

PLEXUS CORP  
Form DEF 14A  
December 13, 2016  
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.

Edgar Filing: PLEXUS CORP - Form DEF 14A

- (1) Title of each class of securities to which transaction applies:
  
  
  
  
  
  
  
  
  
  
- (2) Aggregate number of securities to which transaction applies:
  
  
  
  
  
  
  
  
  
  
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  
  
  
  
  
  
  
  
  
- (4) Proposed maximum aggregate value of transaction:
  
  
  
  
  
  
  
  
  
  
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
  
  
  
  
  
  
  
  
  
  
- (2) Form, Schedule or Registration Statement No.:
  
  
  
  
  
  
  
  
  
  
- (3) Filing Party:

(4) Date Filed:

Table of Contents

**NOTICE OF ANNUAL MEETING  
OF SHAREHOLDERS  
on February 15, 2017**

To the Shareholders of Plexus Corp.:

Plexus Corp. will hold its annual meeting of shareholders at The Pfister Hotel, located at 424 East Wisconsin Avenue, Milwaukee, Wisconsin 53202, on Wednesday, February 15, 2017, 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 2017.
- (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" in the proxy statement.
- (4) To hold an advisory vote related to the frequency of future advisory votes to approve named executive officer compensation.

(5) 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 8, 2016, will be entitled to vote at the meeting or any adjournment of the meeting. On or about December 16, 2016, 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, which contains important information 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 12, 2016

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

By internet: Go to [www.proxyvote.com](http://www.proxyvote.com). Please have the notice we sent to you in hand because it has the personal control number 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 the personal control number 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 for any reason you 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>	18
<u>Directors' Compensation</u>	18
<u>Director Stock Ownership Guidelines</u>	20
<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>	36
<u>Tax Aspects of Executive Compensation</u>	39
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	40
<b><u>EXECUTIVE COMPENSATION</u></b>	41
<u>Summary Compensation Table</u>	41
<u>Grants of Plan-Based Awards</u>	45
<u>Outstanding Equity Awards at Fiscal Year-End</u>	49
<u>Option Exercises and Stock Vested</u>	56

<u>Nonqualified Deferred Compensation</u>	56
<u>Employment Agreements and Potential Payments Upon Termination or Change in Control</u>	58
<b><u>COMPENSATION AND RISK</u></b>	63
<b><u>ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION</u></b>	64
<b><u>ADVISORY VOTE RELATED TO THE FREQUENCY OF FUTURE ADVISORY VOTES TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION</u></b>	64
<b><u>CERTAIN TRANSACTIONS</u></b>	65
<b><u>REPORT OF THE AUDIT COMMITTEE</u></b>	65
<b><u>AUDITORS</u></b>	66
<u>Fees and Services</u>	66

Table of Contents

**ANNUAL MEETING OF SHAREHOLDERS**

**FEBRUARY 15, 2017**

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

**Q: WHEN IS THE PROXY MATERIAL FIRST BEING MADE AVAILABLE TO SHAREHOLDERS?**

**A:** On or about December 16, 2016, 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:** Securities and Exchange Commission ( SEC ) rules permit us 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 on how to access our proxy material, including our proxy statement and annual report, and vote via the internet. Shareholders will not receive printed copies of the proxy material unless requested by following the instructions included on 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 15, 2017**

**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 e-mail: Send a blank e-mail with your personal control number 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 personal control number 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 February 1, 2017.





**Table of Contents**

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

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

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

Ralf R. Böer  
Stephen P. Cortinovis  
David J. Drury  
Joann M. Eisenhart  
Dean A. Foate  
Rainer Jueckstock  
Peter Kelly  
Todd P. Kelsey  
Michael V. Schrock

2. A proposal to ratify the Audit Committee's selection of PricewaterhouseCoopers LLP ( PwC ) as Plexus independent auditors for fiscal 2017.
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.
4. An advisory proposal related to the frequency of future advisory votes to approve the compensation of the Company's named executive officers.

**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 PwC as Plexus' independent auditors for fiscal 2017;

FOR approval of the compensation of the Company's named executive officers; and

for the holding of future advisory votes to approve named executive officer compensation EVERY YEAR (i.e., 1 Year on the proxy card or internet voting instruction).

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

**A:** To conduct the annual meeting, more than 50% of 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 in 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 PwC as Plexus independent auditors will be determined by a majority of the shares voting on such matters, 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**

To determine the results of the advisory vote related to the frequency of future advisory votes to approve named executive officer compensation, the frequency receiving the greatest number of votes, whether every year, every two years or every three years, will be considered the frequency approved by shareholders. Abstentions and broker non-votes do not constitute votes for any particular frequency and will have no effect on the outcome of this advisory vote.

### **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, your shares 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 particular proposal. 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 not permitted to vote your shares in its discretion regarding matters related to executive compensation, including the advisory vote to approve named executive officer compensation and the advisory vote related to the frequency of future advisory votes to approve named executive officer 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 8, 2016, which is the Record Date. As of the Record Date, Plexus had 33,592,408 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:** You may vote either in person at the annual meeting or in advance of the meeting by authorizing by internet, telephone or mail the persons named as proxies on the proxy card, Dean A. Foate, Todd P. Kelsey, Patrick J. Jermain and Angelo M. Ninivaggi, to vote your shares in accordance with your directions. 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.

We encourage you to vote via the internet, as it is the most cost-effective method available. If you choose to vote your shares via the internet or by telephone, there is no need for you to request or mail back a proxy card.

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

By telephone:

Edgar Filing: PLEXUS CORP - Form DEF 14A

On a touch-tone telephone, call 1-800-690-6903. Please have the notice we sent to you in hand because it has the personal control number 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.

**Table of Contents**

If your shares are not registered in your name, 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.

**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 material 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 its Employee Stock Purchase Plans (the Purchase Plans ) will receive a separate means for voting the 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 shares for which voting directions have been received from participants in the 401(k) Plan. Shares held in accounts under the Purchase Plans will be voted in accordance with management's 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 and 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 8, 2016, may 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, the proxy 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 by a shareholder who has appointed a proxy does not in itself revoke a proxy.

If a broker, bank or other nominee holds your shares and you wish to change your proxy prior to the voting thereof, please contact the broker, bank or other nominee to determine whether, and if so how, such proxy can be revoked.

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

**A:** If you complete a proxy card or vote via the internet or by telephone, 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 provide oral notice to the presiding officer during the meeting.

**Table of Contents**

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.

**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 facsimile, 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 2018 ANNUAL MEETING?**

**A:** The Secretary must receive a shareholder proposal no later than August 18, 2017, in order for the proposal to be considered for inclusion in our proxy materials for the 2018 annual meeting. The 2018 annual meeting of shareholders is tentatively scheduled for February 14, 2018. To otherwise bring a proposal or nomination before the 2018 annual meeting, you must comply with our bylaws, which require written notice to the Secretary between October 7, 2017, and November 1, 2017. 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 November 1, 2017, then your proposal or nomination will be untimely and will not be presented to shareholders for action at the 2018 annual meeting of shareholders.

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 2017 annual meeting, which was November 3, 2016.

**Table of Contents**

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

The following table presents certain information as of December 8, 2016, regarding the beneficial ownership of Plexus common stock by each director or nominee for director, each current and former executive officer appearing in the Summary Compensation Table included in Executive Compensation herein, 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	58,798	*
Stephen P. Cortinovis	62,532	*
Ronnie Darroch	27,461	*
David J. Drury	59,798	*
Joann M. Eisenhart	3,174	*
Dean A. Foate	628,396	1.8%
Steven J. Frisch	82,532	*
Patrick J. Jermain	22,256	*
Rainer Jueckstock	11,209	*
Peter Kelly	27,890	*
Todd P. Kelsey	175,887	*
Phil R. Martens	5,174	*
Angelo M. Ninivaggi	92,321	*
Michael V. Schrock	60,798	*
All directors and current executive officers as a group (16 persons)	1,494,885	4.3%
BlackRock, Inc. (2)	3,439,784	10.2%
Disciplined Growth Investors, Inc. (3)	3,059,736	9.1%
The Vanguard Group, Inc. (4)	2,926,067	8.7%
Dimensional Fund Advisors LP (5)	2,392,416	7.1%
Victory Capital Management Inc. (6)	2,163,683	6.4%
Barrow, Hanley, Mewhinney & Strauss, LLC (7)	1,861,429	5.5%

\*Less than 1%

- (1) The amounts include shares subject to options and stock-settled stock appreciation right ( SARs ) granted under Plexus equity plans that are exercisable currently or within 60 days of December 8, 2016. The options include those held by the following individuals for the indicated number of shares: Mr. Böer (35,000), Mr. Cortinovis (35,000), Mr. Darroch (22,161), Mr. Drury (35,000), Mr. Foate (388,900), Mr. Frisch (63,798), Mr. Jermain

(12,612), Mr. Kelly (8,581), Mr. Kelsey (119,725), Mr. Ninivaggi (75,400) and Mr. Schrock (35,000), and all directors and current executive officers as a group (951,875). The total in the table above for all directors and current executive officers as a group includes 1,433 shares that may be acquired by an executive officer who is not named in the Summary Compensation Table pursuant to SARs as a result of the fair market value of Plexus common stock on December 8, 2016, exceeding the exercise prices of such SARs.

The amounts reported in the table also include shares subject to acquisition within 60 days of December 8, 2016, upon the vesting of restricted stock units ( RSUs ) granted under Plexus equity plans as follows: Mr. Böer (3,174), Mr. Cortinovis (3,174), Mr. Darroch (5,300), Mr. Drury (3,174), Dr. Eisenhart (3,174),

---

**Table of Contents**

Mr. Frisch (9,000), Mr. Jermain (1,590), Mr. Jueckstock (3,174), Mr. Kelly (3,174), Mr. Kelsey (14,000), Mr. Martens (3,174), Mr. Ninivaggi (7,000) and Mr. Schrock (3,174), and all directors and current executive officers as a group (74,882).

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 (5,082), Mr. Drury (10,624) and Mr. Martens (2,000).

- (2) BlackRock, Inc. filed a report on Schedule 13G/A, dated December 31, 2015, reporting sole voting power as to 3,361,241 shares and sole dispositive power as to 3,439,784 shares of common stock. BlackRock subsequently filed a report on Form 13F for the quarter ended September 30, 2016, showing minimal ownership of common stock; however, the reports on Form 13F filed by its affiliated entities for the quarter ended September 30, 2015, 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 2,381,760 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.
- (3) 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, 2016, showing sole voting power as to 2,460,214 shares and sole investment power as to 3,059,736 shares. The address of Disciplined Growth Investors, an investment adviser, is 150 South Fifth Street, Suite 2550, Minneapolis, Minnesota 55402.
- (4) The Vanguard Group, Inc. filed a report on Schedule 13G/A dated December 31, 2015, reporting sole voting power as to 54,675 shares, shared voting power as to 2,500 shares, sole dispositive power as to 2,547,369 shares and shared dispositive power as to 55,075 shares of common stock. Vanguard subsequently filed a report on Form 13F for the quarter ended September 30, 2016, showing sole voting power as to 43,877 shares, shared voting power as to 4,531 shares, sole investment power as to 2,879,418 shares and shared investment power as to 46,649 shares. The address of Vanguard Group, an investment adviser, is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.
- (5) Dimensional Fund Advisors LP filed a report on Schedule 13G, dated December 31, 2015, reporting sole voting power as to 1,793,527 shares and sole dispositive power as to 1,893,503 shares of common stock. Dimensional Fund Advisors subsequently filed a report on Form 13F for the quarter ended September 30, 2016, showing sole voting power as to 2,287,114 shares and sole investment power as to 2,392,416 shares. The address of Dimensional Fund Advisors, an investment adviser, is Building One, 6300 Bee Cave Road Austin, Texas, 78746.
- (6) Victory Capital Management Inc. filed a report on Schedule 13G/A dated December 31, 2015, reporting sole voting power as to 2,233,531 shares and sole dispositive power as to 2,349,155 shares of common stock. Victory Capital Management subsequently filed a report on Form 13F for the quarter ended September 30, 2016,

Edgar Filing: PLEXUS CORP - Form DEF 14A

showing sole voting power as to 2,068,862 shares, sole investment power as to 2,131,291 shares and shared investment power as to 32,392 shares. The address of Victory Capital Management, an investment adviser, is 4900 Tiedeman Road, 4th Floor, Brooklyn, Ohio 44144.

- (7) Barrow, Hanley, Mewhinney & Strauss, LLC filed a report on Schedule 13G, dated December 31, 2015, reporting sole voting power as to 1,067,056 shares, shared voting power as to 889,044 shares and sole dispositive power as to 1,956,100 shares of common stock. Barrow Hanley subsequently filed a report on Form 13F for the quarter ended September 30, 2016, showing sole voting power as to 1,083,185 shares and sole investment power as to 1,861,429 shares. The address of Barrow Hanley, an investment adviser, is 2200 Ross Avenue, 31st Floor, Dallas, Texas 75201.

Table of Contents**ELECTION OF DIRECTORS**

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

Plexus' bylaws currently authorize up to ten directors, as determined by the board. The Plexus board may elect directors to fill empty seats, including those created by an expansion, between meetings of shareholders. In August 2016, the size of the board was increased to from nine to ten directors and Mr. Kelsey, who was appointed as Plexus President and Chief Executive Officer effective September 30, 2016, was elected as a director by the board. In November 2016, Mr. Martens, a director since 2010, decided not to stand for re-election at the annual meeting due to increasing demands on his time and schedule resulting from other endeavors. Plexus thanks Mr. Martens for his years of service as a director.

In accordance with Plexus' bylaws, the board has therefore 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 individuals 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.

**Principal Occupation,****Name and Age****Business Experience and Education (1)**

Ralf R. Böer, 68

*Director since 2004*

Mr. Böer has served as a Founding Partner and Director of Wing Capital Group, LLC, a private equity group, since 2008. He has also served as a Partner Emeritus of Foley & Lardner LLP, a national law firm, since retiring as a Partner in 2014, and was previously its Chairman and Chief Executive Officer. Mr. Böer's practice included international and domestic acquisitions, international business transactions and licensing and technology transfers. He was a director of Fiskars Corporation, a global consumer products company, until 2015. Mr. Böer obtained a B.A. from the University of Wisconsin-Milwaukee and a J.D. from the University of Wisconsin Law School.

Stephen P. Cortinovis, 66

*Director since 2003*

Mr. Cortinovis is a private equity investor in Lasco Foods, Inc., a food services industry manufacturer and distributor. 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, a global infrastructure protection and rehabilitation company, the chair of its Strategic Planning and Finance Committee and a member of its Corporate Governance and Nominating Committee. Mr. Cortinovis obtained a B.A. and a J.D. from St. Louis University.

David J. Drury, 68

*Director since 1998*

Mr. Drury has served as a Founding Partner and Director of Wing Capital Group, LLC, a private equity group, since 2008. He was previously Chairman and Chief Executive Officer of Poblocki Sign Company LLC, an exterior and interior sign systems company, until 2015, and was also its President until 2011. In addition, Mr. Drury is a trustee of The Northwestern Mutual Life Insurance Company, an insurance and financial products company. He was a director of Journal Communications, Inc., a media holding company, until its acquisition in 2015. Mr. Drury earned a B.B.A. from the University of Wisconsin-Whitewater and is a Certified Public Accountant who practiced as such for 18 years.

**Table of Contents****Principal Occupation,****Name and Age****Business Experience and Education (1)**

<p>Dr. Joann M. Eisenhart, 57</p> <p><i>Director since 2015</i></p>	<p>Dr. Eisenhart has served as Senior Vice President Human Resources, Facilities and Philanthropy at The Northwestern Mutual Life Insurance Company, a financial services and insurance provider, since 2013; she served as Senior Vice President Human Resources from 2011 until 2013. She previously served as Senior Vice President Human Resources, Worldwide Manager and Operational Support at Pfizer Inc., a global biopharmaceutical company. Prior to joining Pfizer in 2001, Dr. Eisenhart held various leadership positions at Rohm &amp; Haas Company, a specialty chemical company, including Human Resources Director and Senior Research Scientist. She also serves on the Board of Advisors for the University of Wisconsin-Madison Department of Chemistry and on the Board of Directors of the American Red Cross of Southeastern Wisconsin. Dr. Eisenhart earned a B.S. in Chemistry from the University of Illinois at Urbana-Champaign and a Ph.D. in Inorganic Chemistry from the University of Wisconsin-Madison; she also earned both a M.A. and a Ph.D. in Human and Organizational Development from Fielding Graduate University.</p>
<p>Dean A. Foate, 58</p> <p><i>Director since 2000</i></p> <p><i>Chairman since 2013</i></p>	<p>Mr. Foate has served as Plexus Chairman of the Board since 2013, and became Executive Chairman in September 2016. Mr. Foate retired as President and Chief Executive Officer of Plexus in September 2016, after serving in such roles since 2002. He joined Plexus in 1984 and held various other executive roles, including prior service as its Chief Operating Officer. Mr. Foate is also a director of Regal Beloit Corporation, a manufacturer of electric motors, electrical motion controls, power generation and power transmission products, as well as a member of its Audit Committee and Corporate Governance &amp; Director Affairs Committee. Mr. Foate earned a B.S. in Electrical and Computer Engineering from the University of Wisconsin-Madison and a Master of Science in Engineering Management from the Milwaukee School of Engineering.</p>
<p>Rainer Jueckstock, 57</p> <p><i>Director since 2013</i></p>	<p>Mr. Jueckstock has served as co-Chief Executive Officer of Federal-Mogul Holdings Corporation, an automotive and industrial equipment supplier, and Chief Executive Officer, Federal-Mogul Powertrain Segment, since 2012. He has also served as co-Chairman of the Board of Federal-Mogul since 2015, and as a director since 2012. Mr. Jueckstock joined Federal-Mogul in 1990 and has served in numerous operations, sales and finance leadership roles, including as Chief Executive Officer during 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.</p>
<p>Peter Kelly, 59</p> <p><i>Director since 2005</i></p>	<p>Mr. Kelly has served as Executive Vice President Strategy and Mergers &amp; Acquisitions of NXP Semiconductors N.V., a provider of high performance mixed signal and standard semi-conductor product solutions, since December 2015; prior thereto he served as its Executive Vice President and Chief Financial Officer since 2012 and as its</p>



Edgar Filing: PLEXUS CORP - Form DEF 14A

Executive Vice President and General Manager of Operations since 2011. Mr. Kelly previously served as Vice President and Chief Financial Officer of UGI Corp., a distributor and marketer of energy products and services, and as Chief Financial Officer and Executive Vice President of Agere Systems, a semi-conductor company. 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.

**Table of Contents**

**Principal Occupation,**

**Name and Age**

Todd P. Kelsey, 51

*Director since 2016*

**Business Experience and Education (1)**

Mr. Kelsey has served as President and Chief Executive Officer of Plexus since September 2016. He was previously Plexus Executive Vice President and Chief Operating Officer since 2013 and its Executive Vice President Global Customer Services from 2011 until 2013. Mr. Kelsey joined Plexus in 1994 as a Design Engineer in the Company's Engineering Solutions Group, and has held various other positions with increasing responsibility since that time, including Senior Vice President Global Customer Services and Senior Vice President Engineering Solutions. Mr. Kelsey earned a B.S. and a M.S. in electrical engineering from the University of Wisconsin-Madison and a M.B.A. from the University of Wisconsin-Oshkosh.

Michael V. Schrock, 63

*Director since 2006*

*Lead Director since 2013*

Mr. Schrock, who has served as the Lead Director of Plexus board since 2013, has served as a Senior Advisor and Operating Consultant to Oak Hill Capital Partners, a private equity firm, since 2014. He served as President and Chief Operating Officer of Pentair Ltd. (now known as Pentair plc), a diversified manufacturer, until his retirement in 2013, and 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 Europe, Africa and the Middle East. Mr. Schrock is also a director of MTS Systems Corporation, a global supplier of high-performance test systems and position sensors, as well as the chair of its Compensation Committee and a member of its Governance and Nominating Committee. Mr. Schrock earned a B.S. from Bradley University and an M.B.A. from Northwestern University, Kellogg School of Management.

(1) Unless otherwise noted, all directors have been employed in their principal occupation listed above for the past five years or more.

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 and conduct in accordance with the Company's values.

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

**Table of Contents**

backgrounds, skills and experiences is represented. Important skills and experiences currently identified are as follows:

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, marketing or innovation at a company positioned in one or more of our key markets.

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 experience in human capital development to fulfill talent and succession needs and to inform the design of both short- and long-term compensation and rewards programs.

The following is the Company's matrix of experience for our directors, 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 has been re-nominated to serve on the board. 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 that was specifically identified as a reason for that individual's nomination.

	Böer	Cortinovis	Drury	Eisenhart	Foate	Jueckstock	Kelsey	Kelly	Schrock
Public Company CEO/COO Experience					X	X	X	X	X
Financial and Accounting Experience		X	X		X	X	X	X	
Global Business Experience	X	X	X	X	X	X	X	X	X
Sales, Marketing or Innovation Experience		X	X		X	X	X		X

Edgar Filing: PLEXUS CORP - Form DEF 14A

Manufacturing					X	X	X	X	X
Management Background					X	X	X	X	X
Supply Chain					X	X	X	X	X
Management Experience					X	X	X	X	X
Human Capital									
Development and	X	X	X	X	X	X	X	X	X
Compensation Experience									

In addition, any individual age 72 or above (increased in fiscal 2017 from age 70) is not eligible for election or re-election to the board of directors, unless such candidate is also a full-time employee of Plexus at the time or the board of directors, by majority vote, waives the restriction for a particular individual prior to such person's election or re-election.

---

**Table of Contents**

**CORPORATE GOVERNANCE**

**Board of Directors Meetings**

The board of directors held four meetings during fiscal 2016. Our independent directors have the opportunity to meet in executive session, without management present, as part of each regular board meeting. Mr. Schrock, the board's Lead Director, presides at these sessions. 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 in fiscal 2016. The Plexus board of directors conducts an annual self-evaluation, reviewing the performance of each individual board member, the board's committees and 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 continuing directors attended the 2016 annual meeting of shareholders in person.

**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 determinations regarding which directors are independent, it first considers and follows the Nasdaq Global Select Market rules. The board also reviews other transactions and relationships, if any, involving Plexus and its 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, such as through an immediate family member or an affiliated business entity, 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.

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 Dr. Eisenhart are each independent under applicable rules and guidelines. In reaching its determination regarding Mr. Kelly's independence, the board considered that Mr. Kelly is an executive officer of NXP Semiconductors N.V., which is a supplier to Plexus. Plexus payments to distributors of NXP's products in fiscal 2016 represented approximately 0.2% and 0.8% of the annual revenue of NXP and Plexus, respectively. It was determined that this relationship did not affect Mr. Kelly's independence. Mr. Foate, our Executive Chairman and former Chief Executive Officer, and Mr. Kelsey, our current Chief Executive Officer, are not considered to be independent.

**Board Leadership Structure**

Mr. Foate has served as Chairman of the Board since 2013, and was appointed as Executive Chairman (which is not deemed to be an executive officer position) effective September 30, 2016, pursuant to a retirement and transition agreement, which is described in Executive Compensation Employment Agreements and Potential Payments Upon Termination or Change in Control. It is the board's intent for Mr. Foate to serve as Executive Chairman through the end of fiscal 2017, and for him to serve as Non-Executive Chairman (which will also not be an executive officer

position) beginning in fiscal 2018.

Mr. Foate serves as the Executive Chairman of the Board 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 provide strong and effective leadership of the board. Mr. Foate joined Plexus in 1984, and served as CEO from 2002 until his retirement in September 2016. In addition to his experience and long service with Plexus, the board currently believes that Mr. Foate is in the best position as Executive Chairman 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.

**Table of Contents**

While currently the roles of Chairman and CEO are separately held by Mr. Foate and Mr. Kelsey, respectively, the board does not have a policy that requires the separation of these roles 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 Mr. Foate is not an independent director, 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 mitigate 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, whether appropriate risk mitigation procedures are in place and whether the Company's compensation plans incentivize appropriate risk-taking. The Nominating and Corporate Governance Committee oversees and provides insight regarding the process used by management to identify, prioritize, manage and monitor the Company's material business risks, as well as 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		X	X



Edgar Filing: PLEXUS CORP - Form DEF 14A

Stephen P. Cortinovis	X		X
David J. Drury	X	Chair	
Joann M. Eisenhart		X	X
Rainer Jueckstock	X	X	
Peter Kelly	Chair		
Phil R. Martens			Chair

## **Table of Contents**

Mr. Schrock, the board's Lead Director, is not currently a member of any of these committees. Messrs. Foate and Kelsey are not independent directors; therefore, they are not eligible for membership on these committees under Nasdaq rules or the committees' charters.

### ***Audit Committee***

The Audit Committee met eight times in fiscal 2016. 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 Audit 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. Kelly and Drury 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 nine meetings during fiscal 2016. 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, reviews and determines the compensation of the CEO, and approves the compensation of the other executive officers as well as equity grants and awards under Plexus' incentive compensation plans. The Committee also considers and makes recommendations to the board with respect to other 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 2016.

#### ***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' executive officers and the design of compensation plans Company-wide.

For compensation planning purposes, the Committee has constructed a peer group in order to compare the compensation of Plexus' executive officers with that paid by other companies in similar industries in which Plexus competes for talent, comparable companies in Plexus' industry and companies with similar financial profiles. The Committee conducts reviews of the peer group and selection criteria on a periodic basis to ensure that both are appropriate. The Committee last performed a peer group review during fiscal 2015 with the assistance of Willis Towers Watson, its compensation consultant. Companies were chosen for the peer group using filtering criteria, such as industry codes, companies identified as competitors or which identified Plexus as a peer, 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 considered financial peers that were not in a similar business, but were similar in size and financial performance to Plexus.

**Table of Contents**

The following peer group was used for fiscal 2016 executive compensation planning:

Amphenol Corporation	Curtiss-Wright Corporation	Teledyne Technologies Inc.
ARRIS Group, Inc.	Esterline Technologies Corporation	Trimble Navigation Limited
AVX Corporation	Harris Corporation	Viavi Solutions Inc.
Benchmark Electronics, Inc.	Keysight Technologies, Inc.	Vishay Intertechnology, Inc.
Bruker Corporation	PerkinElmer, Inc.	
Celestica Inc.	Sanmina Corporation	

The same companies also comprise the peer group that was used for compensation decisions associated with the Company's CEO transition and is being used for fiscal 2017 executive compensation planning.

In addition to the peer group discussed above, several published general industry and electronics industry surveys provide insight into the competitiveness of each component of compensation offered to Plexus' executive officers. When making compensation determinations, the Committee's analysis includes a review of the Company's financial results, an internal calibration of compensation and long-term equity incentive award levels and an accumulated value analysis. In performing these analyses, the Committee uses 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. The Committee also uses vested and unvested equity information to balance the level of existing awards with the desire to reward performance and to further provide retention incentives.

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 executives for strong Company and individual performance. However, the Committee does not aim for any numerical or percentile tests within this comparable information. The Committee believes that it is important to use its judgment in applying this information in individual cases, rather than arbitrarily attempting to aim for uniform application at 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 appropriately position the total target direct compensation of the Company's executive officers and to balance different types of compensation (including equity) 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 and the compensation consultants to review competitive practices and overall plan expense; the CEO is not present for these discussions. The sessions

## **Table of Contents**

generally focus on the CEO's performance achievement and the elements of his compensation. The Committee 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 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 Willis 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 Willis 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 insight into 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 2016 compensation planning, Willis Towers Watson assisted with matters related to the Committee's evaluation of the peer group for compensation planning purposes, as noted above, and also provided input on the design of the Plexus Corp. 2016 Omnibus Incentive Plan (the "2016 Plan"). Willis Towers Watson also provided analysis and recommendations to assist the Committee in its determination of compensation for Mr. Foate and Mr. Kelsey in their new roles as Executive Chairman and CEO, respectively.

For fiscal 2016 and 2017 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, and reviewed its findings with Willis Towers Watson. At the Committee's request, with input from Willis Towers Watson, the Company's internal human resources staff also prepared an analysis of the long-term equity grant allocation formula used for executive officers. As a result, the Committee made changes to the formula, which will be effective for fiscal 2017 grants, to increase the focus on performance-based long-term awards, as discussed below in Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Long-Term Incentives Overview of Changes to Long-Term Incentive Strategy for Fiscal 2017. The Committee expects to use the same process in the future and may retain Willis Towers Watson or another independent compensation consultant to conduct a detailed analysis of the Company's executive compensation package.

Neither the Company nor the Committee places any limitations or restrictions on its consulting firms or their reviews. 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. Willis 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.

*Compensation Committee Interlocks and Insider Participation*

Each member of the Committee is an independent director and there were no relationships or transactions in fiscal 2016 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.

## **Table of Contents**

### ***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee (in this subsection, the Nominating Committee ) met four times in fiscal 2016. All of the members of the Nominating 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 Nominating 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 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 of directors 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 individual expresses a serious interest and there is a position available, the Nominating Committee would review that person's background and experience to determine whether that individual may be an appropriate addition to the board, and, if appropriate, would meet with the individual. 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.

Mr. Kelsey, who was appointed as a director by the board in August 2016, was first suggested as a nominee by the board in connection with his appointment as the Company's new President and Chief Executive Officer.

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 that 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 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

**Table of Contents**

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 throughout our global business 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 (the EICC). Plexus is a member of the EICC. 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).

**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 under Company plans. 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. Kelsey and Mr. Foate, who did not receive additional fees for serving on the board while he was CEO) received an annual director's fee of \$65,000 for fiscal 2016 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	\$12,000	\$9,000	\$5,250

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. Amounts in deferred cash accounts are credited with interest, compounded monthly, at the prime rate of interest, which is determined quarterly. Directors were previously eligible to defer their cash fees through Plexus' supplemental executive retirement plan, which is described in Compensation Discussion and Analysis below.

Directors participated in the 2008 Long-Term Incentive Plan (the 2008 Plan ) in fiscal 2016, and currently participate in the 2016 Omnibus Incentive Plan (the 2016 Plan ), which, like the 2008 Plan, permits the grant of stock options, stock appreciation rights ( SARs ), restricted stock (which may be designated as restricted stock shares or restricted stock units ( RSUs ), performance stock awards (which may be settled in cash or stock and designated as performance stock shares or performance stock units ( PSUs )), other stock awards and cash incentive awards. The 2016 Plan provides for an annual cap on the amount of awards to individual non-employee directors. The use of equity awards is designed to align directors' interests with the long-term ownership interests of our shareholders. In the second quarter of fiscal 2016, each non-employee director serving on the grant date,

**Table of Contents**

other than Mary A. Winston (who decided not to stand for re-election at the 2016 annual meeting), received a grant of RSUs worth approximately \$120,000; the number of RSUs granted was determined based on the average closing price of the Company's stock during the 90 calendar day period ended December 1, 2015. The restrictions on the RSUs generally lapse on the first anniversary of the grant date.

Pursuant to a retirement and transition agreement, Mr. Foate is receiving a base salary of \$400,000 in fiscal 2017 for serving as Executive Chairman of the Board (which is not deemed to be an executive officer position), and in October 2016, he was granted 45,778 RSUs, valued at approximately \$2.1 million, that vest one year from the grant date, assuming continued service. Beginning in fiscal 2018, it is anticipated that Mr. Foate will serve as the Non-Executive Chairman of the Board and will be compensated in accordance with Plexus' policies for non-employee directors. For more information regarding this agreement, see Executive Compensation Employment Agreements and Potential Payments Upon Termination or Change in Control.

**Director Compensation Table**

The following table sets forth the compensation that was paid by Plexus to its non-employee directors in fiscal 2016:

Name	Fees Earned or Paid in	Stock			Total
	Cash	Awards	Option Awards	Other Benefits	
	\$(1)	\$(2)	\$(2)	\$(3)	(\$)
<b>Ralf R. Böer</b>	\$ 79,250	\$ 108,614	--	--	\$ 187,864
<b>Stephen P. Cortinovis</b>	82,250	108,614	--	--	190,864
<b>David J. Drury</b>	95,500	108,614	--	--	204,114
<b>Joann M. Eisenhart</b>	76,625	108,614	--	--	185,239
<b>Rainer Jueckstock</b>	86,000	108,614	--	--	194,614
<b>Peter Kelly</b>	92,000	108,614	--	--	200,614
<b>Phil R. Martens</b>	80,250	108,614	--	--	188,864
<b>Michael V. Schrock</b>	85,000	108,614	--	--	193,614
<b>Mary A. Winston (4)</b>	31,183	--	--	--	31,183

- (1) Includes annual retainer, committee and chairmanship fees and, in the case of Mr. Schrock, his fee for serving as Lead Director of the board.
- (2) The amounts shown represent the grant date fair value of RSUs granted in fiscal 2016 computed in accordance with Accounting Standards Codification Topic 718. Generally accepted accounting principles ( GAAP ) require us to determine compensation expense for stock-related awards granted to our 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 9 to our consolidated financial statements.

**Table of Contents**

The following table provides cumulative information about the grant date fair value of stock awards granted to directors in fiscal 2016, determined as of the applicable grant date in accordance with GAAP. It also provides the number of outstanding RSUs (that have yet to vest) and stock options held by our current and former non-employee directors at October 1, 2016.

Name	Grant Date	Stock Awards	Option Awards
		Fair Value of 2016 Stock Awards (\$)	Number of Securities Underlying Stock Awards That Have Not Vested (#)
<b>Mr. Böer</b>		\$108,614	35,000
<b>Mr. Cortinovis</b>		108,614	35,000
<b>Mr. Drury</b>		108,614	35,000
<b>Dr. Eisenhart</b>		108,614	--
<b>Mr. Jueckstock</b>		108,614	--
<b>Mr. Kelly</b>		108,614	8,581
<b>Mr. Martens</b>		108,614	--
<b>Mr. Schrock</b>		108,614	35,000
<b>Ms. Winston</b>		--	24,000

On January 25, 2016, each non-employee director, other than Ms. Winston, received RSUs for 3,174 shares. The number of RSUs granted was determined by dividing \$120,000 by the average closing price of our shares on the Nasdaq Global Select Market during the 90 calendar day period ended December 1, 2015, which was \$37.80. The value of the grant reported in the tables above is below \$120,000 because the average of the high and low trading prices of our shares on the grant date was \$34.22. Messrs. Böer and Drury each elected to defer receipt of all of the shares underlying the 2016 RSUs, which vest in January 2017.

Stock options, which have not been granted to non-employee directors since calendar year 2012, are fully vested and expire on the earlier of (a) ten years from the applicable grant date, or (b) two years after termination of service as a director.

(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.

(4) Ms. Winston served as a director until February 17, 2016.

**Director Stock Ownership Guidelines**

Plexus believes that it is important for directors to maintain an equity stake in Plexus to further align their interests with those of our shareholders. Therefore, directors must comply with stock ownership guidelines as determined by the board. The ownership guidelines currently require each director to own and maintain shares of common stock with

a value equal to at least three times the director's annual base cash retainer. Such ownership must be achieved within five years from the director's initial election or appointment. Restricted stock (including RSUs) that has yet to vest does not count toward a director's ownership for purposes of these guidelines. Six of our seven continuing non-employee directors are currently in compliance with the ownership requirements of the guidelines. Dr. Eisenhart, who was elected to the board in February 2015, has until 2020 to meet these requirements.

Stock ownership guidelines for executive officers are discussed in Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Equity Ownership Guidelines.

**Table of Contents**

**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 failed 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 copies of the Section 16(a) forms furnished to the company, or written representations from the insiders that no such forms were required. On the basis of filings and representations received by Plexus, the Company believes that during fiscal 2016 its insiders 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 board of directors sets the general compensation philosophy for Plexus and ensures that appropriate controls are in place to govern its application. The Committee makes decisions with respect to the compensation of the Chief Executive Officer and the Company's other executive officers, and grants equity and other awards.

This section discusses the Committee's executive compensation philosophy and decisions. Plexus provides further detail regarding executive compensation in the tables and other information included in the Executive Compensation section of this proxy statement. The discussion focuses on the compensation of the executive officers named in the Summary Compensation Table in this proxy statement (the named executive officers) and listed below (along with the positions they held for the majority of fiscal 2016):

Dean A. Foate: Chairman, President and Chief Executive Officer

Patrick J. Jermain: Senior Vice President and Chief Financial Officer

Todd P. Kelsey: Executive Vice President and Chief Operating Officer

Steven J. Frisch: Executive Vice President and Chief Customer Officer

Ronnie Darroch: Senior Vice President - Global Manufacturing Solutions and Regional President - AMER

Angelo M. Ninivaggi: Senior Vice President, Chief Administrative Officer, General Counsel and Secretary

As previously announced, Mr. Foate retired as the Company's President and Chief Executive Officer effective September 29, 2016, and Mr. Kelsey succeeded Mr. Foate in those roles. Mr. Foate currently serves as the Executive Chairman of the Board. In addition, Mr. Frisch was named as the Company's Executive Vice President and Chief Operating Officer, effective October 3, 2016.

**Executive Summary**

***Fiscal 2016 Compensation Actions***

Under the Committee's equity allocation formula for fiscal 2016, annual equity awards to executive officers were granted as 40% RSUs, 30% performance stock units (PSUs) and 30% options.

In fiscal 2016, the Committee conducted a review of its long-term equity award program. As a result, and in order to further strengthen the alignment of shareholders' and executives' interests and motivate our



executives to succeed in the long-term, the Committee is modifying the equity grant allocation formula for executive officers for 2017 to reflect an increased focus on performance-based compensation through greater use of PSUs; therefore, beginning in fiscal 2017, annual equity awards to executive officers will be granted as 50% PSUs and 50% RSUs. For more information see Elements and Analysis of Direct Compensation Long-Term Incentives Overview of Changes to Long-Term Incentive Strategy for Fiscal 2017.

Based on fiscal 2016 performance, total payments to executives under all components of the Variable Incentive Compensation Plan (the "VICP") represented 53.6% of the target payout, with corporate financial performance representing 38.2% as compared to the target payout of 80% for such performance.

The Company entered into a retirement and transition agreement with Mr. Foate and an employment agreement with Mr. Kelsey in connection with his appointment as its new President and Chief Executive Officer. Mr. Kelsey received a grant of RSUs in connection with his promotion.

All other continuing executive officers were also awarded a grant of RSUs in August 2016 in connection with the Company's leadership transition.

## **Table of Contents**

The Committee performed a full review of the peer group for compensation planning purposes in fiscal 2015 and made several changes to the peer group for fiscal 2016 compensation planning, as discussed above in Corporate Governance Board Committees Compensation and Leadership Development Committee Overview of the Compensation Decision-Making Process. The Committee determined that the peer group remained appropriate for fiscal 2017 compensation planning purposes.

At the 2016 annual meeting, shareholders approved the 2016 Plan.

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

At Plexus' 2016 annual meeting of shareholders, the Company held a shareholder advisory vote to approve named executive officer compensation. Approximately 95% of shares voting supported the proposal and, therefore, the advisory resolution regarding named 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.

At the 2017 annual meeting, the Company will be holding a shareholder advisory vote to determine the frequency of future advisory votes to approve named executive officer compensation; see Advisory Vote Related to the Frequency of Future Advisory Votes to Approve Named Executive Officer Compensation for more information.

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

The Company continues to emphasize annual and long-term incentive opportunities as a portion of total compensation 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 utilizes a portfolio approach when granting awards. The Committee's portfolio approach allows for the use of a combination of equity awards to create a balanced focus on long-term Company performance and shareholder returns.

The Committee grants PSUs that vest based on the relative total shareholder return (the TSR) of Plexus stock as compared to the TSR of the companies in the Russell 3000 Index over a three year performance period. Beginning for fiscal 2017, as discussed below, 50% of the PSUs will vest based on goals related to economic return during the three year performance period, with the other 50% vesting based on relative TSR performance. The Committee believes that granting performance-based awards in the form of PSUs creates a substantive connection between the interests of our executives and those of our shareholders and provides motivation for our executives to succeed in the long-term.

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 (stock options and unvested equity awards do not count towards satisfaction of the guidelines); executive officers other than our CEO 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 unless the applicable ownership requirement has been met. All executive officers have met the procedural requirements of the guidelines and two of our 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 compensation that is at risk through our annual and long-term performance-based and retention incentives;

**Table of Contents**

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;

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

enter into double trigger change in control agreements with executive officers and have eliminated excise tax gross-up provisions in new change in control agreements;

do not 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, pledging and short sales by our executive officers; and

do not provide significant perquisites.

**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 complex 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 contributions 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.

***Focus on Growth, Return on Invested Capital, Economic Return and TSR***

The Committee seeks to maintain executive compensation programs that align with creating and maximizing value for our shareholders. The Committee and the Company believe that shareholder value is maximized through revenue growth and generating a return on invested capital ( ROIC ) that exceeds the Company's weighted average cost of capital ( WACC ), which we refer to as economic return. The importance of achieving revenue growth and economic return 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 economic return goals.

**Table of Contents**

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 to determine economic return. The Committee and the Company believe ROCE is the appropriate performance measure because it reflects the Company's operating performance and closely aligns with decision-making.

Relative TSR was the sole performance metric under the PSUs, which are part of the Company's long-term incentive compensation plan, that were granted in fiscal 2016 and prior years. The Committee and the Company believe that relative TSR is an appropriate performance metric primarily because it is objectively determinable, provides rewards that are aligned to relative performance through varying economic cycles and reflects the delivery of value to shareholders over the three year performance period. Beginning in fiscal 2017, economic return will also be used as a performance metric for the PSUs for the reasons note above, creating alignment between annual and long-term incentive plan metrics. As a result, the vesting of the PSUs to be granted in fiscal 2017 will be based 50% on relative TSR performance and 50% on goals related to economic return.

**Overview of Executive Compensation and Benefits**

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

**Reward Component****Purpose*****Base Salary***

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.

***Annual Incentive***

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 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 now a sub-plan of the 2016 Plan, and, for fiscal 2016 awards, it was sub-plan of the predecessor of the 2016 Plan, the 2008 Long-Term Incentive Plan (the 2008 Plan ).

***Long-Term Incentives***

A substantial part of compensation, which is also at risk, is long-term equity-based compensation, awarded in fiscal 2016 in the form of RSUs, PSUs and stock options under the 2016 Plan and its predecessor. Our long-term incentives are designed to tie a majority of our key executives' total compensation opportunities to Plexus' market performance and the long-term enhancement of shareholder value, as well as to encourage the long-term retention of these executives and other key employees.

***Benefits***

The health and well-being of our employees and their families is important to us. Therefore, we provide all of our employees 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.

**Table of Contents****Reward Component****Purpose*****Retirement Plans***

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 Plexus Corp. 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 executives may elect to defer compensation; the Company also makes additional contributions on their behalf.

***Agreements***

Only our current 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. In fiscal 2016, Plexus entered into a retirement and transition agreement with Mr. Foate, which replaced his prior employment agreement, in connection with his retirement as our President and Chief Executive Officer.

**Elements and Analysis of Direct Compensation*****Overview of Direct Compensation***

Total direct compensation for executive officers at Plexus consists of three primary components salary, annual cash incentive payments under the VICP and long-term equity-based awards. 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 reviews the total compensation package of each executive officer to determine whether it is reasonable.

The Committee does not use any specific numerical or percentage test to determine the ratio of direct compensation paid in base salary versus compensation at risk through the VICP or equity-based compensation. However, the Committee believes that a majority of compensation should be at risk and that the CEO's percentage at risk should be the highest. VICP targets for executive officers other than Mr. Foate ranged from 60% to 80% of base salary in fiscal 2016, with the opportunity to earn cash incentives beyond those levels if Plexus exceeded its targeted financial goals. In the case of Mr. Foate, the potential target compensation at risk as a percentage of base salary was 120% in fiscal 2016, reflecting his overall greater responsibility for the Company. In fiscal 2016, long-term incentives for executive officers were granted in the form of: (i) RSUs that vest based on continued service and promote a long-term ownership mentality; (ii) PSUs, which represent compensation that is at risk since these awards will be forfeited if the relative TSR of Plexus stock over the performance period is below a threshold level; and (iii) stock options, which also represent compensation that is at risk since value is not guaranteed unless the Company's stock price appreciates.

Except in the case of promotions or other special circumstances, base salary adjustments and equity awards for executives are targeted for implementation in the second quarter of each fiscal year to align with the Company's internal performance management cycle and changes to the compensation of its other non-executive employees. The Committee considers both individual and Company performance in making these determinations, and believes that this timing forges a strong link between performance and pay.





## **Table of Contents**

The resulting total targeted direct compensation mix used for fiscal 2016 for Mr. Foate, our Chief Executive Officer for most of fiscal 2016, and the other named executive officers is illustrated in the charts below:

### ***Base Salary***

#### ***Structure***

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

The Committee expects to determine fiscal 2017 base salary adjustments for our executive officers in December 2016, 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. Except in the case of promotions or other special circumstances, the effective date of any base salary adjustment for our executive officers is targeted for January in order to be aligned with the Company's other U.S. salaried employees. Base salary adjustments for fiscal 2017 for Messrs. Kelsey and Frisch were determined in August 2016 and October 2016, respectively, in connection with their promotions.

#### ***Factors Considered in Determining Base Salary***

Prior to establishing the base salary level and 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 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 the CEO's base salary and increases (as well as other compensation actions that impact the CEO), the Committee uses this information 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. While the Committee takes into account the Company's compensation philosophy and goals and follows a holistic approach to executive compensation packages, its final determinations may incorporate the subjective judgment 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.

**Table of Contents**

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.

*2016 Base Salary Adjustments*

Base salary adjustments for fiscal 2016 were approved by the Committee in December 2015. 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.

For fiscal 2016, the Committee approved a base salary adjustment of \$36,000 for Mr. Foate, a 4.0% increase from his fiscal 2015 base salary, to \$936,000. As a result of that adjustment, Mr. Foate's salary remained near the 50th percentile of peer group and market comparisons. Our CEO's base salary is higher than those of our other executive officers because of the more extensive and challenging duties and responsibilities associated with that position. In addition, the CEO's total compensation is more heavily weighted toward performance-based compensation when compared to the total compensation of our other executive officers.

Fiscal 2016 increases for our other executive officers varied from 3.8% to 6.7%. Base salary increases for fiscal 2016 for our other executive officers represented a combination of competitive adjustments, merit increases and, in certain cases, promotions and increases in responsibilities. Variations between the executive officers reflected competitive conditions and the Committee's view of the executive officers' duties, responsibilities and performance. The increases for Messrs. Jermain, Frisch and Darroch were larger than those of the other executive officers, reflecting the Committee's intent to more closely align their salaries with the median of peer group and market comparisons. The Committee believed that base salaries for our other executive officers were appropriately aligned with peer group and market comparisons.

Presented below are the fiscal 2016 base salaries and percentage increases as compared to fiscal 2015 for our named executive officers:

	<b>Fiscal 2016</b>	<b>Percentage Increase</b>
<b>Executive Officer</b>	<b>Base Salary</b>	<b>Compared to Fiscal 2015</b>
Mr. Foate	\$ 936,000	4.0%
Mr. Kelsey	\$ 540,000	3.8%
Mr. Jermain	\$ 445,000	4.7%
Mr. Frisch	\$ 420,000	5.0%
Mr. Darroch	\$ 390,000	5.4%
Mr. Ninivaggi	\$ 405,000	3.8%

Effective September 30, 2016, and October 3, 2016, the base salaries for Messrs. Kelsey and Frisch were further increased to \$840,000 and \$520,000, respectively, in connection with their promotions to President and Chief Executive Officer and Executive Vice President and Chief Operating Officer, respectively. The base salaries for Messrs. Kelsey and Frisch in their new roles are positioned near, but lower than, the median of peer group and market comparisons. It is the philosophy of the Committee to pay near median and it expects to implement a multi-step increase strategy so that the base salaries for Messrs. Kelsey and Frisch will align with the median of peer group and market comparisons in the future.

*Annual Incentive*

*Plan Structure*

The VICP provides annual cash incentives to approximately 2,890 participants, including all of our executive officers. For executive officers, the VICP is currently a sub-plan of the 2016 Plan and, for fiscal 2016, it was a

**Table of Contents**

sub-plan of the 2008 Plan. The award opportunity levels for each participant are expressed as a percentage of base salary. In fiscal 2016, the targeted award opportunity for Mr. Foate was 120% of base salary, and the targeted award opportunities for our other executive officers varied from 60% to 80% of base salaries. The targeted award opportunities for other participants varied from 3% to 50% of base salaries.

The targeted award opportunity for Mr. Foate aligned with peer group and market comparisons and reflected the Company's intent to weight a significant portion of his potential compensation toward performance-based elements of our compensation program. Annual incentive opportunity targets for our other executive officers have been increased in recent years as a result of adjustments for market competitiveness, promotions and other increases in responsibilities, as well as due to an increased emphasis on incentive compensation. Offering a greater percentage of compensation at risk is intended to more strongly link executive compensation with Company performance and shareholder returns.

Our 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 heightened responsibility leads to more influence on corporate performance. In addition, competitive factors drive relatively higher reward opportunities 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 2016 targeted VICP award opportunities for the named executive officers, expressed as a percentage of base salary:

<b>Fiscal 2016</b>	
<b>Targeted Award as a</b>	
<b>Percentage of</b>	
<b>Executive Officer</b>	<b>Base Salary</b>
Mr. Foate	120%
Mr. Kelsey	80%
Mr. Jermain	75%
Mr. Frisch	75%
Mr. Darroch	70%
Mr. Ninivaggi	70%

For fiscal 2017, the targeted VICP awards as a percentage of base salary for Messrs. Kelsey and Frisch were increased to 120% and 80%, respectively, in connection with their promotions, and aligned each officer's annual incentives with peer group and market comparisons. The Committee believes that at-risk compensation should be in line with the median of these comparisons, including for newly assumed roles, to ensure alignment between executives' and shareholders' interests.

The VICP provides for payments relating to corporate financial goals both below and above 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 for our executive officers at the maximum payout level is 200% of the targeted award (including the 20% individual objectives component). The Committee believes that the opportunity to receive a payout above target should be based solely on achieving corporate financial

goals. Payments to participants are not permitted under the VICP unless the Company achieves net income for the plan year.

The VICP provides that extraordinary items or charges should be excluded from fiscal year results. In addition, the Committee has the authority to exclude certain items, such as equity-based compensation costs and other non-recurring or unusual charges, when determining the achievement of the corporate financial goals. Equity-based compensation costs (including costs related to the acceleration of Mr. Foate's unvested stock options and

**Table of Contents**

RSUs in connection with his retirement), restructuring charges and other extraordinary items (primarily consisting of losses sustained at Plexus manufacturing facility in Xiamen, China as a result of a typhoon) were excluded for fiscal 2016; however, the Committee did not exclude any other charges in the calculation of VICP awards.

*2016 Plan Design Company Goals*

The specific corporate financial goals for fiscal 2016, 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. The fiscal 2016 targets for these goals were set as part of our annual financial planning process and continue to align with our enduring financial goals. 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 generally 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 VICP calculation excludes the items mentioned above 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, when determining ROCE for VICP awards, extraordinary items or charges, such as restructuring costs and/or non-recurring charges, are disregarded, except as otherwise determined by the Committee in its discretion. No such discretion was exercised by the Committee in fiscal 2016.

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 and target level, and between the target and maximum levels, are calculated by straight-line interpolation.

For fiscal 2016, 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	Equal to prior year revenue	Midpoint between threshold and maximum payout	Equal to 12% revenue growth
ROCE	Equal to Plexus WACC plus 400 basis points	Midpoint between threshold and maximum payout	Equal to Plexus WACC plus 900 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.



**Table of Contents**

The following table sets forth the fiscal 2016 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:

Component	Threshold		Target		Maximum Payout	
	Goal	Payout	Goal	Payout	Goal	Payout
Revenue (in millions)	\$2,654	0%	\$2,813	40%	\$2,972	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 2016, revenue was \$2,556.0 million and ROCE was 17.4%. Therefore, the Company's performance was below the threshold level for revenue and between the threshold and target levels for ROCE. As a result, Plexus paid awards for corporate financial performance to executive officers and other employees based on ROCE performance only; total payments to executives represented 38.2% versus the target of 80% for corporate financial performance. Plexus' actual performance in fiscal 2016 as compared to these performance levels is illustrated in the following graphs:

*2016 Plan Design Individual Objectives*

The Committee determines and approves the individual objectives established for the CEO and the other executive officers. For fiscal 2016, common individual objectives were shared by all executives, including Mr. Foate and the other named executive officers. 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's assessment of individual objectives is based on their likely impact on the achievement of the Company's annual financial plan and other longer-term strategic priorities, their effect on shareholder value and their alignment with one another.

The fiscal 2016 shared individual objectives for all of our named executive officers concentrated on the performance of our operations in Neenah, Wisconsin, Guadalajara, Mexico and our Europe, Middle East and Africa ( EMEA ) segment, and enhancing our aftermarket services offerings. Mr. Foate provided the Committee

---

**Table of Contents**

with an assessment of the executive team's performance on each shared objective and the Committee determined the ultimate award percentage level for each objective. Actual achievement of individual objectives for fiscal 2016, for which there was a potential payout equal to 20% of the targeted VICP award, was 62% of the potential payout for each executive officer, including Mr. Foate, based upon the Committee's determination of the degree to which the objectives were completed by the executive team. In addition, in consideration of Company performance in fiscal 2016 in the face of several challenges, the Committee exercised discretion to grant all VICP participants, including all the executive officers, an additional payout equal to 15 percentage points above each participant's actual achievement of individual objectives. The discretion exercised by the Committee increased the actual payout on individual objectives to all of the Company's executive officers to 77% of the potential payout. The discretion exercised by the Committee amounted to an additional payout of \$33,298 for Mr. Foate, and additional payouts to the other named executive officers from \$6,393 to \$12,906.

***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 2016 Plan allows, and its predecessor allowed, for various award types, including options, SARs, restricted stock awards (including RSUs), performance stock awards (including PSUs), other stock awards and cash incentive awards. Equity-based 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, therefore, it did not back-date any equity grants in fiscal 2016. 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.

For fiscal 2016, and in furtherance of its emphasis on at-risk performance-based compensation, the Committee used the following annual equity grant allocation formula for executives: 40% RSUs, 30% PSUs and 30% options. The Committee believes that the formula motivates our executives to succeed in the long-term and also continues to promote share ownership, which, along with our equity ownership guidelines, aligns the long-term interests of our executives with those of our shareholders. The Committee intends to increase the use of performance-based awards in future years. For a discussion of changes to the Committee's annual equity grant allocation formula beginning in fiscal 2017, see [Overview of Changes to Long-Term Incentive Strategy for Fiscal 2017](#) below. The Committee also granted RSUs to the continuing executive officers in August 2016, as discussed in [Supplemental RSU Grant](#) below.

The Committee's long-term incentive strategy allows for use of a portfolio approach when granting awards. Each element of the portfolio for fiscal 2016 is intended to address a different aspect of long-term incentive compensation, as set forth below:

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.

PSUs provide an additional incentive for executive officers to create shareholder value. PSUs granted in fiscal 2016, 2015 and 2014 only vest if the relative TSR of Plexus stock as compared to companies in the Russell 3000 index exceeds the performance goals established by the Committee. The Committee believes that measuring TSR on a relative, rather than on an absolute, basis provides a more relevant measure of the performance of the Company's stock. By mitigating the impact of macroeconomic factors (both positive and negative) that are beyond

**Table of Contents**

the control of the Company and its executives, relative TSR provides rewards that are better aligned to relative performance through varying economic cycles. PSUs also provide a retention incentive since these awards generally do not vest until the end of the three year performance period. See

Overview of Changes to Long-Term Incentive Strategy for Fiscal 2017 for information regarding the use of economic return as a performance measure for PSUs beginning in fiscal 2017.

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.

For other key non-executive employees who are eligible for equity awards, Plexus uses RSUs for the reasons noted above.

The annual equity award allocation formulas used in fiscal 2016 for executives and other key non-executive employees receiving equity grants are illustrated in the charts below:

*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 value of the pool and the recommended grant guidelines prior to making grants, including when making grants in connection with promotions or other increases in responsibilities. Pursuant to its portfolio approach, in fiscal 2016, the Committee distributed the entire value of each grant among the following types of awards: RSUs, PSUs and options as shown above. RSUs and options are valued at their Black-Scholes fair-market value, and PSUs are valued using the Monte Carlo valuation model, when making these determinations.

The Committee determines the grant for the CEO and approves grants for all 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 value and 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.

For fiscal 2016, 34,900 RSUs, 18,800 PSUs and options for 86,675 shares were granted to Mr. Foate, and 61,000 RSUs, 33,000 PSUs and options for 119,700 shares were granted to the other executive officers as a group. In consideration of Mr. Foate's then-anticipated retirement, the option grant he received in the fourth quarter of fiscal 2016 was larger than the grants received during the first three quarters of fiscal 2016, as it also included the options that were originally intended to be granted in the first quarter of fiscal 2017.

The Committee continues its focus on increasing incentive award opportunities for our executive officers as a portion of total potential compensation in order to more strongly link executive compensation with Company performance and shareholder returns. Equity awards are also allocated to high-performing key non-executive

## **Table of Contents**

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 and is intended to appropriately focus such individuals on increasing shareholder value.

### *Timing of Grants*

Grants of RSUs are generally made once a year during the fiscal second quarter, but may also be made in connection with new hires, promotions, other increases in responsibilities or in special situations, as discussed below. Grants of PSUs are made in the fiscal second quarter; however, the performance goals for the PSUs are set in the fiscal first quarter. The Committee anticipates continuing to follow this grant schedule.

In fiscal 2016, the Committee again made quarterly, rather than annual, stock option grants due to the volatility of the stock market and of Plexus stock in particular. Granting stock options once a year can make the strike price, related expense and the opportunity such awards represent to employees vary significantly in ways that do not necessarily reflect the long-term performance of Plexus stock.

The Committee's formula to support the quarterly grant strategy states that the grant dates will occur three trading 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 2016 Plan and was permitted by the 2008 Plan, because that minimizes the opportunity to choose a date based upon market performance known or knowable at the time of determination. The 2016 Plan provides, and its predecessor provided, 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 (or the trading day preceding the grant date if the market is closed on the grant date). New hire grant levels are determined at or around the time of hire, and commence on the next quarterly grant date following the date of hire.

### *Supplemental RSU Grant*

In August 2016, the Committee granted Mr. Kelsey 57,065 RSUs in recognition of the increase in his responsibilities in connection with his promotion to President and CEO. On account of the then-planned CEO transition, the Committee believed that it was important to retain its key leaders in order to position the Company for future sustained growth and value creation. Therefore, the Committee also granted a total of 59,350 RSUs to the Company's other executive officers (excluding Mr. Foate). The Committee reviewed the vested and unvested equity balances of each executive officer and, based on that review and a consideration of appropriate levels of equity to provide retention incentives, the amount of each RSU grant was determined. One half of these RSUs vest on the third anniversary of the grant date and the other half vests on the fourth anniversary of the grant date, assuming continued employment. The Committee believed that a four year vesting period for these RSUs was appropriate given that the intent of the award is to provide retention incentives and to align the interests of executives with those of shareholders in the longer term.

### *2016 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 2016, the Committee made total grants of RSUs, PSUs and options to the named executive officers as follows:

Edgar Filing: PLEXUS CORP - Form DEF 14A

<b>Executive Officer</b>	<b>RSUs (#)</b>	<b>Supplemental RSUs (#)</b>	<b>PSUs (#)</b>	<b>Options (#)</b>
Mr. Foate	34,900	--	18,800	86,675
Mr. Kelsey	14,400	57,065	7,800	28,650
Mr. Jermain	9,000	4,565	4,900	17,575
Mr. Frisch	9,500	22,825	5,100	18,900
Mr. Darroch	7,600	13,700	4,100	15,125
Mr. Ninivaggi	7,600	4,565	4,100	14,700

**Table of Contents**

Annual awards of RSUs generally vest on the third anniversary of the grant and options vest in two equal annual increments, all subject to early vesting on a change in control. As noted above, the supplemental RSU grants vest in two equal installments, with the first installment vesting on the third anniversary of the grant date and the second vesting on the fourth anniversary of the grant date.

Vesting of PSUs granted in fiscal 2016, fiscal 2015 and fiscal 2014, which is based on the relative TSR of Plexus stock as compared to the companies in the Russell 3000 Index, will be determined following the conclusion of the relevant three year performance period. The TSR calculations will be based on the percentage change from the initial price to the final price during the performance period, and will reflect the reinvestment of dividends, if any. The initial price reflects, and the final price will reflect, a 30 calendar day average closing price. The TSR calculations will be adjusted to reflect stock splits, recapitalizations and other similar events.

PSUs will vest at target the amount reported in the table above if the TSR of Plexus stock is at the 50th percentile of companies in the Russell 3000 Index. A payout at maximum, which is 200% of the target award, may be achieved if the relative TSR of Plexus stock is at or above the 75th percentile of companies in the Russell 3000 Index. The Committee believes that a relative TSR at or above this level would be reflective of significant achievement during the performance period. In order to receive a payout at threshold, which is 50% of the target award, the relative TSR of Plexus stock must be at or above the 25th percentile of companies in the Russell 3000 Index. If the relative TSR of Plexus stock is below the 25th percentile, the PSUs will not vest and the awards will be forfeited.

The payout matrix for the PSUs granted in fiscal 2016, fiscal 2015 and fiscal 2014 is presented in the table below (if performance is between the specified levels, the payout will be interpolated):

<b>Relative TSR</b>	<b>Payout</b>
<b>Percentile Rank</b>	<b>Performance Factor</b>
Below 25th	0%
25th	50%
30th	60%
40th	80%
50th	100%
60th	140%
70th	180%
75th and above	200%

For information regarding the performance of PSUs granted in fiscal 2016 and prior fiscal years as of October 1, 2016, see the Outstanding Equity Awards at Fiscal Year-End table below.

*Overview of Changes to Long-Term Incentive Strategy for Fiscal 2017*

In fiscal 2016, the Committee conducted a review of its long-term incentive strategy. As a result of such review, and in furtherance of its emphasis on performance-based compensation, beginning in fiscal 2017, the equity grant allocation formula for executive officers will consist of 50% PSUs and 50% RSUs, as compared to 40% RSUs, 30% PSUs and 30% options in fiscal 2016. Vesting of 50% of the PSUs will be dependent on the relative TSR of Company stock during a three year performance period as compared to the Russell 3000 Index, and vesting of the other 50% of the PSUs will be based on the average of the Company's absolute economic return performance during the three year performance period.



The Committee believes that the new equity grant allocation formula will promote a stronger pay-for-performance link and further enhance the alignment of the interests of our executives with those of our shareholders and motivate our executives to succeed in the long-term. In addition, economic return was added

## **Table of Contents**

because it is a key focus of the Company's financial model and is a metric that the Committee believes, when combined with revenue growth, is highly correlated with driving shareholder value. The Committee expects to continue to follow the previously discussed annual award determination process. Grants of PSUs will occur in the fiscal second quarter, concurrent with grants of RSUs, although the performance goals will be determined in the first fiscal quarter.

### ***Equity Ownership Guidelines***

The Company's executive stock ownership guidelines, which are intended to increase the alignment between the interests of management and our shareholders, 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 continuing 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 (stock options and unvested equity awards do not count towards satisfaction of the guidelines). 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 unless the applicable ownership requirement has been met; there are exceptions, including financing the exercise of stock options and any applicable taxes when the shares will be held, in connection with any applicable tax consequence related to the vesting of an equity award or with prior approval under special circumstances. While two of our executive officers have met the ultimate ownership amounts required by the guidelines, all of our executive officers are in compliance with the procedural requirements of the guidelines. Prior to the promotions of Messrs. Kelsey and Frisch in September 2016 and October 2016, respectively, and the corresponding increases in their guideline amounts, they were each in compliance with the ultimate ownership requirements.

### ***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 and Anti-Pledging 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. Pledges and 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.

---

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

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 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 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, if any.

Plexus agreed to pay for the legal fees incurred by Mr. Kelsey related to the negotiation of the employment agreement he entered into with the Company in fiscal 2016. In connection with Mr. Darroch's relocation to Neenah, Wisconsin from the United Kingdom at Plexus' request during fiscal 2015, he received certain relocation benefits, which included Plexus purchasing his home to facilitate his timely move.

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

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 \$10,600 per calendar year. Employees have a choice of investment alternatives, including a Plexus stock fund.

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

As a consequence of Internal Revenue Code limitations on compensation that 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 and certain other executives 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 that allows participants to defer taxes on current income. All U.S.-based executive officers participate in the SERP. Under the SERP, executives (other than non-U.S.-based executives) may elect to defer compensation and 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 SERP allows the 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 other investments. These investment choices do not include Plexus stock. Deferred amounts and any earnings that may be credited become payable upon termination, retirement from Plexus or in accordance with the executive's individual deferral election.

Additionally, the Company can credit a participant's account with a discretionary employer contribution. Any employer contributions to the SERP require approval of the Committee. 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 2016 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

---

**Table of Contents**

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

Employer Contributions. For fiscal 2016, the total employer contributions to the SERP accounts was \$460,800 for all participants as a group, including \$171,316 for the Mr. Foate. See footnote 5 to the Summary Compensation Table.

Special Contributions. The SERP also allows the Committee to make discretionary contributions over and above the annual contribution noted above, and such contributions have been made in individual cases from time to time. However, in fiscal 2016, the Committee did not make any such contributions to the named executive officers.

***Foreign Retirement Arrangements***

Mr. Darroch, who is a citizen of the United Kingdom, was employed in the U.K. for a portion of fiscal 2015 prior to relocating to the United States. During the period in which he was employed in the U.K., he was eligible to participate in the Plexus Corp. (UK) Ltd. Group Life Assurance Scheme (the U.K. Plan ) under which by law minimum contributions of 3% an employee s salary are required to be made by Plexus. Plexus made a contribution of 5% for Mr. Darroch for the portion of fiscal 2015 in which he was employed in the U.K. because that contribution level aligned with the Company s other management employees in the U.K., but it did not make any contributions to the U.K. Plan for Mr. Darroch in fiscal 2016.

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

We do not generally have employment agreements with our executive officers other than our Chief Executive Officer. Plexus believes that it is appropriate to maintain an employment agreement with our Chief Executive Officer in order to recognize the importance of the position, to help assure Plexus of the continuing availability of the CEO s services over a period of time and to protect the Company from competition post-employment. In August 2016, Plexus employment agreement with Mr. Foate was replaced by a retirement and transition agreement, effective September 29, 2016, and, in connection with Mr. Kelsey s promotion to President and CEO, the Company entered into an employment agreement with him, effective September 30, 2016. All continuing executive officers, including Mr. Kelsey, and certain other key employees have change in control agreements to help assure that these individuals 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 retirement and transition agreement, Mr. Kelsey s employment agreement and the change in control agreements are described below in Executive Compensation Employment Agreements and Potential Payments Upon Termination or Change in Control. Please refer to the discussions therein for a further explanation of those agreements.

***Determination of Benefit Levels***

In general, the change in control agreements with our 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, for those entered into prior to fiscal 2015, a

gross-up payment for excise taxes. For all new change in control agreement entered since fiscal 2015, excise tax gross-up provisions have been eliminated; these agreements allow for a reduction in payments under a best net approach, providing either the full amount of the total payment or an amount equal to the total payment reduced by an amount necessary to avoid adverse excise tax consequences to the executive officer.

In addition, under the 2016 and 2008 Plans, upon a change in control, unvested awards will generally automatically vest for all award holders (for PSUs, the performance period will be deemed to have concluded as of the date of the change in control, TSR performance will be calculated and vesting will be determined).

## **Table of Contents**

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, as well as the elimination of excise tax gross-up provisions in new agreements, provides an appropriate balancing of the interests of the Company, its shareholders and its executives. Benefit levels are believed to be 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. 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 expense of the agreements be reasonable as compared to total enterprise value. The potential expense of the agreements was estimated at 3.8% of total enterprise value as of the date of the Committee's most recent determination, which the Committee believes remains within a reasonable range. 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, and, since fiscal 2015, new change in control agreements do not include excise tax gross-up provisions.

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 executive officers to respond appropriately, for the benefit of the Company and its shareholders, in the case of a proposed acquisition of the Company that 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, PSUs and cash incentive awards, including those made to executive officers pursuant to the VICP, under the 2016 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 or RSUs without performance goals would not be considered to be performance-based; as a result, the covered compensation of some individuals, including base salary, could exceed \$1 million and, in those circumstances, the excess would not currently be tax deductible, as was the case in fiscal 2016.

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 entered into prior to fiscal 2015 provide that benefits under them will be grossed up so that we also reimburse the executive officer for these tax



consequences. However, excise tax gross-up provisions have been eliminated from all new change in control 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. We conducted

**Table of Contents**

an extensive review of our benefit plans and employment arrangements, and made various changes, 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.

**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:**

David J. Drury, Chair

Ralf R. Böer

Joann M. Eisenhart

Rainer Jueckstock

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 of Messrs. Foate and Kelsey, our Chief Executive Officers during fiscal 2016, 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 that follow the table below.

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(2)	Non-Equity			All Other Compensation (\$)(5)	Total (\$)
				Stock Awards (\$)(3)	Option Awards (\$)(3)	Plan Compensation (\$)(4)		
<b>Sean A. Foate</b> Executive Chairman; former President and Chief Executive Officer (6)	2016	\$ 924,938	\$ 0	\$ 2,174,722	\$ 1,255,245	\$ 595,364	\$ 223,259	\$ 5,173,528
	2015	910,577	0	2,332,970	952,572	1,770,489	222,752	6,189,360
	2014	854,808	0	2,339,990	1,231,277	1,151,719	210,202	5,787,996
<b>Todd P. Kelsey</b> Executive Vice President and Chief Executive Officer (6)	2016	536,154	0	3,559,062	405,682	230,768	136,487	4,868,153
	2015	517,885	0	964,261	402,259	660,945	108,138	2,653,488
	2014	468,269	0	1,023,760	490,522	430,699	107,828	2,521,078
<b>Patrick J. Main</b> Senior Vice President and Chief Financial Officer	2016	440,000	0	776,273	249,175	174,193	99,764	1,739,405
	2015	423,750	0	566,682	191,355	480,621	87,176	1,749,584
	2014	301,215	0	346,102	38,051	162,637	30,931	878,935

Edgar Filing: PLEXUS CORP - Form DEF 14A

<b>Steven J. Busch</b>	2016	410,961	0	1,654,821	267,624	165,330	96,351	2,595,081
	2015	399,615	0	632,742	262,577	472,836	85,784	1,853,554
	2014	364,615	0	650,010	371,663	290,868	95,258	1,772,414
<i>Executive Vice President and Chief Operating Officer; former Executive Vice President and Chief Customer Officer (6)</i>								
<b>Donnie Marroch</b>	2016	385,000	0	1,112,381	214,163	144,560	135,034	1,991,138
	2015	355,495	0	508,530	198,745	396,984	415,330	1,875,084
<i>Senior Vice President, Global Manufacturing Solutions and Regional President, MER (7)</i>								
<b>Angelo M. Divaggi</b>	2016	401,250	0	686,644	208,721	150,661	95,134	1,542,410
<i>Senior Vice President, Chief Administrative Officer, General Counsel and Secretary (8)</i>								

- (1) Includes amounts voluntarily deferred by the named persons under the Company's retirement plans. The amounts deferred under the Plexus supplemental executive retirement plan (the "SERP") are also included in the Executive Contributions in Last FY column of the Nonqualified Deferred Compensation table below.
- (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

**Table of Contents**

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) These columns represent the grant date fair value computed in accordance with Accounting Standards Codification Topic 718 ( ASC 718 ) of equity awards granted under the 2016 Plan and the 2008 Plan, which are explained further below under Grants of Plan-Based Awards. Generally accepted accounting principles ( GAAP ) require us to determine compensation expense for stock options and other stock-related awards granted to our employees 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 9 to our consolidated financial statements.

Grants of stock options, stock-settled stock appreciation rights ( SARs ) and restricted stock units ( RSUs ) are not subject to performance conditions, although the ultimate value of stock options and SARs depends on the appreciation in the Company's stock price. The fiscal 2016, fiscal 2015 and fiscal 2014 grants of performance stock units ( PSUs ) vest based on the performance of the relative total shareholder return (the TSR ) of Plexus stock as compared to companies in the Russell 3000 Index over a three year performance period. PSUs are reported in the Stock Awards column at target performance; participants can earn twice the number of PSUs granted for performance at maximum. The value of the fiscal 2016 PSUs at the maximum performance level would be as follows for each named executive officer: Mr. Foate \$1,265,992; Mr. Kelsey \$525,252; Mr. Jermain \$329,966; Mr. Frisch \$343,434; Mr. Darroch \$276,094; and Mr. Ninivaggi \$276,094. The value of the fiscal 2015 PSUs at the maximum performance level would be as follows for each named executive officer: Mr. Foate \$1,440,706; Mr. Kelsey \$591,858; Mr. Jermain \$350,442; Mr. Frisch \$389,380; and Mr. Darroch \$311,504. The value of the fiscal 2014 PSUs at the maximum performance level would be as follows for each named executive officer: Mr. Foate \$1,544,320; Mr. Kelsey \$650,240; and Mr. Frisch \$406,400. Mr. Jermain did not receive PSUs in fiscal 2014, Mr. Darroch was a named executive officer for the first time in fiscal 2015 and Mr. Ninivaggi is a named executive officer for the first time since fiscal 2008.

Please also see the Grants of Plan-Based Awards table below for further information about equity awards granted in fiscal 2016, and the Outstanding Equity Awards at Fiscal Year End table below for information regarding all outstanding equity awards at the end of fiscal 2016.

- (4) The Non-Equity Incentive Plan Compensation column represents amounts that were earned during each fiscal year 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 2016 row were earned in fiscal 2016 and were paid in fiscal 2017, the amounts shown in the 2015 row were earned in fiscal 2015 and were paid in fiscal 2016, and the amounts shown in the 2014 row were earned in fiscal 2014 and were paid in fiscal 2015.

Of the amounts included in the table above, Mr. Foate deferred \$595,364 in fiscal 2017 related to the VICP award earned based on fiscal 2016 performance, \$1,770,489 in fiscal 2016 related to the fiscal 2015 VICP award and \$1,151,719 in fiscal 2015 related to fiscal 2014 VICP award.

- (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. Darroch, this represents both the Company's contributions to the SERP in fiscal 2016 and fiscal 2015, and to the U.K. Plan in fiscal 2015), reimbursement made by Plexus under its executive flexible perquisite benefit, Mr. Kelsey's legal fees

**Table of Contents**

related to the negotiation of his employment agreement with the Company in fiscal 2016, the value of the company car benefit provided to the executive, additional life and disability insurance coverage, benefits related to overseas assignments and relocation. 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	Legal Fees	Company Car Benefit	Additional Life and Disability Insurance	Overseas Assignment Relocation	Total
<b>Mr. Foate</b>	2016	\$ 10,600	\$ 171,316	\$ 11,314	--	\$ 17,968	\$ 12,061	--	\$ 223,259
	2015	10,600	168,665	14,420	--	17,006	12,061	--	222,752
	2014	10,400	154,172	17,592	--	16,228	11,810	--	210,202
<b>Mr. Kelsey</b>	2016	10,600	77,030	19,645	\$ 12,414	16,115	683	--	136,487
	2015	10,600	73,176	8,445	--	15,046	871	--	108,138
	2014	10,400	65,185	19,636	--	12,244	363	--	107,828
<b>Mr. Jermain</b>	2016	10,600	58,272	17,383	--	12,850	659	--	99,764
	2015	11,102	51,655	17,620	--	6,140	659	--	87,176
	2014	13,015	16,793	--	--	--	1,123	--	30,931
<b>Mr. Frisch</b>	2016	10,600	54,986	16,519	--	13,379	867	--	96,351
	2015	10,600	51,806	11,628	--	10,883	867	--	85,784
	2014	10,754	45,210	19,459	--	18,863	972	--	95,258
<b>Mr. Darroch</b>	2016	13,515	48,355	15,000	--	7,505	659	-- \$ 50,000	135,034
	2015	7,685	41,749	--	--	5,741	392	\$ 9,671 350,092	415,330
<b>Mr. Ninivaggi</b>	2016	8,256	50,841	19,956	--	15,217	864	--	95,134

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, health and fitness related expenses 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.

Mr. Darroch, a U.K. national, was on an overseas assignment in Neenah, Wisconsin during part of fiscal 2015. The amount reported above in the Overseas Assignment column reflects benefits related to this assignment beyond those that were integral and necessary to the business purpose of such assignment. For Mr. Darroch, this amount includes home and animal care expenses, a vehicle Plexus rented for his spouse and related tax gross-up payments.

In connection with Mr. Darroch's relocation to Wisconsin, Plexus purchased his former residence in the United Kingdom, with the aggregate incremental cost to Plexus being \$308,258, determined based on the difference between the purchase price and the average of two independent third party appraisals of the residence's current value, inclusive

of costs incurred in connection with the transaction. The amount reported above in the Relocation column for fiscal 2015 reflects Plexus' aggregate incremental cost related to the purchase of Mr. Darroch's residence, a \$20,000 relocation bonus and other relocation expenses, and the amount for fiscal 2016 represents Plexus' additional incremental cost related to the home due to the impact of currency fluctuation on the estimated sale price.

(6) Mr. Foate retired as the Company's President and Chief Executive Officer effective September 29, 2016. Mr. Foate continues with Plexus as the Executive Chairman of the Board, which is not an executive officer position, and remains a Plexus employee.

Mr. Kelsey was named the Company's President and Chief Executive Officer, effective September 30, 2016. Mr. Kelsey previously served as Executive Vice President and Chief Operating Officer.

Mr. Frisch was named the Company's Executive Vice President and Chief Operating Officer, effective October 3, 2016. Mr. Frisch previously served as Executive Vice President and Chief Customer Officer.



**Table of Contents**

- (7) Mr. Darroch has been employed by the Company since 2012, but was a named executive officer for the first time in fiscal 2015. In accordance with SEC rules, information for fiscal 2014 is not required to be presented.
  
- (8) Mr. Ninivaggi has been employed by the Company since 2002, but has not been a named executive officer since fiscal 2008. In accordance with SEC rules, information for fiscal 2015 and fiscal 2014 is not required to be presented.

**Table of Contents**

**GRANTS OF PLAN-BASED AWARDS**

**2016**

The table below sets forth information about equity awards that were granted to the named executive officers in fiscal 2016 under the 2008 Plan and the 2016 Plan, as well as information about *potential* cash incentive awards dependent on quantifiable corporate performance and individual goals that those executive officers could have earned for fiscal 2016 performance (to be paid in fiscal 2017) under the VICP. As a result of corporate performance, cash incentive awards based on these criteria were earned under the VICP for fiscal 2016, 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 Plan and the 2016 Plan in fiscal 2016, as well as additional information about those plans, following the table.

Name	Grant Date	Threshold (\$)(1)	Target (\$)(1)	Maximum (\$)(1)	Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares (#)	All Other Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option (\$/sh) (3)	Closing Market Price of Common Stock (\$/sh) (4)
					Threshold (#)(2)	Target (#)(2)	Maximum (#)(2)				
	12/17/15	\$1	\$1,112,400	\$2,224,800	--	--	--	--	--	--	--
(4)	01/25/16	--	--	--	--	--	--	34,900 (4)	--	--	--
(2)	01/25/16	--	--	--	9,400	18,800	37,600	--	--	--	--
s	11/02/15	--	--	--	--	--	--	--	17,075	\$34.77	\$35.3
	01/25/16	--	--	--	--	--	--	--	17,400	34.22	33.6
	04/25/16	--	--	--	--	--	--	--	17,400	41.84	41.9
	07/25/16	--	--	--	--	--	--	--	34,800	45.35	45.6
	12/17/15	1	430,215	860,431	--	--	--	--	--	--	--
(4)	01/25/16	--	--	--	--	--	--	14,400 (4)	--	--	--
(5)	08/19/16	--	--	--	--	--	--	57,065 (5)	--	--	--
(2)	01/25/16	--	--	--	3,900	7,800	15,600	--	--	--	--
s	11/02/15	--	--	--	--	--	--	--	7,050	34.77	35.3
	01/25/16	--	--	--	--	--	--	--	7,200	34.22	33.6
	04/25/16	--	--	--	--	--	--	--	7,200	41.84	41.9

Edgar Filing: PLEXUS CORP - Form DEF 14A

07/25/16	--	--	--	--	--	--	--	7,200	45.35	45.6
12/17/15	1	324,688	649,375	--	--	--	--	--	--	--
(4) 01/25/16	--	--	--	--	--	--	9,000 (4)	--	--	--
(5) 08/19/16	--	--	--	--	--	--	4,565 (5)	--	--	--
(2) 01/25/16	--	--	--	2,450	4,900	9,800	--	--	--	--
s 11/02/15	--	--	--	--	--	--	--	4,150	34.77	35.3
01/25/16	--	--	--	--	--	--	--	4,475	34.22	33.6
04/25/16	--	--	--	--	--	--	--	4,475	41.84	41.9
07/25/16	--	--	--	--	--	--	--	4,475	45.35	45.6

**Table of Contents**

Award Type	Grant Date	Threshold (\$)(1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares	All Other Awards: Number of Securities	Exercise or Base Price of Option (\$/sh) (3)	Closing Market Price (\$/sh)
			Target (\$)(1)	Maximum (\$)(1)	Threshold (#)(2)	Target (#)(2)	Maximum (#)(2)					
ICP	12/17/15	1	308,221	616,442	--	--	--	--	--	--	--	
RSUs (4)	01/25/16	--	--	--	--	--	--	9,500 (4)	--	--	--	
RSUs (5)	08/19/16	--	--	--	--	--	--	22,825 (5)	--	--	--	
RSUs (2)	01/25/16	--	--	--	2,550	5,100	10,200	--	--	--	--	
Options	11/02/15	--	--	--	--	--	--	--	4,650	34.77	35.3	
	01/25/16	--	--	--	--	--	--	--	4,750	34.22	33.6	
	04/25/16	--	--	--	--	--	--	--	4,750	41.84	41.9	
	07/25/16	--	--	--	--	--	--	--	4,750	45.35	45.6	
ICP	12/17/15	1	269,500	539,000	--	--	--	--	--	--	--	
RSUs (4)	01/25/16	--	--	--	--	--	--	7,600 (4)	--	--	--	
RSUs (5)	08/19/16	--	--	--	--	--	--	13,700 (5)	--	--	--	
RSUs (2)	01/25/16	--	--	--	2,050	4,100	8,200	--	--	--	--	
Options	11/02/15	--	--	--	--	--	--	--	3,725	34.77	35.3	
	01/25/16	--	--	--	--	--	--	--	3,800	34.22	33.6	
	04/25/16	--	--	--	--	--	--	--	3,800	41.84	41.9	
	07/25/16	--	--	--	--	--	--	--	3,800	45.35	45.6	
ICP	12/17/15	1	280,875	561,750	--	--	--	--	--	--	--	
RSUs (4)	01/25/16	--	--	--	--	--	--	7,600 (4)	--	--	--	
RSUs (5)	08/19/16	--	--	--	--	--	--	4,565 (5)	--	--	--	
RSUs (2)	01/25/16	--	--	--	2,050	4,100	8,200	--	--	--	--	
Options	11/02/15	--	--	--	--	--	--	--	3,300	34.77	35.3	
	01/25/16	--	--	--	--	--	--	--	3,800	34.22	33.6	
	04/25/16	--	--	--	--	--	--	--	3,800	41.84	41.9	
	07/25/16	--	--	--	--	--	--	--	3,800	45.35	45.6	

(1)

Amounts in the rows labeled *VICP* reflect *potential* cash incentive payments for fiscal 2016 that were dependent on Plexus meeting corporate financial goals and the named executive officers achieving individual objectives, assuming such officers do not meet any of their individual objectives at threshold and meet them fully at both the target and the maximum payout levels. 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. Amounts in the *Maximum* column correspond to the *maximum payout level* under the *VICP*.

As a result of Plexus' actual performance in fiscal 2016, 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*.

**Table of Contents**

- (2) Vesting of the PSUs is based on the relative total shareholder return (the TSR ) of Plexus stock as compared to the TSR of companies in the Russell 3000 Index during a three year performance period ending on January 25, 2019. For more information regarding these awards, see the discussion below under the caption Equity Plans, as well as Compensation Discussion and Analysis Total Direct Compensation Long-Term Incentives.
- (3) Options were granted at the average of the high and low trading prices on the date of grant and vest in two equal annual installments beginning on the first anniversary of the grant date. For information regarding the accelerated vesting of the stock options granted to Mr. Foate, see Employment Agreements and Potential Payments Upon Termination or Change in Control Retirement and Transition Agreement with Mr. Foate.
- (4) The RSUs vest on January 25, 2019, assuming continued employment. See the discussion below under the caption Equity Plans. For information regarding the accelerated vesting of the RSUs granted to Mr. Foate, see Employment Agreements and Potential Payments Upon Termination or Change in Control Retirement and Transition Agreement with Mr. Foate.
- (5) One half of the RSUs vest on August 19, 2019, and the other half vests on August 19, 2020, assuming continued employment. See the discussion below under the caption Equity Plans.

**VICP**

The VICP (as it applies to our executive officers) is a sub-plan of the 2016 Plan and it was a sub-plan of the 2008 Plan for fiscal 2016. 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 2016 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 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 \$222,480 for Mr. Foate (which would have been 20% of his cash incentive award at the targeted levels) and varied from \$53,900 to \$86,043 for the other named executive officers (also representing 20% of their respective cash incentive awards at the targeted levels).

## **Equity Plans**

Under the 2016 Plan, the Committee may grant executive officers, employees and directors stock options, SARs, restricted stock, which may be designated as RSUs, performance stock awards, which may be settled in cash or stock and designated as performance stock shares or PSUs, other stock awards and cash incentive awards in periodic grants. Similar awards were offered under its predecessor, the 2008 Plan, which is no longer being used for grants; however, outstanding awards continue until vested, exercised, forfeited or expiration.

**Table of Contents**

The Committee grants RSUs to the executive officers, which vest three years from the date of grant, assuming continued employment. Fiscal 2016 grants of RSUs were made in January 2016. Going forward, the Committee anticipates continuing to make grants of RSUs in the second quarter of each fiscal year. The Committee also granted RSUs to its continuing executive officers in August 2016 in connection with the Company's CEO transition; one half of these RSUs vest three years from the grant date and the other half vests four years from the grant date, as discussed above.

The Committee also grants performance stock awards (designated as PSUs), which are settled in Plexus stock. In fiscal 2016, annual grants of PSUs were made in January 2016, although the performance goals were set during the fiscal first quarter. The Committee anticipates continuing to make grants of PSUs on a similar schedule in the future. Vesting of the PSUs granted in fiscal 2016 is based on the relative TSR of Plexus stock as compared to the TSR of companies in the Russell 3000 Index during a three year performance period. The awards do not vest and are forfeited if the TSR of Plexus stock is below the 25th percentile of the companies in the Russell 3000 Index. The awards vest at target if the TSR of Plexus stock is at the 50th percentile of companies in the Russell 3000 Index. For TSR performance at or above the 75th percentile of companies in the Russell 3000 Index, recipients may earn twice the number of PSUs originally granted.

As a result of the volatility of the stock market in recent years, particularly for Plexus stock, in fiscal 2016, the Committee made quarterly option grants to executive officers. This grant schedule facilitated overall compensation planning near the beginning of the fiscal year, as the total target amounts for grants for a year were set at that time (the final quarterly option grants pursuant to this authorization occurred in the first quarter of fiscal 2017); the specific dates of each grant were determined in advance. Option grants are required to be at the fair market value of the underlying shares when the grant is made.

For information regarding changes to the equity grant allocation formula for fiscal 2017, see Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Long-Term Incentives Overview of Changes to Long-Term Incentive Strategy for Fiscal 2017.



Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END****October 1, 2016**

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 2016.

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: Market		Equity Incentive Plan Awards: Payout	
					Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
<b>Mr. Foate</b> (12)	20,500	--	\$25.751	08/03/19				
	20,500	--	33.999	01/25/20				
	20,500	--	38.24	04/23/20				
	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				
	23,750	--	36.79	01/23/22				
	23,750	--	31.70	04/23/22				
	23,750	--	27.86	07/23/22				
	18,331	--	25.965	10/29/22				
	31,250	--	26.15	01/21/23				
	31,250	--	33.055	07/22/23				
	31,250	--	40.224	10/28/23				
	14,750	--	40.64	01/20/24				
	14,750	--	44.477	04/22/24				