

PLEXUS CORP  
Form DEF 14A  
December 11, 2013  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

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

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**PLEXUS CORP.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.



(4) Date Filed:

**Table of Contents**

**NOTICE OF ANNUAL MEETING  
OF SHAREHOLDERS  
on February 12, 2014**

To the Shareholders of Plexus Corp.:

Plexus Corp. will hold its annual meeting of shareholders at the Milwaukee Marriott Downtown, 323 East Wisconsin Avenue, Milwaukee, Wisconsin 53202, on Wednesday, February 12, 2014, at 8:00 a.m. Central Time, for the following purposes:

- (1) To elect nine directors to serve until the next annual meeting and until their successors have been duly elected.
- (2) To ratify the selection of PricewaterhouseCoopers LLP as Plexus independent auditors for fiscal 2014.
- (3) To hold an advisory vote to approve the compensation of the Company's named executive officers, as disclosed in Compensation Discussion and Analysis and Executive Compensation herein.
- (4) To transact such other business as may properly come before the meeting or any adjournment thereof.

All shareholders of record at the close of business on December 5, 2013, will be entitled to vote at the meeting or any adjournment of the meeting. On or about December 13, 2013, we expect to mail shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and annual report, as well as vote, online.

We call your attention to the proxy statement accompanying this notice for a more complete statement about the matters to be acted upon at the meeting.

By order of the Board of Directors  
Angelo M. Ninivaggi  
Senior Vice President, Chief Administrative Officer,  
General Counsel and Secretary

Neenah, Wisconsin

December 10, 2013

**You may vote in person or by using a proxy as follows:**

By internet:

## Edgar Filing: PLEXUS CORP - Form DEF 14A

Go to [www.proxyvote.com](http://www.proxyvote.com). Please have the notice we sent to you in hand because it has your personal 12 digit control number(s) needed for your vote.

By telephone: Call 1-800-690-6903 on a touch-tone telephone. Please have the notice we sent to you in hand because it has your personal 12 digit control number(s) needed for your vote.

By mail: Please request written materials as provided on page 1 of the proxy statement. Complete, sign and date the proxy card, and return it to the address indicated on the proxy card.

**If you later find that you will be present at the meeting or for any other reason desire to revoke your proxy, you may do so at any time before it is voted.**

**Table of Contents**

**One Plexus Way**

**P.O. Box 156**

**Neenah, Wisconsin 54957-0156**

**PROXY STATEMENT**

**TABLE OF CONTENTS**

<b><u>COMMONLY ASKED QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING</u></b>	1
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>	6
<b><u>ELECTION OF DIRECTORS</u></b>	8
<b><u>CORPORATE GOVERNANCE</u></b>	12
<u>Board of Directors Meetings</u>	12
<u>Director Independence</u>	12
<u>Board Leadership Structure</u>	12
<u>Board's Role in Risk Oversight</u>	13
<u>Board Committees</u>	13
<u>Communications with the Board</u>	17
<u>Code of Ethics, Committee Charters and Other Corporate Governance Documents</u>	17
<u>Social Responsibility</u>	17
<u>Directors' Compensation</u>	18
<u>Stock Ownership Guidelines</u>	21
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	21
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	22
<u>Executive Summary</u>	22
<u>Executive Compensation Philosophy, Goals and Process</u>	24
<u>Overview of Executive Compensation and Benefits</u>	25
<u>Elements and Analysis of Direct Compensation</u>	26
<u>Elements and Analysis of Other Compensation</u>	34
<u>Tax Aspects of Executive Compensation</u>	37
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	38
<b><u>EXECUTIVE COMPENSATION</u></b>	39
<u>Summary Compensation Table</u>	39
<u>Grants of Plan-Based Awards</u>	42
<u>Outstanding Equity Awards at Fiscal Year-End</u>	45
<u>Option Exercises and Stock Vested</u>	49

Edgar Filing: PLEXUS CORP - Form DEF 14A

<u>Nonqualified Deferred Compensation</u>	49
<u>Employment Agreements and Potential Payments Upon Termination or Change in Control</u>	50
<b><u>COMPENSATION AND RISK</u></b>	54
<b><u>ADVISORY VOTE ON EXECUTIVE COMPENSATION</u></b>	55
<b><u>CERTAIN TRANSACTIONS</u></b>	55
<b><u>REPORT OF THE AUDIT COMMITTEE</u></b>	55
<b><u>AUDITORS</u></b>	56
<u>Fees and Services</u>	56

**Table of Contents**

**ANNUAL MEETING OF SHAREHOLDERS**

**FEBRUARY 12, 2014**

**COMMONLY ASKED QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING**

**Q: WHEN IS THIS PROXY MATERIAL FIRST AVAILABLE TO SHAREHOLDERS?**

**A:** On or about December 13, 2013, Plexus Corp. ( Plexus , we or the Company ) expects to mail shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access the proxy material over the internet.

**Q: WHY DID I RECEIVE A NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS INSTEAD OF A PRINTED COPY OF THE PROXY MATERIAL?**

**A:** Pursuant to the rules adopted by the Securities and Exchange Commission (the SEC ), we are permitted to provide access to our proxy material over the internet instead of mailing a printed copy of the proxy material to each shareholder. As a result, we are mailing shareholders a Notice of Internet Availability of Proxy Materials containing instructions regarding how to access our proxy material, including our proxy statement and annual report, and vote via the internet. You will not receive a printed copy of the proxy material unless you request one by following the instructions included in the Notice of Internet Availability of Proxy Materials or provided below.

**Important Notice Regarding the Availability of Proxy Materials for  
the Shareholder Meeting to Be Held on February 12, 2014**

**The proxy statement and annual report are available at [www.proxyvote.com](http://www.proxyvote.com).**

At [www.proxyvote.com](http://www.proxyvote.com), shareholders can view the proxy material, cast their vote and request to receive paper copies of the proxy material by mail.

**Q: HOW CAN SHAREHOLDERS REQUEST PAPER COPIES OF THE PROXY MATERIAL?**

**A:** Shareholders may request that paper copies of the proxy material, including an annual report, proxy statement and proxy card, be sent to them without charge as follows:

By internet: [www.proxyvote.com](http://www.proxyvote.com)

By email: Send a blank email with your 12 digit control number(s) in the subject line to [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com)

By telephone: 1-800-579-1639

When you make your request, please have your 12 digit control number(s) available; that control number was included in the notice that was mailed to you. To assure timely delivery of the proxy material before the annual meeting, please make your request no later than January 29, 2014.



**Table of Contents**

**Q: WHAT AM I VOTING ON?**

**A:** At the annual meeting you will be voting on three proposals:

1. The election of nine directors to the board of directors to serve until Plexus' next annual meeting and until their successors have been duly elected. This year's nominees are:

Ralf R. Böer

Peter Kelly

Stephen P. Cortinovis

Phil R. Martens

David J. Drury

Michael V. Schrock

Dean A. Foate

Mary A. Winston

Rainer Jueckstock

2. A proposal to ratify the Audit Committee's selection of PricewaterhouseCoopers LLP as Plexus' independent auditors for fiscal 2014.
3. An advisory proposal to approve the compensation of the Company's named executive officers, as disclosed in Compensation Discussion and Analysis and Executive Compensation herein.

**Q: WHAT ARE THE BOARD'S VOTING RECOMMENDATIONS?**

**A:** The board of directors is soliciting this proxy and recommends the following votes:

FOR each of the nominees for election to the board of directors;

FOR the ratification of the Audit Committee's selection of PricewaterhouseCoopers LLP as Plexus' independent auditors for fiscal 2014; and

FOR approval of the compensation of the Company's named executive officers.

**Q: WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL?**

## Edgar Filing: PLEXUS CORP - Form DEF 14A

**A:** To conduct the annual meeting, more than 50% of the Plexus outstanding shares entitled to vote must be present in person or by duly authorized proxy. This is referred to as a quorum. Abstentions and shares that are the subject of broker non-votes will be counted for the purpose of determining whether a quorum exists; shares represented at a meeting for any purpose are counted in the quorum for all matters to be considered at the meeting.

Assuming a quorum is present, directors are elected by a plurality of the votes cast in person or by proxy by the holders of Plexus common stock entitled to vote at the election at the meeting. Plurality means that the individuals who receive the highest number of votes are elected as directors, up to the number of directors to be chosen at the meeting. Any votes attempted to be cast against a candidate are not given legal effect and are not counted as votes cast in the election of directors. Therefore, any shares that are not voted, whether by withheld authority, broker non-vote or otherwise, have no effect in the election of directors except to the extent that the failure to vote for any individual results in another individual receiving a relatively larger number of votes.

Ratification of PricewaterhouseCoopers LLP as Plexus independent auditors will be determined by a majority of the shares voting on that matter, assuming a quorum is present. In addition, assuming a quorum is present, the results of the advisory vote to approve the compensation of the Company's named executive officers will also be determined by a majority of shares voting on such matter. Abstentions and broker non-votes will not affect these votes, except insofar as they reduce the number of shares that are voted.

**Table of Contents**

**Q: WHAT IF I DO NOT VOTE?**

**A:** The effect of not voting will depend on how your share ownership is registered.

If you own shares as a registered holder and you do not vote, the shares that you do not vote will not be represented at the meeting and will not count toward the quorum requirement. If a quorum is obtained, then the shares that you have not voted will not affect whether a proposal is approved or rejected.

If you are a shareholder whose shares are not registered in your name and you do not vote, then your bank, broker or other holder of record may still represent your shares at the meeting for purposes of obtaining a quorum. In the absence of your voting instructions, your bank, broker or other holder of record may or may not vote your shares in its discretion depending on the proposal before the meeting. Your broker may not vote your shares in its discretion in the election of directors; therefore, you must vote your shares if you want them to be counted in the election of directors. In addition, your broker is also not permitted to vote your shares in its discretion regarding matters related to executive compensation, including advisory votes to approve executive compensation. However, your broker may vote your shares in its discretion on routine matters such as the ratification of the Plexus independent auditors.

**Q: WHO MAY VOTE?**

**A:** You may vote at the annual meeting if you were a shareholder of record of Plexus common stock as of the close of business on December 5, 2013, which is the Record Date. As of the Record Date, Plexus had 33,856,207 shares of common stock outstanding. Each outstanding share of common stock is entitled to one vote on each matter presented. Any shareholder entitled to vote may vote either in person or by duly authorized proxy.

**Q: HOW DO I VOTE?**

**A:** We offer four methods for you to vote your shares at the annual meeting in person; via the internet; by telephone; or by mail. You may vote in person at the annual meeting or authorize the persons named as proxies on the proxy card, Dean A. Foate, Ginger M. Jones and Angelo M. Ninivaggi, to vote your shares. We recommend that you vote as soon as possible, even if you are planning to attend the annual meeting, so that the vote count will not be delayed.

While we offer four methods, we encourage you to vote via the internet, as it is the most cost-effective method available. There is no charge to vote your shares via the internet, though you may incur costs associated with electronic access, such as usage charges from internet access providers. If you choose to vote your shares via the internet, there is no need for you to request or mail back a proxy card.

- |               |  |
|---------------|--|
| By internet:  | Go to <a href="http://www.proxyvote.com">www.proxyvote.com</a> . Please have the notice we sent to you in hand because it has your personal 12 digit control number(s) needed for your vote. |
| By telephone: | On a touch-tone telephone, call 1-800-690-6903. Please have the notice we sent to you in hand because it has your personal 12 digit control number(s) needed for your vote.                  |
| By mail:      | Please request written materials as provided on page 1 of the proxy statement. Complete, sign and date the proxy card, and return it to the address indicated on the proxy card.             |

If your shares are not registered in your name, then you vote by giving instructions to the firm that holds your shares rather than using any of these methods. Please check the voting form of the firm that holds your shares to see if it offers internet or telephone voting procedures.

**Table of Contents**

**Q: WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE REQUEST TO VOTE?**

**A:** It means your shares are held in more than one account. You should vote the shares on all of your proxy requests. You may help us reduce costs by consolidating your accounts so that you receive only one set of proxy materials in the future. To consolidate your accounts, please contact our transfer agent, American Stock Transfer & Trust Company, LLC, toll-free at 1-800-937-5449.

**Q: WHAT IF I OWN SHARES AS PART OF PLEXUS 401(k) RETIREMENT PLAN AND/OR EMPLOYEE STOCK PURCHASE PLANS?**

**A:** Shareholders who own shares as part of Plexus 401(k) Retirement Plan (the 401(k) Plan ) and/or the Plexus 2000 and 2005 Employee Stock Purchase Plans (the Purchase Plans ) will receive a separate means for proxy voting their shares held in each account. Shares held by the 401(k) Plan for which participant designations are received will be voted in accordance with those designations; those shares for which designations are not received will be voted proportionally, based on the votes for which voting directions have been received from participants. Shares held in accounts under the Purchase Plans will be voted in accordance with management recommendations, except for shares for which contrary designations from participants are received.

**Q: WHO WILL COUNT THE VOTE?**

**A:** Broadridge Financial Solutions, Inc. will use an automated system to tabulate the votes. Its representatives will also serve as the election inspectors.

**Q: WHO CAN ATTEND THE ANNUAL MEETING?**

**A:** All shareholders of record as of the close of business on December 5, 2013, can attend the meeting. However, seating is limited and will be on a first arrival basis.

To attend the annual meeting, please follow these instructions:

Bring proof of ownership of Plexus common stock and a form of identification; or

If a broker or other nominee holds your shares, bring proof of ownership of Plexus common stock through such broker or nominee and a form of identification.

**Q: CAN I CHANGE MY VOTE AFTER I RETURN OR SUBMIT MY PROXY?**

**A:** Yes. Even after you have submitted your proxy, proxies may be revoked at any time prior to the voting thereof either by written notice filed with the secretary or acting secretary of the meeting or by oral notice to the presiding officer during the meeting. Presence at the annual meeting of a shareholder who has appointed a proxy does not in itself revoke a proxy.

**Q: MAY I VOTE AT THE ANNUAL MEETING?**

**A:** If you complete a proxy card or vote via the internet, you may still vote in person at the annual meeting. To vote at the meeting, please either give written notice that you would like to revoke your original proxy to the secretary or acting secretary of the meeting or oral notice to the presiding officer during the meeting.

If a broker, bank or other nominee holds your shares and you wish to vote in person at the annual meeting you must obtain a proxy issued in your name from the broker, bank or other nominee; otherwise you will not be permitted to vote in person at the annual meeting.

**Table of Contents**

**Q: WHO IS MAKING THIS SOLICITATION?**

**A:** This solicitation is being made on behalf of Plexus by its board of directors. Plexus will pay the expenses in connection with the solicitation of proxies. Upon request, Plexus will reimburse brokers, dealers, banks and voting trustees, or their nominees, for reasonable expenses incurred in forwarding copies of the proxy material and annual report to the beneficial owners of shares which such persons hold of record. Plexus will solicit proxies by mailing a Notice of Internet Availability of Proxy Materials to all shareholders; paper copies of the proxy material will be sent upon request as provided above as well as in the Notice of Internet Availability of Proxy Materials. Proxies may be solicited in person, or by telephone, e-mail or fax, by officers and regular employees of Plexus who will not be separately compensated for those services.

**Q: WHEN ARE SHAREHOLDER PROPOSALS AND SHAREHOLDER NOMINATIONS DUE FOR THE 2015 ANNUAL MEETING?**

**A:** The Secretary must receive a shareholder proposal no later than August 15, 2014, in order for the proposal to be considered for inclusion in our proxy materials for the 2015 annual meeting. The 2015 annual meeting of shareholders is tentatively scheduled for February 18, 2015. To otherwise bring a proposal or nomination before the 2015 annual meeting, you must comply with our bylaws, which require written notice to the Secretary between October 4, 2014, and October 29, 2014. The purpose of this requirement is to assure adequate notice of, and information regarding, any such matter as to which shareholder action may be sought. If we receive your notice after October 29, 2014, then your proposal or nomination will be untimely. In addition, your proposal or nomination must comply with the procedural provisions of our bylaws. If you do not comply with these procedural provisions, your proposal or nomination can be excluded. Should the board nevertheless choose to present your proposal, the named Proxies will be able to vote on the proposal using their best judgment.

**Q: WHAT IS THE ADDRESS OF THE SECRETARY?**

**A:** The address of the Secretary is:

Plexus Corp.

Attn: Angelo M. Ninivaggi

One Plexus Way

P.O. Box 156

Neenah, Wisconsin 54957-0156

**Q: WILL THERE BE OTHER MATTERS TO VOTE ON AT THIS ANNUAL MEETING?**

**A:** We are not aware of any other matters that you will be asked to vote on at the annual meeting. Other matters may be voted on if they are properly brought before the annual meeting in accordance with our bylaws. If other matters are properly brought before the annual meeting, then the named proxies will vote the proxies they hold in their discretion on such matters.

For matters to be properly brought before the meeting, our bylaws require that we receive written notice, together with specified information, not less than 45 days nor more than 70 days before the first anniversary of the date in which proxy materials for the previous year's annual meeting were first made available to shareholders. We did not receive notice of any matters by the deadline for the 2014 annual meeting, which was October 30, 2013.

**Table of Contents**

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL  
OWNERS AND MANAGEMENT**

The following table presents certain information as of December 5, 2013, regarding the beneficial ownership of the Plexus common stock held by each director or nominee for director, each executive officer appearing in the Summary Compensation Table included in Executive Compensation, all directors and current executive officers as a group, and each known 5%-or-greater shareholder of Plexus. The specified individuals and entities have sole voting and sole dispositive powers as to all shares, except as otherwise indicated.

Name	Shares Beneficially Owned (1)	Percentage of Shares Outstanding
Ralf R. Böer	74,089	*
Stephen P. Cortinovis	78,589	*
David J. Drury	50,589	*
Dean A. Foate	817,963	2.3%
Rainer Jueckstock	0	*
Peter Kelly	65,689	*
Phil R. Martens	18,589	*
Michael V. Schrock	61,589	*
Mary A. Winston	36,589	*
Steven J. Frisch	104,798	*
Ginger M. Jones	128,405	*
Todd P. Kelsey	130,135	*
Yong Jin Lim	125,520	*
All directors and current executive officers		
as a group (15 persons)	1,844,998	5.2%
Disciplined Growth Investors, Inc. (2)	3,223,397	9.6%
BlackRock, Inc. (3)	2,949,082	8.7%
Barrow, Hanley, Mewhinney & Strauss, LLC (4)	2,538,544	7.5%
The Vanguard Group, Inc. (5)	2,042,179	6.0%

\* Less than 1%

(1) The amounts include shares subject to options granted under Plexus equity plans that are exercisable currently or within 60 days of December 5, 2013. The options include those held by the following individuals for the indicated number of shares: Mr. Böer (58,500), Mr. Cortinovis (61,000), Mr. Drury (35,000), Mr. Foate (632,222), Mr. Kelly (35,000), Mr. Martens (10,000), Mr. Schrock (45,000), Ms. Winston (24,000), Mr. Frisch (76,625), Ms. Jones (93,000), Mr. Kelsey (98,750) and Mr. Lim (83,125), and all directors and current executive officers as a group (1,364,347).

The amounts reported in the table also include shares subject to acquisition within 60 days of December 5, 2013, upon the vesting of restricted stock units ( RSUs ) granted under Plexus equity plans as follows: Mr. Böer (4,589), Mr. Cortinovis (4,589), Mr. Drury (4,589), Mr. Foate (32,800), Mr. Kelly (4,589), Mr. Martens (4,589), Mr. Schrock (4,589), Ms. Winston (4,589), Mr. Frisch (8,000), Ms. Jones (8,000), Mr. Kelsey (10,000) and Mr. Lim (8,000), and all directors and current executive officers as a group (109,723).

In addition, the amounts reported in the table for certain directors include deferred stock units, which are payable in shares of the Company's common stock on a one-for-one basis, as follows: Mr. Böer (4,000), Mr. Cortinovis (2,002), Mr. Martens (2,000) and Ms. Winston (4,000).



**Table of Contents**

- (2) Disciplined Growth Investors, Inc. filed a report on Schedule 13G dated June 30, 2008, reporting that it held sole voting power as to 1,899,904 shares, shared voting power as to 268,950 shares and sole dispositive power as to 2,168,854 shares of common stock. Disciplined Growth Investors subsequently filed a report on Form 13F for the quarter ended September 30, 2013, showing sole investment power as to 3,223,397 shares and sole voting power as to 2,306,242 shares. The address of Disciplined Growth Investors, an investment adviser, is 150 South Fifth Street, Suite 2550, Minneapolis, Minnesota 55402.
- (3) BlackRock, Inc. filed a report on Schedule 13G/A, dated December 31, 2012, reporting sole voting power and sole dispositive power as to 2,949,082 shares of common stock. BlackRock subsequently filed a report on Form 13F for the quarter ended September 30, 2013, showing minimal ownership of common stock; however, the reports on Form 13F filed by its affiliated entities for the quarter ended September 30, 2013, show, in the aggregate, ownership of greater than 5% of the common stock, with BlackRock Fund Advisors, a savings association under the Federal Deposit Insurance Act, showing sole voting power and sole investment power as to 1,837,936 shares. The address of BlackRock, a parent holding company or control person under SEC rules, is 40 East 52nd Street, New York, New York 10022.
- (4) Barrow, Hanley, Mewhinney & Strauss, LLC filed a report on Schedule 13G dated December 31, 2012, reporting sole voting power as to 883,632 shares, shared voting power as to 867,200 shares and sole dispositive power as to 1,750,832 shares of common stock. Barrow Hanley subsequently filed a report on Form 13F for the quarter ended September 30, 2013, showing sole voting power as to 1,345,782 shares and sole investment power as to 2,538,544 shares. The address of Barrow Hanley, an investment adviser, is 2200 Ross Avenue, 31st Floor, Dallas, Texas 75201.
- (5) The Vanguard Group, Inc. filed a report on Schedule 13G/A dated December 31, 2012, reporting sole voting power as to 51,010 shares, sole dispositive power as to 2,214,371 shares and shared dispositive power as to 49,410 shares of common stock. Vanguard subsequently filed a report on Form 13F for the quarter ended September 30, 2013, showing sole voting power as to 52,850 shares and sole investment power as to 1,990,929 shares. The address of Vanguard Group, an investment adviser, is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.



**Table of Contents**

**ELECTION OF DIRECTORS**

Plexus believes that it needs to attract and retain talented, focused, and motivated leadership to develop the long-term strategy and deliver the economic profit that our shareholders expect. For Plexus, the concept of leadership is not limited to the leadership within the Company; leadership also includes the individuals who serve on Plexus' board.

In accordance with Plexus' bylaws, the board of directors has determined that there shall be nine directors elected at the annual meeting of shareholders to serve until their successors are duly elected and qualified. The persons who are nominated as directors, and for whom proxies will be voted unless a shareholder specifies otherwise, are named below. If any of the nominees should decline or be unable to act as a director, which is not foreseen, the proxies will be voted with discretionary authority for a substitute nominee designated by the board of directors. Plexus bylaws authorize up to ten directors, as determined by the board. The Plexus board may expand the board up to the number of directors authorized in Plexus' bylaws and elect directors to fill empty seats, including those created by an expansion, between shareholders' meetings.

**Principal Occupation,**

**Name and Age**

Ralf R. Böer, 65

*Director since 2004*

**Business Experience and Education (1)**

Mr. Böer is a Partner at Foley & Lardner LLP, a national law firm, and was also its Chairman and Chief Executive Officer from 2002 until 2011. Mr. Böer's practice includes international and domestic acquisitions, international business transactions and licensing and technology transfers. He is also a director of Fiskars Corporation, a global consumer products company. Mr. Böer obtained his B.A. from the University of Wisconsin-Milwaukee and his J.D. from the University of Wisconsin Law School.

Stephen P. Cortinovis, 63

*Director since 2003*

Mr. Cortinovis is a private equity investor in Lasco Foods Company. He was previously a Partner of Bridley Capital Partners Limited, a private equity group, and prior thereto served as President - Europe of Emerson Electric Co., a diversified global technology company. He is also a director of Aegion Corporation (formerly Insituform Technologies, Inc.), a global infrastructure protection and rehabilitation company, as well as the chair of its Corporate Governance and Nominating Committee. Mr. Cortinovis obtained both his B.A. and J.D. from St. Louis University.

David J. Drury, 65

*Director since 1998*

Mr. Drury is Chairman and Chief Executive Officer of Poblocki Sign Company LLC, an exterior and interior sign systems company, and was also its President until 2011. He is a director of Journal Communications, Inc., a media holding company, as well as its lead director and the chair of its Nominating and Corporate Governance Committee and its Executive Committee. In addition, Mr. Drury is a trustee of The Northwestern Mutual Life Insurance Company, an insurance and financial products company. Mr. Drury earned his B.B.A. from the University of Wisconsin-Whitewater and is a Certified Public Accountant who practiced as such for 18 years.

Dean A. Foate, 55

*Director since 2000*

*Chairman since 2013*

Mr. Foate has served as President and Chief Executive Officer of Plexus since 2002, and as Chairman of the Board since February 2013. He was previously Chief Operating Officer and Executive Vice President of Plexus, and President of Plexus Technology Group, Inc., Plexus' engineering services business, prior thereto. Mr. Foate is also a director of Regal Beloit Corporation, an electrical motors and mechanical products company. Mr. Foate earned his B.S. in Electrical and Computer Engineering from the University of Wisconsin-Madison and his Master of Science in Engineering Management from the Milwaukee School of Engineering.

**Table of Contents**

**Principal Occupation,**

**Name and Age**

**Business Experience and Education (1)**

Rainer Jueckstock, 54

*Director since 2013*

Mr. Jueckstock has served as co-Chief Executive Officer of Federal-Mogul Corporation, an automotive and industrial equipment supplier, and Chief Executive Officer, Federal-Mogul Powertrain Segment, since July 2012; he also serves as a director of Federal-Mogul. Mr. Jueckstock joined Federal-Mogul in 1990 and has served in numerous operations, sales and finance leadership roles, most recently as Chief Executive Officer from April to July 2012, and as Senior Vice President-Powertrain Energy and a member of Federal-Mogul's Strategy Board since 2005. Prior to joining Federal-Mogul, he was a member of the German Military. Mr. Jueckstock earned a degree in Engineering from the Military College at Zittau, Germany.

Peter Kelly, 56

*Director since 2005*

Mr. Kelly has served as Executive Vice President and Chief Financial Officer of NXP Semiconductors N.V., a provider of high performance mixed signal and standard semi-conductor product solutions, since 2012; prior thereto he served as NXP Semiconductors' Executive Vice President and General Manager of Operations since 2011. Mr. Kelly was Vice President and Chief Financial Officer of UGI Corp., a distributor and marketer of energy products and services, from 2007 until 2011. He previously served as Chief Financial Officer and Executive Vice President of Agere Systems, a semi-conductor company, and as Executive Vice President of Agere's Global Operations Group. Mr. Kelly earned a B.S. from the University of Manchester (U.K.) Institute of Science and Technology and is a fellow of the Chartered Institute of Management Accountants.

Phil R. Martens, 53

*Director since 2010*

Mr. Martens has served as Chief Executive Officer of Novelis Inc., an aluminum rolled products producer, since 2011, and as its President since 2009. He was also Chief Operating Officer of Novelis Inc. from 2009 until 2011. Mr. Martens is also a director of Graphic Packaging Holding Company, a global provider of packaging solutions. Mr. Martens previously served as Senior Vice President and President, Light Vehicle Systems for ArvinMeritor, Inc., a supplier of integrated systems, modules and components; he was also President and Chief Executive Officer of Arvin Innovation, Inc. Prior thereto, he served as President and Chief Operating Officer of Plastech Engineered Products, Inc., an automotive component supplier, and held various engineering and leadership positions at Ford Motor Company. Mr. Martens obtained a B.S. from Virginia Polytechnic Institute and State University and an M.B.A. from the University of Michigan. In addition, he was awarded an honorary Doctorate in Engineering from Lawrence Technical Institution for his extensive contributions to the global automotive industry. (2)

Michael V. Schrock, 60

*Director since 2006*

*Lead Director since 2013*

Mr. Schrock, who has served as the lead director of Plexus' board since February 2013, is currently President and Chief Operating Officer of Pentair Ltd., a diversified manufacturer, but has announced his intention to retire from Pentair, effective December 31, 2013. He previously was President and Chief Operating Officer of Pentair's Technical Products and Filtration Divisions. Prior to joining Pentair, Mr. Schrock held various senior management positions with Honeywell International Inc., a diversified technology and manufacturing company, covering North America as well as the European, Africa and Middle East regions. Mr. Schrock earned a B.S. from Bradley University and an M.B.A. from Northwestern University, Kellogg School of Management.

**Table of Contents**

**Principal Occupation,**

**Name and Age**

Mary A. Winston, 52

*Director since 2008*

**Business Experience and Education (1)**

Ms. Winston has served as Executive Vice President and Chief Financial Officer of Family Dollar Stores, Inc., an owner and operator of general merchandise discount stores, since 2012. She served as Senior Vice President and Chief Financial Officer of Giant Eagle, Inc., a food retailer and food distributor, from 2008 until 2012. Prior thereto, Ms. Winston was President and Founder of WinsCo Financial, LLC, a financial solutions consulting firm, Executive Vice President and Chief Financial Officer of Scholastic Corporation, a children's publishing and media company, a Vice President of Visteon Corporation, an automotive parts supplier, and a Vice President of Pfizer Inc., a global biopharmaceutical company. She is also a director of Dover Corporation, a diversified manufacturing company, and the chair of its Audit Committee. Ms. Winston obtained a B.B.A. from the University of Wisconsin-Milwaukee and an M.B.A. from Northwestern University, Kellogg School of Management, and is a Certified Public Accountant.

- (1) Unless otherwise noted, all directors have been employed in their principal occupation listed above for the past five years or more.
- (2) Plastech Engineered Products, Inc. filed for Chapter 11 bankruptcy protection in 2008, approximately two years after Mr. Martens left the company.

The Company believes it is important for its board to be comprised of individuals with diverse backgrounds, skills and experiences. All board members are expected to meet Plexus' board member selection criteria, which are listed below:

Impeccable honesty and integrity.

A high level of knowledge gained through formal education and/or specific practical experience.

Broad based business acumen, including a general understanding of operations management, marketing, finance, human resources management, corporate governance and other elements relevant to the success of a large publicly-traded company.

An understanding of the Company's business on a technical level.

Global thinking and focus as well as a general understanding of the world economy.

Strategic thinking and an ability to envision future opportunities and risks.

A willingness to engage in thoughtful debate and challenging discussions in a respectful manner.

A network of important contacts that can bring knowledge and assistance to Plexus.

A commitment to spend requisite time on board responsibilities.

In addition to the board member selection criteria identified above, the board and the Nominating and Corporate Governance Committee review the board's composition annually to ensure that an appropriate diversity of backgrounds, skills and experiences is represented. Important skills and experiences currently identified are as follows:

## Edgar Filing: PLEXUS CORP - Form DEF 14A

Significant experience as a chief executive officer and/or chief operating officer of a publicly-traded company, or of a major division of a publicly-traded company.

Financial and accounting skills as well as experience in a public company, preferably with experience as a controller and/or chief financial officer; any such person is expected to fulfill the SEC's requirements for an audit committee financial expert.

International experience with an understanding of conducting business on a global scale.

In-depth knowledge and significant practical experience in sales and marketing at an electronic manufacturing services ( EMS ) company or at another company in a related industry.

**Table of Contents**

A manufacturing management background, ideally an engineer, from a large, well respected manufacturing-based company, preferably one that relies on supply chain management for a competitive advantage.

Considerable human resources management experience involving the design of both short-term and long-term compensation programs, and an understanding of benefit plans.

Experience managing succession planning and leadership development for a successful company.

The following is the Company's matrix of experience for the board, which together with the directors' principal occupations and business experience described above, as well as the Company's board member selection criteria, provide the reasons that each individual is being re-nominated as a director. Boxes marked with an 'X' in the matrix below indicate that the particular experience is one of the specific reasons that the individual has been re-nominated to serve on the board. The lack of an 'X' does not mean that the director does not possess that experience, but rather that it is not a particular area of focus or expertise of the director that was specifically identified as a reason for that individual's nomination.

	Mr.	Mr.	Mr.	Mr.	Mr.	Mr.	Mr.	Mr.	Ms.
	Böer	Cortinovis	Drury	Foate	Jueckstock	Kelly	Martens	Schrock	Winston
CEO/COO Experience				X	X	X	X	X	
Financial and Accounting Experience		X	X	X	X	X	X		X
Global Business Experience	X	X	X	X	X	X	X	X	X
Sales and Marketing Experience		X		X	X		X	X	
Manufacturing Management Background				X	X	X	X	X	
Supply Chain Management Experience				X	X	X	X	X	
Compensation and Benefits Experience	X	X	X	X	X	X	X	X	
Leadership Development and Succession Planning Experience	X	X	X	X	X	X	X	X	X

## **Table of Contents**

### **CORPORATE GOVERNANCE**

#### **Board of Directors Meetings**

The board of directors held six meetings during fiscal 2013. As part of these meetings, non-management directors regularly meet without management present. All of our directors attended at least 75% of the total meetings of the board and the committees of the board on which they served; for Mr. Jueckstock, this refers to the period he served as a director. The Plexus board of directors conducts an annual self-evaluation process, reviewing the performance of each individual board member as well as the performance of the board as a whole.

Plexus encourages all of its directors to attend the annual meeting of shareholders. Plexus generally holds a board meeting coincident with the annual meeting of shareholders to minimize director travel obligations and facilitate their attendance at the shareholders' meeting. All directors attended the 2013 annual meeting of shareholders.

#### **Director Independence**

As a matter of good corporate governance, we believe that the board of directors should provide a strong voice in the governance of our company. Therefore, under our corporate governance policies and in accordance with Nasdaq Global Select Market rules, at least a majority of our directors must be independent directors.

When the board of directors makes its determination regarding which directors are independent, the board first considers and follows the Nasdaq Global Select Market rules. The board also reviews other transactions and relationships, if any, involving Plexus and the directors or their family members or related parties; see Certain Transactions herein for a discussion of our policy regarding such transactions. Plexus expects its directors to inform it of any transaction, whether direct or indirect through an immediate family member or any business entity controlled by any of them, involving Plexus and the director; Plexus also surveys directors periodically to confirm this information. Plexus does not use any dollar amount to screen transactions that should be reported to the Company. The board reviews the information submitted by its directors for its separate determination of materiality and compliance with Nasdaq and other standards when it determines independence.

In determining independence for the coming year, the board considered two relationships that, upon review, the board did not believe affected the independence of the directors.

Mr. Kelly is an executive officer of NXP Semiconductors N.V., which is a supplier to Plexus. Plexus' payments to NXP's distributors in fiscal 2013 represented less than two-tenths of one percent of each of Plexus' and NXP's annual revenues.

Mr. Schrock is currently an executive officer of Pentair Ltd., which is a supplier to Plexus. Plexus' payments to Pentair in fiscal 2013 represented less than two-tenths of one percent of each of Plexus' and Pentair's annual revenues.

Based on the applicable standards and the board's review and consideration, the board of directors has determined that Messrs. Böer, Cortinovis, Drury, Jueckstock, Kelly, Martens and Schrock, and Ms. Winston are each independent under applicable rules and guidelines. Mr. Foate, our Chief Executive Officer, is not considered to be independent.

Our independent directors have the opportunity to meet in executive session, without the other directors or management, as part of each regular board meeting. Mr. Schrock, the board's lead director, presides at these sessions.

#### **Board Leadership Structure**

Mr. Foate, our Chief Executive Officer, also serves as Chairman primarily due to his in-depth knowledge of the Company and EMS industry, keen understanding of the Company's operations and strategies, proven leadership and vision for Plexus, which position him to be able to provide strong and effective leadership of the board. In

## **Table of Contents**

addition, the board believes that Mr. Foate is in the best position as Chairman and CEO to lead board discussions regarding the Company's business and strategy, and to help the board respond quickly and effectively to any challenges faced by the Company.

The board does not have a policy that requires the separation of the roles of Chairman and CEO and believes the Company should adopt the board leadership structure that best serves its needs at any particular time. Pursuant to the Company's Corporate Governance Guidelines, since the Chairman is also the CEO, the independent directors, meeting in executive session, elected a lead director from among the independent directors. The Company believes that the designation of an independent lead director, whose duties are described below, provides essentially the same benefits as having an independent chairman in terms of oversight, access and an independent voice with significant input into corporate governance. Mr. Schrock currently serves as the board's lead director.

The duties of the board's lead director include: (i) presiding at all meetings of the board at which the Chairman is not present, including executive sessions of the independent directors; (ii) serving as liaison between the Chairman and the independent directors; (iii) together with the Chairman, approving the agendas for board meetings; (iv) together with the Chairman, approving meeting schedules to assure that there is sufficient time for discussion of all agenda items; (v) providing input to the Chairman as to the content, quality, quantity and timeliness of information from Company management to the board; (vi) having the authority to call meetings of the independent directors and develop the agendas for such meetings with input from the other independent directors; (vii) serving as a liaison for consultation and direct communication with major shareholders; and (viii) performing such other duties as the board or Chairman may from time to time delegate.

### **Board's Role in Risk Oversight**

It is management's responsibility to manage the Company's enterprise risks on a day-to-day basis. Through regular updates, the board of directors oversees management's efforts to ensure that they effectively identify, prioritize, manage and monitor all material business risks to Plexus strategy.

The board delegates certain risk management oversight responsibilities to its committees. The Audit Committee reviews and discusses the Company's major financial risk exposures and the steps management has taken to identify, monitor and control such risks. The Compensation and Leadership Development Committee is responsible for overseeing risk related to the Company's compensation, leadership development and succession planning programs, including considering whether such programs are in line with the Company's strategic objectives and incentivize appropriate risk-taking. The Nominating and Corporate Governance Committee is tasked with overseeing the management of risks associated with corporate governance, compliance and ethics.

### **Board Committees**

The board of directors has three standing committees, all comprised solely of independent directors: Audit, Compensation and Leadership Development, and Nominating and Corporate Governance. The committees on which our directors currently serve, and the chairs of those committees, are identified in the following table:

<b>Director</b>	<b>Audit</b>	<b>Compensation and Leadership Development</b>	<b>Nominating and Corporate Governance</b>
Ralf R. Böer			Chair
Stephen P. Cortinovis	X	Chair	
David J. Drury	Chair		X
Rainer Jueckstock	X	X	
Peter Kelly	X	X	
Phil R. Martens		X	X
Michael V. Schrock		X	X
Mary A. Winston	X		

Mr. Foate is not an independent director; therefore, he is not eligible to serve on these committees under Nasdaq rules or the committees charters.

## **Table of Contents**

### ***Audit Committee***

The Audit Committee met eight times in fiscal 2013. All of the members of the Audit Committee are independent of Plexus under SEC and Nasdaq rules. The Audit Committee chooses the Company's independent auditors and oversees the audit process as well as the Company's accounting, finance and tax functions. Among its other responsibilities, the Committee also oversees the Company's ethics and whistle-blowing reporting programs, in conjunction with the Nominating and Corporate Governance Committee. See also Report of the Audit Committee.

### ***Audit Committee Financial Experts***

The board has determined that Messrs. Drury and Kelly and Ms. Winston are audit committee financial experts based on a review of each individual's educational background and business experience. All members of the Audit Committee are financially literate and meet the other SEC and Nasdaq requirements for Audit Committee membership.

### ***Compensation and Leadership Development Committee***

The Compensation and Leadership Development Committee (in this subsection, the Committee) held six meetings during fiscal 2013. All of the members of the Committee are independent of Plexus under SEC and Nasdaq rules. The Committee establishes the general compensation philosophies and plans for Plexus, determines the CEO's and other executive officers' compensation and approves equity grants and awards under Plexus' compensation plans. The Committee also considers and makes recommendations to the board with respect to other employee compensatory plans and arrangements. Further, the Committee is responsible for reviewing Plexus' leadership structure, talent management efforts, leadership development and executive succession plans. The Committee may, in its sole discretion, retain or obtain the advice of compensation consultants, legal counsel or other advisers. In addition to the following subsection, see also Compensation Discussion and Analysis and Compensation Committee Report below for further information on the Committee's philosophies and practices, and its determinations in fiscal 2013.

### ***Overview of the Compensation Decision-Making Process***

In accordance with the philosophy and the goals described below in Compensation Discussion and Analysis, Plexus compensates its executive officers through salaries and various other compensation plans. The Committee considers many factors in its decision-making process about the compensation of Plexus' leadership and the design of compensation plans Company-wide.

When determining compensation, the Committee compares the compensation of Plexus' executive officers with that paid by other companies in the general industries in which Plexus recruits, comparable companies in the electronic manufacturing services industry, companies with similar financial profiles and several general and electronics industry published surveys. The Committee performed a full review of the composition of the peer group during fiscal 2010 because, due to acquisitions within the peer group and other changes, the Committee believed that certain companies had become less comparable to Plexus than when they were originally selected. The Committee intends to conduct reviews of the peer group and selection criteria on a periodic basis to ensure that both are appropriate. Consistent with the selection of its previous peer group, companies were chosen using filtering criteria, such as industry codes, peer companies identified as competitors, company size and employee base, profitability, geographic location, company complexity and recent financial performance; anomalies or special circumstances (primarily acquisitions or significant size differences) that caused certain companies to not be in fact comparable were also reviewed. In addition, the Committee also identified financial peers that were not in a similar business but which were similar in size and financial performance to Plexus.



**Table of Contents**

Our resulting peer group for fiscal 2013 compensation planning consisted of:

Agilent Technologies, Inc.	Bruker Corporation	Molex Incorporated
Altera Corporation	Celestica Inc.	Regal-Beloit Corporation
Amphenol Corporation	Esterline Technologies Corporation	Sanmina Corporation
Arris Group, Inc.	Harris Corporation	Teledyne Technologies Incorporated
AVX Corporation	Invacare Corporation	Trimble Navigation Limited
Benchmark Electronics, Inc.	Jabil Circuit, Inc.	Vishay Intertechnology, Inc.

The same peer group is also being used for fiscal 2014 executive compensation planning.

When making compensation determinations, the Committee’s analysis includes a review of the Company’s financial results, an internal calibration of pay and equity award levels and an accumulated value analysis. In performing these analyses, the Committee continues to use tally sheets, which provide a comprehensive view of Plexus’ compensation payout exposure under various performance scenarios, and also assist in the Committee’s evaluation of the reasonableness of compensation as a whole. The accumulated value analysis examines the CEO’s accumulation of wealth through the deferred compensation plan and annual equity awards. These assessments also identify the proportionality of the CEO’s pay to the pay of executives at other levels in the organization and compare this information with published survey data. In addition, the Committee uses the vested and unvested equity information to balance the level of existing awards with the desire to reward performance and to provide retention incentives.

In addition to reviewing compensation to help assure that it provides an incentive for strong Company performance, the Company and the Committee periodically review comparable information from peer group companies and other sources, as discussed above, to maintain a competitive compensation package that aids in executive retention and fairly compensates the executives for performance. However, it does not aim for any numerical or percentile tests within this comparable information. The Committee believes that it is important for it to use its judgment in applying this information in individual cases, rather than arbitrarily attempting to aim for a particular numerical equivalence. In that consideration, the Committee discusses total compensation (including outstanding equity awards) for all executive officers, the level of experience and leadership each provides, and financial and personal performance results. The Committee seeks to balance different types of compensation in order to promote retention and strong Company performance. The Committee believes this approach results in a comprehensive and thoughtful compensation review process because it allows the Committee to use discretion when appropriate in responding to particular circumstances. The Committee intends to continue these practices in the future.

*Management Participation.* Members of management, particularly the CEO and human resources personnel, regularly participate in the Committee’s meetings at the Committee’s request. Management’s role is to contribute information to the Committee and provide staff support and analysis for its discussions. However, management does not make any recommendation for the CEO’s compensation, nor does management make the final determination of the CEO’s or the other executive officers’ amount or form of executive compensation. The CEO does recommend compensation for the other executive officers to the Committee, subject to the Committee’s final decision. To assist in determining compensation recommendations for the other executive officers, the CEO considers Plexus’ compensation philosophy and, in partnership with the human resources management team, utilizes the same compensation decision-making process as the Committee. Decisions regarding the compensation of the CEO are made in executive sessions at which the Committee members participate with select members of human resources management to review competitive practices and overall plan expense; the CEO is not present for these discussions. The sessions generally focus on the CEO’s performance achievement and the elements of his compensation. The Committee also discusses and reviews materials comparing the CEO’s compensation to peer group and survey data as well as Plexus’ overall performance relative to the companies in our peer group. Materials presented also include a pay comparison of the CEO to our other executive officers and a review of the CEO’s vested and unvested equity grants, as well as accumulated value, in an effort to assess possible retention risks.

*Use of Consultants.* The Committee uses outside compensation consultants to assist it in analyzing Plexus’ compensation programs and in determining appropriate levels of compensation and benefits. The Committee is directly responsible for the appointment, termination, compensation and oversight of the work of any compensation

## **Table of Contents**

consultant(s), and considers the independence of any such consultant prior to retention. The Company provides appropriate funding, as determined by the Committee, for the payment of compensation to the compensation consultant(s) employed by the Committee. The Committee currently retains Towers Watson as its compensation consultant. After considering the factors set forth in SEC and Nasdaq rules, in accordance with the Committee's charter, the Committee does not believe its relationship with Towers Watson has given rise to any conflict of interest.

Plexus human resources personnel meet with the compensation consultants to help the consultants understand Plexus' business model, organizational structure and compensation philosophy. This interaction provides the consultants with a framework to Plexus' approach to compensation and its application. As part of its staff support function, Plexus human resources personnel also discuss results and conclusions with the compensation consultants. These discussions permit Plexus human resources personnel to be aware of the consultants' recommendations and analysis, as well as to understand the rationale and methodology behind their conclusions.

For fiscal 2013 compensation planning, the Committee directed the Company's internal human resources staff to prepare an analysis of the Company's executive compensation package consistent with prior years. Plexus' internal staff obtained market-based data to provide the Committee with the same data and analysis as in previous years. In future years, the Committee may retain Towers Watson or another independent compensation consultant to conduct a detailed analysis of the Company's executive compensation package.

For fiscal 2014 compensation planning, in furtherance of its emphasis on performance-based compensation, the Committee conducted a review of its long-term incentive strategy and engaged Towers Watson to prepare an analysis of, and recommendations regarding, long-term equity grant practices. As a result of such review, beginning in fiscal 2014, the Committee is modifying its long-term incentive strategy to include performance stock awards (designated as performance share units and settled in Plexus stock). For more information, see Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Long-Term Incentives Overview of Changes to Long-Term Incentive Strategy for Fiscal 2014.

Neither the Company nor the Committee places any limitations or restrictions on its consulting firms or their reviews. Towers Watson and previous consulting firms have been retained by the Committee only for projects related to the Company's executive and director compensation programs. The Company does provide substantive information about Plexus to help its consultants better understand the Company. Human resources personnel also meet with the consultants to discuss the consultants' conclusions as to Plexus' executive pay practices, organizational matters, the duties and responsibilities of particular positions, and overall conclusions based upon Plexus' compensation principles and goals.

### *Compensation Committee Interlocks and Insider Participation*

Each of the members of the Committee was an independent director and there were no relationships or transactions in fiscal 2013 with those members requiring disclosure under SEC rules. See, however, Director Independence above for certain other relationships that the board considered when determining the independence of the directors.

### *Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee (the Nominating Committee) met four times in fiscal 2013. All of the members of the Committee are independent of Plexus under Nasdaq rules. The Nominating Committee considers candidates for board membership, reviews the effectiveness of the board, makes recommendations to the board regarding directors' compensation, monitors Plexus' compliance and ethics efforts, and evaluates as well as oversees corporate governance and related issues.

### *The Nomination Process*

The Nominating Committee generally utilizes a director search firm to identify candidates, but it evaluates those individuals on its own; the Committee would also consider candidates suggested by outside directors, management and/or shareholders. As described above in Election of Directors, in accordance with the Company's board member selection criteria, the Nominating Committee considers the diversity of backgrounds, skills and

## **Table of Contents**

experiences among board members in identifying areas which could be augmented by new members. To help assure that directors have the time to devote to their duties, Plexus directors may not serve on the boards of more than three additional public companies. The composition of the Board is reviewed annually to insure that an appropriate mix of skills, experiences and backgrounds is represented; the membership mix of the Board may also be changed as necessary to meet business needs.

The Nominating Committee would consider proposed nominees to the board submitted to it by shareholders. If a qualified candidate expresses a serious interest, and if there is a position available and the candidate's experience indicates that the candidate may be an appropriate addition to the board, the Nominating Committee would review the background of the candidate and, if appropriate, meet with the candidate. A decision would then be made whether to nominate that person to the board. The Nominating Committee's policy is to not evaluate proposed nominees differently depending upon who has proposed the potential nominee.

If a shareholder wishes to propose someone as a director for the Nominating Committee's consideration, the name of that nominee and related personal information should be forwarded to the Nominating Committee, in care of the Secretary, at least six months before the next annual meeting of shareholders to assure time for meaningful consideration by the Nominating Committee. See also [Commonly Asked Questions and Answers About the Annual Meeting](#) for bylaw requirements for nominations. Plexus has neither received nor rejected any candidates put forward by significant shareholders.

## **Communications with the Board**

Any communications to the board of directors should be sent to Plexus' headquarters office in care of Plexus' Secretary, Angelo M. Ninivaggi. Any communication sent to the board in care of the Chief Executive Officer, the Secretary or any other corporate officer is forwarded to the board. There is no screening process and any communication will be delivered directly to the director or directors to whom it is addressed. Any other procedures which may be developed, and any changes in those procedures, will be posted as part of our Corporate Governance Guidelines on Plexus' website at [www.plexus.com](http://www.plexus.com), under the link titled [Investor Relations](#) then [Corporate Governance](#).

## **Code of Ethics, Committee Charters and Other Corporate Governance Documents**

Plexus regularly reviews and augments its corporate governance practices and procedures. As part of its corporate governance practices, Plexus has adopted a Code of Conduct and Business Ethics, Corporate Governance Guidelines and written charters for each of its board committees discussed above. Plexus will be responding to and complying with related SEC and Nasdaq Global Select Market directives as they are finalized, adopted and become effective. Plexus has posted on its website, at [www.plexus.com](http://www.plexus.com), under the link titled [Investor Relations](#) then [Corporate Governance](#), copies of its Code of Conduct and Business Ethics, its Corporate Governance Guidelines, the charters for its Audit, Compensation and Leadership Development, and Nominating and Corporate Governance Committees, director selection criteria (included as an appendix to our Corporate Governance Guidelines), director and officer stock ownership guidelines, compensation clawback policy and other corporate governance documents. If those documents (including the committee charters, the Code of Conduct and Business Ethics and the Corporate Governance Guidelines) are changed, waivers from the Code of Conduct and Business Ethics are granted, or new procedures are adopted, those new documents, changes, waivers and/or procedures will be posted on Plexus' website at [www.plexus.com](http://www.plexus.com).

## **Social Responsibility**

Plexus is committed to social responsibility within our business and global operations. Our commitment to social responsibility extends to human rights, labor practices, the environment, worker health and safety, fair operating practices and the Company's social impact in the communities where we operate. We consider a variety of standards for socially responsible practices, including local and federal legal requirements in the jurisdictions where we operate, the International Organization for Standardization's [Guidance on Social Responsibility \(ISO 26000\)](#) and standards established by the Electronics Industry Citizenship Coalition. Information about our corporate social responsibility efforts is available on our website at [www.plexus.com/about-us/social-responsibility](http://www.plexus.com/about-us/social-responsibility).

**Table of Contents****Directors Compensation**

The Nominating and Corporate Governance Committee of the board of directors recommends, subject to board approval, compensation paid to non-employee directors, including equity awards to non-employee directors under the 2008 Long-Term Incentive Plan (the 2008 Long-Term Plan). In determining the compensation paid to the non-employee directors, the Nominating and Corporate Governance Committee considers similar types of factors, including comparisons with peer companies and Company performance, that are considered by the Compensation and Leadership Development Committee when determining executive compensation.

Each Plexus director who was not a full-time Plexus officer or employee (all directors except Mr. Foate, who does not receive additional fees for serving on the board) received an annual director's fee of \$65,000 for fiscal 2013 service. Mr. Schrock received an additional fee of \$20,000 for serving as the board's lead director. The chairs and members of each committee received additional annual fees for service in such roles as follows:

<b>Role</b>	<b>Audit Committee</b>	<b>Compensation and Leadership Development Committee</b>	<b>Nominating and Corporate Governance Committee</b>
Chair	\$ 15,000	\$ 12,500	\$ 10,000
Member	\$ 9,000	\$ 7,500	\$ 5,250

Additionally, in certain circumstances directors may be reimbursed for attending educational seminars or, in each individual's capacity as a director, other meetings at Plexus' behest. Directors do not receive board or committee meeting attendance fees.

Directors are eligible to defer their cash fees, as well as stock awards (excluding options), through the Non-Employee Directors Deferred Compensation Plan. Prior to fiscal 2011, directors were eligible to defer their cash fees through Plexus' supplemental executive retirement plan, which is described in Compensation Discussion and Analysis below.

Directors also participate in the 2008 Long-Term Plan, which permits the grant of stock options, stock-settled stock appreciation rights (SARs), restricted stock (which may be designated as restricted stock awards or restricted stock unit (RSU) awards), unrestricted stock awards, performance stock awards and cash incentive awards. In the first quarter of fiscal 2013, stock options were granted to directors, at the same time as employee grants, and vested immediately on the grant date. The exercise price of the stock options was equal to the average of the high and low sale prices of Plexus stock on the Nasdaq Global Select Market on the trading day preceding the grant date (because the market was closed on the grant date). The Company began granting RSUs to non-employee directors in the second quarter of fiscal 2013, instead of a mix of stock options and unrestricted stock awards; the restrictions on the RSUs lapse on the first anniversary of the applicable grant date. The use of equity awards is designed to align directors' interests with the long-term ownership interests of our shareholders.

**Table of Contents****Director Compensation Table**

The following table sets forth the compensation that was paid by Plexus to each of our non-employee directors in fiscal 2013:

Name	Fees Earned or Paid in Cash \$(1)	Option Awards \$(2)	Stock Awards \$(2)	Other Benefits \$(3)	Total (\$)
<b>Ralf R. Böer</b>	\$ 81,688	\$ 14,358	\$ 120,002		\$ 216,048
<b>Stephen P. Cortinovis</b>	94,875	14,358	120,002		229,235
<b>David J. Drury</b>	95,688	14,358	120,002		230,048
<b>Rainer Jueckstock (4)</b>	40,986				40,986
<b>Peter Kelly</b>	79,875	14,358	120,002		214,235
<b>Phil R. Martens</b>	79,563	14,358	120,002	\$ 513	214,436
<b>John L. Nussbaum (5)</b>	42,003	14,358	120,002	533,519	709,882
<b>Michael V. Schrock</b>	94,563	14,358	120,002		228,923
<b>Mary A. Winston</b>	72,750	14,358	120,002		207,110

- (1) Includes annual retainer, committee and chairmanship fees and, in the case of Mr. Schrock, his fee for serving as lead director. In addition, the amounts also include meeting fees paid in the first quarter of fiscal 2013; meeting fees were eliminated beginning in calendar year 2013. See below regarding Mr. Nussbaum's compensation.
- (2) The amounts shown represent the grant date fair value computed in accordance with Accounting Standards Codification Topic 718 of stock options and RSUs granted in fiscal 2013. Generally accepted accounting principles ( GAAP ) require us to recognize compensation expense for stock options and other stock-related awards granted to our employees and directors based on the estimated fair value of the equity instrument at the time of grant. Compensation expense is recognized over the vesting period. The assumptions used to determine the valuation of the awards are discussed in footnote 10 to our consolidated financial statements.

The following table provides cumulative information about the grant date fair value of options and stock awards granted to directors in fiscal 2013, determined as of the respective grant dates in accordance with GAAP. It also provides the number of outstanding stock options and RSUs that were held by our non-employee directors at September 28, 2013. The Company began granting RSUs to directors in fiscal 2013; it previously granted unrestricted stock awards to directors.

Name	Option Awards		Stock Awards	
	Grant Date Fair Value of 2013 Option Awards (\$)	Number of Securities Underlying Unexercised Options (#)	Grant Date Fair Value of 2013 Stock Awards (\$)	Number of Securities Underlying Stock Awards That Have Not Vested (#)
<b>Mr. Böer</b>	\$ 14,358	58,500	\$ 120,002	4,589
<b>Mr. Cortinovis</b>	14,358	61,000	120,002	4,589
<b>Mr. Drury</b>	14,358	55,000	120,002	4,589
<b>Mr. Jueckstock</b>				
<b>Mr. Kelly</b>	14,358	55,000	120,002	4,589

**Table of Contents**

Name	Option Awards		Stock Awards	
	Grant Date Fair Value of 2013 Option Awards (\$)	Number of Securities Underlying Unexercised Options (#)	Grant Date Fair Value of 2013 Stock Awards (\$)	Number of Securities Underlying Stock Awards That Have Not Vested (#)
<b>Mr. Martens</b>	14,358	10,000	120,002	4,589
<b>Mr. Nussbaum</b>	14,358	8,750	120,002	
<b>Mr. Schrock</b>	14,358	45,000	120,002	4,589
<b>Ms. Winston</b>	14,358	24,000	120,002	4,589

Each non-employee director serving at the time was awarded options for 1,250 shares on October 29, 2012; the options vested immediately on the grant date. Options granted to non-employee directors expire on the earlier of (a) ten years from the date of grant, or (b) two years after termination of service as a director. In addition, on January 21, 2013, each non-employee director serving at the time received RSUs for 4,589 shares; the average of the high and low trading prices of our shares on the Nasdaq Global Select Market on the preceding trading day was \$26.15 (the market was closed on the grant date). Messrs. B er, Cortinovis and Drury each elected to defer receipt of the shares underlying the 2013 RSUs (which vest in January 2014).

- (3) The current non-employee directors do not generally receive any additional benefits although they are reimbursed for their actual expenses of attending board, committee and shareholder meetings.

In fiscal 2013, the Company permitted Mr. Martens' spouse to accompany him on the Company plane for travel to the August 2013 board meeting; the amount presented represents the estimated value of his spouse's trip and the related tax allowance. For Mr. Nussbaum, this column represents the amounts paid to him in fiscal 2013 under his deferred compensation arrangements plus the value of the health and other welfare benefits, as well as Company matching contributions to the 401(k) Plan, provided to him and other payments upon his retirement from the board. See the discussion in footnote 5 below.

- (4) Mr. Jueckstock was elected to the board by shareholders on February 13, 2013.

- (5) Mr. Nussbaum retired from the board as of February 13, 2013.

Mr. Nussbaum ceased being considered an executive officer or employee of Plexus when he retired as our Chief Executive Officer in 2002, and was eligible to receive board fees and equity grants as a non-employee director until his retirement from the board in February 2013. However, as a consequence of his many years of service as an executive officer of Plexus, he continues to be compensated under deferred compensation arrangements that were put in place during his service as an executive officer and as the non-executive Chairman of the Board. The arrangements are designed to provide specified retirement and death benefits to Mr. Nussbaum in addition to those provided under the 401(k) Plan. Plexus' commitment was funded in prior years. If Mr. Nussbaum dies prior to receiving all of the 15-year annual installment payments, death benefit payments specified in the arrangement become due. Mr. Nussbaum has received payments under the special retirement arrangements since 2002, including payments of \$352,742 for fiscal 2011, \$366,853 for fiscal 2012 and \$380,852 for fiscal 2013.

In addition, in connection with Mr. Nussbaum's retirement from the board, he received a retirement bonus of \$111,000 and the Company also gave him his Company car, which was valued at \$36,173.

**Table of Contents**

**Stock Ownership Guidelines**

Plexus believes that it is important for directors and executive officers to maintain an equity stake in Plexus to further align their interests with those of our shareholders. Directors and executive officers must comply with stock ownership guidelines as determined from time to time by the board. The ownership guidelines for directors currently require that directors must own 5,000 shares of common stock within five years of election or appointment to the board, of which 2,000 shares must be owned within the first year of service. Unexercised stock options (whether or not vested) do not count toward a director's ownership for purposes of these guidelines. Currently, all of our directors are in compliance with these guidelines. The stock ownership guidelines for executive officers are discussed at Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Equity Ownership Guidelines.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires Plexus officers and directors, and persons who beneficially own more than 10% of Plexus common stock, to file reports of ownership and changes in ownership with the SEC. SEC rules require these insiders to furnish Plexus with copies of all forms they file under Section 16(a).

All publicly-held companies are required to disclose the names of any insiders who fail to make any such filing on a timely basis within the preceding fiscal year, and the number of delinquent filings and transactions, based solely on a review of the copies of the Section 16(a) forms furnished to Plexus, or written representations that no such forms were required. On the basis of filings and representations received by Plexus, the Company believes that during fiscal 2013 our insiders have complied with all applicable Section 16(a) filing requirements.

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS**

The Compensation and Leadership Development Committee (in this section, the Committee) of the Plexus board of directors sets general compensation policies for Plexus. The Committee makes decisions with respect to the compensation of the Chief Executive Officer and other Plexus executive officers, and grants equity and other awards. This section discusses the Committee's executive compensation philosophy and decisions on executive compensation.

Plexus provides further detail regarding executive compensation in the tables and other information included in the Executive Compensation section of this proxy statement.

**Executive Summary*****Fiscal 2013 Compensation Actions***

Based on industry conditions at the beginning of the fiscal year and the Company's focus on improving operating profit, executive officers, including the Chief Executive Officer, did not receive base salary adjustments for fiscal 2013, other than for increases in responsibilities resulting from promotions.

Three executive officers earned promotions in fiscal 2013 and received base salary increases, including Mr. Kelsey, who was appointed as the Company's Chief Operating Officer in June 2013, and Mr. Frisch, who was appointed as Executive Vice President, Global Customer Services in June 2013.

Annual incentive opportunity target levels under the Company's annual cash incentive plan, the Variable Incentive Compensation Plan (the VICP), remained unchanged for executive officers in fiscal 2013, other than for increases in responsibilities resulting from promotions.

As a result of the Company's fiscal 2013 performance, total payments to executives under the VICP were below the target payout level under the plan and represented 30.1% as compared to the target payout of 80% for corporate financial performance.

The Committee modified equity award grant levels for the Company's executive officers as a result of adjustments for market competitiveness, as well as to further tie executive compensation to Company performance. The following table illustrates these changes for the executive officers named in the Summary Compensation Table in this proxy statement (the named executive officers):

Executive Officer	Fiscal 2013		Total	Fiscal 2012		Total	Increase in Grant Date Fair Value (%)
	Equity Grants		Grant	Equity Grants		Grant	
	Options (#)	RSUs	Date Fair Value (\$)	Options (#)	RSUs	Date Fair Value (\$)	
Mr. Foate	117,500	50,000	\$ 2,730,669	91,750	38,000	\$ 2,646,055	3.2%
Ms. Jones	32,500	14,000	\$ 759,993	23,750	10,000	\$ 691,834	9.9%
Mr. Kelsey	37,500	16,000	\$ 872,666	28,750	12,000	\$ 833,048	4.8%
Mr. Lim	36,250	16,000	\$ 858,308	23,750	10,000	\$ 691,834	24.1%
Mr. Frisch	36,250	16,000	\$ 858,308	23,750	10,000	\$ 691,834	24.1%





## **Table of Contents**

### ***Consideration of Shareholder Advisory Vote to Approve Executive Compensation***

At Plexus' 2013 annual meeting of shareholders, the Company held a shareholder advisory vote to approve executive compensation. Approximately 96% of shares voting supported the proposal and, therefore, the advisory resolution regarding executive compensation was approved. Although the vote was non-binding, the Company, the board of directors and the Committee consider communications received from shareholders regarding the Company's executive compensation policies and decisions, including say-on-pay votes. The Committee reviewed the results of the vote and considered the high approval rate as an indication that shareholders generally support the Company's executive compensation philosophy, program and decisions.

### ***Alignment of Executive Compensation with Shareholder Interests***

The Company continues to place a greater emphasis on annual and long-term incentive opportunities, as opposed to base salary adjustments, since they are performance-based, represent compensation that is at risk, promote the creation of shareholder value and are intended to further align the interests of executive officers with those of our shareholders.

The Committee's long-term incentive strategy allows for the use of a portfolio approach when granting awards. The Committee uses a combination of equity awards in order to align all long-term incentives with the Company's overall performance and shareholder returns.

In fiscal 2013, the Committee conducted a review of its long-term incentive strategy and current market practices with input from Towers Watson, its compensation consultant. As a result of such review, the Committee is modifying its long-term incentive strategy beginning in fiscal 2014 to include performance stock awards (designated as performance share units and settled in Plexus stock) under the 2008 Long-Term Plan. The Committee believes that the addition of performance share units will provide further motivation for our executives to succeed in the long-term, and will further align the interests of our executives with those of our shareholders.

The Company's equity ownership guidelines require our CEO to own Plexus stock with a market value equal to at least three times his annual base salary; executive officers other than our CEO, including the named executive officers, are required to own, at a minimum, Plexus stock with a market value equal to one times their annual base salary. Executive officers are generally not permitted to sell Plexus shares until the ownership requirement is met. All executive officers have met the ultimate ownership amounts required by the guidelines.

### ***Summary of Executive Compensation Practices and Governance***

To achieve the objectives of our executive compensation program and our compensation philosophy, we:

base a majority of total compensation on performance-based and retention incentives (i.e., compensation that is at risk);

set annual and long-term incentive targets based on clearly disclosed, objective performance measures;

require executive officers to hold Plexus stock pursuant to equity ownership guidelines;

conduct annual assessments of risk associated with our executive compensation programs, policies and procedures;

## Edgar Filing: PLEXUS CORP - Form DEF 14A

mitigate undue risk associated with our compensation programs through a Clawback Policy;

enter into double trigger change in control agreements with executive officers, but do not otherwise enter into employment contracts with executives other than our CEO;

mitigate the potential dilutive effect of equity awards through a share repurchase program;

prohibit hedging transactions or short sales by our executive officers; and

do not provide significant perquisites.

## **Table of Contents**

### **Executive Compensation Philosophy, Goals and Process**

The Committee's philosophy is to fairly compensate all employees, including executives, for their contributions to Plexus, appropriately motivate employees to provide value to Plexus' shareholders and consider the ability of Plexus to fund any compensation decisions, plans or programs. Fair compensation must balance both short-term and long-term considerations and take into consideration competitive forces, best practices, and the performance of Plexus and the employee. Compensation packages should also motivate executives to make decisions and pursue opportunities that are aligned with the interests of our shareholders while not exposing the Company to inappropriate risk. Finally, the Committee considers Plexus' financial condition, the conditions in Plexus' industry and end markets, and the effects of those conditions on Plexus sales and profitability in making compensation decisions.

Plexus' executive compensation program is designed to provide a rational, consistent reward system that:

attracts, motivates and retains the talent needed to lead a strong global organization;

drives global financial and operational success that creates shareholder value without encouraging inappropriate risk-taking;

encourages behaviors that improve Plexus' performance and maximize shareholder value, and fosters a culture of Company ownership among executive officers; and

appropriately balances Company performance and individual contribution towards the achievement of success.

For a discussion of the Committee's decision-making process, its use of consultants and the role of Plexus' executive officers and staff, see Corporate Governance Board Committees Compensation and Leadership Development Committee Overview of the Compensation Decision-Making Process above in this proxy statement.

### ***Focus on Growth and Return on Invested Capital***

The Committee seeks to maintain a compensation program that aligns executive compensation with creating and maximizing value for our shareholders. The Committee and Company believe that shareholder value is maximized through revenue growth and generating a return on invested capital ( ROIC ) exceeding the Company's weighted average cost of capital ( WACC ). These metrics together, when achieved, deliver growth and economic profit. The importance of achieving revenue growth and ROIC goals has been emphasized by making a substantial component of each executive officer's compensation dependent on the Company's achievement of these goals, with executives maximizing their annual incentive compensation opportunity if the Company achieves its organic revenue growth and ROIC goals. In fiscal 2013, executive compensation continued to be weighted toward achieving these goals. The Company's annual incentive compensation plan uses return on capital employed ( ROCE ), a derivative measure to ROIC that excludes taxes and equity-based compensation costs. The Committee and the Company believe ROCE is the appropriate performance measure because it reflects the Company's operating performance, which is what the plan is designed to reward.

---

**Table of Contents**
**Overview of Executive Compensation and Benefits**

Plexus uses the following compensation reward components working together to create competitive compensation arrangements for our executive officers:

<b>Reward Component</b>	<b>Purpose</b>
<b><i>Base Salary</i></b>	Base salary is intended to provide compensation which is not at risk; however, salary levels and subsequent increases are not guaranteed. Base salary is designed to offer regular fixed compensation for the fulfillment of the duties and responsibilities associated with the job roles of our executives and employees. In addition, base salary is a baseline consideration for attracting and retaining talented individuals.
<b><i>Annual Incentive</i></b>	Our annual cash incentive compensation plan, the VICP, is designed to reward employees for the achievement of important corporate financial goals. There is also a small component of the VICP that rewards employees for the attainment of individual and/or team objectives. The opportunity to earn annual cash incentive payments under the VICP provides a substantial portion of compensation that is at risk and that depends upon the achievement of measurable corporate financial goals and individual objectives. As distinguished from equity-based compensation, which is significantly affected by market factors that may be unrelated to our results, the design of the VICP offers incentives based on our direct performance. We use payouts from the VICP to provide further incentives for our executive officers and employees to achieve these corporate financial goals and individual objectives. As it applies to executive officers, the VICP is a sub-plan of the 2008 Long-Term Plan.
<b><i>Long-Term Incentives</i></b>	A substantial part of compensation, which is also at risk, is long-term equity-based compensation, awarded in fiscal 2013 in the form of stock options and RSUs under the 2008 Long-Term Plan. The award mix for fiscal 2014 is being modified to also include performance share units. Our long-term incentives are designed to tie a major part of our key executives' total compensation opportunities to Plexus' market performance and the long-term enhancement of shareholder value, as well as encourage the long-term retention of these executives.
<b><i>Benefits</i></b>	The health and well-being of our employees and their families is important to us. Therefore, we provide all of our employees in the United States with various benefits, such as health and life insurance. Offering these benefits also assists the Company in attracting, as well as retaining, executive officers and key personnel.
<b><i>Retirement Plans</i></b>	The Company maintains retirement plans to help our employees provide for their retirement on a tax-advantaged basis. Offering retirement plans helps the Company to attract and retain qualified employees, as well as meet competitive conditions. One of these retirement plans, the 401(k) Retirement Plan (the "401(k) Plan"), includes a Plexus stock fund as one of its investment choices to permit employees to maintain Plexus ownership if they wish. The Company also provides a supplemental executive retirement plan under which certain executive officers may elect to defer some or all of their compensation and the Company makes additional contributions on their behalf.
<b><i>Agreements</i></b>	Only our Chief Executive Officer has an employment agreement, which is intended to help assure the continuing availability of his services over a period of time and protect the Company from competition post-employment. All executive officers have change in control agreements to help assure that they will not be distracted by personal interests in the case of a potential acquisition of Plexus and to assist in maintaining their continuing loyalty.

---

**Table of Contents**

**Elements and Analysis of Direct Compensation**

***Overview of Direct Compensation***

Plexus uses three primary components of total direct compensation – salary, annual cash incentive payments under the VICP and long-term equity-based awards under the 2008 Long-Term Plan. Each of these components is complementary to the others, addressing different aspects of direct compensation and seeking to motivate employees, including executive officers, in varying ways.

The Committee does not use any specific numerical or percentage test to determine what percentage of direct compensation will be paid in base salary versus the compensation at risk through the VICP or equity-based compensation. However, the Committee believes that a meaningful portion of compensation should be at risk. VICP targets for executive officers other than the CEO ranged from 55% to 80% of base salary in fiscal 2013 with the opportunity to earn cash incentives beyond those levels if company financial goals were exceeded. In the case of the CEO, the potential target compensation at risk as a percentage of base salary was 110%, reflecting his overall greater responsibility for the Company. In fiscal 2013, long-term incentives for executive officers were in the form of stock options, which contain an inherent amount of risk since no value is received unless there is an appreciation in stock price, and RSUs that vest based on continued service. For fiscal 2014, as discussed below, long-term incentives will also include performance share units. After determining each element, the Committee also reviews the resulting total compensation to determine that it is reasonable as a whole.

Base salary adjustments and equity awards are generally targeted for implementation in the second quarter of each fiscal year. The Committee believes this timing aligns employee rewards with the Company’s processes to evaluate employees performance and forges a strong link between performance and pay. However, in fiscal 2013, the Committee did not adjust the base salaries of the Company’s executive officers (other than for promotions), and delayed base salary adjustments for employees until the third quarter of the fiscal year, as the Company focused on implementing initiatives intended to improve operating profit in response to industry conditions at the beginning of the fiscal year. The Committee anticipates going back to its normal schedule of base salary adjustments in fiscal 2014.

The resulting total targeted direct compensation mix used for fiscal 2013 for the Chief Executive Officer and the other named executive officers is illustrated in the charts below:

CEO

Other Named Executive Officers

***Base Salary***

*Structure.* The Company and the Committee review market-based comparisons, peer group analysis and other third-party survey data as reference points for compensation practices as well as sources of comparative information to assist in establishing appropriate base salaries for its executive officers. Through this form of benchmarking, we do not aim for particular numerical or percentage tests as compared to the peer group or the surveys, and we generally target base salaries within ranges near market medians of those groups, with adjustments made to reflect individual circumstances.

---

**Table of Contents**

The Committee expects to make determinations of fiscal 2014 base salary adjustments for our executive officers in December 2013, after it has reviewed and considered the analysis discussed above in Corporate Governance Board Committees Compensation and Leadership Development Committee Overview of the Compensation Decision-Making Process Use of Consultants. The effective date of any base salary adjustment for our executive officers is generally targeted for January in order to be aligned with the Company's other U.S. salaried employees; however, as noted above, in fiscal 2013, the Company's did not grant base salary adjustments to its executive officers (other than for promotions).

*Factors Considered in Determining Base Salary.* Prior to establishing base salary increases for the CEO and approving salary levels for other executive officers, the Committee takes into consideration various factors. These factors include compensation data from the proxies of our peer group, salary increase trends for executive base pay and other information provided in published surveys. An in-depth total rewards analysis, including base salary, is completed annually for each executive position using the peer group and survey data as indicated above. The Committee also considers the individual executive officers' duties and responsibilities and their relative authority within Plexus.

With respect to increases in CEO base salary (as well as other compensation actions that impact our CEO), the Committee uses this input and meets in executive session to discuss appropriate pay positioning and pay mix based on the data gathered. With respect to the other executive officers, the CEO uses similar data and submits his recommendations to the Committee for final determination. The data gathered in the determination process helps the Committee to test for fairness, reasonableness and competitiveness. However, taking into account the compensation policies and goals and a holistic approach to executive compensation packages, the Committee's final determination may incorporate the subjective judgments of its members as well.

Executive officer base salary increases may include the following two components:

Competitive Adjustments. If executive officer salaries fall below the competitive median range when we compare them to our peer group and survey data, we consider increasing the salaries to a more competitive level. In some cases these competitive adjustments may take place over a multi-year period and may depend on individual performance.

Merit Increases. If executive officer salaries are found to be at an appropriate level when we compare them to the peer group and general industry survey data for the position, then a separate merit increase may be provided based on individual performance, if appropriate.

*2013 Base Salary Adjustments.* In December 2012, the Committee determined that based on industry conditions at the beginning of the fiscal year and the Company's focus on improving operating profit that executive officers, including the CEO, would not receive base salary adjustments for fiscal 2013, other than for increases in responsibilities resulting from promotions. Although the CEO's last increase was in fiscal 2011, his base salary, which is higher than that of our other executive officers because of his more extensive and challenging duties and responsibilities, remains near the intended 50th percentile of peer group and market comparisons. The Committee also believed that the base salaries for the other executive officers continued to be generally aligned with peer group and market comparisons. Mr. Lim's compensation and benefits package also reflects regional survey data of the Asian markets. Three executive officers earned promotions in fiscal 2013, including Mr. Kelsey, whose annual base salary was increased by 32.4% as compared to his fiscal 2012 base salary upon his appointment as the Company's Chief Operating Officer in June 2013, and Mr. Frisch, whose annual base salary was increased by 16.7% upon his appointment as Executive Vice President, Global Customer Services in June 2013.

In recent years the Company has placed a greater emphasis on annual and long-term incentive opportunities, as opposed to base salary adjustments, since they are performance-based, represent compensation that is at risk, promote the creation of shareholder value and are intended to further align the interests of executive officers with those of our shareholders.

**Table of Contents**

Presented below are the fiscal 2013 base salaries for our named executive officers:

<b>Executive Officer</b>	<b>Fiscal 2013 Base Salary</b>
Mr. Foate	\$ 800,000
Ms. Jones	\$ 390,000
Mr. Kelsey*	\$ 450,000
Mr. Lim	\$ 355,000
Mr. Frisch*	\$ 350,000

\* In June 2013, Mr. Kelsey's annual base salary was increased from \$340,000 to \$450,000 and Mr. Frisch's annual base salary was increased from \$300,000 to \$350,000 in connection with their respective promotions.

**Annual Incentive**

*Plan Structure.* The VICP provides annual cash incentives to approximately 2,300 participants, including our CEO and other executive officers. For executive officers, the VICP is a sub-plan of the 2008 Long-Term Plan. The award opportunity levels for each participant are expressed as a percentage of base salary. For example, in fiscal 2013 the targeted award opportunity for our CEO was 110% of base salary, and the targeted award opportunities for other executive officers varied from 55% to 80% of base salaries; the award opportunities for other participants varied from 3% to 60% of base salaries. The targeted award opportunity for our CEO was last increased in fiscal 2012 to better align with peer group and market comparisons, and, in combination with the lack of a base salary increase, to shift a higher portion of his potential compensation toward performance-based elements of our compensation program. Annual incentive opportunity targets for our other executive officers also increased in fiscal 2012 as a result of adjustments for market competitiveness and, in certain cases, increases in responsibilities, as well as an increased emphasis on incentive compensation. The targeted award opportunities for Mr. Kelsey and Mr. Frisch were each increased by ten percentage points in June 2013 in connection with their respective promotions. Offering a greater percentage of compensation at risk was intended to more strongly link executive compensation with Company performance and shareholder returns.

Our CEO and other executive officers also have the opportunity to earn above their targeted award opportunities based on the achievement of corporate financial goals. Higher levels of duties and responsibilities within Plexus lead to higher cash incentive opportunities under the VICP because the Committee believes that the higher the level of responsibility, the more influence the individual can have on corporate performance. In addition, competitive factors make relatively higher reward possibilities important for those positions. For each executive officer, 80% of the targeted award is keyed to the corporate financial goals; the remaining 20% of the targeted award is keyed to the achievement of individual objectives. The table below lists the fiscal 2013 targeted VICP award opportunities for the named executive officers, expressed as a percentage of base salary:

<b>Executive Officer</b>	<b>Fiscal 2013 Targeted Award as a Percentage of Base Salary</b>
Mr. Foate	110%
Ms. Jones	70%
Mr. Kelsey*	80%
Mr. Lim	60%
Mr. Frisch*	70%

\* In June 2013, Mr. Kelsey's targeted award was increased from 70% to 80% of his base salary and Mr. Frisch's targeted award was increased from 60% to 70% of his base salary in connection with their respective promotions.



**Table of Contents**

The VICP provides for payments relating to corporate financial goals both below and over the targeted awards by establishing specific threshold levels of corporate performance at which payments begin to be earned and maximum payout levels beyond which no further payment is earned. The payout at the maximum payout level, which is based solely on achieving the corporate financial goals, is 180% of the targeted award for the CEO and the other executive officers. Payments to participants are not permitted under the VICP unless the Company achieves net income for the plan year.

Under the VICP, the Committee has the authority to adjust results, for example, to reflect acquisitions or unusual gains or charges. No such discretion was used by the Committee in fiscal 2013.

*2013 Plan Design Company Goals.* The specific corporate financial goals for fiscal 2013, each of which stood independently of the other with regard to award opportunities, were revenue and ROCE. The goals were chosen because they aligned performance-based compensation to the key financial metrics that the Company used internally to measure its ongoing performance and that it used in its financial plans. Our fiscal 2013 targets for these goals were set as part of the annual financial planning process. For each of the corporate financial goals, we also established specific threshold and maximum payout levels of achievement as part of that process.

For the purposes of the VICP, ROCE is defined as annual operating income before taxes and excluding equity-based compensation costs divided by the five-point quarterly average of Capital Employed during the year. Capital Employed is defined as equity plus debt less cash, cash equivalents and short-term investments. The Company excludes taxes and equity-based compensation costs because these factors do not reflect the operating performance of the Company, which is what the VICP is intended to reward. For the same reasons, the Committee may, at its discretion, exclude restructuring costs and/or non-recurring charges when determining ROCE for VICP awards; no such discretion was exercised by the Committee in fiscal 2013.

No award is paid for any component of the VICP if Plexus incurs a net loss for the fiscal year (excluding equity-based compensation costs and, at the Committee's sole discretion, non-recurring or restructuring charges). Awards for performance between the threshold level and target level are calculated by straight-line interpolation, as are awards between the target level and the maximum payout level.

For fiscal 2013, in accordance with Plexus' strategic plan, the Committee set performance levels for each metric with a focus on achieving our enduring financial goals using the philosophy below:

	<b>Threshold</b>	<b>Target</b>	<b>Maximum Payout</b>
Revenue	Growth approximately equal to inflation	Midpoint between threshold and maximum payout	15% revenue growth
ROCE	Equal to Plexus' WACC plus 300 basis points	Midpoint between threshold and maximum payout	Equal to Plexus' WACC plus 800 basis points

We believe that setting the maximum payout levels for revenue and ROCE consistent with our financial goals fully aligns employees with financial results that maximize value to our shareholders, without encouraging inappropriate risk-taking. Threshold levels for both metrics were set at the minimum levels of performance at which Plexus believes it begins generating value for our shareholders. Target levels for revenue and ROCE, which were set between the threshold and maximum payout levels, were intended to be challenging, but achievable, based on industry conditions and Plexus' financial plan.

The following table sets forth the fiscal 2013 financial targets and potential VICP payout amounts (as a percent of targeted VICP cash incentive) for the named executive officers, at the threshold, target and maximum payout performance levels:

**Table of Contents**

Component	Threshold		Target		Maximum Payout	
	Goal	Payout	Goal	Payout	Goal	Payout
Revenue (in millions)	\$ 2,307	0%	\$ 2,480	40%	\$ 2,653	90%
ROCE	15.0%	0%	17.5%	40%	20.0%	90%
Individual Objectives	up to 20%		up to 20%		up to 20%	
Total Potential Incentive = Revenue + ROCE + Individual Objectives	up to 20%		up to 100%		up to 200%	

In fiscal 2013, revenue was \$2,228.0 million and ROCE was 16.9%. Therefore, the Company's performance was below the threshold level for revenue and between the threshold and target levels for ROCE. Plexus paid awards to executive officers and other employees based on ROCE performance only; total payments to executives represented 30.1% versus the target of 80% for corporate financial performance. Plexus' actual performance in fiscal 2013 as compared to these performance levels is illustrated by the following graphs:

**Revenue**  
(in millions)

**ROCE**

*2013 Plan Design Individual Objectives.* Individual participants typically set several individual objectives for the plan year. Some of the individual objectives are shared by multiple executives when they work as part of a team to focus on an objective. Attainment of the individual objectives represents 20% of the potential targeted VICP award; however, no such award may be earned based on individual objectives unless the Company achieves net income for the plan year. The Committee determines and approves the individual objectives established for the CEO. The Committee also reviews and approves, with input from the CEO, the individual objectives established for the other executive officers. The Committee's assessment of all executive officers' individual objectives is based on their likely impact on the achievement of the annual financial plan and other longer-term strategic priorities, their effect on shareholder value and their alignment with one another.

For fiscal 2013, the Committee exercised its discretion and paid all Plexus employees participating in the VICP, and still employed as of the award payment date, including the executive officers, 100% of the 20% targeted award for individual objectives after considering the Company's performance in managing through a challenging fiscal year. This discretion is permitted under the 2008 Long-Term Plan since the Company achieved net income during fiscal 2013. Actual achievement of individual objectives by the named executive officers ranged from 87.9% to 95.0%, with the CEO achieving 89.0%; therefore, the discretion

---

**Table of Contents**

exercised by the Committee amounted to an additional payout of \$19,360 for the CEO, and additional payouts to the other named executive officers from \$2,730 to \$5,314.

The following are summaries of the individual objectives for our named executive officers in fiscal 2013:

Dean A. Foate: Mr. Foate's individual objectives related to: validating the Company's business model in light of industry conditions; delivering supply chain excellence; strengthening the global manufacturing organization; and assessing the expansion of operations in Mexico and China.

Ginger M. Jones: Ms. Jones' individual objectives related to: validating the Company's business model in light of industry conditions; and assessing the expansion of operations in Mexico and China.

Todd P. Kelsey: Mr. Kelsey's individual objectives related to: validating the Company's business model in light of industry conditions; delivering supply chain excellence; pursuing opportunities to expand the Company's engineering solutions business; enhancing new product introduction capabilities; assessing the expansion of operations in Mexico; and designing strategies to support intelligent regional growth.

Yong Jin Lim: Mr. Lim's individual objectives related to: validating the Company's business model in light of industry conditions; delivering supply chain excellence; strengthening the global manufacturing organization; enhancing new product introduction capabilities; assessing the expansion of operations in China; and designing strategies to support intelligent regional growth.

Steven J. Frisch: Mr. Frisch's individual objectives related to: validating the Company's business model in light of industry conditions; delivering supply chain excellence; strengthening the global manufacturing organization; pursuing opportunities to expand the Company's engineering solutions business; enhancing new product introduction capabilities; and designing strategies to support intelligent regional growth.

***Long-Term Incentives***

*Plan Structure.* Total compensation, consistent with practices in our industry, places a particular emphasis on equity-based compensation for executive officers. The shareholder-approved 2008 Long-Term Plan allows for various award types, including options, SARs, restricted stock, RSUs, unrestricted stock awards, performance stock awards and cash incentive awards. Those awards are intended to provide incentives to enhance corporate performance as well as to further align the interests of our executive officers with those of our shareholders. The Committee's policy is to not back-date equity grants and no equity grant was back-dated in fiscal 2013. The reported values of the long-term incentive opportunities under equity plans can vary significantly from year to year as a percentage of total direct compensation because they are determined by valuing the equity-based awards on the same basis that we use for financial statement purposes; that value depends significantly on our stock price and its volatility at the time of the awards.

The Committee's long-term incentive strategy allows for use of a portfolio approach when granting awards. For fiscal 2013, the Committee used a combination of stock options and RSUs in order to align all long-term incentives with the Company's overall performance and shareholder returns. For a discussion of changes to the Committee's long-term incentive strategy, which will include grants of performance share units beginning in fiscal 2014, see *Overview of Changes to Long-Term Incentive Strategy for Fiscal 2014* below.

**Table of Contents**

The Committee intends that each element of the portfolio addresses a different aspect of long-term incentive compensation, as set forth below:

Stock options provide rewards based upon the appreciation in value to shareholders, as measured by the increase in our share price, and there is no value to these awards if our share price does not increase.

RSUs provide an interest in the value of the Company's shares, because, even though they vest over time, they provide recipients with a certain equity interest, assuming continued employment. In addition to promoting retention, RSUs further align executives' interests with the interests of shareholders and provide a long-term ownership mentality as well as motivation to succeed in the long-term because the value of RSUs does not solely depend upon increases in the market price of our shares, which may occur over a short period of time.

For senior non-executive key employees who are eligible for equity awards, Plexus uses a mix of RSUs and stock-settled stock appreciation rights (SARs). Stock-settled SARs provide rewards based upon the appreciation in value to shareholders as measured by the increase in our share price while promoting employee share ownership; stock-settled SARs also allow the Committee to preserve shares available under the plan and minimize dilution. For other non-executive employees eligible for equity awards, Plexus uses RSUs for the reasons noted above.

The allocation formulas used in fiscal 2013 for executive officers and other non-executive employees receiving equity grants are illustrated in the charts below:

Executive Officers

Senior Non-Executive Employees

Other Non-Executive Employees

*Annual Award Determination and Allocation Process.* Each year the Committee is presented a recommended total pool of equity awards for eligible participants. The Committee reviews the estimated cost of the pool and the recommended grant guidelines prior to making grants. Pursuant to its portfolio approach, in fiscal 2013, the Committee distributed the entire value of each grant among the following types of awards: options, stock-settled SARs and RSUs as shown above. The awards are valued at their Black-Scholes fair-market value when making these determinations. For current executive officers, in fiscal 2013, the Committee used a distribution formula weighted toward stock options, so as to particularly promote increasing shareholder returns.

The Committee determines the grants for the CEO and other executive officers. The CEO provides the Committee with initial grant recommendations for each executive officer other than himself. The Committee determines the grant value for each executive officer by balancing the need to provide fair compensation with the desire to keep related compensation expense relatively stable from period to period. When making individual grants, the Committee considers each executive officer's duties, responsibilities and performance. Those in positions with more responsibility tend to receive larger grants to reflect their role in the Company and the market comparisons for their compensation. Also, as discussed above, for the CEO, the Committee uses the vested and unvested equity information, as well as the accumulated value analysis, to balance the level of existing awards with the desire to reward performance and to provide retention incentives.

**Table of Contents**

For fiscal 2013, options for 117,500 shares and 50,000 RSUs were granted to the CEO, and options for 233,000 shares and 100,400 RSUs were granted to the other executive officers serving at the time as a group. These amounts increased from the fiscal 2012 grant levels as a result of adjustments for market competitiveness and the Committee's emphasis on further tying executive compensation to Company performance. In addition, the Committee continued its focus on increasing incentive award opportunities for our executive officers as a portion of total potential compensation, rather than approving larger base salary increases, in order to more strongly link executive compensation with Company performance and shareholder returns.

Equity awards are also allocated to high-performing key employees based upon recommendations by executive officers in accordance with a grant range grid, which assigns a range of grant sizes to each employee responsibility level.

*Basis for Determination of Timing of Grants.* The Committee makes quarterly stock option and stock-settled SARs grants rather than annual grants due to the volatility of the stock market and of Plexus' stock in particular. Granting stock options and SARs all on one date in the year can make the strike price, its related expense, and the opportunity it represents to employees vary significantly in ways that do not necessarily reflect long-term performance of Plexus stock.

The Committee's formula to support the quarterly grant strategy states that the grant dates will occur three days subsequent to the release of quarterly earnings, not including the day of the release. The Committee uses future dates, as is permitted by the 2008 Long-Term Plan, because that minimizes the opportunity to choose a date based upon market performance known or knowable at the time of determination. The 2008 Long-Term Plan provides that the exercise price of a stock option is not permitted to be less than the fair market value on the stock option grant date. New hire option and stock-settled SAR grant levels are determined at or around the time of hire, and commence on the next quarterly grant date following the date of hire.

Grants of RSUs have generally been made once a year during the fiscal second quarter. Beginning in fiscal 2014, grants of performance share units will also occur during the fiscal second quarter; see *Overview of Changes to Long-Term Incentive Strategy for Fiscal 2014* below for more information.

*2013 Awards.* Based on the Committee's long-term incentive strategy as well as individual responsibility and performance considerations, and reflecting all of the grants discussed above, in fiscal 2013, the Committee made total grants of options and RSUs to the named executive officers as follows:

<b>Executive Officer</b>	<b>Options (#)</b>	<b>RSUs (#)</b>
Mr. Foate	117,500	50,000
Ms. Jones	32,500	14,000
Mr. Kelsey	37,500	16,000
Mr. Lim	36,250	16,000
Mr. Frisch	36,250	16,000

Options vest in two annual increments and grants of RSUs vest on the third anniversary of the grant, all subject to early vesting on a change in control.

*Overview of Changes to Long-Term Incentive Strategy for Fiscal 2014.* In fiscal 2013, the Committee, in furtherance of its emphasis on performance-based compensation, conducted a review of its long-term incentive strategy and current market practices with input from Towers Watson, its compensation consultant. As a result of such review, the Committee is modifying its long-term incentive strategy to include grants of performance stock awards (designated as performance share units and settled in Plexus stock) under the 2008 Long-Term Plan in fiscal 2014 and beyond. Vesting will be dependent on the Company's relative total shareholder return (TSR) during a three year performance period as compared to the Russell 3000 Index and specific threshold, target and maximum performance levels will be set.

---

## **Table of Contents**

The equity grant allocation formula for executive officers previously discussed will change to 40% options, 35% RSUs and 25% performance share units; however, the Committee expects continuing to follow the previously discussed annual award determination and allocation processes. Grants of performance share units will occur in the fiscal second quarter, concurrent with grants of RSUs, although the TSR performance levels will be determined in the first fiscal quarter. The Committee believes that the addition of performance share units and the related changes to the allocation formula will provide further motivation for our executives to succeed in the long-term, and also more strongly align the interests of our executives with those of our shareholders.

**Equity Ownership Guidelines.** To complement the 2008 Long-Term Plan's goal of increasing the alignment between the interests of management and shareholders, the Committee adopted executive stock ownership guidelines. These guidelines require our CEO to own Plexus stock with a market value equal to at least three times his annual base salary; executive officers other than our CEO, including the named executive officers in the Summary Compensation Table below, are required to own, at a minimum, Plexus stock with a market value equal to one times their annual base salary. There is no specific time requirement to meet these guidelines. However, an executive officer is generally not permitted to sell Plexus shares that were acquired or awarded while an executive officer until the ownership requirement is met; there are exceptions, including financing the exercise of stock options and any applicable taxes when the shares will be held or with prior approval under special circumstances. All our executive officers have met the ultimate ownership amounts required by the guidelines.

**Clawback Policy.** Pursuant to the Plexus Corp. Executive Compensation Clawback Policy, in the event of a material restatement of the Company's financial results as a result of significant non-compliance with financial reporting requirements, the Committee will review incentive compensation that was paid to the Company's executive officers under the VICP (or any successor plan thereto) based solely on the achievement of specific corporate financial goals (covered compensation) during the period of the restatement. If any covered compensation would have been lower had the covered compensation been calculated based on the Company's restated financial results, the Committee will, as and to the extent it deems appropriate, recoup any portion of covered compensation paid in excess of what would have been paid based on the restated financial results. The Committee may seek the recovery of covered compensation for up to three years preceding the date on which the Company is required to restate its financial results.

This policy applies in addition to any right of recoupment against the Company's Chief Executive Officer and Chief Financial Officer pursuant to the Sarbanes-Oxley Act of 2002. The policy does not apply in any situation where a restatement is not the result of significant non-compliance with financial reporting requirements, such as any restatement due to a change in applicable accounting rules, standards or interpretations, a change in segment designations or the discontinuance of an operation.

**Anti-Hedging Policy.** The Company's Insider Trading Policy explicitly prohibits directors, officers and employees from engaging in transactions designed to hedge or offset a decrease in the price of the Company's common stock. Short sales of the Company's securities are also prohibited under the Insider Trading Policy.

### **Elements and Analysis of Other Compensation**

In addition to direct compensation, Plexus uses several other types of compensation, some of which are not subject to annual Committee action. These include benefits, retirement plans and employment or change in control agreements. These are intended to supplement the previously described compensation methodologies by focusing on long-term employee security and retention. Certain of these plans allow employees to acquire Plexus stock.

#### ***Benefits***

**Structure.** We generally provide health and welfare benefits to our executive officers on the same basis as other salaried employees in the United States, although some benefit programs, as discussed elsewhere, are specifically targeted to our executive officers' specific circumstances. Consistent with competitive practice, the Committee approves certain perquisites and other benefits for our CEO and the other executive officers in addition to those received by all U.S. salaried employees. The other benefits for certain of our executive officers are: a flexible perquisite benefit valued at up to \$15,000 per calendar year to be used for expenses such as personal financial planning, spouse travel costs in connection with business-related travel, club

---

**Table of Contents**

memberships and/or tax and estate advice; a company car; and additional life and disability insurance due to the dollar limits of the Company's disability insurance policies. As a result of local law and custom, different but comparable insurance programs and other benefits may apply to personnel, including Mr. Lim, who are located in countries outside of the United States as well as to executive officers who may be temporarily assigned outside of the United States.

***Retirement Planning 401(k) Plan***

*Structure.* The 401(k) Plan, which is available to substantially all U.S. employees, allows employees to defer a portion of their annual salaries into their personal accounts maintained under the 401(k) Plan. In addition, Plexus matches a portion of each employee's contributions, up to a maximum of \$10,200 per calendar year. Employees have a choice of investment alternatives, including a Plexus stock fund, in which to invest those funds.

***Retirement Planning Supplemental Executive Retirement Plan***

*Structure.* As a consequence of Internal Revenue Code limitations on compensation which may be attributed to tax qualified retirement plans (such as the 401(k) Plan), we have also developed a supplemental executive retirement plan for our executive officers to address their particular circumstances and promote long term loyalty to Plexus until retirement. Plexus' supplemental executive retirement plan (the SERP) is a deferred compensation plan which allows participants to defer taxes on current income. Under this plan, executive officers (other than Mr. Lim), may elect to defer some or all of their compensation. Plexus may also make discretionary contributions. Additionally, Plexus has purchased Company-owned life insurance on the lives of certain executives to meet the economic commitments associated with this plan. The plan allows investment of deferred compensation amounts on behalf of the participants into individual accounts and within these accounts, into one or more designated mutual funds or investments. These investment choices do not include Plexus stock. Deferred amounts and any earnings which may be credited become payable upon termination, retirement from Plexus, or in accordance with the executive's individual deferral election.

All executive officers, other than Mr. Lim, participate in this program. Additionally, the Company can credit a participant's account with a discretionary employer contribution. Any employer contributions to the SERP require Board approval. The SERP provides a vehicle for the Company to restore the lost deferral and matching opportunity caused by tax regulation limitations on such deferrals and matched contributions for highly compensated individuals; the Committee believes these limitations make supplemental retirement plans common practice in general industry. The Committee also believes that further retirement compensation through the SERP is appropriate to meet the market for executive compensation and to provide a stronger incentive for executives to remain with Plexus through retirement.

***Fiscal 2013 Plan Activity.***

**Contribution Formula.** Under a funding plan adopted by the Committee, the SERP provides for an annual discretionary contribution of the greater of (a) 9% of the executive's total targeted cash compensation, minus Plexus' permitted contributions to the executive officer's account in the 401(k) Plan, or (b) \$13,500. Total targeted cash compensation is defined as base salary plus the targeted annual incentive plan cash incentive at the time of the Company's contribution.

The Committee adopted this approach for discretionary contributions to reflect competitive practices based on the research, analysis and recommendations of Towers Watson, its compensation consultant for that program.

**Employer Contributions.** For fiscal 2013, the total employer contributions to the SERP accounts was \$311,499 for all participants as a group, including \$136,154 for the CEO. See footnote 5 to the Summary Compensation Table.

---

## **Table of Contents**

**Special Contribution.** The SERP also allows the Committee to make discretionary contributions over and above the annual contribution noted above. In fiscal 2013, the Committee did not make any such contributions to any of the executive officers, including the named executive officers.

***Fiscal 2014 Payment Schedule.*** The annual contribution made by the Company will be paid throughout the year on a bi-weekly basis. This schedule allows for dollar cost averaging and spreads the expense of the contribution across the fiscal year. If necessary, a true-up payment will be made at the end of the fiscal year if the Company contribution for any executive officer is less than \$13,500.

### ***Foreign Retirement Arrangements***

Since Mr. Lim is not a United States resident, he does not participate in the SERP or the 401(k) Plan. Rather, he participates in the Employees Provident Fund which is mandated by Malaysian law. Under law, minimum contributions of 12% of an employee's wages (salary plus bonus) are required to be made by an employer; Plexus chose to make a contribution of 17% in fiscal 2013 in Mr. Lim's case since it is Plexus' practice in Malaysia to make higher contributions than the statutory minimum for personnel with relatively high levels of seniority and responsibility.

### ***Employment and Change in Control Agreements***

***Structure.*** We do not generally have employment agreements with our executive officers; however, Plexus does maintain an employment agreement with our Chief Executive Officer in order to recognize the importance of his position, to help assure Plexus of continuing availability of Mr. Foate's services over a period of time, and to protect the Company from competition post-employment. All executive officers and certain other key employees have change in control agreements (with the exception of Mr. Foate, who has change in control provisions as part of his employment agreement), to both help assure that executive officers will not be distracted by personal interests in the case of a potential acquisition of Plexus as well as to maintain their continuing loyalty. We also believe that competitive factors require us to provide these protections to attract and retain talented executive officers and key employees.

Mr. Foate's employment agreement is described below in Executive Compensation Employment Agreements and Potential Payments Upon Termination or Change in Control Mr. Foate's Employment Agreement. The change in control agreements with our executive officers (with the exception of Mr. Foate) are described below in Executive Compensation Employment Agreements and Potential Payments upon Termination or Change in Control Change in Control Arrangements. Please refer to those discussions for a further explanation of those agreements.

***Determination of Benefit Levels.*** In general, the change in control agreements with executive officers provide that, upon termination in the event of a change in control, executive officers will receive compensation equaling three times annual salary plus targeted bonus, a continuation of health and retirement benefits for that period, and a gross-up payment for excise taxes. In addition, under the 2008 Long-Term Plan (and its predecessor) upon a change in control, all unvested awards will automatically vest for all award holders. Certain other key employees also have change in control agreements on substantially the same terms, although generally with only one or two years of coverage. In determining which employees should have change in control agreements, the Committee utilizes its guidelines, which focus on position, responsibilities and compensation level in order to minimize subjectivity.

The Committee reviews the benefit levels under these agreements annually. It is the Committee's view that the level of benefits, combined with the double trigger requiring both a change in control and a termination of employment, provides an appropriate balancing of the interests of the Company, its shareholders and its executives. Benefit levels are believed to be both in line with competitive standards and Plexus' overall compensation policy and level of other benefits, as well as necessary and appropriate to attract and retain executive talent. The Committee believes it is general market practice to provide that unvested awards will vest on a change in control, which is the case under the 2008 Long-Term Plan (and its predecessor), as approved by Plexus' shareholders. Therefore, offering a package that is consistent with market practices, is appropriate to help motivate executives to focus on the Company's shareholders, even when the circumstance might jeopardize their employment. The Committee also intends that the potential



---

## **Table of Contents**

expense of the agreements is reasonable as compared to total enterprise value. The Committee estimated that the agreements represented approximately 3.0% of the average of fiscal 2007 and fiscal 2006 total enterprise value at the time they were adopted; potential expense was estimated at 3.6% of total enterprise value as of the date of the Committee's most recent determination. As noted above, the agreements contain a double trigger, which provides that benefits would only be paid to the executive officers in the event of a substantial impact upon their employment and compensation.

The Committee periodically reviews the scope and context of the change in control agreements. The Committee continues to believe, as noted above, that the change in control agreements will help motivate the executive officers to respond appropriately, for the benefit of the Company and its shareholders, in the case of a proposed acquisition of the Company which they might perceive would jeopardize their employment.

### **Tax Aspects of Executive Compensation**

The Committee generally attempts to preserve the tax deductibility under the Internal Revenue Code (the Code) of all executive compensation. However, at times and under certain circumstances, it believes that it is more important to provide appropriate incentives irrespective of tax consequences.

Section 162(m) of the Code generally limits the corporate tax deduction for compensation paid to executive officers that is not performance-based to \$1 million annually per executive officer. Plexus has taken action with respect to the provisions of Section 162(m) so that compensation income relating to stock options, SARs, performance-based restricted stock and cash incentive awards, including those made to executive officers pursuant to the VICP, under the 2008 Long-Term Plan (and predecessor plans) is exempt. Compensation under these shareholder approved plans that is performance-based is generally not subject to the \$1 million limitation; however, the grant of restricted shares without performance goals would not be considered to be performance-based and therefore would be subject to the limit along with cash salaries and bonuses. As a result of shareholder approval of the 2008 Long-Term Plan, the Committee believes that most compensation income under the plan would not be subject to the Code's deduction limitation, other than any awards in the future of restricted stock or RSUs without performance goals, as is the case for time-vested RSUs. If restricted stock is granted without performance goals, the covered compensation of some individuals could exceed \$1 million and, in those circumstances, the excess would not currently be tax deductible, as was the case in fiscal 2013. As discussed above, the Committee will grant performance share units beginning in fiscal 2014, which are intended to qualify as performance-based compensation under Section 162(m) and, therefore, not be subject to the \$1 million limitation.

Other provisions of the Code also can affect the decisions we make. Section 280G of the Code imposes a 20% excise tax upon executive officers who receive excess payments upon a change in control of a publicly-held corporation to the extent the payments received by them exceed an amount approximating three times their average annual compensation. The excise tax applies to all payments over one times average annual compensation. Plexus would also lose its tax deduction for the excess payments. Our change in control agreements provide that benefits under them will be grossed up so that we also reimburse the executive officer for these tax consequences. Although the gross-up provisions in these agreements and the loss of deductibility would increase Plexus' tax expense, the Committee believes it is important that the effects of this Code provision not negate the protections provided by these agreements.

The Code also provides a surtax under Section 409A, relating to various features of deferred compensation arrangements of publicly-held corporations for compensation deferred after December 31, 2004. Section 409A became fully effective on January 1, 2009. We conducted an extensive review of our benefit plans and employment arrangements to help assure they comply with Section 409A and that there are no adverse effects on Plexus or our executive officers as a result of these Code amendments. We made various changes to some of these plans and arrangements to ensure full compliance with the rules under Section 409A; however, we do not expect these changes to have a material tax or financial consequence on Plexus.

**Table of Contents**

**COMPENSATION COMMITTEE REPORT**

The duties and responsibilities of the Compensation and Leadership Development Committee of the board of directors are described above under Corporate Governance Board Committees Compensation and Leadership Development Committee and are set forth in a written charter adopted by the board, which is available on the Company's website. The Committee reviews and reassesses this charter annually and recommends any changes to the board for approval.

As part of the exercise of its duties, the Committee has reviewed and discussed with management the above Compensation Discussion and Analysis contained in this proxy statement. Based upon that review and those discussions, the Committee recommended to the board of directors that the Compensation Discussion and Analysis be incorporated by reference in Plexus' annual report to shareholders on Form 10-K and included in this proxy statement.

**Members of the Compensation and Leadership Development Committee:**

Stephen P. Cortinovis, Chair

Rainer Jueckstock

Peter Kelly

Phil R. Martens

Michael V. Schrock

**Table of Contents****EXECUTIVE COMPENSATION**

This section provides further information about the compensation paid to, and other compensatory arrangements with, our executive officers.

**SUMMARY COMPENSATION TABLE**

The following table sets forth a summary of the compensation which we paid for fiscal 2013 to our Chief Executive Officer, our Chief Financial Officer and the three executive officers who had the highest compensation of our other executive officers (collectively, the named executive officers). More detailed information is presented in the other tables and explanations which follow the following table.

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(2)	Stock Awards (\$)(3)	Option Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	All Other Compensation (\$)(5)	Total (\$)
<b>Dean A. Foate</b>	2013	\$ 800,000	\$ 0	\$ 1,307,500	\$ 1,423,169	\$ 440,704	\$ 190,134	\$ 4,161,507
<i>Chairman, President and Chief Executive Officer</i>	2012	800,000	0	1,398,020	1,248,035	628,738	187,837	4,262,630
	2011	793,266	0	890,290	1,138,695	698,159	160,805	3,681,215
<b>Ginger M. Jones</b>	2013	390,000	0	366,100	393,893	136,718	99,079	1,385,790
<i>Senior Vice President and Chief Financial Officer</i>	2012	387,308	0	367,900	323,934	192,272	78,587	1,350,001
	2011	373,269	0	217,144	277,731	183,168	92,217	1,143,529
<b>Todd P. Kelsey</b>	2013	371,346	0	418,400	454,266	137,990	85,166	1,467,168
<i>Executive Vice President and Chief Operating Officer (6)</i>	2012	337,308	0	441,480	391,568	166,152	74,809	1,411,317
	2011	321,922	0	271,430	347,163	158,982	62,673	1,162,170
<b>Yong Jin Lim</b>	2013	366,569	0	418,400	439,908	110,147	138,954	1,473,978
<i>Regional President Plexus APAC</i>	2012	360,878	0	367,900	323,934	151,056	148,034	1,351,802
	2011	352,221	0	217,144	277,731	143,755	142,174	1,133,025
<b>Steven J. Frisch</b>	2013	315,385	0	418,400	439,908	100,160	93,010	1,366,863
<i>Executive Vice President, Global Customer Services (7)</i>								

- (1) Includes amounts voluntarily deferred by the named persons under the Plexus Corp. 401(k) Retirement Plan (the 401(k) Plan), the Plexus supplemental executive retirement plan (the SERP) and, for Mr. Lim, the Malaysian Employees Provident Fund. The amounts deferred under the SERP are also included in the Executive Contributions in Last FY column of the Nonqualified Deferred Compensation table below. As discussed in Compensation Discussion and Analysis above, executive officers did not receive base salary adjustments in fiscal 2013 (other than for increases in responsibilities resulting from promotions).
- (2) The Bonus column includes only discretionary bonus payments apart from our Variable Incentive Compensation Plan (VICP). Payments under the VICP, including payments for achieving individual objectives, are set forth in the Non-Equity Incentive Plan Compensation column. Since our executive officers' individual objectives are specific and performance against them is measured, we believe that payments under the VICP that relate to the achievement of individual objectives are properly reflected in the Non-Equity Incentive Plan Compensation column.
- (3) This column represents the grant date fair value computed in accordance with Accounting Standards Codification Topic 718 (ASC 718) of stock and option awards granted in fiscal 2013, fiscal 2012 and fiscal 2011 under the 2008 Long-Term Plan, which are explained further below under Grants of Plan-Based Awards. These awards are not subject to performance conditions. Generally accepted accounting principles (GAAP) require us to recognize compensation expense for stock options and other stock-related awards

**Table of Contents**

granted to our employees and directors based on the estimated fair value of the equity instrument at the time of grant. Compensation expense is recognized over the vesting period. The assumptions that we used to determine the valuation of the awards are discussed in footnote 10 to our consolidated financial statements. Please also see the **Grants of Plan-Based Awards** table below for further information about the stock and option awards granted in fiscal 2013, and the **Outstanding Equity Awards at Fiscal Year End** table below relating to all outstanding stock and option awards at the end of fiscal 2013.

- (4) The **Non-Equity Incentive Plan Compensation** column represents amounts that were earned during fiscal 2013, fiscal 2012 and fiscal 2011, respectively, under the VICP. Under the VICP, annual cash incentives for executive officers are determined by a combination of the degree to which Plexus achieves specific pre-set corporate financial goals during the fiscal year and the executive officer's performance on individual objectives. We include more information about the VICP under **Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Annual Incentive** above, as well as under **Grants of Plan-Based Awards** below.

The amounts shown in the **2013** row were earned in fiscal 2013 but will be paid in fiscal 2014, the amounts shown in the **2012** row were earned in fiscal 2012 and were paid in fiscal 2013, and the amounts shown in the **2011** row were earned in fiscal 2011 and were paid in fiscal 2012.

- (5) The amounts listed under the column entitled **All Other Compensation** in the table include Company contributions to the 401(k) Plan and the SERP (for Mr. Lim, this represents the Company's contribution to the Malaysian Employees Provident Fund), reimbursement made by Plexus under its executive flexible perquisite benefit, the value of the company car benefit provided to the executive, additional life and disability insurance coverage and benefits related to an overseas assignment. Per person detail is listed in the table below:

	Year	Company Matching Contribution to 401(k) Plan	Company Contribution to SERP	Executive Flexible Perquisite Benefit	Company Car Benefit	Additional Life and Disability Insurance	Overseas Assignment	Total
<b>Mr. Foate</b>	2013	\$ 10,200	\$ 136,154	\$ 15,473	\$ 16,194	\$ 12,113		\$ 190,134
	2012	10,000	139,315	12,192	14,034	12,296		187,837
	2011	9,800	108,768	19,320	10,581	12,336		160,805
<b>Ms. Jones</b>	2013	10,200	47,971	26,773	13,103	1,032		99,079
	2012	10,000	50,119	10,000	7,256	1,212		78,587
	2011	9,800	33,907	11,026	9,340	1,252	\$ 26,892	92,217
<b>Mr. Kelsey</b>	2013	10,277	47,005	13,793	13,113	978		85,166
	2012	10,446	40,862	10,317	12,119	1,065		74,809
	2011	10,723	27,868	12,206	10,788	1,088		62,673
<b>Mr. Lim</b>	2013		106,230		19,367	13,357		138,954
	2012		115,021		19,275	13,738		148,034
	2011		107,516		19,724	14,934		142,174
<b>Mr. Frisch</b>	2013	10,569	35,354	16,489	15,136	873	14,589	93,010

Under the executive flexible perquisite benefit, executive officers may be reimbursed for expenses up to \$15,000 in a calendar year for miscellaneous expenses such as personal financial planning, spouse travel costs in connection with business-related travel, club memberships and/or tax and estate advice. This benefit is not grossed up for taxes. The amounts in the **Executive Flexible Perquisite Benefit** column above include the reimbursements under that program in the fiscal years listed; these amounts may exceed the calendar year limits due to the difference between the fiscal and calendar year.

Ms. Jones was on a temporary assignment for Plexus in Malaysia for a portion of fiscal 2011, and Mr. Frisch was on an expatriate assignment in Europe until June 2013. The amounts reported above in the **Overseas Assignment** column reflect benefits related to these assignments beyond those that were integral and necessary to the business purpose of the assignment. For Ms. Jones, this amount includes expenses for a rental car for her spouse, as well as the related tax gross-up, and a \$15,000 overseas allowance, which was not grossed up for taxes. For Mr. Frisch, this amount includes expenses for home and animal care expenses, as well as the related tax gross-ups, and a \$5,000 repatriation payment, which was not grossed up for taxes.

**Table of Contents**

- (6) Mr. Kelsey was appointed as the Company's Chief Operating Officer on June 10, 2013; he previously served as Executive Vice President, Global Customer Services. As discussed in "Compensation Discussion and Analysis" above, in connection with Mr. Kelsey's promotion, his annual base salary was increased to \$450,000 at that time, and his targeted award opportunity under the VICP was increased to 80% of his annual base salary.
- (7) Mr. Frisch joined Plexus in 1990, was appointed an executive officer in fiscal 2007 and was promoted to Executive Vice President, Global Customer Services by the Company's Board of Directors effective June 2013; however, he is a named executive officer for the first time in fiscal 2013. In accordance with SEC rules, information for fiscal 2012 and 2011 is not required to be presented.

**Table of Contents****GRANTS OF PLAN-BASED AWARDS**

2013

The table below sets forth information about stock and option awards that were granted to the named executive officers in fiscal 2013 under the 2008 Long-Term Plan, as well as information about *potential* cash incentive awards dependent on quantifiable corporate performance and individual goals that those executive officers could earn for fiscal 2013 performance (to be paid in fiscal 2014) under the VICP. As a result of fiscal 2013 corporate performance, cash incentive awards based on these criteria were earned in 2013, as set forth under the Non-Equity Incentive Compensation column in the Summary Compensation Table above. We provide further information about potential compensation under the VICP and awards under the 2008 Long-Term Plan in fiscal 2013, as well as additional information about those plans, following the table.

Name	Award Type	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/sh) (2)	Closing Market Price on Grant Date (\$/sh) (2)	Grant Date Fair Value of Stock and Option Awards (\$)
			Threshold (\$)(1)	Target (\$)(1)	Maximum* (\$)(1)					
<b>Mr. Foate</b>	VICP*	12/14/12	\$1	\$ 880,000	\$ 1,760,000					
	RSUs (3)	01/21/13				50,000(3)			\$ 1,307,500	
	Options	10/29/12					23,750	\$ 25.965	\$ 26.30	272,797
		01/21/13					31,250	26.15	25.85	361,731
		04/22/13					31,250	25.325	25.65	337,566
		07/22/13					31,250	33.055	33.26	451,075
<b>Ms. Jones</b>	VICP*	12/14/12	1	273,000	546,000					
	RSUs (3)	01/21/13				14,000(3)				366,100
	Options	10/29/12					6,250	25.965	26.30	71,789
		01/21/13					8,750	26.15	25.85	101,285
		04/22/13					8,750	25.325	25.65	94,518
		07/22/13					8,750	33.055	33.26	126,301
<b>Mr. Kelsey</b>	VICP*	12/14/12	1	164,769	329,538					
	VICP*(4)	06/10/13	1	110,769	221,538					
	RSUs (3)	01/21/13				16,000(3)				418,400
	Options	10/29/12					7,500	25.965	26.30	86,147
		01/21/13					10,000	26.15	25.85	115,754
		04/22/13					10,000	25.325	25.65	108,021
	07/22/13					10,000	33.055	33.26	144,344	
<b>Mr. Lim</b>	VICP*	12/14/12	1	219,941	439,883					
	RSUs (3)	01/21/13				16,000(3)				418,400
	Options	10/29/12					6,250	25.965	26.30	71,789
		01/21/13					10,000	26.15	25.85	115,754
		04/22/13					10,000	25.325	25.65	108,021
		07/22/13					10,000	33.055	33.26	144,344
<b>Mr. Frisch</b>	VICP*	12/14/12	1	124,615	249,231					
	VICP*(4)	06/10/13	1	75,385	150,769					
	RSUs (3)	01/21/13				16,000(3)				418,400
	Options	10/29/12					6,250	25.965	26.30	71,789
		01/21/13					10,000	26.15	25.85	115,754
		04/22/13					10,000	25.325	25.65	108,021
	07/22/13					10,000	33.055	33.26	144,344	

\* Represents a *potential* cash incentive payment for fiscal 2013 at various performance levels under the VICP (amounts in the Maximum column correspond to the maximum payout level under the VICP); other grants are stock options and restricted stock units ( RSUs ) under

## Edgar Filing: PLEXUS CORP - Form DEF 14A

the 2008 Long-Term Plan. As a result of Plexus' actual performance in fiscal 2013, overall cash incentive awards were earned based on corporate financial performance between the threshold and target levels, as reflected in the Summary Compensation Table and discussed in Compensation Discussion and Analysis above.

- (1) Amounts in the rows labeled VICP\* reflect potential cash incentive payments that depend on Plexus meeting corporate financial goals and the named executive officers achieving individual objectives (assuming such

**Table of Contents**

- officers do not meet any of their individual objectives at Threshold and meet them fully at both Target and the maximum payout level ). The amounts in the Threshold column indicate a payment for performance just above the threshold; there is no minimum payment once the threshold has been exceeded.
- (2) Options were granted at the average of the high and low trading prices on the date of grant, except for the options granted on October 29, 2012, and January 21, 2013, which were granted at the average of the high and low trading prices on the trading day preceding the respective grant date (in accordance with the 2008 Long-Term Plan) because the markets were closed on those dates. The stock options that were granted in fiscal 2013 under the 2008 Long-Term Plan vest over a two year period, with 50% of the options vesting on the first anniversary of their grant date and the remainder vesting on the second anniversary.
  - (3) The RSUs vest on January 21, 2016, assuming continued employment. See the discussion below under the caption 2008 Long-Term Plan.
  - (4) On June 10, 2013, Mr. Kelsey s targeted VICP award was increased from 70% to 80% of his base salary in connection with his appointment as the Company s Chief Operating Officer, and Mr. Frisch s targeted VICP award was increased from 60% to 70% of his base salary in connection with his appointment as Executive Vice President, Global Customer Services. The amounts reported in this row represent the incremental value of the potential award.

**VICP**

The VICP (as it applies to our executive officers) is a sub-plan of the 2008 Long-Term Plan. Under the VICP, our executive officers may earn cash incentive awards that depend in substantial part upon the degree to which Plexus achieves corporate financial goals, which are set by our Compensation and Leadership Development Committee (the Committee ) shortly after the beginning of our fiscal year. As long as Plexus achieves net income for the plan year, each executive officer also may earn a portion of his or her cash incentive award by accomplishing the individual objectives set for that executive officer. These awards are intended to reflect, in each instance, an individual s performance that may not be reflected in the financial performance of the entire Company. The amounts included in the table are potential future payouts under non-equity incentive awards that could be earned pursuant to both corporate financial and individual goals under the VICP. The amounts in the columns represent, respectively, the amount which could be earned in the event minimum results were achieved so as to result in a threshold payment to the executive officer, the amounts which could be received if each performance target was met exactly at the targeted level and the maximum amount that could be earned under the VICP, which is known as the maximum payout level. As noted above, the potential payouts reported in the table assume that the named executive officers do not meet any of their individual objectives at threshold and achieve them fully at both target and the maximum payout level.

Actual Company performance in fiscal 2013 was below the threshold level for revenue and between the threshold and target levels for return on capital employed ( ROCE ); therefore, total cash incentives based on corporate financial goals (which, for fiscal 2013, were paid based on ROCE performance only) were paid between the threshold and target levels, as reported in the Non-Equity Incentive Compensation column in the Summary Compensation Table above.

The maximum amount that could be earned based on individual performance was \$176,000 for Mr. Foate (which would have been 20% of his cash incentive award at the targeted levels) and varied from \$40,000 to \$55,108 for the other named executive officers (also representing 20% of their respective cash incentive awards at the targeted levels).

**2008 Long-Term Plan**

Under the 2008 Long-Term Plan, the Committee may grant directors, executive officers and other officers and key employees of Plexus stock options, stock-settled SARs, restricted stock, which may be designated as restricted stock awards or RSUs, unrestricted stock awards, performance stock awards (which may be settled in cash or stock) and cash incentive awards in periodic grants.



**Table of Contents**

As a result of the volatility of the stock market in recent years, particularly for Plexus stock, the Committee makes, and anticipates continuing to make, quarterly option grants. This grant schedule facilitates overall compensation planning near the beginning of the fiscal year, as the total target amounts for grants for a year are set at that time; the specific dates of each grant are determined in advance. Option grants must be at the fair market value of the underlying shares when the grant is made. The fair market value may be determined as the average of the high and low trading prices on the date of grant (with specified exceptions if there are not any sales on that date) or as an average for a short period of time prior to the grant.

The Committee also grants RSUs under the 2008 Long-Term Plan. In fiscal 2013, annual grants were made in January 2013, and vest three years from the date of the grant, assuming continued employment. Going forward, the Committee anticipates continuing to make grants of RSUs in the second quarter of each fiscal year.

Beginning in fiscal 2014, the Committee will also grant performance stock awards (designated as performance share units and settled in Plexus stock) in the second quarter of each fiscal year, although the performance goals will be set during the fiscal first quarter. Vesting of the performance shares units will be based on the total shareholder return (the TSR ) of Plexus stock as compared to the TSR of the Russell 3000 Index during a three year performance period.

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END***September 28, 2013*

The following table sets forth information about Plexus stock and option awards held by the named executive officers that were outstanding at the end of fiscal 2013.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) (1) Exercisable	Number of Securities Underlying Unexercised Options (#) (1) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$ (2))
<b>Mr. Foate</b>	75,000		12.94	05/18/15		
	100,000		42.515	05/17/16		
	37,500		21.41	05/17/17		
	37,500		23.83	08/01/17		
	18,750		30.54	11/05/17		
	18,750		22.17	01/28/18		
	18,750		24.21	04/28/18		
	18,750		29.71	07/29/18		
	20,500		18.085	10/31/18		
	20,500		14.625	02/02/19		
	20,500		20.953	05/04/19		
	20,500		25.751	08/03/19		
	20,500		25.335	11/02/19		
	20,500		33.999	01/25/20		
	20,500		38.24	04/23/20		
	20,500		30.475	07/26/20		
	20,500		29.798	11/01/20		
	20,500		27.143	01/24/21		
	20,500		36.955	04/25/21		
	20,500		30.19	07/25/21		
	10,250	10,250	25.92	10/31/21		
	11,875	11,875	36.79	01/23/22		
	11,875	11,875	31.70	04/23/22		
	11,875	11,875	27.86	07/23/22		
		23,750	25.965	10/29/22		
		31,250	26.15	01/21/23		
		31,250	25.325	04/22/23		
		31,250	33.055	07/22/23		
					32,800(3)	\$1,210,320
					38,000(4)	1,402,200
					50,000(5)	1,845,000

**Table of Contents**

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) (1)	Number of Securities Underlying Unexercised Options (#) (1)	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (2)
<b>Ms. Jones</b>	10,000		18.185	04/09/17		
	4,000		30.54	11/05/17		
	4,000		22.17	01/28/18		
	4,000		24.21	04/28/18		
	4,000		29.71	07/29/18		
	5,000		18.085	10/31/18		
	5,000		14.625	02/02/19		
	5,000		20.953	05/04/19		
	5,000		25.751	08/03/19		
	5,000		25.335	11/02/19		
	5,000		33.999	01/25/20		
	5,000		38.24	04/23/20		
	5,000		30.475	07/26/20		
	5,000		29.798	11/01/20		
	5,000		27.143	01/24/21		
	5,000		36.955	04/25/21		
	5,000		30.19	07/25/21		
	2,500	2,500	25.92	10/31/21		
	3,125	3,125	36.79	01/23/22		
	3,125	3,125	31.70	04/23/22		
	3,125	3,125	27.86	07/23/22		
		6,250	25.965	10/29/22		
		8,750	26.15	01/21/23		
		8,750	25.325	04/22/23		
		8,750	33.055	07/22/23		
					8,000(3)	295,200
					10,000(4)	369,000
					14,000(5)	516,600
<b>Mr. Kelsey</b>	5,000		42.515	05/17/16		
	2,500		21.41	05/17/17		
	2,500		23.83	08/01/17		
	3,000		30.54	11/05/17		
	3,000		22.17	01/28/18		
	3,000		24.21	04/28/18		
	3,000		29.71	07/29/18		
	5,000		20.953	05/04/19		
	5,000		25.751	08/03/19		
	5,000		25.335	11/02/19		
	6,250		33.999	01/25/20		
	6,250		38.24	04/23/20		
	6,250		30.475	07/26/20		
	6,250		29.798	11/01/20		
	6,250		27.143	01/24/21		
	6,250		36.955	04/25/21		

Edgar Filing: PLEXUS CORP - Form DEF 14A

6,250		30.19	07/25/21
3,125	3,125	25.92	10/31/21
3,750	3,750	36.79	01/23/22
3,750	3,750	31.70	04/23/22
3,750	3,750	27.86	07/23/22

**Table of Contents**

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) (1) Exercisable	Number of Securities Underlying Unexercised Options (#) (1) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (2)
<b>Mr. Kelsey</b>		7,500	25.965	10/29/22		
		10,000	26.15	01/21/23		
<b>(continued)</b>		10,000	25.325	04/22/23		
		10,000	33.055	07/22/23		
					10,000(3)	369,000
					12,000(4)	442,800
					16,000(5)	590,400
<b>Mr. Lim</b>	5,300		12.94	05/18/15		
	7,500		42.515	05/17/16		
	2,500		21.41	05/17/17		
	2,500		23.83	08/01/17		
	3,000		30.54	11/05/17		
	3,000		22.17	01/28/18		
	3,000		24.21	04/28/18		
	3,000		29.71	07/29/18		
	5,000		18.085	10/31/18		
	5,000		14.625	02/02/19		
	5,000		20.953	05/04/19		
	5,000		25.751	08/03/19		
	5,000		25.335	11/02/19		
	5,000		33.999	01/25/20		
	5,000		38.24	04/23/20		
	5,000		30.475	07/26/20		
	5,000		29.798	11/01/20		
	5,000		27.143	01/24/21		
	5,000		36.955	04/25/21		
	5,000		30.19	07/25/21		
	2,500	2,500	25.92	10/31/21		
	3,125	3,125	36.79	01/23/22		
	3,125	3,125	31.70	04/23/22		
	3,125	3,125	27.86	07/23/22		
		6,250	25.965	10/29/22		
		10,000	26.15	01/21/23		
		10,000	25.325	04/22/23		
		10,000	33.055	07/22/23		
					8,000(3)	295,200
					10,000(4)	369,000
					16,000(5)	590,400
<b>Mr. Frisch</b>	5,000		42.515	05/17/16		
	1,500		21.41	05/17/17		
	1,500		23.83	08/01/17		
	2,000		30.54	11/05/17		
	2,000		22.17	01/28/18		
	2,000		24.21	04/28/18		

Edgar Filing: PLEXUS CORP - Form DEF 14A

2,000	29.71	07/29/18
3,000	18.085	10/31/18
3,000	14.625	02/02/19
3,000	20.953	05/04/19
3,000	25.751	08/03/19

**Table of Contents**

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) (1)	Number of Securities Underlying Unexercised Options (#) (1)	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (2)
<b>Mr. Frisch</b>	3,000		25.335	11/02/19		
	3,000		33.999	01/25/20		
<b>(continued)</b>	3,000		38.24	04/23/20		
	3,000		30.475	07/26/20		
	3,000		29.798	11/01/20		
	5,000		27.143	01/24/21		
	5,000		36.955	04/25/21		
	5,000		30.19	07/25/21		
	2,500	2,500	25.92	10/31/21		
	3,125	3,125	36.79	01/23/22		
	3,125	3,125	31.70	04/23/22		
	3,125	3,125	27.86	07/23/22		
		6,250	25.965	10/29/22		
		10,000	26.15	01/21/23		
		10,000	25.325	04/22/23		
		10,000	33.055	07/22/23		
					8,000(3)	295,200
					10,000(4)	369,000
					16,000(5)	590,400

- (1) Option award granted under the 2008 Long-Term Plan or a predecessor plan. All options have an exercise price equal to the fair market value of our common stock on the date of grant. Since 2005, the fair market value has been determined using the average of the high and low trading prices on the grant date (or on the preceding trading day if the markets were closed on the grant date). Prior to that date, the fair market value was determined by an average of the high and low trading prices over a period of five to ten trading days prior to the grant date. Options granted in fiscal 2007 and after vest one-half on each of the first two anniversaries of the applicable grant date.
- (2) Based on the \$36.90 per share closing price of our common stock on September 27, 2013, the last trading day of fiscal 2013.
- (3) Consists of RSUs awarded in fiscal 2011 under the 2008 Long-Term Plan. The RSUs vest on January 24, 2014, based on continued service through that date. See Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Long-Term Incentives for additional information regarding awards.
- (4) Consists of RSUs awarded in fiscal 2012 under the 2008 Long-Term Plan. The RSUs vest on January 23, 2015, based on continued service through that date. See Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Long-Term Incentives for additional information regarding awards.
- (5) Consists of RSUs awarded in fiscal 2013 under the 2008 Long-Term Plan. The RSUs vest on January 21, 2016, based on continued service through that date. See Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Long-Term Incentives for additional information regarding awards.

**Table of Contents****OPTION EXERCISES AND STOCK VESTED****2013**

The following table sets forth information about the Plexus stock options that were exercised by the named executive officers and the RSUs that vested in fiscal 2013.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) (1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) (2)
<b>Mr. Foate</b>	75,000	\$ 1,355,638	20,500	\$ 545,915
<b>Ms. Jones</b>			5,000	133,150
<b>Mr. Kelsey</b>	10,000	182,588	6,250	166,438
<b>Mr. Lim</b>	200	4,192	5,000	133,150
<b>Mr. Frisch</b>	8,000	119,230	3,000	79,890

- (1) Based on the difference between the exercise prices and sale prices on the date of exercise.
- (2) Based on the average of the high and low trading prices of the Company's common stock on the Nasdaq Global Select Market on the vesting date, January 25, 2013.

**NONQUALIFIED DEFERRED COMPENSATION****2013**

Plexus does not maintain any defined benefit pension plans. Plexus' only retirement savings plans are defined contribution plans—the 401(k) Plan for all qualifying U.S. employees and the supplemental executive retirement plan (the SERP) for executive officers (other than Mr. Lim, as described below). Because these are defined contribution plans, Plexus' obligations are fixed at the time contributions are made, rather than Plexus being liable for future potential shortfalls in plan assets to cover the fixed benefits that are promised in defined benefit plans.

The 401(k) Plan is open to all U.S. Plexus employees meeting specified service and related requirements. Under the plan, employees may voluntarily contribute up to 75% of their annual compensation, up to a maximum Internal Revenue Code (the Code) mandated limit of \$17,500 (\$23,000 if age 50 or older) in calendar year 2013; Plexus will match 100% of the first 4.0% of salary which an employee defers, up to \$10,200 in calendar year 2013. There are several investment options available to participants under the 401(k) Plan, including a Plexus stock fund.

Plexus maintains the SERP as an additional deferred compensation mechanism for its executive officers; the individuals covered in fiscal 2013 include Ms. Jones and Messrs. Foate, Kelsey and Frisch. Mr. Lim does not participate because he is not a United States resident. Under the SERP, an executive may elect to defer some or all of his or her compensation through the plan, and Plexus may credit the participant's account with a discretionary employer contribution. Participants are entitled to the payment of deferred amounts and any earnings which may be credited thereon upon termination or retirement from Plexus, subject to the participants' deferral elections and Section 409A of the Code. The plan allows investment of deferred compensation held on behalf of the participants into individual accounts and, within these accounts, into one or more designated mutual funds or investments. These investment choices do not include Plexus stock.

Executive officers, including the named executive officers, did not make any personal voluntary deferrals to the SERP for fiscal year 2013. The plan also allows for discretionary Plexus contributions. As discussed in Compensation Discussion and Analysis Elements and Analysis of Other Compensation Retirement Planning Supplemental Executive Retirement Plan, the Committee determined the current Company contribution to the SERP after reviewing a competitive analysis prepared by Towers Watson. As a result, the discretionary contribution is the greater of (a) 9% of the executive's total targeted cash compensation, minus Plexus permitted contributions to the executive officer's account in the 401(k) Plan, or (b) \$13,500. The Committee may also choose to make additional or special contributions; no such contributions were made in fiscal 2013.





**Table of Contents**

Mr. Lim does not participate in these plans because he is a resident of Malaysia and is covered by a different system. Under Malaysian law, an employer must make a contribution to the fund of at least 12% of every employee's salary during the year to the Employees Provident Fund, which is a retirement savings program established under Malaysian law. In accordance with its practice in Malaysia, Plexus made a contribution of 17% for Mr. Lim to reflect his seniority and responsibilities.

The following table includes information as to contributions under the SERP or, in the case of Mr. Lim, the Malaysian Employees Provident Fund. Since the 401(k) Plan is a tax-qualified plan generally available to all employees, contributions on behalf of the executive officers and earnings in that plan are not included in this table; however, Company contributions under both are among the items included in the All Other Compensation column in the Summary Compensation Table above.

Name	Executive Contributions in Last FY (\$)(1)	Registrant Contributions in Last FY (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)(2)
<b>Mr. Foate</b>		\$ 136,154	\$ 350,409		\$ 2,841,083
<b>Ms. Jones</b>		47,971	28,052		341,784
<b>Mr. Kelsey</b>		47,005	42,147		239,073
<b>Mr. Lim (3)</b>	\$ 68,737	106,230	42,764(4)		897,757(5)
<b>Mr. Frisch</b>		35,354	31,072		185,486

- (1) Includes contributions by the named executive officers that are included in the Salary column in the Summary Compensation Table above, as follows: Mr. Lim \$40,307.
- (2) Of the amounts reported in the Aggregate Balance at Last Fiscal Year End column, the following amounts were previously reported in the Summary Compensation Tables in the Company's Proxy Statements for its prior annual meetings of shareholders: Mr. Foate \$1,015,327; Ms. Jones \$222,982; Mr. Kelsey \$90,127; and Mr. Lim \$610,084. Although Mr. Frisch has been employed by the Company since 1990, he is a named executive officer for the first time in fiscal 2013 and has not been included in the Company's previous Summary Compensation Tables.
- (3) Mr. Lim's information relates to the Malaysian Employees Provident Fund.
- (4) Aggregate Earnings in Last FY for Mr. Lim represents dividends declared by the Malaysian Employees Provident Fund Board for calendar year 2012. This information is not yet available to Mr. Lim or the Company from the Malaysian Employees Provident Fund for calendar year 2013.
- (5) Mr. Lim's fund account also includes contributions prior to his employment with Plexus and related earnings since the Malaysian Employees Provident Fund is not an employer-sponsored plan. The balance also reflects changes in currency exchange rates between the Malaysian ringgit and the U.S. dollar.

**EMPLOYMENT AGREEMENTS AND POTENTIAL PAYMENTS UPON TERMINATION OR****CHANGE IN CONTROL**

In this section, we are providing information about specific agreements with our executive officers relating to employment and their post-employment compensation. As discussed further below, only Mr. Foate has an employment agreement. All of our executive officers have change in control agreements which will provide, in certain circumstances, for payments to the executive officers in the event of a change in control of Plexus.

**Table of Contents****Mr. Foate's Employment Agreement**

Plexus does not generally have employment agreements with its executive officers. However, when Mr. Foate became Plexus' Chief Executive Officer in 2002, the Committee and the board believed it was important to enter into an employment agreement with Mr. Foate to set forth the terms of his employment and to provide incentives for him to continue with the Company over the long term. The Company entered into its current employment agreement with Mr. Foate in 2008.

Mr. Foate's employment agreement was for an initial term of three years and automatically extends (unless terminated) by one year every year, so that it maintains a rolling three-year term. The agreement specifies when Plexus may terminate Mr. Foate for cause, or when Mr. Foate may leave the Company for good reason, and determines the compensation payable upon termination. The definition of cause and good reason are substantially similar to those under the change in control agreements, as described below, although good reason would also include a failure of Plexus to renew the employment agreement. If Mr. Foate is terminated for cause or voluntarily leaves without good reason, dies or becomes disabled, or the agreement is not renewed, Plexus is not required to make any further payments to Mr. Foate other than with respect to obligations accrued on the date of termination. If Plexus terminates Mr. Foate without cause, or he resigns with good reason, Mr. Foate is entitled to receive compensation including his base salary for a three year period following his separation date, a pro-rated VICP cash incentive award keyed to the actual attainment of performance targets for the year in which Mr. Foate is involuntarily terminated, and certain lump sum payments designed to ensure that his benefits approximate those provided under the previous employment agreement. The lump sum payments are equal to the sum of one hundred percent (100%) of Mr. Foate's annual base salary prior to his separation date and the maximum amount of Company contributions for a full plan year under the 401(k) Plan and the Company's deferred compensation plans. Mr. Foate would also be eligible to participate in the Company's medical, dental and vision plans, subject to his payment of any premiums required by such plans, for a three year period following his separation from Plexus. Any payments triggered by a termination of employment are to be delayed until six months after termination, as required by Section 409A of the Code.

Change in control provisions are included in Mr. Foate's current employment agreement and are substantially identical to those provided in the change in control agreements described below under the caption Change in Control Agreements, with Mr. Foate's payment amount being three times the relevant salary plus benefits.

Under Mr. Foate's employment agreement, Plexus is also protected from competition by Mr. Foate after his employment with Plexus would cease. Upon termination, Mr. Foate agrees to not interfere with the relationships between the customers, suppliers or employees of Plexus for two years, and to not compete with Plexus over the same period in geographical locations proximate to Plexus' operations. Further, Mr. Foate has agreed to related confidentiality requirements after the termination of his employment.

Under the 2008 Long-Term Plan and predecessor plans, optionholders (or their representatives) have a period of time in which they may exercise vested stock options after death, disability, retirement or other termination of employment, except in the case of termination with cause. Options do not continue to vest after termination except for full vesting upon a change in control or, when provided in related option agreements, upon death or disability. RSUs that have yet to vest are generally forfeited on termination of employment, but immediately vest upon a change in control. See Outstanding Equity Awards at Fiscal Year End above for information as to Mr. Foate's outstanding equity awards at September 28, 2013. Mr. Foate would also receive accrued and vested benefits under the 401(k) Plan and the SERP, and payment for accrued but unused vacation, upon a termination of employment for any reason; those amounts are not included in Potential Benefits Table below. See Nonqualified Deferred Compensation above for further information.

**Change in Control Agreements**

Plexus has change in control agreements with Ms. Jones and Messrs. Kelsey, Lim and Frisch, its other executive officers (with the exception of Mr. Foate as described above under the caption Mr. Foate's Employment Agreement) and certain other key employees. Under the terms of these agreements, if there is a change in control of Plexus, as defined in the agreement, the executive officers' authorities, duties and responsibilities shall remain at least commensurate in all material respects with those prior to the change in control. Their compensation may not

---

**Table of Contents**

be reduced, their benefits must be commensurate with those of similarly situated executives of the acquiring firm and their location of employment must not be changed significantly as a result of the change in control.

Within 24 months after a change in control, in the event that any covered executive officer is terminated other than for cause, death or disability, or an executive officer terminates his or her employment with good reason, Plexus is obligated to pay the executive officer, in a cash lump sum, an amount equal to three times (one to two times for other key employees) the executive officer's base salary plus targeted cash incentive payment, and to continue retirement payments and certain other benefits. The change in control agreements designate three times salary plus benefits for each of Ms. Jones and Messrs. Kelsey, Lim and Frisch. The agreements further provide for payment of additional amounts which may be necessary to gross-up the amounts due to such executive officer in the event of the imposition of an excise tax upon the payments. The agreements do not preclude termination of the executive officer, or require payment of any benefit, if there has not been a change in control of Plexus, nor do they limit the ability of Plexus to terminate these persons thereafter for cause. It is the Committee's view that the level of benefits, combined with the double trigger requiring both a change in control and a termination of employment, provides an appropriate balancing of the interests of the Company, its shareholders and its executives.

Under our change in control agreements:

A termination for cause would occur if the executive officer willfully and continually fails to perform substantial duties or willfully engages in illegal conduct or gross misconduct which injures Plexus.

After a change in control, an executive may terminate for good reason which would include: requiring the executive to perform duties inconsistent with the duties provided under his or her agreement; Plexus not complying with provisions of the agreement; the Company requiring the executive to move; or any attempted termination of employment which is not permitted by the agreement.

A change in control would occur in the event of a successful tender offer for Plexus, other specified acquisitions of a substantial portion of the Company's outstanding stock, a merger or other business combination involving the Company, a sale of substantial assets of the Company, a contested director's election or a combination of these actions followed by any or all of the following actions: change in management or a majority of the board of the Company or a declaration of a change in control by the board of directors.

Also, under the 2008 Long-Term Plan and predecessor plans, award holders (or their representatives) have a period of time in which they may exercise vested awards after death, disability, retirement or other termination of employment, except in the case of termination with cause. Awards do not continue to vest after termination, except for full vesting upon death or permanent disability when provided in the related award agreements or upon a change in control. See Outstanding Equity Awards at Fiscal Year End above for information as to executive officers outstanding equity awards at September 28, 2013. Executives would also receive accrued and vested benefits under the 401(k) Plan and the SERP, and payment for accrued but unused vacation, upon a termination of employment for any reason; those amounts are not included in the table. See Nonqualified Deferred Compensation above for further information.

Plexus does not have employment agreements with its executive officers other than Mr. Foate. It also does not have a formal severance plan for other types of employment termination, except in the event of a change in control as described above. Although Plexus has a general practice of providing U.S. salaried employees with two weeks' severance pay for every year worked (generally to a maximum of 13 weeks) in the case of termination without cause, actual determinations are made on a case-by-case basis. Therefore, whether and to what extent Plexus would provide severance benefits to the named executive officers, or other executive officers, upon termination (other than due to death, permanent disability or a change in control) would depend upon the facts and circumstances at that time. As such, we are unable to estimate the potential payouts under other employment termination scenarios.

**Table of Contents****Potential Benefits Table**

The following table provides information as to the amounts which will be payable (a) to Mr. Foate under his employment agreement if he is terminated by Plexus for cause or without cause, (b) to the named executive officers in the event of death or permanent disability, and (c) to the named executive officers in the event they were terminated without cause, or the executive terminated with good reason, in the event of a change in control. The payments are calculated assuming a termination as of September 28, 2013, the last day of our previous fiscal year. The table includes only benefits that would result from death or permanent disability, a termination or a change in control, not vested benefits that are payable irrespective of a change.

Executive Officer:

Context of Termination	Cash Payments (1)	Early Vesting of Stock Options (2)	Early Vesting of RSUs (3)	Additional Retirement Benefits (4)	Other Benefits (5)	Tax Gross-up (6)	Total
<b>Mr. Foate Termination by Plexus for Cause</b>							
<b>Mr. Foate Death or Disability</b>	(7)	\$ 1,402,948	\$ 4,488,928				\$ 5,891,876
<b>Mr. Foate Termination by Plexus without Cause</b>	\$ 5,040,000			\$ 439,061	\$ 330,715		5,809,776
<b>Mr. Foate Change in Control</b>	5,040,000	1,402,948	4,488,928	439,061	330,715		11,701,652
<b>Ms. Jones Death or Disability</b>	(7)	381,163	1,189,120				1,570,283
<b>Ms. Jones Change in Control</b>	1,989,000	381,163	1,189,120	174,513	363,950	\$ 1,278,216	5,375,962
<b>Mr. Kelsey Death or Disability</b>	(7)	445,325	1,412,080				1,857,405
<b>Mr. Kelsey Change in Control</b>	2,430,000	445,325	1,412,080	173,693	270,184	1,527,310	6,258,592
<b>Mr. Lim Death or Disability</b>	(7)	414,850	1,263,440				1,678,290
<b>Mr. Lim Change in Control</b>	1,688,890	414,850	1,263,440				3,367,180
<b>Mr. Frisch Death or Disability</b>	(7)	414,850	1,263,440				1,678,290
<b>Mr. Frisch Change in Control</b>	1,785,000	414,850	1,263,440	138,000	309,410	1,202,556	5,113,256

- (1) This amount represents payments relating to the executives' base salary and VICP cash incentive awards to the extent they would be paid after termination, based on the salary in effect at the end of fiscal 2013 and the target VICP cash incentive payment for 2013. Under the change in control agreements, this payment equals three years salary, as it was in effect at the time of termination, plus three times the targeted VICP compensation for the year of termination. There are similar provisions for a termination without cause in Mr. Foate's employment agreement.
- (2) All outstanding unvested stock options would become vested upon a change in control, and the unvested options also would vest upon death or disability. Certain outstanding unvested stock options had no immediately realizable value because the respective exercise prices were higher than \$36.90, the closing price of Plexus' common stock on September 27, 2013, the last trading day of fiscal 2013. See Outstanding Equity Awards at

**Table of Contents**

Fiscal Year End for further information regarding all stock options owned by the named executive officers, including those that have already fully vested.

- (3) All outstanding RSUs would become vested upon a change in control. The amount shown represents the difference in value of the unvested RSUs between their grant price and the Company's market price, based on Plexus' closing stock price of \$36.90 per share on September 27, 2013, the last trading date of fiscal 2013.
- (4) Under the change in control agreements, the Company would be required to continue payments to the 401(k) Plan and SERP for three years at the same level during the year preceding the change in control. There are similar provisions for a termination without cause in Mr. Foate's employment agreement. This column represents the total amount of those payments. The executive officers would also receive accrued and vested benefits under the 401(k) Plan and the SERP, and payment for accrued but unused vacation, upon a termination of employment for any reason; those amounts are not included in the table. See Nonqualified Deferred Compensation for further information.
- (5) These amounts include continuing payments of health and welfare benefits, accrued vacation, executive reimbursement plan expenses, company car and other benefits for three years, as provided in the agreement.
- (6) In the event of a change in control of Plexus, the change in control agreements with our executive officers provide that we will pay them an additional benefit to reimburse the golden parachute excise taxes which they would owe pursuant to Internal Revenue Code Section 280G. This column provides an estimate of these payments, reflecting each executive's base compensation under Section 280G. Based on Mr. Foate's average annual compensation and the manner in which Section 280G operates, he would have not been deemed to receive such payments had there been a change in control on September 28, 2013, but could be eligible to receive these payments in future years.
- (7) Excludes life or disability insurance payments from third party insurers.

**COMPENSATION AND RISK**

During fiscal 2013, the Company reviewed its compensation policies, programs and procedures, including the incentives they create and mitigating factors that may reduce the likelihood of excessive risk taking, to determine whether they present a significant risk to the Company. Management assessed risk factors associated with specific compensation programs, as well as enterprise-level compensation risk factors, and a risk rating was assigned to each factor. The program-specific risk factors assessed included payout potential, payout as a percentage of total compensation, risk of manipulation, discretion to modify awards, overall plan design and market appropriateness. Enterprise-level risk factors evaluated included the balance between performance rewarded and the sustainability of that performance, the overall compensation mix, consistency between annual and long-term objectives as well as metrics, achievability of performance goals without undue risk-taking, the relationship of long-term awards to the Company's pay philosophy, stock ownership requirements, the weighting and duration of performance metrics, the value of severance packages, the degree to which pay programs (including retirement benefits) and/or grants may be considered disproportionate, and the interaction of compensation plans with the Company's financial performance and strategy. The Compensation and Leadership Development Committee reviewed management's evaluation process as well as its results, and determined that both the process and conclusions reached were reasonable.

Based on this review, the Company has concluded that its compensation policies, programs and procedures are not reasonably likely to have a material adverse effect on the Company.

---

**Table of Contents**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act ), publicly-traded companies like Plexus are required to hold an advisory vote of their shareholders at least once every three years to approve the compensation of named executive officers, as disclosed in the company's proxy statement pursuant to the SEC's Regulation S-K Item 402; Plexus discloses those items in Compensation Discussion and Analysis and Executive Compensation herein. Plexus currently holds these votes annually.

As described in Compensation Discussion and Analysis above, we design our executive compensation programs to attract, motivate and retain the talent needed to lead a strong global organization, to drive global financial and operational success, to create an ownership mindset and to appropriately balance Company performance and individual contributions towards the achievement of success. A meaningful portion of our executive officers' compensation is at risk, reflecting the Company's emphasis on pay that reflects performance and drives long-term shareholder value. We believe the Company's compensation program as a whole is well suited to promote the Company's objectives in both the short and long term.

Accordingly, the following resolution will be submitted to our shareholders for approval at the annual meeting:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved.

As an advisory vote, this proposal is not binding on the Company. However, the Compensation and Leadership Development Committee, which is responsible for designing and administering the Company's executive compensation programs, values the opinions expressed by our shareholders, and will consider the outcome of the vote when making future compensation decisions on the Company's executive compensation programs.

**The board unanimously recommends that shareholders vote FOR approval of the compensation of the Company's executive officers as described in this proxy statement.**

**CERTAIN TRANSACTIONS**

Plexus has a written policy requiring that transactions, if any, between Plexus and its executive officers, directors or employees (or related parties) must be on a basis that is fair and reasonable to the Company and in accordance with Plexus' Code of Conduct and Business Ethics and other policies. Plexus' policy focuses on related party transactions in which its insiders or their families have a significant economic interest; while the policy requires disclosure of *all* transactions, it recognizes that there may be situations where Plexus has ordinary business dealings with other large companies in which insiders may have some role but little if any stake in a particular transaction. Although these transactions are not prohibited, any such transaction must be approved by either a disinterested majority of the board of directors or by the Audit Committee.

Please see Corporate Governance Director Independence for certain transactions and relationships between Plexus and two directors which the board considered when determining the independence of the directors. See also Corporate Governance Directors Compensation regarding an arrangement with a former director. There were no other transactions in an amount or of a nature that were reportable under applicable SEC rules in fiscal 2013.

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee of the board of directors, which was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, oversees and monitors the participation of Plexus' management and independent auditors throughout the financial reporting process and approves the hiring and retention of, and fees paid to, the independent auditors. The Audit Committee also generally reviews other transactions between the Company and interested parties that may involve a potential conflict of interest. No member of the Audit Committee is employed or has any other material relationship with Plexus. The members are all independent directors as defined in Rule 5605(a)(2) of the listing standards applicable to the Nasdaq Global

**Table of Contents**

Select Market and relevant SEC rules. The Plexus board of directors has adopted a written charter for the Audit Committee, and the current version is available on Plexus website.

In connection with its function to oversee and monitor the financial reporting process of Plexus, and in addition to its quarterly review of interim unaudited financial statements, the Audit Committee has done the following:

reviewed and discussed the audited financial statements for the fiscal year ended September 28, 2013, with Plexus management;

discussed with PricewaterhouseCoopers LLP, Plexus independent auditors, those matters which are required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), and SEC Regulation S-X, Rule 2-07 Communication with Audit Committees ; and

received the written disclosure and the letter from PricewaterhouseCoopers LLP required by the applicable standards of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with PricewaterhouseCoopers LLP its independence.

Based on the foregoing, the Audit Committee recommended to the board of directors that the audited financial statements be included in Plexus annual report on Form 10-K for the fiscal year ended September 28, 2013. The Audit Committee further confirmed the independence of PricewaterhouseCoopers LLP.

Members of the Audit Committee: David J. Drury, Chair  
 Stephen P. Cortinovis  
 Rainer Jueckstock  
 Peter Kelly  
 Mary A. Winston

**AUDITORS**

Subject to ratification by shareholders, the Audit Committee intends to reappoint the firm of PricewaterhouseCoopers LLP as independent auditors to audit the financial statements of Plexus for fiscal 2014. Representatives of PricewaterhouseCoopers LLP are expected to be present at the annual meeting of shareholders to respond to questions and make a statement if they desire to do so.

**Fees and Services**

Fees (including reimbursements for out-of-pocket expenses) paid to PricewaterhouseCoopers LLP for services in fiscal 2013 and 2012 were as follows:

	2013	2012
Audit fees:	\$ 1,112,461	\$ 1,105,890
Audit-related fees:		
Tax fees:	110,850	44,575
All other fees:	14,000	

The above amounts relate to services provided in the indicated fiscal years, irrespective of when they were billed. Audit fees related to Plexus annual audit and quarterly professional reviews; audit fees also included substantial work related to the certification of Plexus internal controls as required by the Sarbanes-Oxley Act. Tax services consisted primarily of tax compliance and other tax advice regarding special Plexus projects. All other fees consists of fees associated with workshops regarding the configuration of accounting software and government contracting matters. The Audit Committee considered the compatibility of the non-audit services provided by PricewaterhouseCoopers LLP with the maintenance of that firm's independence.





---

**Table of Contents**

The Audit Committee generally approves all engagements of the independent auditor in advance, including approval of the related fees. The Audit Committee approves an annual budget (and may from time to time approve amendments thereto), which specifies projects and the approved levels of fees for each. To the extent that items are not covered in the annual budget or fees exceed the budget, management must have such items approved by the Audit Committee or, if necessary between Audit Committee meetings, by the Audit Committee chairman on behalf of the Audit Committee. There were no services in fiscal 2013 or 2012 that were not approved in advance by the Audit Committee under this policy.

\* \* \* \* \*

By order of the Board of Directors  
Angelo M. Ninivaggi  
Senior Vice President, Chief Administrative Officer,  
General Counsel and Secretary

Neenah, Wisconsin

December 10, 2013

**A copy (without exhibits) of Plexus' annual report to the SEC on Form 10-K for the fiscal year ended September 28, 2013, will be provided without charge to each record or beneficial owner of shares of Plexus' common stock as of December 5, 2013, on the written request of that person directed to: Kristie Johnson, Executive Support Specialist, Plexus Corp., One Plexus Way, P.O. Box 156, Neenah, Wisconsin 54957-0156. See also page 1 of this proxy statement. In addition, copies are available on Plexus' website at [www.plexus.com](http://www.plexus.com), following the links at Investor Relations, then SEC Filings.**

To save printing and mailing costs, in some cases only one notice, annual report and/or proxy statement will be delivered to multiple holders of securities sharing an address unless Plexus has received contrary instructions from one or more of those security holders. Upon written or oral request, we will promptly deliver a separate copy of the annual report or proxy statement, as applicable, to any security holder at a shared address to which a single copy of the document was delivered. You may request additional copies by written request to the address set forth in the paragraph above or as set forth on page 1 of this proxy statement. You may also contact Ms. Johnson at that address or at 1-920-969-6000 if you wish to receive a separate annual report and/or proxy statement in the future, or if you share an address with another security holder and wish for delivery of only a single copy of the annual report and/or proxy statement if you are currently receiving multiple copies.

**Table of Contents**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ONE PLEXUS WAY**

**P.O. BOX 156**

**N E E N A H , W I  
54957-0156**

**ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS**

If you would like to reduce the costs incurred by Plexus Corp. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Plexus Corp., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK  
AS FOLLOWS:

M64182-P43895 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED  
AND DATED.**

**PLEXUS CORP.**

**Proposals:**

- 1. Election of Directors:

<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>	To withhold authority to vote for any individual nominee(s), mark <b>For All Except</b> and write the number(s) of the nominee(s)
----------------	---------------------	-----------------------	---

on the line  
below.

**Nominees:**

- |                           |                        |
|---------------------------|------------------------|
| 01) Ralf R. Böer          | 06) Peter Kelly        |
| 02) Stephen P. Cortinovis | 07) Phil R. Martens    |
| 03) David J. Drury        | 08) Michael V. Schrock |
| 04) Dean A. Foate         | 09) Mary A. Winston    |
| 05) Rainer Jueckstock     |                        |

**For Against Abstain**

- |  |    |    |    |
|--|----|----|----|
| 2. Ratification of PricewaterhouseCoopers LLP as Independent Auditors for fiscal 2014;   | .. | .. | .. |
| 3. Advisory vote to approve the compensation of Plexus Corp. s named executive officers, as disclosed in Compensation Discussion and Analysis and Executive Compensation in the Proxy Statement; | .. | .. | .. |
| 4. In their discretion on such other matters as may properly come before the meeting or any adjournment thereof;   |    |    |    |

all as set out in the Notice and Proxy Statement relating to the annual meeting, receipt of which is hereby acknowledged.

**The board of directors recommends a vote:**

**FOR each of the nominees for director who are listed in Proposal (1), and  
FOR Proposals (2) and (3).**

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder(s). If you do not provide a direction, this proxy will be voted **FOR** each of the nominees for director who are listed in Proposal (1), and **FOR** Proposals (2) and (3).

Please indicate if you plan to attend this .. ..  
meeting.

**Yes No**

**Note:** Please sign exactly as your name or names appear(s) on this proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Date  
Owners)

**Table of Contents**

**ANNUAL MEETING OF SHAREHOLDERS OF**

**PLEXUS CORP.**

**February 12, 2014**

**Please sign, date and mail**

**your proxy card in the**

**envelope provided as soon**

**as possible.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

**i Please detach along perforated line and mail in the envelope provided. i**

M64183-P43895

**PLEXUS CORP.**

**PROXY FOR 2014 ANNUAL MEETING OF SHAREHOLDERS**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Dean A. Foate, Ginger M. Jones and Angelo M. Ninivaggi, and any of them, proxies, with full power of substitution, to vote all shares of stock which the undersigned is entitled to vote at the annual meeting of shareholders of Plexus Corp. to be held at the Milwaukee Marriott Downtown, located at 323 East Wisconsin Avenue, Milwaukee,

Edgar Filing: PLEXUS CORP - Form DEF 14A

Wisconsin 53202, on Wednesday, February 12, 2014, at 8:00 a.m. Central Time, or at any adjournment thereof, as specified on the reverse side, hereby revoking any proxy previously given.

(Continued and to be signed on reverse side)