriving at its opinion, TM Capital, among other things:

Reviewed Methode's Forms 10-K and related financial information for the years ended April 30, 1998 through 2002;

Reviewed Methode's Schedule 14A filed in connection with its Annual Meeting held September 10, 2002;

Reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets and prospects of Methode furnished to TM Capital by Methode;

Reviewed the historical market prices and trading activity for the Class A common stock and the Class B common stock for the period from January 2, 1999 to August 14, 2002;

Reviewed the historical market prices and trading activity for the Class A common stock and Class B common stock and compared them with that of certain publicly traded companies which TM Capital deemed to be relevant;

Compared the financial position and results of operations of Methode with that of certain companies which TM Capital deemed to be relevant;

Reviewed and analyzed the terms of transactions in which public companies with two classes of common stock were recapitalized into a single class of stock;

Reviewed and analyzed the terms of transactions in which public companies with two classes of stock were acquired;

Reviewed and analyzed premiums paid in relevant transactions in which the purchaser acquired a controlling share of the target company;

Reviewed the Agreement between Methode, the Trusts and the McGinley family; and

Conducted such other financial analyses and investigations as TM Capital deemed necessary or appropriate in arriving at its opinion.

In preparing its opinion, TM Capital relied upon the accuracy and completeness of all information that was available to it from public sources, was supplied or otherwise made available to it by Methode, or was otherwise reviewed by it, and TM Capital did not assume any responsibility to independently verify such information. TM Capital also relied upon assurances of Methode's management that they were unaware of any facts that would make the information provided to TM Capital incomplete or misleading. TM Capital did not make any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Methode nor was it furnished with any such evaluation or appraisal.

Analysis Of Selected Precedent Dual Class Transactions. In reaching its fairness opinion, TM Capital principally relied upon its analysis of seven recent dual class restructuring transactions that occurred since December 1998: Continental Airlines, Inc., Dairy Mart Convenience Stores, Inc., Fedders Corporation, Pacificare Health Systems, Inc., Reader's Digest Association, Inc., Reinsurance Group of America, and Remington Oil and Gas Corporation. TM Capital noted that in these transactions the non-control shareholders had suffered dilution of their economic ownership in order to eliminate the superior voting power of the control block, and that an analysis of the magnitude of the dilution which had proven acceptable in each transaction would provide the best way to compare transactions which had involved substantially different capital structures. TM Capital further noted that among these seven transactions the premium paid to the control shareholders tended to increase as the relative size of the control block decreased, and that such a correlation was consistent with ownership dilution serving as the principal factor in determining the size of the premium.

For these seven transactions, TM Capital calculated the dilution to the non-control shareholders as ranging from 1.63% to 5.67%, with an average dilution of 3.27%. The size of the control block as a percentage of outstanding shares for these seven transactions had ranged from 12% to 84% of shares outstanding, all larger than the 2.6% block which held control of Methode. Based upon TM Capital's dilution methodology, such larger proportions would result in lower percentage premiums than the premium to be paid in the Offer, and the premiums paid in these comparable transactions ranged from 1% to 32%. TM Capital also provided an exhibit illustrating that, based upon the volume weighted average closing price of Methode's Class A common stock for the latest 30 trading days of $9.90 per share, a repurchase of the Class B common stock at $20 per share would provide a 102% premium and would result in dilution to the Class A shareholders of 3.16%, which was below the average dilution of the comparable transactions. The exhibit also indicated that, based upon the latest closing price of $8.14 per share, the premium would be 146% and the dilution would be 4.52%, which would be lower than the dilution in two of the transactions but higher than the dilution in five of the transactions. Finally, TM Capital provided a list of 15 recent transactions in which the control shareholders had agreed to eliminate the control aspects of a block of shares without requiring a premium.

TM Capital Updated Fairness Opinion. On February 14, 2003, TM Capital rendered an updated opinion to the Special Committee with respect to the fairness of the proposed tender offer to the Class A common stockholders from a financial point of view. Attached as Annex C to this proxy statement is a copy of TM Capital's February 14, 2003 updated fairness opinion letter in which TM Capital confirms as of the date thereof its opinion in its August 19, 2002 letter that the proposed tender offer is fair to the holders of Class A common stock from a financial point of view.

Pursuant to the Special Committee's engagement letter with TM Capital, Methode paid TM Capital a fee of (i) $87,500 upon execution of the retention agreement and (ii) $87,500 upon the rendering of the fairness opinion letter. Methode also agreed to reimburse TM Capital for all reasonable out-of-pocket expenses, including reasonable legal fees, incurred in connection with the retention agreement up to $20,000. Methode also agreed to reimburse TM Capital for preparation, deposition or appearance as a witness in any proceeding in connection with the retention

agreement or proposed tender offer.

If you wish to obtain a complete copy of the written materials which TM Capital provided to the Special Committee at its August 19, 2002 meeting, you may contact Innisfree toll-free at 888-750-5834 and a copy will be sent to you.

Recommendation of the Special Committee

The Special Committee has approved the Offer, and believes that the Offer is fair to, and in the best interests of, Methode and our Class A common stockholders. **The Special Committee recommends that you vote "FOR" approval of the Offer.**

Reasons For the Offer

In reaching its decision to approve the Agreement and the Offer, the Special Committee consulted with its legal and financial advisors and carefully considered the following material factors:

The Offer will Eliminate the McGinley Family's Control Block of our Class B Stock at a Reasonable Cost. The completion of the Offer will eliminate the right of the Trusts and the McGinley family members, as a voting block of our Class B common stock, to control our board of directors. The $20 per share being paid for each share of Class B common stock in the Offer represents a premium of $10.10 per share over the $9.90 per share 30 day volume weighted average closing price of our Class A common stock prior to the public announcement of the Offer (and a premium of $. per share over the $. closing price of our Class A common stock on , 2003). The Special Committee believes that the value to Methode of eliminating the McGinley control block is greater than the aggregate premium of approximately $10.7 million to be paid for all of the Class B shares.

Shift of Right to Elect Majority of our Board of Directors to our Class A Stockholders. Upon completion of the Offer and the reduction in the number of outstanding shares of Class B common stock to less than 100,000, the right to elect a majority of our board of directors will shift to our Class A stockholders from our Class B stockholders. After the completion of the Offer, our Class A common stock will retain its present right, voting as a separate class, to elect a minimum of 25% of our board of directors and will gain the right to control the election of the remaining directors through its right to cast approximately 97% of the votes to be cast in the election of these directors.

Reduction in McGinley Family's Voting Influence. In addition to eliminating the McGinley family's control of our board, the Offer will reduce the voting power of the Trusts and the McGinley family members from approximately 21% to less than 1% on all other matters. As a result of their reduced voting power, the Trusts and the McGinley family members will no longer have significant influence over the outcome of matters submitted to a vote of our stockholders.

Closer Alignment of Economic Interests and Voting Rights. The Offer will more closely align our stockholders' voting rights with their economic interests in our company by reducing the number of shares of Class B common stock outstanding to less than 100,000 shares, thereby reducing its overall voting power in relation to the voting power of the Class A common stock. Currently, shares of our Class A common stock represent approximately 97% of our outstanding common stock and shares of our Class B common stock represent approximately 3% of our outstanding common stock. However, shares of our Class B common stock have the right to elect a majority of our board and represent approximately 23.7% of the total voting power of our common stock on other matters. After completion of the Offer, the voting power of shares of Class B common stock will represent no more than approximately 2.8% of the total voting power of our common stock.

TM Capital Opinion. TM Capital's written fairness opinion, as of February 14, 2003, based upon and subject to the factors and assumptions set forth therein, that the Offer is fair to the holders of Class A common stock from a financial point of view.

The foregoing discussion of the information and factors that the Special Committee considered in making its decisions is not intended to be exhaustive but includes all material factors considered by the Special Committee. In view of the wide variety of factors considered in connection

with the evaluation of the Agreement and the transactions contemplated thereby and the complexity of these matters, the Special Committee did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to these factors. In addition, the individual members of the Special Committee may have given different weight to different factors.

Comparison of Stockholder Rights

Upon completion of the Offer and the reduction in the number of outstanding shares of Class B common stock to less than 100,000, there will be a significant shift in the relative voting power of our Class A common stock and Class B common stock with respect to the election of our board of directors and other matters submitted to our stockholders for approval.

Election of Directors. Our board of directors currently consists of eight directors. Under our certificate of incorporation, our Class A common stock has the right to elect at least 25% of our board of directors and the Class B common stock has the right to elect the remaining directors. Accordingly, our Class A common stock currently elects two directors and our Class B common stock currently elects six directors. After completion of the Offer, our Class A common stock will have the right to elect at least 25% of our board of directors and the holders of Class A and Class B common stock voting together will have the right to elect the remaining directors (with the holders of Class A common stock entitled to cast one-tenth of a vote per share and the holders of Class B common stock entitled to cast one vote per share). Because the Class A common stock will be entitled to cast at least 97.23% of the votes to be cast in the election of directors by the two classes of common stock voting together, the holders of the Class A common stock will control the election of those directors as well as the 25% that the Class A common stock elects by itself. This change in relative voting power is illustrated in the following charts:

Pre-Offer	Post-Offer
[Pie Chart] Class A -25% Class B -75%	[Pie Chart] Class A (directly) -25% Class A (through its control of 97% of the votes cast by holders of Class A and Class B common stock)-75%

Other Matters. On matters other than the election of directors, our Class A common stock is entitled to one-tenth of a vote per share and our Class B common stock is entitled to one vote per share. These voting rights do not change as a result of the Offer. However, the Offer will result in a reduction in the number of outstanding shares of Class B common stock from 1,087,317 shares prior to the Offer to no more than 99,999 shares after completion of the Offer. Based on 35,089,821 shares of Class A common stock outstanding as of December 6, 2002, the reduction in the number of outstanding shares of Class B common stock as a result of the completion of the Offer will increase the relative voting power of the Class A common stock as follows:

Pre-Offer	Post-Offer
[Pie Chart] Class A -74.34% Class B -23.66%	[Pie Chart] Class A -97.23% Class B-2.77%

Following the completion of the Offer, the rights of each holder of Class A and Class B common stock will be identical in all material respects to the rights of each holder of Class A and Class B common stock prior to the completion of the Offer, except as set forth in the following chart:

	Pre-Offer	Post-Offer
Election of Directors at Annual Meetings:	Holders of Class A common stock voting as a separate class have the right to elect at least 25% of our board of directors and the holders of Class B common stock voting as a separate class have the right to elect the remaining directors.	Holders of Class A common stock voting as a separate class have the right to elect at least 25% of our board of directors and the holders of Class A and Class B common stock voting together as a single class will have the right to elect the remaining directors (with the holders of Class A common stock entitled to cast one-tenth of a vote per share and the holders of Class B common stock entitled to cast one vote per share).
Removal of Directors	Holders of Class A common stock have the right to	Holders of Class A common stock have the right to

	Pre-Offer	Post-Offer
without Cause:	vote as a separate class on the removal without cause of any director elected by the Class A common stock. Holders of Class B common stock have the right to vote as a separate class on the removal without cause of any director elected by the Class B common stock.	vote as a separate class on the removal without cause of any director elected by the Class A common stock. Holders of Class B common stock have the right to vote as a separate class on the removal without cause of any director elected by the Class B common stock. Holders of Class A common stock and Class B common stock have the right to vote together as a single elected by such holders (with the holders of Class A common stock

	Pre-Offer	Post-Offer
		entitled to cast one-tenth of a vote per share and the holders of Class B common stock entitled to cast one vote per share).
Filling vacancies on the Board of Directors:	*By Stockholders:* Any vacancy in the office of a director elected by the holders of Class A common stock may be filled by a vote of such holders, voting as a separate class. Any vacancy in the office of a director elected by the holders of Class B common stock may be filled by a vote of such holders, voting as a separate class.	*By Stockholders:* Any vacancy in the office of a director elected by the holders of Class A common stock may be filled by a vote of such holders, voting as a separate class. Any vacancy in the office of a director elected by the holders of Class B common stock, or elected by the holders of Class A and Class B common stock, voting together as a single class, may be filled by the holders of Class A and Class B common stock voting together as a single class (with the holders of Class A common stock entitled to cast one-tenth of a vote per share and the holders of Class B common stock entitled to cast one vote per share).
	By Directors: In the absence of a stockholder vote, a vacancy in the office of a director elected by the holders of Class A common stock, voting as a separate class, may be filled by the remaining directors elected by such class. In the absence of a stockholder vote, a vacancy in the office of a director elected by the holders of Class B common stock, voting as a separate class, may be filled by the remaining directors elected by such class.	*By Directors:* In the absence of a stockholder vote, a vacancy in the office of a director elected by the holders of Class A common stock, voting as a separate class, may be filled by the remaining directors elected by such class. In the absence of a stockholder vote, a vacancy in the office of a director elected by the holders of Class B common stock, voting as a separate class, may be filled by the remaining directors elected by such class. A vacancy in the office of a director elected by the holders of Class A and Class B common stock, voting together as a single class, may be filled by the remaining directors elected by such classes, voting together as a single class.
Filling Newly Created Directorships	*By Stockholders:* Stockholders may fill newly created directorships in the same manner as specified above for filling vacancies in the two classes prior to the completion of the Offer.	*By Stockholders:* Stockholders may fill newly created directorships in the same manner as specified above for filling vacancies in the cl