2020 Annual Report

Plexus Profile

About Plexus Corp.

Plexus (Nasdaq: PLXS) partners with companies to help create the products that build a better world. Since 1979, Plexus has been partnering with companies to transform concepts into branded products and deliver them to the market. From idea to aftermarket and everything in between, Plexus is a global leader in providing support for all facets of the product lifecycle—Design and Development, Supply Chain Solutions, New Product Introduction, Manufacturing and Aftermarket Services.

Plexus has a global work force of 19,500 team members who are committed to each customer's success. With a heritage of engineering problem-solving that extends throughout everything we do, our teams are inspired and motivated to create innovative solutions for the most complex challenges. Our culture revolves around partnering with our customers and our efforts have been recognized with industry-leading customer satisfaction results.

We specialize in working in industries with highly complex products and demanding regulatory environments. Plexus has partnerships with approximately 135 customers in the Healthcare/Life Sciences, Industrial/Commercial, Aerospace/Defense and Communications market sectors. We leverage our expertise to understand the unique needs of our customers' markets and have aligned our processes to provide flexibility, create efficiency and deliver superior quality.

With integrated Design and Development, Supply Chain Solutions, New Product Introduction, Manufacturing and Aftermarket Services, we proactively tackle tough challenges throughout the product lifecycle. It is how our teams strive to create innovative and efficient paths to get products to market.

Design and Development – Plexus was established with engineering as a core competency and has built a reputation for success. Our customers are able to partner with a collaborative team of approximately 600 development engineers to create new products. Using the same tools and processes throughout our seven Design Centers worldwide, we leverage the latest technology and state-of-the-art design automation methodologies to provide comprehensive new product development and value engineering solutions.

Supply Chain Solutions – Delivering an optimal supply chain solution is more than simply getting a product where it needs to be on time. We take a unique approach. Our supply chain experts engage in all of Plexus' integrated solutions, working closely with our engineers to identify opportunities for supply chain optimization early in the design stage. At Plexus, we take pride in managing the full supply chain to minimize cost, mitigate risk and provide a flexible, scalable solution for our customers.

New Product Introduction – When introducing a new product, customers need to move quickly. Plexus offers a dedicated team focused on decreasing time to market with a full suite of integrated new product introduction services. Through early integration and collaboration, customers can take advantage of Plexus' capabilities, such as design for excellence (DFX), specialized design of test solutions and rapid prototyping, while the project is advanced by a dedicated Plexus transition management team.

Manufacturing – Our approach to manufacturing focuses on innovation, continuous improvement and superior quality and delivery. With a global footprint and scalable operations, we aim to tailor our manufacturing environment to meet each customer's needs worldwide. As we strive for zero defects, we endeavor to empower our employees with the knowledge that exceptional quality begins with each individual member of our team. As a result, we believe Plexus is positioned to support the complex technology and regulatory needs of the industries we serve and to provide customers with innovative and dependable manufacturing services.

Aftermarket Services – From product deployment all the way through a product's end of life, Plexus offers a full range of aftermarket services. We help our customers manage and extend the lifecycle of their products through an optimized level of service. With services such as depot repair, service parts logistics management, order management, distribution and warehousing, and recycling, we are committed to protecting the success of each customer's product.

To learn more about Plexus, please visit plexus.com.

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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended October 3, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______

Commission File Number 001-14423

PLEXUS

PLEXUS CORP.

(Exact name of registrant as specified in charter)

Wisconsin	**39-1344447**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

One Plexus Way
Neenah, Wisconsin 54957
(Address of principal executive offices) (Zip Code)

Telephone Number (920) 969-6000
(Registrant's telephone number, including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	PLXS	The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

As of April 4, 2020, 29,185,639, shares of common stock were outstanding, and the aggregate market value of the shares of common stock (based upon the $50.34 closing price of the registrant's common stock on the last trading day of its fiscal second quarter, as reported on the Nasdaq Global Select Market) held by non-affiliates (excludes 722,751 shares reported as beneficially owned by directors and executive officers – does not constitute an admission as to affiliate status) was approximately $1.4 billion.

As of November 16, 2020, there were 28,823,390 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Parts of Registrant’s Proxy Statement for the 2021 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

PLEXUS CORP.
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October 3, 2020

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"SAFE HARBOR" CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

The statements contained in this Form 10-K that are guidance or which are not historical facts (such as statements in the future tense and statements including believe, expect, intend, plan, anticipate, goal, target and similar terms and concepts), including all discussions of periods which are not yet completed, are forward-looking statements that involve risks and uncertainties. These risks and uncertainties include the evolving effect, which may intensify, of COVID-19 on our employees, customers, suppliers, and logistics providers, including the impact of governmental actions being taken to curtail the spread of the virus. Other risks and uncertainties include, but are not limited to: the risk of customer delays, changes, cancellations or forecast inaccuracies in both ongoing and new programs; the lack of visibility of future orders, particularly in view of changing economic conditions; the economic performance of the industries, sectors and customers we serve; the effects of shortages and delays in obtaining components as a result of economic cycles, natural disasters or otherwise; the effects of tariffs, trade disputes, trade agreements and other trade protection measures; the effects of the volume of revenue from certain sectors or programs on our margins in particular periods; our ability to secure new customers, maintain our current customer base and deliver product on a timely basis; the risks of concentration of work for certain customers; the particular risks relative to new or recent customers, programs or services, which risks include customer and other delays, start-up costs, potential inability to execute, the establishment of appropriate terms of agreements, and the lack of a track record of order volume and timing; the effects of start-up costs of new programs and facilities or the costs associated with the closure or consolidation of facilities; possible unexpected costs and operating disruption in transitioning programs, including transitions between Company facilities; the risk that new program wins and/or customer demand may not result in the expected revenue or profitability; the fact that customer orders may not lead to long-term relationships; our ability to manage successfully and execute a complex business model characterized by high product mix and demanding quality, regulatory, and other requirements; the risks associated with excess and obsolete inventory, including the risk that inventory purchased on behalf of our customers may not be consumed or otherwise paid for by the customer, resulting in an inventory write-off; risks related to information technology systems and data security; the ability to realize anticipated savings from restructuring or similar actions, as well as the adequacy of related charges as compared to actual expenses; increasing regulatory and compliance requirements; the effects of U.S. Tax Reform and of related foreign jurisdiction tax developments; current or potential future barriers to the repatriation of funds that are currently held outside of the United States as a result of actions taken by other countries or otherwise; the potential effects of jurisdictional results on our taxes, tax rates, and our ability to use deferred tax assets and net operating losses; the weakness of areas of the global economy; the effect of changes in the pricing and margins of products; raw materials and component cost fluctuations; the potential effect of fluctuations in the value of the currencies in which we transact business; the effects of changes in economic conditions, political conditions and tax matters in the United States and in the other countries in which we do business (including as a result of the United Kingdom’s pending exit from the European Union); the potential effect of other world or local events or other events outside our control (such as changes in energy prices, terrorism, global health epidemics and weather events); the impact of increased competition; an inability to successfully manage human capital; changes in financial accounting standards; and other risks detailed herein and in our other Securities and Exchange Commission filings.

In addition, see Risk Factors in Part I, Item 1A and Management’s Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 for a further discussion of some of the factors that could affect future results.

* * *

PART I

ITEM 1. BUSINESS

Overview

Plexus Corp. and its subsidiaries (together "Plexus," the "Company," or "we") participate in the Electronic Manufacturing Services ("EMS") industry. We partner with our customers to create the products that build a better world. Since 1979, Plexus has been a dedicated partner to companies by providing global Design and Development, Supply Chain Solutions, New Product Introduction, Manufacturing and Aftermarket Services. We offer advanced design and production capabilities, allowing our customers to concentrate on their core competencies. Plexus helps accelerate our customers' time to market, reduce their investment in engineering and manufacturing capacity, and optimize total product cost. Plexus is a global leader that specializes in serving customers in industries with highly complex products and demanding regulatory environments. Plexus delivers comprehensive end-to-end solutions in the Americas ("AMER"), Europe, Middle East, and Africa ("EMEA") and Asia-Pacific ("APAC") regions for our customers. Our strategy remains consistent and can be summarized in four words: focus, execution, passion and discipline. We engineer innovative solutions for customers in growth markets and focus on partnering with leading global companies in the Healthcare/Life Sciences, Industrial/Commercial, Aerospace/Defense and Communications sectors. In fiscal year 2021, we intend to consolidate the Industrial/Commercial and Communications market sectors to form an Industrial market sector. Superior execution is foundational to our differentiation. We are dedicated partners to our customers, committed to achieving zero defects and perfect delivery through Operational Excellence. We accomplish Operational Excellence by being united as a team and guided by our values and leadership behaviors. We do the right thing to support our team members, communities and customers. Through our collective passion, we drive purpose to our actions and decisions. Finally, we are committed to delivering shareholder value through a consistent and disciplined financial model.

Plexus has partnerships with approximately 135 customers whose products are highly complex and operate within demanding regulatory environments. We leverage our expertise to understand the unique needs of our customers' markets and have aligned our processes to provide flexibility, create efficiency and deliver superior quality. Our customers have stringent quality, reliability and regulatory requirements, requiring exceptional production and supply chain agility. Their products require complex configuration management, direct order fulfillment (to end customers), global logistics management and aftermarket services. In order to service the complexities that our customers' products demand, we utilize our full suite of solution offerings to support our customers' products from concept to end of life.

Plexus is passionate about being a global leader at serving markets consisting of highly complex products and demanding regulatory environments. Our customers look to us to fulfill programs characterized by unique flexibility, technology, quality and regulatory requirements. To deliver on our strategy, we align our operations, processes, workforce and financial metrics to create:

- A high performance, accountable organization with a talented and engaged workforce that is deeply passionate about driving growth through customer service excellence;
- Strategic growth by using customer driven, sector based go-to-market strategies; and
- Execution driven by a collaborative, customer-centric culture that continuously evaluates and optimizes our business processes to strive to create shareholder value.

We operate flexible manufacturing facilities and design our processes to accommodate customers with multiple product lines and configurations. One or more uniquely configured "focus factories," supported by tailored supply chain and logistics solutions, are designed to meet the flexibility and responsiveness needed to support customer fulfillment requirements.

We accomplish our go-to-market strategy through the four market sectors we serve. Each sector has a market sector vice president, as well as business development and customer management leaders who together oversee and provide leadership to teams that include business development directors, customer directors or managers, supply chain, engineering and manufacturing subject matter experts, and market sector analysts. These teams maintain expertise related to each market sector and execute sector strategies aligned to that market's unique quality and regulatory requirements.

Our market sector teams help define Plexus' strategy for growth with a particular emphasis on expanding the value-add solutions we offer customers. Our sales and marketing efforts focus on targeting new customers and expanding business with existing customers. We believe our ability to provide a full range of services that complement the entire product lifecycle gives us a business advantage.

Our financial model aligns with our business strategy. Our primary focus is to earn a return on invested capital ("ROIC") 500 basis points above our weighted average cost of capital ("WACC"), which we refer to as "economic return." We review our internal calculation of WACC annually; for fiscal 2020, our WACC was 8.8%. We believe economic profit is a fundamental driver of shareholder value. Plexus measures economic profit by taking the difference between ROIC and WACC and multiplying it by invested capital. By exercising discipline to generate a ROIC in excess of our WACC, with focus on economic profit, our goal is to ensure that we create value for our shareholders. For more information regarding ROIC and economic return, which are non-GAAP financial measures, refer to "Management's Discussion and Analysis of Financial Condition - Results of Operations - Return on Invested Capital ("ROIC") and economic return" in Part II, Item 7. For a reconciliation of ROIC and economic return to our financial statements that were prepared using generally accepted accounting principles in the U.S. ("U.S. GAAP" or "GAAP"), see Exhibit 99.1 to this annual report on Form 10-K, which exhibit is incorporated herein by reference.

Relative to our competition, overriding factors such as lower manufacturing volumes, flexibility and fulfillment requirements, and complex regulatory requirements typically result in higher investments in inventory and selling and administrative costs for us. The cost variance from our competitors is especially evident relative to those that provide EMS services for high-volume, less complex products, with less stringent requirements (e.g., consumer electronics).

Plexus serves a diverse customer landscape that includes industry-leading, branded product companies, along with other technology pioneering start-ups and emerging companies that may or may not maintain manufacturing capabilities. In addition to prime technology advancements, key government and policy trends impact our business, including the U.S. Food and Drug Administration's ("FDA") approval of new medical devices, defense procurement practices, and other government and regulatory processes. Plexus may benefit from increasing outsourcing trends.

We provide most of our optimized solutions on a turnkey basis, and we typically procure all materials required for product assembly. We provide select services on a consignment basis, meaning the customer supplies the necessary materials and Plexus provides the labor and other services required for product assembly. In addition to manufacturing, turnkey service requires material procurement and warehousing and involves greater resource investments than consignment services. Other than certain test equipment, manufacturing equipment, and software used for internal operations, we do not design or manufacture our own proprietary products.

Established in 1979 as a Wisconsin corporation, we have over 19,500 employees, including over 4,200 engineers and technologists dedicated to product development and design, test equipment development and design, and manufacturing process development and control, all of whom operate from 26 active facilities, totaling approximately 4.5 million square feet. Plexus' facilities are strategically located to support the global supply chain, engineering, manufacturing, and aftermarket service needs of customers in our targeted market sectors.

Plexus maintains a website at www.plexus.com. As soon as is reasonably practical, after we electronically file or furnish all reports to the Securities and Exchange Commission ("SEC"), we provide online copies of such reports, free of charge. These reports include: Proxy Statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Specialized Disclosure Reports on Form SD, and amendments to those reports. These reports are also accessible at the SEC's website at www.sec.gov. Our Code of Conduct and Business Ethics is also posted on our website. You may access these SEC reports and the Code of Conduct and Business Ethics by following the links under "Investors" at our website.

Solutions

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Regulatory Requirements

All Plexus manufacturing and engineering facilities are certified to a baseline Quality Management System standard per ISO9001:2015. We have capabilities to assemble finished medical devices meeting FDA Quality Systems Regulation requirements and similar regulatory requirements in other countries.

We have additional certifications and/or registrations held by certain facilities in the following regions:

	AMER	APAC	EMEA
Medical Standard ISO 13485:2016	X	X	X
21 CFR Part 820 (FDA) (Finished Medical)	X	X	X
JMGP accreditation	X	X	X
GMP-Korea certification		X	X
ANVISA accreditation		X	X
NPMA (National Medical Products Administration) registration		X	
ISO 14001(environmental management)	X	X	X
ISO 45001 (occupational health and safety)		X	X
ANSI/ESD (Electrostatic Discharge Control Program) S20.20	X	X	
ITAR (International Traffic and Arms Regulation) self-declaration	X		
Aerospace Standard AS9100	X	X	X
NADCAP certification	X	X	X
FAR 145 certification (FAA repair station)	X		
EASA repair approval	X		
ATEX/IECEx certification			X
IRIS certification (Railway)		X	
ISO 50001:2011 (energy management)			X

Customers and Market Sectors Served

Our customers range from large multinational companies to smaller emerging technology companies. During fiscal 2020, we served approximately 135 customers. Also during the fiscal year, we experienced strength in critical care healthcare products due to the COVID-19 landscape and engaged in new product development and manufacturing opportunities that helped support our frontline workers and the fight against the pandemic. These unique opportunities were realized due to Plexus' qualifications and expertise that support highly complex and highly regulated medical products such as point-of-care testers and ventilators. General Electric Company ("GE") accounted for 11.7%, 12.4% and 12.3% of our net sales during fiscal 2020, 2019 and 2018, respectively. No other customer accounted for 10.0% or more of our net sales in any of the last three fiscal years. Net sales to our largest customers may vary from time to time depending on the size and timing of customer program commencements, terminations, delays, modifications and transitions. We generally do not obtain firm, long-term purchase commitments from our customers. Customers' forecasts can and do change as a result of changes in their end-market demand and other factors, including global economic conditions. Any material change in forecasts or orders from these major accounts, or other customers, could materially affect our results of operations. The loss of any major customer could have a significant negative impact on our financial results. In addition, as our percentage of net sales to customers in a specific sector becomes larger relative to other sectors, we will become increasingly dependent upon the economic and business conditions affecting that sector. Many of our large customers contract with us through multiple independent divisions, subsidiaries, production facilities or locations. We believe that in most cases our sales to any one such division, subsidiary, facility or location are independent of sales to others.

The distribution of our net sales by market sectors for the indicated fiscal years is shown in the following table:

Industry	2020	2019	2018
Healthcare/Life Sciences	37%	38%	36%
Industrial/Commercial	37%	31%	32%
Aerospace/Defense	18%	19%	16%
Communications	8%	12%	16%
Total net sales	100%	100%	100%

Although our current business development focus is based on our targeted market sectors of Healthcare/Life Sciences, Industrial/Commercial, Aerospace/Defense and Communications, we evaluate our financial performance and allocate our resources geographically (see Note 11 "Reportable Segments, Geographic Information and Major Customers" in Notes to Consolidated Financial Statements regarding our reportable segments). Plexus offers a uniform array of services for customers in each market sector and, aside from the specific go-to-market teams, we do not dedicate operational equipment, personnel, facilities or other resources to particular market sectors, nor internally track our costs and resources per market sector.

Materials and Suppliers

We typically purchase raw materials, including PCBs and electronic components, from manufacturers and distributors. Under certain circumstances, we will purchase components from brokers, customers, or competitors. The key electronic components we purchase include: specialized components, semiconductors, interconnect products, electronic subassemblies (including memory modules, power supply modules and cable and wire harnesses), inductors, resistors, and capacitors.

We also purchase non-electronic, typically custom engineered, components used in manufacturing and higher-level assembly. These components include molded/formed plastics, sheet metal fabrications, aluminum extrusions, robotics, motors, vision sensors, motion/actuation, fluidics, displays, die castings and various other hardware and fastener components. These components are sourced from both Plexus preferred suppliers and customer directed suppliers. Components range from standard to highly customized and vary widely in terms of market availability and price.

Component shortages and subsequent allocations by our suppliers are an inherent risk to the electronics industry, and have particularly been an issue for us and the industry from time to time. We discuss the causes of these shortages more fully in "Risk Factors" in Part I, Item 1A herein. We actively manage our business to minimize our exposure to material and component shortages. Potential for labor shortages at our suppliers and their suppliers, which can be impacted by pandemics, can disrupt our supply chain and cause component shortages.

Plexus' global supply chain management organization attempts to mitigate potential supply chain risks and ensure a steady flow of components and products at competitive prices. We strive to achieve these goals through advanced supply chain solutions we develop in partnership with our customers, a commitment to strong supplier partnerships, risk management tools, proprietary supply chain risk algorithms and global expediting processes. Plexus can often influence the selection of new product components, primarily when engaged to provide design and development solutions.

Competition

Plexus operates in a highly competitive market, with a goal to be best-in-class at meeting the unique needs of our customers. With integrated Design and Development, Supply Chain Solutions, New Product Introduction, Manufacturing and Aftermarket Services, we proactively tackle tough challenges throughout the product lifecycle. A number of competitors may provide electronics manufacturing and engineering services similar to Plexus. Others may be more established in certain industry sectors, or have greater financial, manufacturing, or marketing resources. Smaller competitors compete mainly in specific sectors and within limited geographic areas. Plexus also competes with in-house capabilities of current and potential customers. Plexus maintains awareness and knowledge of our competitors' capabilities in order to remain highly competitive within our target markets of Healthcare/Life Sciences, Industrial/Commercial, Aerospace/Defense and Communications.

Intellectual Property

We own various service marks that we use in our business, which are registered in the trademark offices of the United States and other countries. Although we own certain patents, they are not currently material to our business. We do not have any material copyrights.

Information Technology

Our core solutions for manufacturing facilities include a single-instance Enterprise Resource Planning ("ERP") system, as well as Product Data Management and Advanced Planning and Scheduling systems, along with consistent solutions for warehouse management and shop floor execution, that support our global operations. This consistency augments our other management information systems, allowing us to standardize our ability to translate data from multiple production facilities into operational and financial information required by the business. The related software licenses are of a general commercial character on terms customary for these types of agreements. Enhancing our environment to meet the increasing needs of cybersecurity and privacy regulations continues to be a priority. We are addressing these through enhanced controls, training and the implementation of new tools and technologies.

Compliance with Laws and Regulations

As a U.S. public company that supports manufacturing, designing and servicing highly complex products in demanding regulatory environments, our global operations are subject to a variety of laws, regulations and compliance obligations. We have robust internal controls, quality management systems, and management systems of compliance that govern our internal actions and mitigate our risk of non-compliance. We also have safeguards established to identify non-compliance concerns through internal and external audits, risk assessments as well as an ethics hotline reporting system.

We are also subject to a variety of regulations associated with environmental compliance, as well those governing employee health and safety. These regulations are related to topics such as:

- Monitoring, tracking and reporting of air and water emissions
- Handling and disposing of hazardous chemicals used during our manufacturing process
- Evaluating and mitigating employee health and safety hazards in our facilities

We believe that we are in material compliance with all such applicable laws and regulations, and we do not anticipate any significant additional expenditures related to maintaining our compliance. However, due to the sometimes rapidly evolving nature of these laws and regulations (including as related to legal developments as a result of COVID-19), geopolitical considerations, and changes in our customers’ program requirements, there can be no assurance that current expenditures will be adequate or that violations will not occur. Any violations could result in fines, penalties or customer disengagements that may have a material impact on our financial performance. See “Risk Factors” in Part I, Item 1A, herein, for more detail around risks pertaining to compliance with laws and regulations.

Responsible Business Practices

Plexus is committed to responsible business practices throughout our global operations. As a member of the Responsible Business Alliance ("RBA"), we have taken an active role in improving not only our own practices, but influencing and holding others accountable throughout our supply chain to improve their focus on important principles related to the environment, social and governance ("ESG"). We consider a variety of standards for responsible practices, including, but not limited to, local and federal legal requirements in the jurisdictions where we operate, the International Organization for Standardization’s "Guidance for Social Responsibility" (ISO 26000) and standards established by the RBA. Our commitment to responsible business practices focus on five key areas: (1) responsible employer, (2) community partner, (3) global citizen (4) industry steward and (5) corporate governance.

- **Responsible Employer** - We advocate for diversity, combat human trafficking, encourage and provide employee development opportunities, strive to ensure safe and healthy working conditions, promote an appropriate work/life balance for our employees, encourage wellness initiatives and reinforce responsible values in our culture.

- **Community Partner** - We promote and financially contribute to programs involving science, technology and education, as well as causes that make a meaningful impact to the communities in which we operate. We encourage our employees' involvement in community charitable organizations, as well as volunteerism, and we partner with community organizations to promote local business.

- **Global Citizen** – We actively work to reduce waste, water use and greenhouse gas emissions from our operations, and work with suppliers to develop similar programs. We partner with customers to help design more efficient and environmentally friendly products.

- **Industry Steward** - We take an active role in industry coalitions focused on reducing impacts to the environment, maintaining strong ethical practices and establishing safe and healthy working conditions around the world. We train our supply chain on important social initiatives, such as detecting and preventing forced labor, and we collaborate with customers to advance sustainability efforts.

- **Corporate Governance** – Strong leadership and a culture of accountability is foundational at Plexus. Our executive management, in collaboration with our Board of Directors, competently and ethically manage Plexus' operations for the long-term benefit of shareholders.

Human Capital Management

We are driven to differentiate Plexus with our talent and by our culture. How we manage our human capital is critical to how we deliver on our strategy and create sustained growth and value for our shareholders.

<u>Purpose and Culture</u>

Our vision is to help create the products that build a better world. We recognize that a great culture is foundational to the success of this vision. We are proud of our culture and the recognition we have received as a great place to work, including being named on the list of the World's Best Employers by *Forbes* in 2020. In building a great culture, we embrace four "non-negotiables:"

- **Our Values and Leadership Behaviors** – Our Values and Leadership Behaviors establish the foundation upon which our culture is built, representing key expectations we have of our employees and emblematic of the work environment we strive to create. Our 10 Values and Leadership Behaviors are: Customer Focus, Relationships and Teamwork, Excellence, Open Communication, Integrity, Prioritize our People, Solve Problems, Be Courageous, Be Strategic, and Innovate.

- **Quality Begins with Me** – We instill personal responsibility for quality in our employees through our Quality Begins with Me culture; a commitment to delivering zero defects and continuous improvement. A culture concentrated on each individual's pledge to quality is critical to achieving our strategic goal of superior execution in delivering highly complex products in demanding regulatory environments.

- **5Es of Customer Service Excellence** – Through the 5Es of Customer Service Excellence, we describe for our employees what is required to exceed our customer's expectations and enable growth through customer service excellence. In all aspects of our engagements with both internal and external customers, we reflect the 5Es: We are Empathetic, Entrepreneurial, Empowered, Engaged, and we Ensure Accountability.

- **One Plexus** – One Plexus reflects our sentiment that we are stronger together than the sum of our parts. We embrace the One Plexus mentality through collaboration to ensure consistent operations, globally, and leverage the strengths and best practices of all facets of the organization to drive the best solutions for our customers.

<u>Commitment to Values and Ethics</u>

Along with our Values and Leadership Behaviors, we act in accordance with our Code of Conduct and Business Ethics ("Code of Conduct"), which creates expectations and provides guidance for all employees to make the right decisions. Our Code of Conduct includes topics such as anti-corruption, discrimination, harassment, privacy, appropriate use of company assets, protecting confidential information, and reporting Code of Conduct violations. It is used to reinforce our passion for operating in a fair, honest, responsible and ethical manner and articulates our responsibilities as a trusted leader in the business community. The Code of Conduct also emphasizes the importance of having an open, welcoming environment in which all employees feel empowered to do what is right and are encouraged to voice concerns should violations of the Code of Conduct be observed. All employees are required to complete the training on the Code of Conduct annually.

Diversity and Inclusion

Ingrained in our culture of inclusion is the philosophy that each individual offers diverse perspectives, backgrounds and experiences that create great outcomes when we are united as a team. We respect our people and embrace our differences. We welcome everyone and value the ideas generated by our collective uniqueness. We aspire that all of our teammates reach their full potential and we encourage them to simply BE YOU!

Talent Development & Acquisition

In the pursuit of excellence, we nurture and grow our people. Our commitment to holistic talent management means that we expect and reward high performance and address underperformance with urgency, candor and empathy. Our team members receive and provide feedback with humility and a sincere interest to continuously improve. We engage in regular talent reviews to calibrate on the performance and potential of our teammates, their development needs, career pathing, and the strength of our succession plans. Competency-based training, leadership development programs and online learning provide ongoing development for team members at all levels. While our chief goal is to develop our own talent, we recruit technical, new graduate and experienced talent by valuing potential as well as experience, and personality traits that align with our Values and Leadership Behaviors.

Employee Engagement

At every facility, in every organization and at all levels, we strive to continuously improve the engagement of our teammates. We survey employee engagement annually through our employee net promotor score and we identify and act on areas of opportunity to enhance our work environment and increase employee satisfaction.

Compensation

Our policy is to competitively compensate all employees for their contributions to Plexus and to appropriately motivate employees to provide value to Plexus' shareholders. Our compensation philosophy is to align both short-term and long-term incentives with our strategic objectives and to take into account market forces, best practices, and the performance of Plexus and the employee.

Worker Rights, Health, and Safety

We are committed to complying with applicable laws, including labor and employment laws, in all areas of our operations. In addition, we are an active member of the RBA, which sets global standards, irrespective of legal requirements, regarding the treatment of workers. These include prevention of excessive working hours and unfair wages, controls to prohibit child labor and human trafficking, and bolstering workplace health and safety measures. We are one of several companies actively partnering with the RBA to abolish human trafficking by holding foreign labor agencies accountable to upholding sound recruiting processes.

To protect team members during the COVID-19 outbreak, Plexus has progressively implemented measures to safeguard our employees from COVID-19 infection and exposure in alignment with guidelines established by the U.S. Centers for Disease Control and the World Health Organization. Our mission has been to provide our workers with the safest environment to be outside their own homes. Such safeguards consist of policies, procedures, protocols, and guidance related to, among other things, COVID-19 symptom awareness, effective hygiene practices, travel restrictions, visitor vetting and screening, social distancing, face covering expectations, temperature and health screening, work-from-home requirements, enhanced workplace cleaning, and large-scale decontamination.

Human Capital Management Governance

As part of our governance structure, we have established an Organizational Performance Committee, an executive body comprised of the Chief Executive Officer, Chief Administrative Officer and other executives that oversees human capital strategy. In addition, our Chief Administrative Officer, who oversees our global human resources department, and other key leaders of our Human Resources organization provide a quarterly update to the Compensation and Leadership Development Committee of the Board of Directors on our strategy for talent development and retention, including succession planning for key talent. Management also updates the Board of Directors regularly on employee-related policies and efforts intended to protect our employees and to preserve our corporate culture, such as the regular review of our Code of Conduct and Business Ethics, diversity and inclusion initiatives, employee net promoter survey results, and our ethics hotline activity. The Board of Directors also maintains regular visibility into our COVID-19 response strategy.

Employee Data

We employ over 19,500 employees. Given the quick response times required by our customers, we seek to maintain flexibility to scale our operations as necessary to maximize efficiency. To do so, we use skilled temporary labor in addition to our full-time employees. Approximately 1,600 and 270 of our employees in Mexico and the United Kingdom, respectively, are covered by union agreements. These union agreements are typically renewed at the beginning of each year, although in a few cases these agreements may last two or more years. Our employees in China, Germany, Malaysia, Romania and the United States are not covered by union agreements. We have no history of labor disputes at any of our facilities, and we believe that our employee relationships are positive and stable.

ITEM 1A. RISK FACTORS

Material risk factors to our business and financial performance are those that may impact our strategy, which is centered around four strategic pillars: *Market Focus, Superior Execution, Passion Meets Purpose* and *Discipline by Design* . This section lays out a number of material risks that may impact those strategic pillars. Other sections of this report also include risks that may impact our strategic business objectives and affect our financial performance. The risks included herein and elsewhere in this report are not exhaustive. In addition, due to the dynamic nature of our business, new risks may emerge from time to time and it is not possible for management to predict or assess the impact of all such risks on our business.

Risks impacting our MARKET FOCUS – *We engineer innovative solutions for customers in growth markets with highly complex products and demanding regulatory environments.*

The end markets we serve require technologically advanced products and such markets may be impacted by a number of factors that could adversely impact our customers' demand.

Factors affecting the technology-dependent end markets that we serve could adversely affect our customers and, as a result, Plexus. These factors include:

- customers' ability or inability to adapt to rapidly changing technologies and evolving industry standards that can result in short product life-cycles or product obsolescence,
- customers' ability or inability to develop and market their products, some of which are new and untested, and
- the potential failure of our customers' products to gain widespread commercial acceptance.

Even if our customers successfully respond to these market challenges, their responses, including any consequential changes we must make in our business relationships, services offered, or to our operations, can affect our production cycles, inventory management and results of operations.

Our customers do not make long-term commitments to us and may cancel or change their production requirements.

We generally do not obtain firm, long-term purchase commitments from our customers, and frequently do not have visibility as to their future demand for our services. Customers also cancel, change or delay design, production or aftermarket service quantities and schedules, or fail to meet their forecasts for a number of reasons beyond our control. Customer expectations can change rapidly, requiring us to take on additional commitments or risks. In addition, customers may fail to meet their commitments to us or our expectations. Cancellations, reductions or delays by a significant customer, or by a group of customers, could seriously harm our operating results and negatively affect our working capital levels. Such cancellations, reductions or delays have occurred from time to time and may continue to occur in the future. This risk is heightened by a potential decrease in customer demand for their products or our services as a result of the ongoing COVID-19 pandemic.

In addition, we make significant decisions based on our estimates of customers' demand, including determining the levels of business that we will seek and accept, production schedules, component procurement commitments, working capital (including inventory) management, facility and capacity requirements, personnel needs and other resource requirements. The short-term nature of our customers' commitments and the possibility of rapid changes in demand for their products affect our ability to accurately estimate their future requirements. Because certain of our operating expenses are fixed, a reduction in customer demand can harm our operating results. The need for us to correctly anticipate component needs is amplified in times of shortages. The current environment of tight component supply, which might be further impacted by global pandemic-related interruptions, can increase the difficulties and cost of anticipating changing demand. Moreover, because our margins vary across customers and specific programs, a reduction in demand with higher margin customers or programs will have a more significant adverse effect on our operating results.

Rapid increases in customer demand may stress personnel and other capacity resources. We may not have sufficient resources, including personnel and components, at any given time to meet all of our customers' demands or to meet the requirements of a specific program, which could result in a loss of business from such customers.

The majority of our net sales come from a relatively small number of customers and a limited number of market sectors; if we lose a major customer or program or if there are challenges in those market sectors, then our net sales and operating results could decline significantly.

Net sales to our 10 largest customers have represented a majority of our net sales in recent periods. Our 10 largest customers accounted for 55.2% of our net sales for the fiscal year ended October 3, 2020, and 54.6% of our net sales for the fiscal year ended September 28, 2019. During each of these periods there was one customer that represented 10.0% or more of our net sales.

Our major customers may vary from period to period, and our major customers may not continue to purchase services from us at current levels, or at all, particularly given the volatile or temporary nature of certain programs. In any given period, a higher portion of our sales may be concentrated with customers or projects with relatively lower margins, which could adversely affect our results. We have experienced from time to time, and in the future may experience, significant disengagements with customers or of programs, adverse changes in customer supply chain strategies and the end of life of significant programs. Especially given our discrete number of customers, the loss of, or significant reductions in net sales to any of our major customers or our failure to make appropriate choices as to the customers we serve could seriously harm our business and results of operations.

In addition, we focus our sales efforts on customers in only a few market sectors, as identified in Part I, Item 1, herein. Each of these sectors is subject to macroeconomic conditions, as well as trends and conditions that are sector specific. Any weakness in our customers' end markets could affect our business and results of operations. Economic, business or regulatory conditions that affect the sector, or our failure to choose to do business in appropriate sectors, can particularly impact Plexus. For instance, sales in the Healthcare/Life Sciences sector are substantially affected by trends in the healthcare industry, such as government reimbursement rates and uncertainties relating to the U.S. healthcare sector, generally. In addition, the Healthcare/Life Sciences sector is affected by global health pandemics, such as COVID-19, which has created both opportunities and challenges for the Company. For example, the pandemic caused an increase in sales specific to products supporting pandemic relief efforts and critical care products while weakening sales related to elective procedures or other non-critical care products. Similarly, commercial aerospace was impacted by the COVID-19 pandemic due to restrictions on airline travel, resulting in decreased demand from our commercial aerospace customers. Additionally, the semiconductor industry has historically been subject to significant cyclicality and volatility. Further, potential reductions in U.S. government agency spending, including those due to budget cuts or other political developments or issues, could affect opportunities in all of our market sectors.

We rely on timely and regular payments from our customers, and the inability or failure of our major customers to meet their obligations to us or their bankruptcy, insolvency or liquidation may adversely affect our business, financial condition and results of operations. We also have receivables factoring agreements in place; therefore, deterioration in the payment experience with or credit quality of our major customers, or issues with the banking counterparties to our factoring agreements, could have a material adverse effect on our financial condition and results of operations due to our inability to factor such receivables.

From time to time, our customers, including former major customers, have been affected by merger, acquisition, divestiture and spin-off activity. While these transactions may present us with opportunities to capture new business, they also create the risk that these customers will partially reduce their purchases or completely disengage from us as a result of transitioning such business to our competitors or their internal operations.

We and our customers are subject to increasingly extensive government regulations, industry standards, and other stakeholder expectations; a failure to comply with current and future regulations, standards and expectations could have an adverse effect on our business, customer relationships, reputation and profitability.

We are subject to extensive government regulation, industry standards (as well as customer-specific standards), and other stakeholder expectations relating to the products we design, manufacture and service as well as how we conduct our business, including regulations and standards relating to labor and employment practices, workplace health and safety, the environment, sourcing and import/export practices, the market sectors we support and many other facets of our operations. The regulatory climate in the U.S. and other countries has become increasingly complex and fragmented, and regulatory enforcement activity has increased in recent periods. A failure to comply with such laws, regulations or standards can result in, among other consequences, fines, injunctions, civil penalties, criminal prosecution, recall or seizure of devices, total or partial suspension of production, including debarment, and could have an adverse effect on our reputation, customer relationships, profitability and results of operations. Further, customer, investor, and employee expectations in areas such as environmental, social matters and corporate governance (ESG) have been rapidly evolving and increasing. The enhanced stakeholder focus on ESG issues related to Plexus requires the continuous monitoring of various and evolving standards and expectations and the associated reporting requirements. A failure to adequately meet stakeholder expectations may result in the loss of business, diluted market valuation, an inability to attract customers and an inability to attract and retain top talent.

Our Healthcare/Life Sciences sector is subject to statutes and regulations covering the design, development, testing, manufacturing and labeling of medical devices and the reporting of certain information regarding their safety, including Food and Drug Administration regulations and similar regulations in other countries. We also design, manufacture and service products for certain industries, including certain applications where the U.S. government is the end customer, that face significant regulation by the Department of Defense, Department of State, Department of Commerce, Federal Aviation Authority, and other governmental agencies in the U.S. as well as in other countries, and also under the Federal Acquisition Regulation. In addition, whenever we pursue business in new sectors and subsectors, or our customers pursue new technologies or markets, we need to navigate the potentially heavy regulatory and legislative burdens of such sectors, as well as standards of quality systems, technologies or markets.

The regulatory climate can itself affect the demand for our services. For example, government reimbursement rates and other regulations, as well as the financial health of healthcare providers, and changes in how healthcare in the U.S. is structured, and how medical devices are taxed, could affect the willingness and ability of end customers to purchase the products of our customers in the Healthcare/Life Sciences sector as well as impact our margins.

Our customers are also required to comply with various government regulations, legal requirements and industry standards, including many of the industry-specific regulations discussed above. Our customers' failure to comply could affect their businesses, which in turn would affect our sales to them. In addition, if our customers are required by regulation or other requirements to make changes in their product lines, these changes could significantly disrupt particular programs we have in place for these customers and create inefficiencies in our business.

Increased competition may result in reduced demand or reduced prices for our services.

Our industry is highly competitive. We compete against numerous providers with global operations, as well as those which operate on only a local or regional basis. In addition, current and prospective customers continually evaluate the merits of designing, manufacturing and servicing products internally and may choose to design, manufacture or service products (including products or product types that we currently design, manufacture or service for them) themselves rather than outsource such activities. Consolidations and other changes in our industry may result in a changing competitive landscape. Our competitors may:

- respond more quickly than us to new or emerging technologies
- have greater name recognition, critical mass and geographic and market presence
- be better able to take advantage of acquisition opportunities
- adapt more quickly to changes in customer requirements
- have lower internal cost structures
- have greater direct buying power with component suppliers, distributors and raw material suppliers
- devote greater resources to the development, promotion and sale of their services and execution of their strategy, and
- be better positioned to compete on price for their services.

Our manufacturing processes are generally not subject to significant proprietary protection, and companies with greater resources or a greater market presence may enter our market or otherwise become increasingly competitive. Increased competition could result in significant price reductions, reduced sales and margins, or loss of market share.

We may fail to successfully complete future acquisitions or strategic arrangements, and may not successfully integrate acquired operations or recognize the anticipated benefits, which could adversely affect our operating results.

While we have primarily chosen an organic growth strategy in recent years, if we were to pursue future growth through acquisitions, including the acquisition of operations divested by our customers, or similar transactions, this would involve significant risks that could have a material adverse effect on us. These include operating risks such as the inability to successfully integrate businesses, systems and personnel, impacts on customer programs and relationships; and an inability to realize anticipated synergies or economies of scale. They also include financial risks such as the use of cash or incurrence of additional debt and interest expense, the potential volatility or weakness in our stock price as a result of the announcement of such transactions, the incurrence of large write-offs or write-downs, and other potential financial impacts.

Risks impacting our SUPERIOR EXECUTION – *We are dedicated partners to our customers, committed to achieving zero defects and perfect delivery through operational excellence.*

We have a complex business model, and our failure to properly manage or execute on that model could adversely affect our operations, financial results and reputation.

Our business model focuses on products and services that are highly complex and subject to demanding regulatory requirements. Our customers' products typically require significant production and supply-chain flexibility necessitating optimized manufacturing and supply chain solutions across an integrated global platform. The products we design, manufacture, and service are also typically complex, heavily regulated, and require complicated configuration management and direct order fulfillment capabilities to global end customers. In addition, we offer Aftermarket Services to our customers, which add to the complexity of our business model.

Our business model requires a great degree of attention, flexibility and resources. These resources include working capital, management and technical personnel, and the development and maintenance of systems and procedures to manage diverse manufacturing, regulatory and service requirements for multiple programs of varying sizes simultaneously, including in multiple locations and geographies. We also depend on securing and ramping new customers and programs and on transitioning production for new customers and programs, which creates added complexities related to managing the start-up risks of such projects, especially for companies that did not previously outsource such activities.

The complexity of our service model, which encompasses a broad range of services in the product realization process including Design and Development, Supply Chain Solutions, New Product Introduction, Manufacturing and Aftermarket Services, often results in complex and challenging contractual obligations and unique customer requirements. In addition, program complexity and associated customer expectations have increased in recent years with respect to certain capabilities, commitments, allocation of risk and compliance with third party standards, requiring extraordinary measures to ensure operational execution and compliance within unique, non-standard engagements. If we fail to meet those obligations, or are otherwise unable to execute on our commitments or unsuccessfully mitigate such risks, then it could result in claims against us, regulatory violations, or adversely affect our reputation and our ability to obtain future business, as well as impair our ability to enforce our rights (including those related to payment) under those contracts. A failure to adequately understand unique customer requirements may also impact our ability to estimate and ultimately recover associated costs, adversely affecting our financial results.

Many of the markets for our manufacturing, engineering, aftermarket and other services are characterized by rapidly changing technology and evolving process developments. Our internal processes are also subject to these factors. The continued success of our business will depend upon our continued ability to:

- retain our qualified engineering and technical personnel, and attract additional qualified personnel, especially in times of tight labor markets
- choose, maintain, and enhance appropriate technological and service capabilities
- successfully manage the implementation and execution of information systems
- develop and market services that meet changing customer needs
- effectively execute our services and perform to our customers' expectations, and
- successfully anticipate, or respond to, technological changes on a cost-effective and timely basis.

Although we believe that our operations utilize the technologies, equipment and processes that are currently required by our customers, we cannot be certain that we will maintain or develop the capabilities required by our customers in the future. The emergence of new technologies, industry standards or customer requirements may render our technical personnel, equipment, inventory or processes obsolete or noncompetitive. In addition, we may have to acquire new skills, technologies and equipment to remain competitive, as well as offer new or additional services, all of which may require significant expense or capital investment that could reduce our liquidity and negatively affect our operating results. Our failure to anticipate and adapt to our customers' changing technological needs and requirements, or to perform to their expectations or standards, as well as our need to maintain our personnel and other resources during times of fluctuating demand, could have an adverse effect on our business.

There may be problems with the products we design, manufacture or service that could result in liability claims against us, reduced demand for our services and damage to our reputation.

We design, manufacture and service products to our customers' specifications, many of which are highly complex, for industries, such as healthcare, aerospace and defense, that have higher risk profiles. Despite our quality control and quality assurance efforts, problems may occur, or may be alleged, in the design, manufacturing or servicing of these products, including as a result of business continuity issues. Whether or not we are responsible, problems in the products we manufacture, whether real or alleged, whether caused by faulty customer specifications, the design or manufacturing processes, servicing, or a component defect, may result in delayed shipments to customers or reduced or canceled customer orders. If these problems were to occur in large quantities or too frequently, our business reputation may also be tarnished. In addition, such problems may result in liability claims against us, whether or not we are responsible. These potential claims may include damages for the recall of a product or injury to person or property.

Even if customers or third parties, such as component suppliers, are responsible for defects, they may not, or may not be able to, assume responsibility for any such costs or required payments to us. While we seek to secure contractual protection and/or to insure against many of these risks, we may not have practical recourse against certain suppliers, and contractual protections, insurance coverage or supplier warranties, as well as our other risk mitigation efforts, may be inadequate, not cost effective or unavailable, either in general or for particular types of products or issues. We occasionally incur costs defending claims, and any such disputes could adversely affect our business relationships.

We experience raw material and component shortages, price fluctuations, and supplier quality concerns.

We generally do not have long-term supply agreements. We experience, and in the future will likely continue to experience, raw material and component shortages due to supplier capacity constraints, or their failure to deliver. We also experience increased lead times to procure certain types of components from time to time, including during fiscal 2020 as a result of the global pandemic and other factors. Such constraints can also be caused by world events, such as government policies, tariffs, trade wars, trade disputes and trade protection measures, terrorism, armed conflict, natural disasters, economic recession, increased demand due to economic growth, preferential allocations and other localized events. We currently rely on a limited number of suppliers for many of the raw materials and components used in the assembly process and, in some cases, may be required to use suppliers that are the sole provider of a particular raw material or component. Such suppliers may encounter quality problems, labor disputes, financial difficulties or business continuity issues that could preclude them from delivering raw materials or components timely or at all. Supply shortages and delays in deliveries of raw materials or components have in some cases resulted in delayed production of assemblies, which have increased our inventory levels and adversely affected our operating results in certain periods. Additionally, a delay in obtaining a particular component may result in other components for the related project being held for longer periods of time, increasing working capital and risking inventory obsolescence. An inability to obtain sufficient inventory on a timely basis or successfully execute on our business continuity processes, could also harm relationships with our customers.

In addition, raw materials and components that are delivered to us may not meet our specifications or other quality criteria. Certain materials provided to us may be counterfeit or violate the intellectual property rights of others. The need to obtain replacement materials and parts may negatively affect our manufacturing operations. The inadvertent use of any such parts or products may also give rise to liability claims. Further, the commitments made to us by our suppliers, and the terms applicable to such relationships, may not match all the commitments we make to, and the terms of our arrangements with, our customers, and such variations may lead us to incur additional expense or liability and/or cause other disruptions to our business.

Raw material and component supply shortages and delays in deliveries, along with other factors such as tariffs and trade disputes, can also result in increased pricing. While many of our customers permit quarterly or other periodic adjustments to pricing based on changes in raw material or component prices and other factors, we may bear the risk of price increases that occur between any such repricing or, if such repricing is not permitted, during the balance of the term of the particular customer contract. Conversely, as a result of our pricing strategies and practices, raw material and component price reductions have contributed positively to our operating results in the past. Our inability to continue to benefit from such reductions in the future could adversely affect our operating results.

Our services involve other inventory risk.

Most of our services are provided on a turnkey basis, under which we purchase some, or all, of the required materials and components based on customer forecasts or orders. Although, in general, our commercial contracts with our customers obligate our customers to ultimately purchase inventory ordered to support their forecasts or orders, Plexus generally finances these purchases initially. In addition, suppliers may require us to purchase materials and components in minimum order quantities that may exceed customer requirements. A customer's cancellation, delay or reduction of forecasts or orders can also result in excess inventory or additional expense to us. Engineering changes by a customer may result in obsolete materials or components. While we attempt to cancel, return or otherwise mitigate excess and obsolete inventory, require customers to reimburse us for these items and/or price our services to address related risks, we may not actually be reimbursed timely or in full, be able to collect on these obligations or adequately reflect such risks in our pricing. In addition to increasing inventory in certain instances to support new program ramps, we may also increase inventory if we experience component shortages or longer lead times for certain components in order to maintain a high level of customer service. In such situations, we may procure components earlier, which has led to an increase in inventory in the short term and may lead to increased, excess, or obsolete inventory in the future. Excess or obsolete inventory, the need to acquire increasing amounts of inventory due to shortages, customer demand or otherwise, or other failures to manage our working capital, could adversely affect our operating results, including our return on invested capital.

In addition, we provide managed inventory programs for some of our customers under which we hold and manage finished goods or work-in-process inventories. These managed inventory programs result in higher inventory levels, further reduce our inventory turns and increase our financial exposure with such customers. In addition, our inventory may be held at a customer's facility or warehouse, or elsewhere in a location outside of our control, which may increase the risk of loss. Even though our customers generally have contractual obligations to purchase such inventories from us, we remain subject to customers' credit risks as well as the risk of potential customer default and the need to enforce those obligations.

An inability to successfully manage the procurement, development, implementation or execution of information systems, or to adequately maintain these systems and their security, as well as to protect data and other confidential information, may adversely affect our business and reputation.

As a global company with a complex business model, we are heavily dependent on our information systems to support our customers' requirements and to successfully manage our business. Any inability to successfully manage the procurement, development, implementation, execution or maintenance of our information systems, including matters related to system and data security, cybersecurity, privacy, reliability, compliance, performance and access, as well as any inability of these systems to fulfill their intended purpose within our business, could have an adverse effect on our business.

In the ordinary course of business, we collect and store sensitive data and information, including our proprietary and regulated business information and that of our customers, suppliers and business partners, as well as personally identifiable information about our employees. Our information systems, like those of other companies, are susceptible to malicious damage, intrusions and outages due to, among other events, viruses, cyber threats, industrial espionage (internal or external), hacking, break-ins and similar events, other breaches of security, natural disasters, power loss or telecommunications failures. Due to the intellectual property we maintain on our systems related to high technology components, sub-components, manufacturing processes, and our customers' products, we are a likely target from various external and internal cyber threats, such as lone attackers, competitors, our customers' competitors, and nation states seeking to gain access to such intellectual property, as well as both unintentional and malicious internal threats. In addition, lone and organized crime elements have been known to extort money by encrypting their victims' data (ransomware) and utilize their victims' resources for unauthorized mining of cryptocurrency.

The increasing sophistication of cyberattacks requires us to continually evaluate the threat landscape and new technologies and processes intended to detect and prevent these attacks. There can be no assurance that the security measures and systems configurations we choose to implement will be sufficient to protect the data we manage. Any theft or misuse of information resulting from a security breach could result in, among other things, loss of significant and/or sensitive information, litigation by affected parties, financial obligations resulting from such theft or misuse, higher insurance premiums, governmental investigations, fines and penalties, negative reactions from current and potential future customers, and reputational damage, any of which could adversely affect our financial results. Also, the time and funds spent on monitoring and mitigating our exposure and responding to breaches, including the training of employees, the purchase of protective technologies and the hiring of additional employees and consultants to assist in these efforts could adversely affect our financial results. This risk is enhanced as a result of the number of employees currently working remotely due to the global pandemic, for example by reason of utilizing home networks that may lack encryption or secure password protection, virtual meeting/conference security concerns and increase of phishing/cyber-attacks around COVID-19 digital resources.

Moreover, we are subject to increasing expectations and data security requirements from our customers, including those related to the Federal Acquisition Regulation, Defense Federal Acquisition Regulation Supplement, and Cybersecurity Maturity Model

Certification. Any operational failure or breach of security from increasingly sophisticated cyber threats could lead to the loss or disclosure of our or our customers' financial, product or other confidential information, result in adverse regulatory or other legal actions and have a material adverse effect on our business and reputation. In addition, we must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the U.S. and elsewhere. For example, the European Union's General Data Protection Regulation (the "GDPR") and similar legislation in jurisdictions in which we operate impose additional obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws and regulations can be costly. Failure to comply with these regulatory standards could subject us to legal and reputational risks. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against us by governmental entities or others, fines and penalties, damage to our reputation and credibility and could have a negative impact on our business and results of operations.

Plexus is a multinational corporation and operating in multiple countries exposes us to increased risks, including adverse local developments and currency risks.

We have operations in many countries; operations outside of the U.S. in the aggregate represent a majority of our net sales and operating income, with a particular concentration in Malaysia. In addition, although we have repatriated a substantial amount of cash since the enactment of the U.S. Tax Cuts and Jobs Act ("U.S. Tax Reform"), a significant amount of our cash balances remain held outside of the U.S., with a particular concentration in Malaysia and China. We purchase a significant number of components manufactured in various countries. These international aspects of our operations, which are likely to increase over time, subject us to the following risks that could materially impact our operations and operating results:

- economic, political or civil instability
- transportation delays or interruptions
- exchange rate fluctuations
- potential disruptions or restrictions on our ability to access cash amounts held outside of the U.S.
- changes in labor markets, such as government-mandated wage increases, increases to minimum wage requirements, changes in union-related laws and regulations, limitations on immigration or the free movement of labor or restrictions on the use of migrant workers, and difficulties in appropriately staffing and managing personnel in diverse cultures
- compliance with laws, such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and the E.U. General Data Protection Regulation, applicable to companies with global operations
- changes in the taxation of earnings both in the U.S. and in other countries
- reputational risks related to, among other factors, varying standards and practices among countries
- changes in duty rates
- significant natural disasters and other events or factors impacting local infrastructure
- the impact of the United Kingdom's exit from the European Union ("Brexit")
- the effects of other international political developments, such as tariffs, embargoes, sanctions, boycotts, trade wars, energy disruptions, trade agreements and changes in trade policies, including those which may be effected by the U.S. and other countries' political reactions to those actions, and
- regulatory requirements and potential changes to those requirements.

As our international operations continue to expand, our failure to appropriately address foreign currency transactions or the currency exposures associated with assets and liabilities denominated in non-functional currencies could adversely affect our consolidated financial condition, results of operations and cash flows. In addition, developments affecting particular countries can adversely affect our ability to access cash or other assets held in such countries.

A significant portion of our operations currently occurs in the APAC region, particularly in Malaysia. The concentration of our operations, assets and profitability in that region exposes us to adverse developments, economic, political or otherwise, in those countries.

Changes in policies by or changes in elected officials of the U.S. or other governments could negatively affect our operating results due to trade wars, changes in duties, tariffs or taxes, currency exchange rate fluctuations, or limitations on currency or fund transfers, as well as government-imposed restrictions on producing certain products in, or shipping them to, specific countries. The United States-Mexico-Canada Agreement (the "USMCA"), negotiated by Canada, Mexico and the U.S. to update and replace the North America Free Trade Agreement ("NAFTA"), became effective July 1, 2020. The USMCA is similar to NAFTA; however, it contains several new compliance obligations addressing such issues as rules of origin, labor standard, certificate of origin documentation and de minimis thresholds, as well as new policies on labor and environmental standards, intellectual property protections and some digital trade provisions. While certain aspects of the USMCA may be positive, others, including potentially higher regulatory compliance costs, may have a negative impact on our business and adversely affect our operations in Mexico. Also, our current facilities in Mexico operate under the Mexican Maquiladora ("IMMEX") program. This program provides for reduced tariffs and eased import regulations. We could be adversely affected by changes in the IMMEX program or our failure to comply with its requirements. Additionally, increasing tariffs and other trade protection measures between the U.S. and China may affect the cost of our products originating in China as well as the demand for our products manufactured in China in the event our customers reduce operations in China as a result of such tariffs or trade protection measures. These actions could also affect the cost and/or availability of components that we procure from suppliers in China. Government-imposed restrictions on where we can produce certain types of products or source components, such as the potential ratification of the 2021 National Defense Authorization Act, could limit our ability to manufacture products in, or source components from, certain geographies, thereby negatively affecting cost and profitability by having to shift such production or the sourcing of components to the U.S. or other higher-cost locations.

The United Kingdom ("UK") formally left the European Union ("EU") on January 31, 2020 and entered into a transition period that is expected to conclude on December 31, 2020 during which the UK and the EU are seeking to establish the terms of their future relationship. This exit has resulted in currency exchange rate fluctuations and volatility. The final terms of Brexit are not yet known as negotiations continue between the UK and the EU. Given the lack of comparable precedent, the implications of Brexit, or how such implications might affect us (as we also have operations in Scotland), remain unclear at this time. Brexit could, among other impacts, disrupt trade and the movement of goods, services and people between the UK and the EU or other countries, disrupt the stability of the EU generally, and lead to a downturn in consumer sentiment. This could result in overall negative economic growth, as well as create legal, political, regulatory and global economic uncertainty. These and other potential implications could adversely affect our business and financial results.

A failure to comply with customer-driven policies and standards, and third-party certification requirements or standards, including those related to social responsibility, could adversely affect our business and reputation.

In addition to government regulations and industry standards, our customers may require us to comply with their own or third-party quality standards, commercial terms, social responsibility standards, or other business policies or standards, which may be more restrictive than current laws and regulations as well as our pre-existing policies and/or terms with our suppliers, before they commence, or continue, doing business with us. Such policies or standards may be customer-driven, established by the industry sectors in which we operate or imposed by third party organizations.

Our compliance with these heightened and/or additional policies, standards and third-party certification requirements, and managing a supply chain in accordance therewith, could be costly, and our failure to comply could adversely affect our operations, customer relationships, reputation and profitability. In addition, our adoption of these standards could adversely affect our cost competiveness, ability to provide customers with required service levels and ability to attract and retain employees in jurisdictions where these standards vary from prevailing local customs and practices. In certain circumstances, to meet the requirements or standards of our customers we may be obligated to select certain suppliers or make other sourcing choices, and we may bear responsibility for adverse outcomes even if these matters are as the result of third-party actions or outside of our control.

Intellectual property infringement claims against our customers or us could harm our business.

Although our manufacturing processes are generally not subject to significant proprietary protection, our services may and the products offered by our customers do involve the creation and use of intellectual property rights, which subject us and our customers to the risk of claims of intellectual property infringement from third parties. In addition, our customers may require that we indemnify them against the risk of intellectual property infringement. If any claims are brought against us or our customers for infringement, whether or not these have merit, then we could be required to expend significant resources in defense of those claims. In the event of an infringement claim, we may be required to spend a significant amount of money to develop non-infringing alternatives or obtain licenses. We may not be successful in developing alternatives or obtaining licenses on reasonable terms or at all. Infringement by our customers could cause them to discontinue production of some of their products, potentially with little or no notice, which may reduce our net sales to them and disrupt our production.

Additionally, if third parties on whom we rely for products or services, such as component suppliers, are responsible for an infringement (including through the supply of counterfeit parts), we may or may not be able to hold them responsible and we may incur costs in defending claims or providing remedies. Such infringements may also cause our customers to abruptly discontinue selling the impacted products, which would adversely affect our net sales of those products, and could affect our customer relationships more broadly. Similarly, claims affecting our suppliers could cause those suppliers to discontinue selling materials and components upon which we rely.

Natural disasters, breaches of security and other events outside our control, and the ineffective management of such events, may harm our business.

Some of our facilities are located in areas that may be impacted by natural disasters, including tornadoes, hurricanes, earthquakes, water shortages, tsunamis and floods. All facilities are subject to other natural or man-made disasters such as those related to weather events or global climate change, fires, acts of terrorism or war, breaches of security, theft or espionage, workplace violence and failures of utilities. If such an event was to occur and we did not have an effective business continuity plan in place, our business could be harmed due to the event itself or due to our inability to effectively manage the effects of the particular event, with the impact of the event potentially magnified in areas where we have multiple facilities in close proximity. For example, we maintain significant production capacity in Penang, Malaysia, and an isolated event in that geography could materially hinder our production capabilities. Potential harms include the loss of business continuity, the loss of business data and damage to infrastructure.

In addition, some of our facilities possess certifications necessary to work on specialized products that our other locations lack. If work is disrupted at one of these facilities, it may be impractical or we may be unable to transfer such specialized work to another facility without significant costs and delays. Thus, any disruption in operations at a facility possessing specialized certifications could adversely affect our ability to provide products and services to our customers, and potentially have a negative affect our relationships and financial results.

Although we have implemented policies and procedures with respect to physical security, we remain at risk of unauthorized access to our facilities and the possible unauthorized use or theft of inventory, information or other physical assets. If unauthorized persons gain physical access to our facilities, or our physical assets or information are stolen, damaged or used in an unauthorized manner (whether through outside theft or industrial espionage), we could be subject to, among other consequences, negative publicity, governmental inquiry and oversight, loss of government contracts, litigation by affected parties or other future financial obligations related to the loss, misuse or theft of our or our customers' data, inventory or physical assets, any of which could have a material adverse effect on our reputation and results of operations.

Risks impacting our PASSION MEETS PURPOSE – *We are united as a team. We are guided by our values and leadership behaviors. We do the right thing to support our team members, communities and customers.*

We depend on our workforce, including certain key personnel, and the loss of key personnel or other personnel disruptions, including the inability to hire, develop and retain sufficient personnel, may harm our business.

Our success depends in large part on the continued services of our key management and technical personnel, and on our ability to attract, develop and retain qualified employees, particularly those to fill key leadership positions and the highly skilled technical personnel involved in the development of new products and processes and the manufacture of products. The competition for these individuals is significant, especially in tight labor markets, and the loss of key employees could harm our business.

From time to time, there are changes and developments, such as retirements, promotions, transitions, disability, death and other terminations of service that affect our executive officers and other key employees, including those that are unexpected. Transitions or other changes in responsibilities among officers and key employees without having identified and ready successors for such these critical roles, particularly when such changes are unanticipated, unplanned or not executed effectively, inherently can cause disruptions to our business and operations, as well as harm our reputation, which could have an effect on our results. Further, as we grow in size and complexity, a failure to continuously focus on the development of personnel and plan for the succession of critical roles may result in shortfalls in the talent required to execute effectively and affect our operations and financial results.

We also depend on good relationships with our workforce generally. Any disruption in our relationships with our personnel, including as a result of union organizing activities, work actions, tightening labor markets or other labor issues, could substantially affect our operations and results.

In addition, when we expand operations in either existing areas or new locations, including internationally, we need to attract and retain the services of sufficient qualified personnel to conduct those operations. If we fail to attract and retain sufficient qualified personnel, the operations at those locations, and consequently our financial results, could be adversely affected. In new or existing facilities, we may be subject to local labor practices or union activities, wage pressure and changing wage requirements, increasing healthcare costs, differing employment laws and regulations in various countries, local competition for employees, restrictions on immigration, labor mobility, as well as high turnover, and other issues affecting our workforce, all of which could affect operations at particular locations, which also could have adverse effects on our operational results. Our adoption of certain third-party health, safety and other employment-related regulatory standards could adversely affect our ability to attract and retain employees in jurisdictions where these standards vary from prevailing local customs and practices.

Risks impacting our DISCIPLINE BY DESIGN – *We hold ourselves accountable to delivering shareholder value through consistent application of a disciplined financial model*.

Challenges associated with the engagement of new customers or programs, the provision of new services, or start-up costs and inefficiencies related to new, recent or transferred programs could affect our operations and financial results.

Our engagement with new customers, as well as the addition of new programs or types of services for existing customers, can present challenges in addition to opportunities. We must initially determine whether it would be in our interests from a business perspective to pursue a particular potential new customer, program or service, including evaluating whether the customer, program or service fits with our value proposition as well as its potential end-market success. If we make the decision to proceed, we need to ensure that our terms of engagement, including our pricing and other contractual provisions, appropriately reflect the strategic nature of the customer, anticipated costs, risks and rewards. The failure to make prudent engagement decisions or to establish appropriate terms of engagement could adversely affect our profitability and margins.

Also, there are inherent risks associated with the timing and ultimate realization of anticipated revenue from a new program or service; these factors can sometimes extend for a significant period. Some new programs or services require us to devote significant capital and personnel resources to new technologies and competencies. We may not meet customer expectations, which could damage our relationships with the affected customers and impact our ability to deliver conforming product or services on a timely basis. Further, the success of new programs may depend heavily on factors such as product reliability, market acceptance, regulatory approvals or economic conditions. The failure of a new program to meet expectations on these factors, or our inability to effectively execute on a new program's or service's requirements, could result in lost financial opportunities and adversely affect our results of operations.

In recent years, ramping new programs has been a key contributor to our revenue growth. The management of resources in connection with the establishment of new or recent programs and customer relationships, as well as program transfers between facilities and geographies, and the need to estimate required resources in advance of production can adversely affect our gross and operating margins and level of working capital. These factors are particularly evident in the early stages of the life-cycle of new programs, which typically lack a track record of order volume and timing as well as production efficiencies in the early stages. We typically manage multiple new programs at any given time; therefore, we are exposed to these factors in varying magnitudes.

The effects of these start-up costs and inefficiencies can also occur when we transfer programs between locations and geographies. We conduct these transfers on a regular basis to meet customer needs, seek long-term efficiencies or respond to market conditions, as well as due to facility openings and closures. We may also be required to transfer projects between facilities due to tariffs and other trade measures impacting particular countries such as China. Although we try to recover costs from our customers and minimize the potential losses arising from transitioning customer programs between our facilities and geographies, we may not be successful and there are inherent risks that such transitions can result in operational inefficiencies and the disruption of programs and customer relationships.

While these factors tend to affect new, recent or transferred programs, they can also impact more mature or maturing programs and customer relationships, especially programs where end-market demand can be somewhat volatile.

Failure to manage periods of growth or contraction may seriously harm our business.

Our industry frequently sees periods of expansion and contraction. We regularly contend with these issues and must carefully manage our business to meet changing customer and market requirements. If we fail to manage these growth and contraction decisions effectively, as well as fail to realize the anticipated benefits of these decisions, we can find ourselves with either excess or insufficient resources and our business, as well as our profitability, may suffer. Expansion and consolidation, including the transfer of operations to new or other facilities or due to acquisitions, can inherently include additional costs and start-up inefficiencies. For example, we recently announced our intent to expand our geographic locations and construct a new manufacturing facility in Bangkok, Thailand, to supplement our footprint the Asia-Pacific region. In addition, we may expand our operations in new geographical areas where currently we do not operate. If we are unable to effectively manage this or other expansions or consolidations, or related anticipated net sales are not realized, our operating results could be adversely affected. Other risks of current or future expansions, acquisitions and consolidations include:

- the inability to successfully integrate additional facilities or incremental capacity and to realize anticipated efficiencies, economies of scale or other value
- challenges faced as a result of transitioning programs
- incurrence of restructuring costs or other charges that may be insufficient or may not have their intended effects
- additional fixed or other costs, or selling and administrative expenses, which may not be fully absorbed by new business
- a reduction of our return on invested capital, including as a result of excess inventory or excess capacity at new facilities, as well as the increased costs associated with opening new facilities
- difficulties in the timing of expansions, including delays in the implementation of construction and manufacturing plans
- diversion of management's attention from other business areas during the planning and implementation of expansions
- strain placed on our operational, financial and other systems and resources, and
- inability to locate sufficient customers, employees or management talent to support the expansion.

Periods of contraction or reduced net sales, or other factors affecting particular sites, create other challenges. We must determine whether facilities remain viable, whether staffing levels need to be reduced, and how to respond to changing levels of customer demand. While maintaining excess capacity or higher levels of employment entail short-term costs, reductions in capacity or employment could impair our ability to respond to new opportunities and programs, market improvements or to maintain customer relationships. Our decisions to reduce costs and capacity can affect our short-term and long-term results. When we make decisions to reduce capacity or to close facilities, we frequently incur restructuring costs.
In addition, to meet our customers' needs, particularly when the production requirements of certain products are site-specific, to achieve increased efficiencies, or to address factors affecting specific locations, such as tariffs and trade disputes, we sometimes require additional capacity in one location while reducing capacity in another. Since customers' needs and market conditions can vary and change rapidly, we may find ourselves in a situation where we simultaneously experience the effects of contraction in one location and expansion in another location. We may also encounter situations where our lack of a physical presence in certain locations may limit or foreclose opportunities.

Changes in tax laws, potential tax disputes, negative or unforeseen tax consequences or further developments affecting our deferred tax assets could adversely affect our results.

Our effective tax rate is highly dependent upon the geographic mix of earnings across the jurisdictions where we operate. Changes in tax laws or tax rates in those jurisdictions, including, but not limited to, as a result of actions by the U.S. (including additional guidance and interpretations related to U.S. Tax Reform) or other countries or Brexit, could continue to have a material impact on our operating results. Among other things, we have been, and are expected to continue to be, affected by the global intangible low-taxed income provisions added by U.S. Tax Reform and related new tax legislation, interpretations and guidance. Our effective tax rate may also be impacted by tax holidays and other various tax credits granted by local taxing authorities. In addition, the implementation of U.S. Tax Reform has required the use of estimates, which may be refined in future periods. All incentives, including a tax holiday granted to our Malaysian subsidiary, are subject to certain terms and conditions. While we expect to comply with these conditions, we would experience adverse tax consequences if we are found to not be in compliance or if the terms and conditions of the tax holiday are unfavorably altered by the local taxing authorities.

Our taxable income in any jurisdiction is dependent upon the local taxing authority's acceptance of our operational and intercompany transfer pricing practices as being at "arm's length." Due to inconsistencies among jurisdictions in the application of the arm's length standard, our transfer pricing methods may be challenged and, if not upheld, could increase our income tax expense. Risks associated with transfer pricing adjustments are further highlighted by the global initiative from the Organisation for Economic Cooperation and Development called the Base Erosion and Profit Shifting ("BEPS') project. The BEPS project is challenging longstanding international tax norms regarding the taxation of profits from cross-border business. Given the scope of our international operations and the fluid and uncertain nature of how the BEPS project might ultimately lead to future legislation, it is difficult to assess how any changes in tax laws would impact our income tax expense.

We review the probability of the realization of our net deferred tax assets each period based on forecasts of taxable income by jurisdiction. This review uses historical results, projected future operating results based upon approved business plans, eligible carryforward periods, tax planning opportunities and other relevant considerations. Adverse changes in the profitability and financial outlook in each of our jurisdictions may require the creation of an additional valuation allowance to reduce our net deferred tax assets. Such changes could result in material non-cash expenses in the period in which the changes are made.

We may fail to secure or maintain necessary additional financing or capital.

Although we have credit facilities, we cannot be certain that our existing credit arrangements will provide all of the financing capacity that we will need in the future or that we will be able to change the credit facilities or revise covenants, if necessary, to accommodate changes or developments in our business and operations and/or increased working capital needs. In addition, if we do not comply with the covenants under our credit agreement, our ability to borrow under that facility would be adversely affected. In addition, it is possible that counterparties to our financial agreements, including our credit agreement and receivables factoring programs, may not be willing or able to meet their obligations, either due to instability in the global financial markets or otherwise, which could, among other impacts, increase the duration of our cash collection cycle. While we currently believe we have ample liquidity to manage the financial impact of COVID-19, we can give no assurance that this will continue to be the case if the impact of COVID-19 is prolonged or if there is an extended impact on us or the economy in general.

Our future success may depend on our ability to obtain additional financing and capital to support possible future growth and future initiatives. During fiscal 2020, we successfully refinanced our credit facility to, among other changes, secure a 364 day delayed draw term loans for $138 million, in addition to the revolving credit facility of $350 million. After maturity of the term loans on April 28, 2021, we also have the potential to increase capacity under our revolving credit facility from $350 million to $600 million with the approval of the lenders. In addition, we also have receivables factoring programs. Many of our borrowings are at variable interest rates and therefore our interest expense is subject to increase if rates, including the London Interbank Offering Rate ("LIBOR"), increase.

We may seek to raise capital by issuing additional common stock, other equity securities or debt securities, modifying our existing credit facilities or obtaining new facilities, or through a combination of these methods. We may not be able to obtain capital when we want or need it, and capital may not be available on satisfactory terms. If we issue additional equity securities or convertible securities to raise capital, it may be dilutive to shareholders' ownership interests; we may not be able to offer our securities on attractive or acceptable terms in the event of volatility or weakness in our stock price. Furthermore, any additional financing may have terms and conditions that adversely affect our business, such as restrictive financial or operating covenants, and our ability to meet any current or future financing covenants will largely depend on our financial performance, which in turn will be subject to general economic conditions and financial, business and other factors.

The elimination of LIBOR could adversely affect our business, results of operations or financial condition.

Borrowings under our credit facilities use LIBOR as a benchmark for establishing the applicable interest rate. The UK's Financial Conduct Authority announced that after 2021 it would no longer persuade or compel panel banks to submit the rates required to calculate LIBOR. The consequences of these developments with respect to LIBOR cannot be entirely predicted but could result in an increase in the cost of our variable rate indebtedness causing a negative impact on our financial position, liquidity and results of operations. Specifically, the use of an alternative reference rate could result in increased costs, including increased interest expense on our borrowings, and increased borrowing costs in the future. Management continues to evaluate the LIBOR exposure risks.

Our financial condition and results of operations may be materially adversely affected by the ongoing coronavirus (COVID-19) outbreak.

The full extent to which the COVID-19 outbreak will impact our business and operating results will depend on future developments that are highly uncertain and cannot be accurately predicted, including new medical and other information that may emerge concerning COVID-19 and the actions by governmental entities or others to contain it or treat its impact.

The COVID-19 outbreak poses the risk that we or our employees, suppliers, customers and others may be restricted or prevented from conducting business activities for indefinite or intermittent periods of time, including as a result of employee health and safety concerns, shutdowns, shelter in place orders, travel restrictions and other actions and restrictions that may be prudent or required by governmental authorities. For example, in China, at the onset of the COVID-19 outbreak in that country during our second quarter of fiscal 2020, our operations were impacted for several weeks due to quarantines, travel restrictions, and other factors affecting us and our suppliers. In addition, we experienced a temporary reduction of our operating capacity in Malaysia during our second quarter of fiscal 2020 as a result of government-mandated actions to control the spread of COVID-19. Finally, while our facilities, and those of some of our suppliers, have been classified as essential or otherwise permitted to operate in jurisdictions in which facility closures have been mandated, we can give no assurance that this will not change in the future or that we or our suppliers will continue to be permitted to conduct business in each of the jurisdictions in which we operate.

Additionally, we have modified our business practices for the continued health and safety of our employees. We may take further actions, or be required to take further actions, that are in the best interests of our employees. Our suppliers and customers have also implemented such measures, which has resulted in, and we expect it will continue to result in, disruptions or delays and higher costs. The implementation of health and safety practices by us, our suppliers, or our customers could impact customer demand, supplier deliveries, our productivity, and costs, which could have a material adverse impact on our business, financial condition, or results of operations.

While we currently believe we have ample liquidity to manage the financial impact of COVID-19, we can give no assurance that this will continue to be the case if the impact of COVID-19 is prolonged or if there is an extended impact on us or the economy generally. Further, the impacts of COVID-19 have caused significant uncertainty and volatility in the credit markets. If our liquidity or access to capital becomes significantly constrained, or if costs of capital increase significantly due to the impact of COVID-19 as result of volatility in the capital markets, a reduction in our creditworthiness or other factors, then our financial condition, results of operations and cash flows could be materially adversely affected.

Our management of the impact of COVID-19 has and will continue to require significant investment of time from our management and employees, as well as resources across our enterprise. The focus on managing and mitigating the impacts of COVID-19 on our business may cause us to divert or delay the application of our resources toward existing or new initiatives or investments, which could have a material adverse impact on our results of operations.

The foregoing and other continued disruptions to our business as a result of COVID-19 has had and could continue to have a material adverse effect on our business, results of operations, financial condition.

Changes to financial accounting rules or standards, or challenges to our interpretation or application of the rules by regulators, may have a material adverse effect on our reported financial results or on the way we conduct business.

We prepare our financial statements in conformity with U.S. GAAP. These principles are subject to interpretation by the Financial Accounting Standards Board ("FASB"), the SEC and various bodies formed to interpret and create accounting policies. From time to time, we are required to adopt new or revised accounting standards issued by recognized authoritative bodies, including the FASB and the SEC. For example, new FASB guidance that impacts revenue recognition criteria was effective for us beginning in the first quarter of fiscal year 2019, which resulted in costs of compliance for additional processes, systems and enhanced controls. A change in these principles or the interpretation or implementation of them may have a significant effect on our reported results, forecasted financial results or the way we conduct business.

ITEM 1B. UNRESOLVED SEC STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our facilities comprise an integrated network of manufacturing and engineering centers with our corporate headquarters located in Neenah, Wisconsin. We own or lease facilities with approximately 4.5 million square feet of capacity. This includes approximately 2.1 million square feet in AMER, approximately 2.0 million square feet in APAC and approximately 0.4 million square feet in EMEA. Our active facilities as of October 3, 2020, are described in the following table:

Location	Type	Size (sq. ft.)	Owned/Leased
AMER			
Neenah, Wisconsin	Manufacturing	418,000	Owned
Guadalajara, Mexico (1)	Manufacturing/Engineering	741,000	Leased
Nampa, Idaho	Manufacturing	216,000	Owned
Appleton, Wisconsin	Manufacturing	205,000	Owned
Buffalo Grove, Illinois (1)	Manufacturing	189,000	Leased
Neenah, Wisconsin	Global Headquarters	104,000	Owned
Neenah, Wisconsin	Engineering	90,000	Leased
Raleigh, North Carolina	Engineering	41,000	Leased
Portland, Oregon	Manufacturing	29,000	Leased
APAC			
Penang, Malaysia (1)	Manufacturing/Engineering	1,480,000	Owned
Hangzhou, China (1)	Manufacturing	234,000	Leased
Xiamen, China	Manufacturing	133,000	Owned
Xiamen, China (1)	Manufacturing	122,000	Leased
Kaki Bukit, Singapore	Manufacturing	12,000	Leased
EMEA			
Oradea, Romania	Manufacturing/Engineering	296,000	Owned
Livingston, Scotland	Manufacturing/Engineering	62,000	Leased
Kelso, Scotland	Manufacturing	57,000	Owned
Darmstadt, Germany	Engineering	21,000	Leased

(1) The facilities in Guadalajara, Mexico, Buffalo Grove, Illinois, Penang, Malaysia, Hangzhou, China, and Xiamen, China include more than one building.

ITEM 3. LEGAL PROCEEDINGS

We are party to certain lawsuits and legal proceedings in the ordinary course of business. Management does not believe that these proceedings, individually or in the aggregate, will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

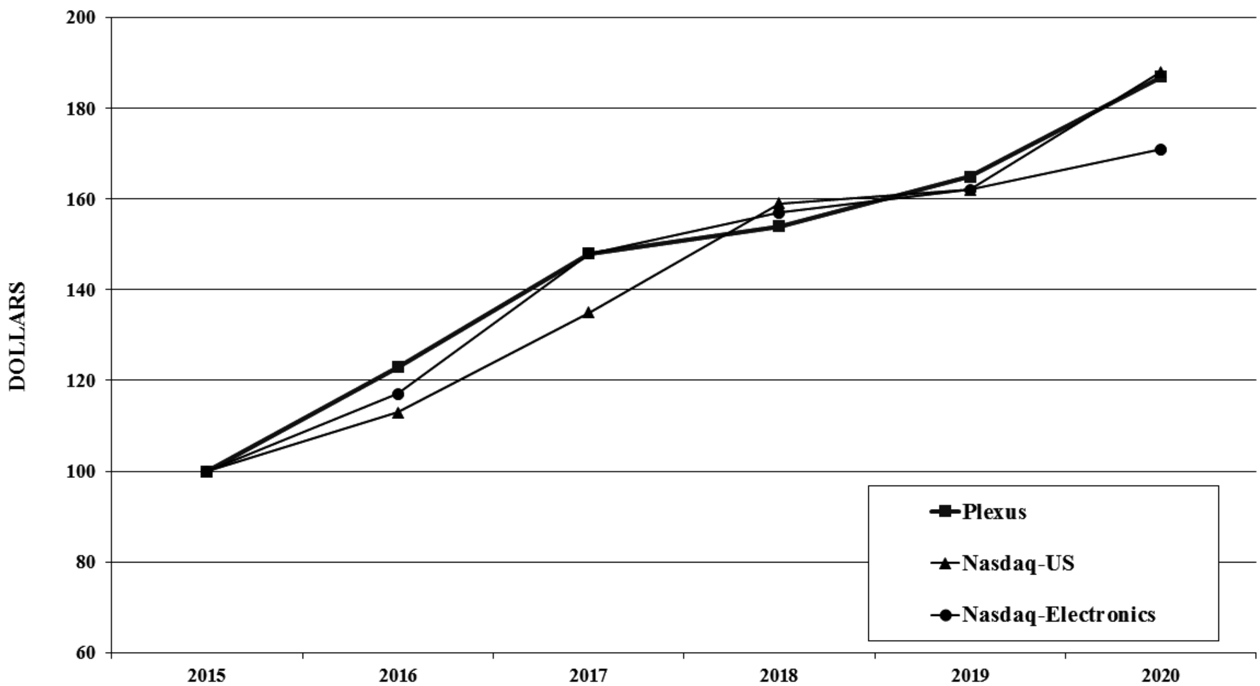
PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Performance Graph

Our common stock trades on the Nasdaq Stock Market in the Nasdaq Global Select Market tier (symbol: PLXS).

The following graph compares the cumulative total return on Plexus common stock with the Nasdaq Stock Market Index for U.S. Companies and the Nasdaq Stock Market Index for Electronic Components Companies, both of which include Plexus. The values on the graph show the relative performance of an investment of $100 made on October 2, 2015, in Plexus common stock and in each of the indices as of the last business day of the respective fiscal year.



Comparison of Cumulative Total Return

	2015	2016	2017	2018	2019	2020
Plexus	$100	$123	$148	$154	$165	$187
Nasdaq-US	100	113	135	159	162	188
Nasdaq-Electronics	100	117	148	157	162	171

Shareholders of Record

As of November 16, 2020, we had 398 shareholders of record.

Dividends

We have not paid any cash dividends in the past. We currently anticipate that in the foreseeable future the majority of earnings will be retained to finance the development of our business and our authorized share repurchases. However, we evaluate from time to time potential uses of excess cash, which in the future may include additional share repurchases, a special dividend or recurring dividends. See also Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources," for a discussion of our intentions regarding dividends and loan covenants that could restrict dividend payments.

Issuer Purchases of Equity Securities

The following table provides the specified information about the repurchases of shares by us during the three months ended October 3, 2020:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum approximate dollar value of shares that may yet be purchased under the plans or programs (1)
July 5, 2020 to August 1, 2020	21,580	$ 73.09	21,580	$ 25,659,878
August 2, 2020 to August 29, 2020	115,790	77.28	115,790	$ 66,711,097
August 30, 2020 to October 3, 2020	157,334	72.34	157,334	$ 55,329,132
	294,704	$ 74.34	294,704	

(1) On August 20, 2019, the Board of Directors approved a new stock repurchase plan under which we are authorized to repurchase up to $50.0 million of our common stock (the "2019 Program"). As of October 3, 2020, $5.3 million of authority remained under the 2019 Program. On August 13, 2020, the Board of Directors approved a new stock repurchase plan under which we are authorized to repurchase up to $50.0 million of our common stock (the "2021 Program"). The 2021 Program commenced on October 19, 2020, upon completion of the 2019 Program. The table above reflects the maximum dollar amount available for purchase under the 2019 and 2021 Programs as of October 3, 2020. On November 18, 2020, the Board of Directors approved an additional $50.0 million in share repurchase authority under the existing 2021 Program such that there now exists a total of $100.0 million in share repurchase authority under the program.

ITEM 6. SELECTED FINANCIAL DATA

Financial Highlights (dollars in thousands, except per share amounts)

	Fiscal Years Ended				
Income Statement Data	October 3, 2020 (1)	September 28, 2019	September 29, 2018	September 30, 2017	October 1, 2016
Net sales	$ 3,390,394	$ 3,164,434	$ 2,873,508	$ 2,528,052	$ 2,556,004
Gross profit	312,706	291,838	257,600	255,855	227,359
Gross margin percentage	9.2 %	9.2 %	9.0 %	10.1 %	8.9 %
Operating income (2) (5) (6) (7)	153,372	142,055	118,283	129,908	99,439
Operating margin percentage (2) (5) (6) (7)	4.5 %	4.5 %	4.1 %	5.1 %	3.9 %
Net income (2) (3) (4) (5) (6) (7)	117,479	108,616	13,040	112,062	76,427
Earnings per share (diluted) (2) (3) (4) (5) (6) (7)	$ 3.93	$ 3.50	$ 0.38	$ 3.24	$ 2.24
Cash Flow Statement Data					
Cash flows provided by operations	$ 210,368	$ 115,300	$ 66,831	$ 171,734	$ 127,738
Capital expenditures	50,088	90,600	62,780	38,538	31,123
Balance Sheet Data					
Total assets	$ 2,289,848	$ 2,000,883	$ 1,932,642	$ 1,976,182	$ 1,765,819
Total debt obligations	334,804	287,980	188,617	313,107	262,509
Shareholders' equity	977,480	865,576	921,143	1,025,939	916,797
Return on invested capital (8)	14.0 %	13.1 %	16.1 %	16.2 %	13.8 %
Inventory turnover ratio	4.2x	3.8x	3.6x	3.7x	4.2x

(1) Fiscal 2020 included 53 weeks. All other periods presented included 52 weeks.

(2) During fiscal 2020, we recorded $6.0 million, or $5.4 million net of taxes, in restructuring and impairment charges in the AMER operating segment due to the closure of the Boulder Design Center, which are included in operating income.

(3) During fiscal 2020, we recorded $1.9 million in tax benefits related to U.S. foreign tax credit regulations issued, partially offset by $1.1 million of tax expense as a result of special tax items.

(4) During fiscal 2019, we reasserted that certain historical undistributed earnings of two foreign subsidiaries are permanently reinvested, resulting in a $10.5 million benefit, and recorded $7.0 million of special tax expense in accordance with regulations under U.S. Tax Reform.

(5) During fiscal 2019, we recorded $1.7 million, or $1.5 million net of taxes, in restructuring and impairment charges in the AMER operating segment, which are included in operating income.

(6) During fiscal 2018, we recorded $85.9 million of non-recurring income tax expense due to the enactment of U.S. Tax Reform and paid a $13.5 million one-time non-executive employee bonus.

(7) During fiscal 2016, we recorded $7.0 million in restructuring charges primarily related to the closure of our manufacturing facility in Fremont, California, and the partial closure of our Livingston, Scotland facility. We also recorded $5.2 million in accelerated share-based compensation expense due to the retirement agreement with our former Chief Executive Officer.

(8) We define return on invested capital ("ROIC"), a non-GAAP financial measure, as tax-effected operating income before restructuring and other special items divided by average invested capital over a rolling five-quarter period. Invested capital is defined as equity plus debt and operating lease liabilities, less cash and cash equivalents, as discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Return on Invested Capital ("ROIC") and economic return." For a reconciliation of ROIC and economic return to our financial statements that were prepared in accordance with GAAP, see Exhibit 99.1 to this annual report on Form 10-K.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Plexus Corp. and its subsidiaries (together "Plexus," the "Company," or "we") participate in the Electronic Manufacturing Services ("EMS") industry. Since 1979, Plexus has been partnering with companies to create the products that build a better world. We are a team of over 19,500 employees, providing global support for all facets of the product realization process – Design and Development, Supply Chain Solutions, New Product Introduction, Manufacturing, and Aftermarket Services – to companies in the Healthcare/Life Sciences, Industrial/Commercial, Aerospace/Defense and Communications market sectors. In fiscal year 2021, Plexus intends to consolidate the Industrial/Commercial and Communications market sectors to form an Industrial market sector. Plexus is an industry leader that specializes in serving customers with highly complex products used in demanding regulatory environments. Plexus delivers comprehensive end-to-end solutions in the Americas ("AMER"), Asia-Pacific ("APAC") and Europe, Middle East, and Africa ("EMEA") regions.

COVID-19 Update

We continue to monitor the global outbreak and spread of COVID-19 and take steps to mitigate the potential risks to us posed by its spread and related circumstances and impacts.

<u>Workplace Safety</u>
The health and safety of our employees is a top priority for us. Our goal is that our facilities should be the safest place our team members can be outside their homes. We have progressively implemented measures to safeguard our employees from the COVID-19 infection and exposure, in alignment with guidelines established by the Centers for Disease Control, the World Health Organization, governmental requirements, and our own safety standards. They consist of policies, procedures, protocols, and guidance related to, among other things, COVID-19 symptom awareness, effective hygiene practices, travel restrictions, visitor restrictions, social distancing, face covering expectations, temperature and health screening, work-from-home requirements, employee infection assessments, close contact tracing, enhanced workplace cleaning, and large-scale decontamination. In addition, in all geographies in which we operate, regulatory authorities at some point have imposed restrictions regarding the conduct of business and people movement to safeguard its citizens.

We have made significant efforts to mitigate the effects of these measures and impacts on our operations through a combination of adjustments in our shift patterns, flexible work arrangements, productivity improvements, facility enhancements to support social distancing and optimizing employee capability to work from home. These efforts will continue as requirements change, new risks are identified, and infections impact us. While we have been successful in largely mitigating the effects of the pandemic on our productivity and are currently operating at pre-COVID-19 production capacity globally, the continued spread and resurgence of the COVID-19 virus may make our ability to mitigate the impacts more challenging.

<u>Supply Chain</u>
Our suppliers may face challenges in maintaining an adequate workforce or securing materials from their own suppliers as a result of COVID-19. As such, we may experience an inability to procure certain components and materials on a timely basis as a result of the COVID-19 outbreak. We continue to take steps to validate our suppliers’ ability to deliver to us on time, which may also be affected by the impact of COVID-19 on their own financial condition.

<u>Customers</u>
Likewise, we remain in close contact with our customers to understand the impact of COVID-19 on their businesses and the resulting potential impact on our business. COVID-19 has introduced volatility and uncertainty to all of our customers, which has resulted in the need for us to react and respond. While COVID-19 has negatively impacted some of our customers and, therefore, our business with them, we have experienced opportunities with new and existing customers, particularly in our Healthcare/Life Sciences Sector, to manufacture products in high demand to combat the effects of COVID-19.

<u>Liquidity</u>
We believe we are positioned with a strong balance sheet as we face the future challenges presented by COVID-19. As of the end of fiscal year 2020, cash and cash equivalents and restricted cash was $388 million, while debt, finance lease obligations and other financing was $335 million. This included a $138 million unsecured delayed draw term loans ("term loans") facility secured on April 29, 2020 in response to the uncertainties created by the COVID-19 outbreak, on which we have drawn the full amount. The full amount of our revolving commitment of $350 million remained available for use as of October 3, 2020. Refer

to Note 4, "Debt, Finance Lease Obligations and Other Financing," in Notes to Consolidated Financial Statements and "Management's Discussion and Analysis Liquidity and Capital Resources" in Part II, Item 7 for further information.
A discussion regarding our financial condition and results of operations for fiscal 2020 compared to fiscal 2019 is presented below. A discussion regarding our financial condition and results of operations for fiscal 2019 compared to fiscal 2018 can be found under Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on the Form 10-K for the fiscal year ended September 28, 2019, which was filed with the SEC on November 15, 2019, and is available on the SEC's website at www.sec.gov as well as our Inventor Relations website at www.plexus.com.

The following information should be read in conjunction with our consolidated financial statements included herein and "Risk Factors" included in Part I, Item 1A herein.

RESULTS OF OPERATIONS

Consolidated Performance Summary. The following table presents selected consolidated financial data for the indicated fiscal years (dollars in millions, except per share data):

	2020	2019
Net sales	$ 3,390.4	$ 3,164.4
Cost of sales	3,077.7	2,872.6
Gross profit	312.7	291.8
Gross margin	9.2 %	9.2 %
Operating income	153.4	142.1
Operating margin	4.5 %	4.5 %
Other expense	18.0	16.1
Income tax expense	17.9	17.3
Net income	117.5	108.6
Diluted earnings per share	$ 3.93	$ 3.50
Return on invested capital*	14.0 %	13.1 %
Economic return*	5.2 %	4.1 %

*Non-GAAP metric; refer to "Return on Invested Capital ("ROIC") and economic return" below for more information and Exhibit 99.1 for a reconciliation.

Net sales. Fiscal 2020 net sales increased $226.0 million, or 7.1%, as compared to fiscal 2019.

Net sales are analyzed by management by geographic segment, which reflects our reportable segments, and by market sector. Management measures operational performance and allocates resources on a geographic segment basis. Our global business development strategy is based on our targeted market sectors.

As a percentage of consolidated net sales, net sales attributable to customers representing 10% or more of consolidated net sales as well as the percentage of net sales attributable to our ten largest customers for the indicated fiscal years were as follows:

	2020	2019
General Electric Company ("GE")	11.7 %	12.4 %
Top 10 customers	55.2 %	54.6 %

A discussion of net sales by reportable segment is presented below for the indicated fiscal years (in millions):

	2020	2019
Net sales:		
AMER	$ 1,327.8	$ 1,429.3
APAC	1,824.8	1,557.2
EMEA	349.1	309.9
Elimination of inter-segment sales	(111.3)	(132.0)
Total net sales	$ 3,390.4	$ 3,164.4

AMER. Net sales for fiscal 2020 in the AMER segment decreased $101.5 million, or 7.1%, as compared to fiscal 2019. The decrease in net sales was driven by overall net decreased customer end-market demand, primarily in the Healthcare/Life Sciences and Communications sectors. The decrease was also driven by a reduction in net sales of $46.3 million due to manufacturing transfers to our APAC segment and $23.6 million due to disengagements with customers. These decreases were partially offset by a $111.3 million increase in production ramps of new products for existing customers, inclusive of increased demand due to COVID-19, and a $27.8 million increase in production ramps for new customers.

APAC. Net sales for fiscal 2020 in the APAC segment increased $267.6 million, or 17.2%, as compared to fiscal 2019. The increase in net sales was driven by a $80.1 million increase in production ramps of new products for existing customers, a $46.3 million increase due to manufacturing transfers from our AMER segment and a $19.8 million increase in production ramps for a new customer. In addition, there was an overall net increased customer end-market demand primarily in the Industrial/Commercial sector, partially offset by decreased demand due to COVID-19 in the Aerospace/Defense sector. The overall increase was partially offset by a $36.0 million decrease for end-of-life products.

EMEA. Net sales for fiscal 2020 in the EMEA segment increased $39.2 million, or 12.6%, as compared to fiscal 2019. The increase in net sales was the result of a $17.1 million increase in production ramps for new customers as a result of COVID-19, a $15.5 million increase in production ramps of new products for existing customers and overall net increased customer end-market demand, inclusive of increased demand driven by COVID-19.

Our net sales by market sector for the indicated fiscal years were as follows (in millions):

	2020	2019
Net sales:		
Healthcare/Life Sciences	$ 1,258.4	$ 1,220.0
Industrial/Commercial	1,254.5	981.2
Aerospace/Defense	611.6	588.6
Communications	265.9	374.6
Total net sales	$ 3,390.4	$ 3,164.4

Healthcare/Life Sciences. Net sales for fiscal 2020 in the Healthcare/Life Sciences sector increased $38.4 million, or 3.1%, as compared to fiscal 2019. The increase in net sales was driven by a $65.7 million increase in production ramps of new products for existing customers and a $17.1 million increase in production ramps for new customers, both inclusive of customer ramps for critical care products as a result of COVID-19. The increase was partially offset by overall net decreased customer end-market demand inclusive of decreased demand for products associated with elective procedures as a result of COVID-19 and $5.0 million in end-of-life programs.

Industrial/Commercial. Net sales for fiscal 2020 in the Industrial/Commercial sector increased $273.3 million, or 27.9%, as compared to fiscal 2019. The increase was driven by a significant overall net increased customer end-market demand and $81.9 million increase in production ramps of new products for existing customers. The increase was partially offset by a decrease of $19.9 million due to a disengagement with a customer.

Aerospace/Defense. Net sales for fiscal 2020 in the Aerospace/Defense sector increased $23.0 million, or 3.9%, as compared to fiscal 2019. The increase was driven by a $27.8 million increase in production ramps for new customers and a $24.5 million increase in production ramps of new products for existing customers. The increase was partially offset by overall net decreased customer end-market demand inclusive of decreased demand driven by COVID-19.

Communications. Net sales for fiscal 2020 in the Communications sector decreased $108.7 million, or 29.0%, as compared to fiscal 2019. The decrease was driven by significant overall net decreased customer end-market demand. The decrease was partially offset by an increase of $19.8 million due to production ramps for a new customer.

Cost of sales. Cost of sales for fiscal 2020 increased $205.1 million, or 7.1%, as compared to fiscal 2019. Cost of sales is comprised primarily of material and component costs, labor costs and overhead. In fiscal 2020 and 2019, approximately 89% of the total cost of sales was variable in nature and fluctuated with sales volumes. Of these amounts, approximately 87% of these costs in both fiscal 2020 and 2019 were related to material and component costs.

As compared to fiscal 2019, the increase in cost of sales in fiscal 2020 was primarily driven by the increase in net sales, fixed costs to support new program ramps, and $9.4 million related to employee compensation and supplies costs associated with COVID-19.

Gross profit. Gross profit for fiscal 2020 increased $20.9 million, or 7.2%, as compared to fiscal 2019. Gross margin of 9.2% remained flat compared to fiscal 2019. The primary driver of the increase in gross profit as compared to fiscal 2019 was the increase in net sales, partially offset by increased fixed costs due to the ramp of new programs and increased employee compensation and supplies costs related to COVID-19.

Operating income. Operating income for fiscal 2020 increased $11.3 million, or 8.0%, as compared to fiscal 2019 as a result of the increase in gross profit, partially offset by the $9.6 million increase in selling and administrative expenses ("S&A"). The increase in S&A was primarily due to a $7.7 million increase in compensation expense, mostly due to incentive based compensation as a result of improved financial performance. A $4.3 million increase in restructuring and impairment charges due to the closure of our Boulder Design Center also contributed to the S&A increase, which was partially offset by decreased sales expense. Operating margin of 4.5% remained flat compared to fiscal 2019, in line with flat gross margin as a result of the factors previously discussed.

A discussion of operating income by reportable segment is presented below (in millions):

	2020	2019
Operating income (loss):		
AMER	$ 38.1	$ 57.8
APAC	246.6	208.2
EMEA	1.5	4.5
Corporate and other costs	(132.8)	(128.4)
Total operating income	$ 153.4	$ 142.1

AMER. Operating income decreased $19.7 million in fiscal 2020 as compared to fiscal 2019, primarily as a result of the decrease in net sales and increased fixed costs to support new production ramps, as well as employee compensation and supplies costs associated with COVID-19. In addition, there was an increase in S&A primarily due to an increase in bad debt expense, which was partially offset by a positive shift in customer mix.

APAC. Operating income increased $38.4 million in fiscal 2020 as compared to fiscal 2019, primarily as a result of the increase in net sales, partially offset by a negative shift in customer mix and employee compensation and supplies costs associated with COVID-19.

EMEA. Operating income decreased $3.0 million in fiscal 2020 as compared to fiscal 2019 primarily as a result of the increase in fixed costs to support new production ramps.

Other expense. Other expense for fiscal 2020 increased $1.9 million as compared to fiscal 2019. The increase in other expense for fiscal 2020 was primarily due to an increase of $3.3 million in interest expense due to borrowings on the term loans and $0.9 million decrease in foreign currency exchange losses, partially offset by a decrease of $2.5 million in factoring fees.

Income taxes. Income tax expense and effective annual income tax rates for fiscal 2020 and 2019 were as follows (dollars in millions):

	2020	2019
Income tax expense, as reported (GAAP)	$ 17.9	$ 17.3
Accumulated foreign earnings assertion	—	10.5
U.S. Tax Reform	—	(7.0)
Impact of other special tax items	1.5	0.2
Income tax expense, as adjusted (non-GAAP) (1)	$ 19.4	$ 21.0

	2020	2019
Effective tax rate, as reported (GAAP)	13.2 %	13.8 %
Accumulated foreign earnings assertion	—	8.4
U.S. Tax Reform	—	(5.6)
Impact of other special tax items	0.5	(0.1)
Effective tax rate, as adjusted (non-GAAP) (1)	13.7 %	16.5 %

(1) We believe the non-GAAP presentation of income tax expense and the effective annual tax rate excluding special tax items, guidance issued by the U.S. Department of the Treasury and restructuring charges provides additional insight over the change from the comparative reporting periods by isolating the impact of these significant, special items. In addition, we believes that our income tax expense, as adjusted, and effective tax rate, as adjusted, enhance the ability of investors to analyze our operating performance and supplement, but do not replace, our income tax expense and effective tax rate calculated in accordance with U.S. GAAP

Income tax expense for fiscal 2020 was $17.9 million compared to $17.3 million for fiscal 2019. The increase is primarily due to the geographic distribution of worldwide earnings.

Our annual effective tax rate varies from the U.S. statutory rate of 21.0% primarily due to the geographic distribution of worldwide earnings as well as a tax holiday granted to a subsidiary located in the APAC segment where we derive a significant portion of our earnings. Our effective tax rate also may be impacted by disputes with taxing authorities, tax planning activities, adjustments to uncertain tax positions and changes in valuation allowances.

We have been granted a tax holiday for a foreign subsidiary operating in the APAC segment. This tax holiday will expire on December 31, 2034, and is subject to certain conditions with which we expect to continue to comply. In fiscal 2020 and 2019, the holiday resulted in tax reductions of approximately $28.3 million net of the impact of the global intangible low-taxed income ("GILTI") provisions of U.S. Tax Reform ($0.97 per basic share, $0.95 per diluted share) and $23.9 million ($0.79 per basic share, $0.77 per diluted share), respectively.

See also Note 6, "Income Taxes," in Notes to Consolidated Financial Statements for additional information regarding our tax rate.

The annual effective tax rate for fiscal 2021 is expected to be approximately 13.0% to 15.0%.

Net Income. Net income for fiscal 2020 increased $8.9 million, or 8.2%, from fiscal 2019 to $117.5 million. Net income increased primarily as a result of the increase in operating income, partially offset by an increase in other expense as previously discussed.

Diluted earnings per share. Diluted earnings per share for fiscal 2020 and 2019, as well as information as to the effects of special events that occurred in the indicated periods, as previously discussed and detailed below, were as follows:

	2020	2019
Diluted earnings per share, as reported (GAAP)	$ 3.93	$ 3.50
Restructuring costs, net of tax	0.18	0.05
U.S. Tax Reform	(0.03)	0.23
Accumulated foreign earnings assertion	—	(0.35)
Diluted earnings per share, as adjusted (non-GAAP) (1)	$ 4.08	$ 3.43

(1) We believe the non-GAAP presentation of diluted earnings per share excluding special tax items, consisting of those related to restructuring costs, U.S. Tax Reform and a change in our permanent reinvestment assertions related to undistributed earnings of two foreign subsidiaries provide additional insight over the change from the comparative reporting periods by eliminating the effects of special or unusual items. In addition, we believe that diluted earnings per share, as adjusted, enhances the ability of investors to analyze our operating performance and supplements, but does not replace, its diluted earnings per share calculated in accordance with U.S. GAAP.

Diluted earnings per share increased to $3.93 in fiscal 2020 from $3.50 in fiscal 2019 primarily as a result of increased net income due to the factors discussed above and a reduction in diluted shares outstanding due to repurchase activity under our stock repurchase plans.

Return on Invested Capital ("ROIC") and economic return. We use a financial model that is aligned with our business strategy and includes a ROIC goal of 500 basis points over our weighted average cost of capital ("WACC"), which we refer to as "economic return."

Non-GAAP financial measures, including ROIC and economic return, are used for internal management goals and decision making because such measures provide management and investors additional insight into financial performance. In particular, we provide ROIC and economic return because we believe they offer insight into the metrics that are driving management decisions because we view ROIC and economic return as important measures in evaluating the efficiency and effectiveness of our long-term capital requirements. We also use a derivative measure of ROIC as a performance criteria in determining certain elements of compensation, and certain compensation incentives are based on economic return performance.

We define ROIC as tax-effected operating income before restructuring and other special items divided by average invested capital over a rolling five-quarter period for the fiscal year. Invested capital is defined as equity plus debt and operating lease liabilities, less cash and cash equivalents. Other companies may not define or calculate ROIC in the same way. ROIC and other non-GAAP financial measures should be considered in addition to, not as a substitute for, measures of our financial performance prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

We review our internal calculation of WACC annually. Our WACC was 8.8% for fiscal year 2020 and 9.0% for fiscal year 2019. By exercising discipline to generate ROIC in excess of our WACC, our goal is to create value for our shareholders. Fiscal 2020 ROIC of 14.0% reflects an economic return of 5.2%, based on our weighted average cost of capital of 8.8%, and fiscal 2019 ROIC of 13.1% reflects an economic return of 4.1%, based on our weighted average cost of capital of 9.0% for that fiscal year.

For a reconciliation of ROIC, economic return and adjusted operating income (tax effected) to our financial statements that were prepared using GAAP, see Exhibit 99.1 to this annual report on Form 10-K, which exhibit is incorporated herein by reference.

Refer to the table below, which includes the calculation of ROIC and economic return (dollars in millions) for the indicated periods:

	2020	2019
Adjusted operating income (tax effected)	$ 137.1	$ 120.7
Average invested capital	978.9	923.1
After-tax ROIC	14.0 %	13.1 %
WACC	8.8 %	9.0 %
Economic return	5.2 %	4.1 %

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents and restricted cash were $387.9 million as of October 3, 2020, as compared to $226.3 million as of September 28, 2019.

As of October 3, 2020, 76% of our cash and cash equivalents balance was held outside of the U.S. by our foreign subsidiaries. With the enactment of U.S. Tax Reform, we believe that our offshore cash can be accessed in a more tax efficient manner than before U.S. Tax Reform. Currently, we believe that our cash balance, together with cash available under our Credit Facility, will be sufficient to meet our liquidity needs and potential share repurchases, if any, for the next twelve months and for the foreseeable future.

Our future cash flows from operating activities will be reduced by $59.6 million due to cash payments for U.S. federal taxes on the deemed repatriation of undistributed foreign earnings that are payable over an eight year period that began in fiscal 2019 with the first payment. The table below provides the expected timing of these future cash outflows, in accordance with the following installment schedule for the remaining six years (in millions):

2021	$	5.7
2022		5.7
2023		5.7
2024		10.6
2025		14.2
2026		17.7
Total	$	59.6

Cash Flows. The following table provides a summary of cash flows for fiscal 2020 and 2019 (in millions):

		2020		2019
Cash provided by operating activities	$	210.4	$	115.3
Cash used in investing activities		(49.9)		(89.4)
Cash used in financing activities		(1.5)		(97.2)
Effect of exchange rate changes on cash and cash equivalents		2.6		(0.1)
Net increase (decrease) in cash and cash equivalents and restricted cash	$	161.6	$	(71.4)

Operating Activities. Cash flows provided by operating activities were $210.4 million for fiscal 2020, as compared to $115.3 million for fiscal 2019. The increase was primarily due to cash flow improvements (reductions) of:

- $121.8 million in accounts payables cash flows driven by increased purchasing activity to support ramp of customer programs and longer lead times for certain components heightened by the COVID-19 outbreak.
- $105.5 million in accounts receivable cash flows, which resulted from the timing of payments and shipments, as well as mix of customer payment terms.
- $(75.2) million in inventory cash flows driven by increased inventory levels to support the ramp of customer programs and longer lead times for certain components heightened by the COVID-19 outbreak.
- $(40.7) million in other current and noncurrent liabilities cash flows driven by decreases in advance payments from customers, partially offset by an increase in accrued salaries and wages due to timing of the quarter-end.
- $(30.8) million in customer deposit cash flows driven by significant deposits received from two customers in the prior year, partially offset by a significant deposit received from one customer in the current year.

The following table provides a summary of cash cycle days for the periods indicated (in days):

	Three Months Ended	
	October 3, 2020	September 28, 2019
Days in accounts receivable	48	55
Days in contract assets	11	10
Days in inventory	85	87
Days in accounts payable	(57)	(55)
Days in cash deposits	(18)	(17)
Annualized cash cycle	69	80

We calculate days in accounts receivable and contract assets as each balance sheet item for the respective quarter divided by annualized sales for the respective quarter by day. We calculate days in inventory, accounts payable, and cash deposits as each balance sheet line item for the respective quarter divided by annualized cost of sales for the respective quarter by day. We calculate annualized cash cycle as the sum of days in accounts receivable, days in contract assets and days in inventory, less days in accounts payable and days in cash deposits.

As of October 3, 2020, annualized cash cycle days decreased eleven days compared to September 28, 2019 due to the following factors:

Days in accounts receivable for the three months ended October 3, 2020 decreased seven days compared to the three months ended September 28, 2019. The decrease is primarily attributable to the timing of customer shipments and payments and mix of customer payment terms, partially offset by a decrease in accounts receivable sold under factoring programs.

Days in contract assets for the three months ended October 3, 2020 increased one day compared to the three months ended September 28, 2019. The increase is due to increased demand from customers with arrangements requiring revenue to be recognized over time as products are produced.

Days in inventory for the three months ended October 3, 2020 decreased two days compared to the three months ended September 28, 2019. The decrease is primarily attributable to inventory management efforts, partially offset by increasing inventory levels to support the ramp of customer programs and longer lead times for certain components due to the COVID-19 outbreak.

Days in accounts payable for the three months ended October 3, 2020 increased two days compared to the three months ended September 28, 2019. The increase is primarily attributable to increased purchasing activity to support the ramp of customer programs and longer lead times for certain components heightened by the COVID-19 outbreak.

Days in cash deposits for the three months ended October 3, 2020 increased one day compared to the three months ended September 28, 2019. The increase was primarily attributable to significant deposits received from 2 customers to cover higher inventory balances.

Free Cash Flow. We define free cash flow ("FCF"), a non-GAAP financial measure, as cash flow provided by operations less capital expenditures. FCF was $160.3 million for fiscal 2020 compared to $24.7 million for fiscal 2019, an increase of $135.6 million.

Non-GAAP financial measures, including FCF, are used for internal management assessments because such measures provide additional insight to investors into ongoing financial performance. In particular, we provide FCF because we believe it offers insight into the metrics that are driving management decisions. We view FCF as an important financial metric as it demonstrates our ability to generate cash and can allow us to pursue opportunities that enhance shareholder value. FCF is a non-GAAP financial measure that should be considered in addition to, not as a substitute for, measures of our financial performance prepared in accordance with GAAP.

A reconciliation of FCF to our financial statements that were prepared using GAAP follows (in millions):

	2020	2019
Cash flows provided by operating activities	$ 210.4	$ 115.3
Payments for property, plant and equipment	(50.1)	(90.6)
Free cash flow	$ 160.3	$ 24.7

Investing Activities. Cash flows used in investing activities were $49.9 million for fiscal 2020 compared to $89.4 million for fiscal 2019. The decrease in cash used in investing activities was due to a $40.5 million decrease in capital expenditures, primarily due to the construction of a second manufacturing facility in Guadalajara, Mexico which was completed in the first quarter of fiscal 2020.

We utilized available cash and operating cash flows as the sources for funding our operating requirements during fiscal 2020. We currently estimate capital expenditures for fiscal 2021 will be approximately $70.0 million to $90.0 million.

Financing Activities. Cash flows used in financing activities were $1.5 million for fiscal 2020 compared to $97.2 million for fiscal 2019. The decrease was primarily attributable to a $140.7 million decrease in cash used to repurchase our common stock, drawing $138.0 million on the unsecured term loans, and a $10.2 million increase in proceeds from the exercise of stock options. This change was partially offset by a $190.0 million decrease in borrowing and increase in repayments on our revolving commitment.

On June 6, 2016, the Board of Directors authorized a multi-year stock repurchase program under which we were authorized to repurchase up to $150.0 million of our common stock beginning in fiscal 2017 (the "2016 Program"). During fiscal 2018, we completed the 2016 Program by repurchasing 1,914,596 shares for $115.9 million, at an average price of $60.52 per share.

On February 14, 2018, the Board of Directors approved a share repurchase plan under which we were authorized to repurchase $200.0 million of our common stock (the "2018 Program"). During fiscal 2020 and 2019, we completed the 2018 Program by repurchasing 3,129,059 and 343,642 shares under this program for $178.8 million and $21.2 million, at an average price of $57.15 and $61.61 per share, respectively.

On August 20, 2019, the Board of Directors approved a share repurchase plan under which we were authorized to repurchase $50.0 million of our common stock (the "2019 Program"). The 2019 Program commenced upon completion of the 2018 Program, as defined below. During fiscal 2020 and 2019, we repurchased 609,935 and 54,965 shares under this program for $41.4 million and $3.3 million at an average price of $67.86 and 59.66 per share, respectively. As of October 3, 2020, $5.3 million of authority remained under the 2019 Program.

On August 13, 2020, the Board of Directors approved a new share repurchase program that authorizes us to repurchase up to $50.0 million of our common stock (the "2021 Program"). The 2021 Program commenced on October 19, 2020, upon completion of the 2019 Program. The 2021 Program has no expiration.

On November 18, 2020, the Board of Directors approved an additional $50.0 million in share repurchase authority under the existing 2021 Program such that there now exists a total of $100.0 million in share repurchase authority under the program.

All shares repurchased under the aforementioned programs were recorded as treasury stock.

On June 15, 2018, we entered into a Note Purchase Agreement (the “2018 NPA”) pursuant to which it issued an aggregate of $150.0 million in principal amount of unsecured senior notes, consisting of $100.0 million in principal amount of 4.05% Series A Senior Notes, due on June 15, 2025, and $50.0 million in principal amount of 4.22% Series B Senior Notes, due on June 15, 2028 (collectively, the “2018 Notes”), in a private placement. The 2018 NPA includes customary operational and financial covenants with which we are required to comply, including, among others, maintenance of certain financial ratios such as a total leverage ratio and a minimum interest coverage ratio. The 2018 Notes may be prepaid in whole or in part at any time, subject to payment of a make-whole amount; interest on the 2018 Notes is payable semiannually. As of October 3, 2020, we were in compliance with the covenants under the 2018 NPA.

On May 15, 2019, we refinanced our then-existing senior unsecured revolving credit facility by entering into a new five-year senior unsecured revolving credit facility (referred to as the "Credit Facility"), which expanded the maximum commitment from $300.0 million to $350.0 million and extended the maturity from July 5, 2021 to May 15, 2024. The maximum commitment under the Credit Facility may be further increased to $600.0 million, generally by mutual agreement of the lenders and us, subject to certain customary conditions. The increase of the maximum facility is not able to be exercised until after the maturity date of the 364 day delayed draw term loans ("term loans") on April 28, 2021, as outlined in Amendment No. 1 to the Credit Agreement (the "Amendment") subsequently discussed. During fiscal 2020, the highest daily borrowing was $164.5 million; the average daily borrowings were $78.5 million. We borrowed $538.7 million and repaid $633.7 million of revolving borrowings under the Credit Facility during fiscal 2020. As of October 3, 2020, we were in compliance with all financial covenants relating to the Credit Agreement, which are generally consistent with those in the 2018 NPA discussed above. We are required to pay a commitment fee on the daily unused revolver credit commitment based on our leverage ratio; the fee was 0.125% as of October 3, 2020.

To further ensure our ability to meet our working capital and fixed capital requirements, on April 29, 2020, we entered into the Amendment in response to the COVID-19 outbreak, which amends the Credit Agreement, dated as of May 15, 2019. The Amendment amends certain provisions of the Credit Facility to, among other things, provide for a $138.0 million unsecured delayed draw term loans facility. Term loans borrowed under the new facility were funded in a single draw on May 4, 2020 and will mature on April 28, 2021. Outstanding term loans will bear interest, at our option, at a eurocurrency rate (subject to a floor of 1.0%) plus a margin of 1.75% per annum or at a base rate (subject to a floor of 2.0%) plus a margin of 0.75% per annum. The proceeds of the term loans were used to prepay outstanding revolving and swing line loans under the Credit Facility and for the general corporate purposes of ourselves and our subsidiaries. The $138.0 million of outstanding term loans as of October 3, 2020 was subject to a 2.75% per annum interest rate.

The Credit Agreement and the 2018 NPA allow for the future payment of cash dividends or the repurchase of shares provided that no event of default (including any failure to comply with a financial covenant) exists at the time of, or would be caused by, the dividend payment or the share repurchases. We have not paid cash dividends in the past. However, we evaluate from time to time potential uses of excess cash, which in the future may include share repurchases above those already authorized, a special dividend or recurring dividends.

We have Master Accounts Receivable Purchase Agreements with MUFG Bank, New York Branch (formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd.) (the "MUFG RPA"), and HSBC Bank (China) Company Limited, Xiamen branch (the "HSBC RPA"), under which we may elect to sell receivables, at a discount, on an ongoing basis. These facilities are uncommitted facilities. The maximum facility amount under the MUFG RPA as of October 3, 2020 is $340.0 million. On September 17, 2020, we entered into Amendment 11 under the MUFG RPA to change the allocation of factoring for certain customers and add LIBOR replacement language. The maximum facility amount under the HSBC RPA as of October 3, 2020 is $60.0 million. The MUFG RPA will be automatically extended each year unless any party gives no less than 10 days prior notice that the agreement should not be extended. The terms of the HSBC RPA are generally consistent with the terms of the MUFG RPA discussed above.

We sold $834.4 million and $919.3 million of trade accounts receivable under these programs during fiscal years 2020 and 2019, respectively, in exchange for cash proceeds of $831.2 million and $913.6 million, respectively.

In all cases, the sale discount was recorded within "Miscellaneous, net" in the Consolidated Statements of Comprehensive Income in the period of the sale. For further information regarding the receivable sale programs, see Note 14, "Trade Accounts Receivable Sale Programs," in Notes to Consolidated Financial Statements.

Based on current expectations, we believe that our projected cash flows provided by operations, available cash and cash equivalents, potential borrowings under the Credit Facility and our leasing capabilities should be sufficient to meet our working capital and fixed capital requirements for the next twelve months. We believe we are positioned with a strong balance sheet as we face the future challenges presented by COVID-19. As of the end of the fourth quarter of fiscal 2020, cash and cash equivalents and restricted cash were $388 million, while debt, finance lease obligations and other financing were $335 million. In addition to our strong balance sheet, we have significant funding availability through our Credit Facility, should future needs arise. In addition, to further ensure our ability to meet our working capital and fixed capital requirements, we drew the full amount of the unsecured delayed draw term loans facility previously discussed in response to the COVID-19 outbreak. If our future financing needs increase, then we may need to arrange additional debt or equity financing. Accordingly, we evaluate and consider from time to time various financing alternatives to supplement our financial resources. However, we cannot be assured that we will be able to make any such arrangements on acceptable terms.

CONTRACTUAL OBLIGATIONS, COMMITMENTS AND OFF-BALANCE SHEET OBLIGATIONS

Our disclosures regarding contractual obligations and commercial commitments are located in various parts of our regulatory filings. Information in the following table provides a summary of our contractual obligations and commercial commitments as of October 3, 2020 (dollars in millions):

	Payments Due by Fiscal Year				
Contractual Obligations	Total	2021	2022-2023	2024-2025	2026 and thereafter
Debt Obligations (1)	$ 327.8	$ 146.9	$ 12.3	$ 112.3	$ 56.3
Finance Lease Obligations	123.8	7.2	12.9	10.1	93.6
Operating Lease Obligations	51.5	9.0	15.8	10.5	16.2
Purchase Obligations (2)	624.5	610.4	13.9	0.2	—
Repatriation Tax on Undistributed Foreign Earnings (3)	59.6	5.7	11.4	24.8	17.7
Other Liabilities on the Balance Sheet (4)	19.3	4.3	5.1	1.7	8.2
Other Liabilities not on the Balance Sheet (5)	9.1	3.8	2.0	—	3.3
Total Contractual Cash Obligations	$ 1,215.6	$ 787.3	$ 73.4	$ 159.6	$ 195.3

1) As of October 3, 2020, debt obligations includes $150.0 million in principal amount of 2018 Notes and $138.0 million in term loans borrowed under the credit facility, as well as interest.

2) As of October 3, 2020, purchase obligations consist primarily of purchases of inventory and equipment in the ordinary course of business.

3) As of October 3, 2020, repatriation tax on undistributed foreign earnings consists of U.S. federal income taxes on the deemed repatriation of undistributed foreign earnings due to U.S. Tax Reform. Refer to "Liquidity and Capital Resources" above for further detail.

4) As of October 3, 2020, other obligations on the balance sheet included deferred compensation obligations to certain of our former and current executive officers, as well as other key employees, other financing obligations arising from information technology maintenance agreements, and asset retirement obligations related to our buildings. We have excluded from the above table the impact of approximately $2.1 million, as of October 3, 2020, related to unrecognized income tax benefits. We cannot make reliable estimates of the future cash flows by period related to these obligations.

5) As of October 3, 2020, other obligations not on the balance sheet consist of guarantees and a commitment for salary continuation and certain benefits in the event employment of one executive officer is terminated without cause. Excluded from the amounts disclosed are certain bonus and incentive compensation amounts, which would be paid on a prorated basis in the year of termination.

DISCLOSURE ABOUT CRITICAL ACCOUNTING ESTIMATES

Our accounting policies are disclosed in Note 1 "Description of Business and Significant Accounting Policies" of Notes to Consolidated Financial Statements. During fiscal 2020 there were no material changes to these policies. Our more critical accounting estimates are described below:

Revenue Recognition: Revenue is recognized over time for arrangements with customers for which: (i) our performance does not create an asset with an alternative use to us, and (ii) we have an enforceable right to payment, including reasonable profit margin, for performance completed to date. Revenue recognized over time is estimated based on costs incurred to date plus a reasonable profit margin. If either of the two conditions noted above are not met to recognize revenue over time, revenue is recognized following the transfer of control of such products to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying arrangement.

We recognize revenue when a contract exists and when, or as, it satisfies a performance obligation by transferring control of a product or service to a customer. Contracts are accounted for when they have approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer.

We generally enter into a master services arrangement that establishes the framework under which business will be conducted. These arrangements represent the master terms and conditions of our services that apply to individual orders, but they do not commit the customer to work with, or to continue to work with, us nor do they obligate the customer to any specific volume or pricing of purchases. Moreover, these terms can be amended in appropriate situations. Customer purchase orders are received for specific quantities with predominantly fixed pricing and delivery requirements. Thus, for the majority of our contracts, there is no guarantee of any revenue to us until a customer submits a purchase order. As a result, we generally consider our arrangement with a customer to be the combination of the master services arrangement and the purchase order. Most of our arrangements with customers create a single performance obligation as the promise to transfer the individual manufactured product or service is capable of being distinct.

Our performance obligations are satisfied over time as work progresses or at a point in time. A performance obligation is satisfied over time if we have an enforceable right to payment, including a reasonable profit margin. Determining if an enforceable right to payment includes a reasonable profit margin requires judgment and is assessed on a contract by contract basis.

If an enforceable right to payment for work-in-process does not exist, revenue is recognized following the transfer of control of such products to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying contract.

For contracts requiring over time revenue recognition, the selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. We use a cost-based input measurement of progress because it best depicts the transfer of assets to the customer, which occurs as costs are incurred during the manufacturing process or as services are rendered. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the costs incurred to date.

Generally, there are no subjective customer acceptance requirements or further obligations related to goods or services provided; if such requirements or obligations exist, then a sale is recognized at the time when such requirements are completed and such obligations are fulfilled.

We do not allow for a general right of return. Net sales include amounts billed to customers for shipping and handling and out-of-pocket expenses. The corresponding shipping and handling costs and out-of-pocket expenses are included in cost of sales. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by us from a customer, are excluded from net sales.

Net sales from engineering design and development services, which are generally performed under contracts with a duration of twelve months or less, are typically recognized as program costs are incurred by utilizing the proportional performance model. The completed performance model is used if certain customer acceptance criteria exist. Any losses are recognized when anticipated.

Income Taxes: Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We maintain valuation allowances when it is more likely than not that all or a portion of a deferred tax asset will not be realized. In determining whether a valuation allowance is required, we take into account such factors as prior earnings history, expected future earnings, carryback and carryforward periods, and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset.

Share-Based Compensation: Generally accepted accounting principles require all grants of share-based compensation to employees to be measured at fair value and expensed in the Consolidated Statements of Comprehensive Income over the service period (generally the vesting period) of the grant. We use the Black-Scholes valuation model to value stock options, the Monte Carlo valuation model to value performance stock units with market conditions and the share price on the date of grant for performance stock units that vest based on other non-market-based performance conditions.

Inventories: Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out ("FIFO") method. Valuing inventories at the lower of cost or market requires the use of estimates and judgment. Customers may cancel their orders, change production quantities or delay production for a number of reasons that are beyond our control. Any of these, or certain additional actions, could impact the valuation of inventory. Any actions taken by our customers that could impact the value of our inventory are considered when determining the lower of cost or market valuations.

Impairment of Long-Lived Assets: Long-lived assets, including property, plant and equipment, operating lease right-of-use assets and intangible assets with finite lives are reviewed for impairment and written down to fair value when facts and circumstances indicate that the carrying value of long-lived assets or asset groups may not be recoverable through estimated future undiscounted cash flows. If an impairment has occurred, a write-down to estimated fair value is made and the impairment loss is recognized as a charge against current operations. The impairment analysis is based on management’s assumptions, including future revenue and cash flow projections. Circumstances that may lead to impairment of property, plant and equipment, operating lease right-of-use assets and intangible assets with finite lives include reduced expectations for future performance or industry demand and possible further restructurings, among others.

NEW ACCOUNTING PRONOUNCEMENTS

See Note 1, "Description of Business and Significant Accounting Policies," in Notes to Consolidated Financial Statements regarding recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in foreign exchange and interest rates. We selectively use financial instruments to reduce such risks. We do not use derivative financial instruments for speculative purposes.

Foreign Currency Risk

Our international operations create potential foreign exchange risk. Our policy is to selectively hedge our foreign currency denominated transactions in a manner that partially offsets the effects of changes in foreign currency exchange rates. We typically use foreign currency contracts to hedge only those currency exposures associated with certain assets and liabilities denominated in non-functional currencies. Corresponding gains and losses on the underlying transaction generally offset the gains and losses on these foreign currency hedges. We cannot predict changes in currency rates, nor the degree to which we will be able to manage the impacts of currency exchange rate changes, including the impacts on currency exchange rates related to the COVID-19 outbreak. Such changes could have a material effect on our business, results of operations and financial condition.

Our percentages of transactions denominated in currencies other than the U.S. dollar for the indicated fiscal years were as follows:

	2020	2019
Net Sales	10%	10%
Total Costs	16%	16%

We have evaluated the potential foreign currency exchange rate risk on transactions denominated in currencies other than the U.S. dollar for the periods presented above. Based on our overall currency exposure, as of October 3, 2020, a 10.0% change in the value of the U.S. dollar relative to our other transactional currencies would not have a material effect on our financial position, results of operations, or cash flows.

Interest Rate Risk

We have financial instruments, including cash equivalents and debt, which are sensitive to changes in interest rates. The primary objective of our investment activities is to preserve principal, while maximizing yields without significantly increasing market risk. To achieve this, we maintain our portfolio of cash equivalents in a variety of money market demand accounts and certificates of deposit, and limit the amount of principal exposure to any one issuer. We cannot predict changes in interest rates, including the impacts on interest rates related to the COVID-19 outbreak. Such changes could have a material effect on our business, results of operations and financial condition.

As of October 3, 2020, our only material interest rate risk is associated with our Credit Facility. Revolving commitments under the Credit Facility bear interest, at our option, at a eurocurrency or base rate plus, in each case, an applicable interest rate margin based on our then-current leverage ratio (as defined in the Credit Agreement). As of October 3, 2020, the borrowing rate under the Credit Agreement was LIBOR plus 1.10%. In addition, the outstanding term loans will bear interest, at our option, at a eurocurrency rate (subject to a floor of 1.0%) plus a margin of 1.75% per annum or at a base rate plus (subject to a floor of 2.0%) a margin of 0.75% per annum. As of October 3, 2020 the term loans were subject to a 2.75% per annum interest rate. We are monitoring developments related to LIBOR; see also Part I, Item 1A "Risk Factors" for more information. Borrowings under the 2018 NPA are based on a fixed interest rate, thus mitigating much of our interest rate risk. Based on our overall interest rate exposure, as of October 3, 2020, a 10.0% change in interest rates would not have a material effect on our financial position, results of operations, or cash flows.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

PLEXUS CORP.
List of Financial Statements and Financial Statement Schedule
October 3, 2020

NOTE: All other financial statement schedules are omitted because they are not applicable or the required information is included in the Consolidated Financial Statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Plexus Corp.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Plexus Corp. and its subsidiaries (the "Company") as of October 3, 2020 and September 28, 2019, and the related consolidated statements of comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended October 3, 2020, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of October 3, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of October 3, 2020 and September 28, 2019, and the results of its operations and its cash flows for each of the three years in the period ended October 3, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 3, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2020 and the manner in which it accounts for revenue from contracts with customers in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Arrangements with customers for which revenue is recognized over time

As described in Note 15 to the consolidated financial statements, approximately 91% of the Company's revenue for the year ended October 3, 2020 was recognized as products were produced or services were rendered over time. Revenue is recognized over time for arrangements with customers for which (i) the Company's performance does not create an asset with an alternative use to the Company and (ii) the Company has an enforceable right to payment, including a reasonable profit margin, for performance completed to date. Determining if an enforceable right to payment includes a reasonable profit margin requires judgment and is assessed on a contract by contract basis. If either of these two conditions are not met to recognize revenue over time, revenue is recognized following the transfer of control of such products to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying arrangement. Management recognizes revenue over time using a cost-based input measurement of progress. Under this method, the extent of progress towards completion is measured based on the costs incurred to date. Revenue recognized over time is estimated based on costs incurred to date plus a reasonable profit margin.

The principal considerations for our determination that performing procedures relating to arrangements with customers for which revenue is recognized over time is a critical audit matter are the significant judgment by management in (i) determining which arrangements with customers meet the criteria for revenue to be recognized over time and (ii) estimating a reasonable profit margin related to the amount of revenue to be recognized for in-progress performance obligations. This in turn led to significant auditor judgment, subjectivity, and effort in performing procedures to evaluate which arrangements meet the criteria for revenue to be recognized over time, management's estimate of reasonable profit margins, and management's determination of costs incurred to date.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls relating to management's determination of which arrangements with customers met the criteria for revenue to be recognized over time and estimating the amount of revenue recognized for these arrangements. These procedures also included, among others, (i) testing management's process for determining which arrangements with customers met the criteria for revenue to be recognized over time, (ii) testing the accuracy and completeness of costs incurred to date for selected arrangements, (iii) evaluating the reasonableness of management's estimate of profit margins, and (iv) testing the appropriateness of the timing and amount of revenue recognized based on the underlying inputs and estimates for selected arrangements.

/s/PricewaterhouseCoopers LLP
Milwaukee, Wisconsin
November 20, 2020

We have served as the Company's auditor since at least 1985. We have not been able to determine the specific year we began serving as auditor of the Company.

PLEXUS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
for the fiscal years ended October 3, 2020, September 28, 2019 and September 29, 2018
(in thousands, except per share data)

	2020	2019	2018
Net sales	$ 3,390,394	$ 3,164,434	$ 2,873,508
Cost of sales	3,077,688	2,872,596	2,615,908
Gross profit	312,706	291,838	257,600
Selling and administrative expenses	153,331	148,105	139,317
Restructuring and impairment charges	6,003	1,678	—
Operating income	153,372	142,055	118,283
Other income (expense):			
Interest expense	(16,162)	(12,853)	(12,226)
Interest income	1,878	1,949	4,696
Miscellaneous, net	(3,691)	(5,196)	(3,143)
Income before income taxes	135,397	125,955	107,610
Income tax expense	17,918	17,339	94,570
Net income	$ 117,479	$ 108,616	$ 13,040
Earnings per share:			
Basic	$ 4.02	$ 3.59	$ 0.40
Diluted	$ 3.93	$ 3.50	$ 0.38
Weighted average shares outstanding:			
Basic	29,195	30,271	33,003
Diluted	29,916	31,074	33,919
Comprehensive income:			
Net income	$ 117,479	$ 108,616	$ 13,040
Other comprehensive income (loss):			
Derivative instrument fair value adjustment	1,831	1,050	(3,942)
Foreign currency translation adjustments	10,894	(6,855)	(3,058)
Other comprehensive income (loss)	12,725	(5,805)	(7,000)
Total comprehensive income	$ 130,204	$ 102,811	$ 6,040

The accompanying notes are an integral part of these consolidated financial statements.

PLEXUS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
as of October 3, 2020 and September 28, 2019
(in thousands, except per share data)

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 385,807	$ 223,761
Restricted cash	2,087	2,493
Accounts receivable, net of allowances of $3,597 and $1,537, respectively	482,086	488,284
Contract assets	113,946	90,841
Inventories, net	763,461	700,938
Prepaid expenses and other	31,772	31,974
Total current assets	1,779,159	1,538,291
Property, plant and equipment, net	383,661	384,224
Operating lease right-of-use assets	69,879	—
Deferred income taxes	21,422	13,654
Other	35,727	64,714
Total non-current assets	510,689	462,592
Total assets	$ 2,289,848	$ 2,000,883
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and finance lease obligations	$ 146,829	$ 100,702
Accounts payable	516,297	444,944
Customer deposits	159,972	139,841
Accrued salaries and wages	76,927	73,555
Other accrued liabilities	103,492	106,461
Total current liabilities	1,003,517	865,503
Long-term debt and finance lease obligations, net of current portion	187,975	187,278
Long-term accrued income taxes payable	53,899	59,572
Long-term operating lease liabilities	36,779	—
Deferred income taxes payable	6,433	5,305
Other liabilities	23,765	17,649
Total non-current liabilities	308,851	269,804
Total liabilities	1,312,368	1,135,307
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $0.01 par value, 5,000 shares authorized, none issued or outstanding	—	—
Common stock, $0.01 par value, 200,000 shares authorized, 53,525 and 52,917 shares issued, respectively, and 29,002 and 29,004 shares outstanding, respectively	535	529
Additional paid-in capital	621,564	597,401
Common stock held in treasury, at cost, 24,523 and 23,913 shares, respectively	(934,639)	(893,247)
Retained earnings	1,295,079	1,178,677
Accumulated other comprehensive loss	(5,059)	(17,784)
Total shareholders' equity	977,480	865,576
Total liabilities and shareholders' equity	$ 2,289,848	$ 2,000,883

The accompanying notes are an integral part of these consolidated financial statements.

PLEXUS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
for the fiscal years ended October 3, 2020, September 28, 2019 and September 29, 2018
(in thousands)

	2020	2019	2018
Common stock - shares outstanding			
Beginning of period	29,004	31,838	33,464
Exercise of stock options and vesting of other stock awards	608	350	633
Treasury shares purchased	(610)	(3,184)	(2,259)
End of period	29,002	29,004	31,838
Total stockholders' equity, beginning of period	$ 865,576	$ 921,143	$ 1,025,939
Common stock - par value			
Beginning of period	529	526	519
Exercise of stock options and vesting of other stock awards	6	3	7
End of period	535	529	526
Additional paid-in capital			
Beginning of period	597,401	581,488	555,297
Stock-based compensation expense	24,280	21,335	17,981
Exercise of stock options and vesting of other stock awards, including tax benefits	(117)	(5,422)	8,210
End of period	621,564	597,401	581,488
Treasury stock			
Beginning of period	(893,247)	(711,138)	(574,104)
Treasury shares purchased	(41,392)	(182,109)	(137,034)
End of period	(934,639)	(893,247)	(711,138)
Retained earnings			
Beginning of period	1,178,677	1,062,246	1,049,206
Net income	117,479	108,616	13,040
Cumulative effect adjustment for adoption of new accounting pronouncements (1)	(1,077)	7,815	—
End of period	1,295,079	1,178,677	1,062,246
Accumulated other comprehensive loss			
Beginning of period	(17,784)	(11,979)	(4,979)
Other comprehensive income (loss)	12,725	(5,805)	(7,000)
End of period	(5,059)	(17,784)	(11,979)
Total stockholders' equity, end of period	$ 977,480	$ 865,576	$ 921,143

(1) See Note 1, "Description of Business and Significant Accounting Policies," for a discussion of recently adopted accounting pronouncements.

The accompanying notes are an integral part of these consolidated financial statements.

PLEXUS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the fiscal years ended October 3, 2020, September 28, 2019 and September 29, 2018
(in thousands)

	2020	2019	2018
Cash flows from operating activities			
Net income	$ 117,479	$ 108,616	$ 13,040
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	56,690	52,206	48,296
Deferred income taxes	(3,583)	(9,764)	20,388
Share-based compensation expense	24,280	21,335	17,981
Provision for allowance for doubtful accounts	2,405	—	—
Asset impairment charges	3,052	—	—
Other, net	1,358	204	(196)
Changes in operating assets and liabilities, excluding impacts of acquisition:			
Accounts receivable	8,796	(96,694)	(30,706)
Contract assets	(22,488)	(14,526)	—
Inventories	(56,420)	18,798	(140,615)
Other current and noncurrent assets	3,343	(3,728)	(19,168)
Accrued income taxes payable	(9,570)	4,125	53,504
Accounts payable	65,097	(56,724)	93,342
Customer deposits	18,864	49,652	(16,713)
Other current and noncurrent liabilities	1,065	41,800	27,678
Cash flows provided by operating activities	210,368	115,300	66,831
Cash flows from investing activities			
Payments for property, plant and equipment	(50,088)	(90,600)	(62,780)
Proceeds from sales of property, plant and equipment	437	261	538
Business acquisition	—	1,180	(12,379)
Other, net	(200)	(200)	—
Cash flows used in investing activities	(49,851)	(89,359)	(74,621)
Cash flows from financing activities			
Borrowings under debt agreements	679,042	1,084,500	834,341
Payments on debt and finance lease obligations	(638,298)	(993,588)	(970,258)
Debt issuance costs	(699)	(603)	(729)
Repurchases of common stock	(41,392)	(182,109)	(137,034)
Proceeds from exercise of stock options	12,827	2,614	13,699
Payments related to tax withholding for share-based compensation	(12,938)	(8,033)	(5,482)
Cash flows used in financing activities	(1,458)	(97,219)	(265,463)
Effect of exchange rate changes on cash and cash equivalents	2,581	(154)	1,685
Net increase (decrease) in cash and cash equivalents and restricted cash	161,640	(71,432)	(271,568)
Cash and cash equivalents and restricted cash:			
Beginning of period	226,254	297,686	569,254
End of period	$ 387,894	$ 226,254	$ 297,686
Supplemental disclosure information:			
Interest paid	$ 14,885	$ 15,701	$ 12,030
Income taxes paid	$ 31,458	$ 26,277	$ 18,891

The accompanying notes are an integral part of these consolidated financial statements.

1. Description of Business and Significant Accounting Policies

Description of Business: Plexus Corp. and its subsidiaries (together "Plexus," the "Company," or "we") participate in the Electronic Manufacturing Services ("EMS") industry. We partner with our customers to create the products that build a better world. Plexus has been partnering with companies to transform concepts into branded products and deliver them to customers in the Healthcare/Life Sciences, Industrial/Commercial, Aerospace/Defense and Communications market sectors. Plexus is headquartered in Neenah, Wisconsin and has operations in the Americas ("AMER"), Europe, Middle East, and Africa ("EMEA") and Asia-Pacific ("APAC") regions.

Significant Accounting Policies

Consolidation Principles and Basis of Presentation: The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and include the accounts of Plexus Corp. and its subsidiaries. All intercompany transactions have been eliminated. Certain prior period amounts have been reclassified to conform to the current period presentation.

The Company's fiscal year ends on the Saturday closest to September 30. The Company also uses a "4-4-5" weekly accounting system for the interim periods in each quarter. Each quarter, therefore, ends on a Saturday at the end of the 4-4-5 period. Periodically, an additional week must be added to the fiscal year to re-align with the Saturday closest to September 30. Fiscal 2020 includes 53 weeks; therefore the first quarter of fiscal 2020 included 14 weeks while all other fiscal quarters presented herein included 13 weeks. Fiscal 2019 and fiscal 2018 each included 52 weeks.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and notes thereto. The full extent to which the COVID-19 outbreak will impact the Company's business and operating results will depend on future developments that are highly uncertain and cannot be accurately predicted. The Company has considered information available as of the date of issuance of these financial statements and is not aware of any specific events or circumstances that would require an update to its estimates or judgments, or a revision of the carrying value of its assets or liabilities. These estimates may change as new events occur and additional information becomes available. Actual results could differ materially from these estimates.

Cash and Cash Equivalents and Restricted Cash: Cash equivalents include short-term highly liquid investments and are classified as Level 1 in the fair value hierarchy described below. Restricted cash represents cash received from customers to settle invoices sold under accounts receivable purchase agreements that is contractually required to be set aside. The restrictions will lapse when the cash is remitted to the purchaser of the receivables. Restricted cash is also classified as Level 1 in the fair value hierarchy described below.

As of October 3, 2020 and September 28, 2019, cash and cash equivalents and restricted cash consisted of the following (in thousands):

	2020	2019
Cash	$ 121,320	$ 85,688
Money market demand accounts and other	264,487	138,073
Restricted cash	2,087	2,493
Total cash and cash equivalents and restricted cash	$ 387,894	$ 226,254

Inventories: Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out ("FIFO") method. Valuing inventories at the lower of cost or market requires the use of estimates and judgment. Customers may cancel their orders, change production quantities or delay production for a number of reasons that are beyond the Company's control. Any of these, or certain additional actions, could impact the valuation of inventory. Any actions taken by the Company's customers that could impact the value of its inventory are considered when determining the lower of cost or market valuations.

In certain instances, in accordance with contractual terms, the Company receives customer deposits to offset obsolete and excess inventory risks.

Property, Plant and Equipment and Depreciation: Property, plant and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives for major classes of depreciable assets are generally as follows:

Buildings and improvements	5-39 years
Machinery and equipment	3-7 years
Computer hardware and software	3-10 years

Certain facilities and equipment held under finance leases are classified as property, plant and equipment and amortized using the straight-line method over the term of the lease and the related obligations are recorded as liabilities. Amortization of assets held under finance leases is included in depreciation expense (see Note 3, "Property, Plant and Equipment") and the financing component of the lease payments is classified as interest expense. Maintenance and repairs are expensed as incurred.

The Company capitalizes significant costs incurred in the acquisition or development of software for internal use. This includes costs of the software, consulting services and compensation costs for employees directly involved in developing internal use computer software.

Impairment of Long-Lived Assets: Long-lived assets, including property, plant and equipment, operating lease right-of-use assets and intangible assets with finite lives are reviewed for impairment and written down to fair value when facts and circumstances indicate that the carrying value of long-lived assets or asset groups may not be recoverable through estimated future undiscounted cash flows. If an impairment has occurred, a write-down to estimated fair value is made and the impairment loss is recognized as a charge against current operations. The impairment analysis is based on management's assumptions, including future revenue and cash flow projections. Circumstances that may lead to impairment of property, plant and equipment and intangible assets with finite lives include reduced expectations for future performance or industry demand and possible further restructurings, among others.

Revenue Recognition: Revenue is recognized over time for arrangements with customers for which: (i) the Company's performance does not create an asset with an alternative use to the Company, and (ii) the Company has an enforceable right to payment, including reasonable profit margin, for performance completed to date. Revenue recognized over time is estimated based on costs incurred to date plus a reasonable profit margin. If either of the two conditions noted above are not met to recognize revenue over time, revenue is recognized following the transfer of control of such products to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying arrangement.

The Company recognizes revenue when a contract exists and when, or as, it satisfies a performance obligation by transferring control of a product or service to a customer. Contracts are accounted for when they have approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer.

The Company generally enters into a master services arrangement that establishes the framework under which business will be conducted. These arrangements represent the master terms and conditions of the Company's services that apply to individual orders, but they do not commit the customer to work with, or to continue to work with, the Company nor do they obligate the customer to any specific volume or pricing of purchases. Moreover, these terms can be amended in appropriate situations. Customer purchase orders are received for specific quantities with predominantly fixed pricing and delivery requirements. Thus, for the majority of our contracts, there is no guarantee of any revenue to the Company until a customer submits a purchase order. As a result, the Company generally considers its arrangement with a customer to be the combination of the master services arrangement and the purchase order. Most of the Company's arrangements with customers create a single performance obligation as the promise to transfer the individual manufactured product or service is capable of being distinct.

The Company's performance obligations are satisfied over time as work progresses or at a point in time. A performance obligation is satisfied over time if the Company has an enforceable right to payment, including a reasonable profit margin. Determining if an enforceable right to payment includes a reasonable profit margin requires judgment and is assessed on a contract by contract basis.

If an enforceable right to payment for work-in-process does not exist, revenue is recognized following the transfer of control of such products to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying contract.

For contracts requiring over time revenue recognition, the selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. The Company uses a cost-based input measurement of progress because it best depicts the transfer of assets to the customer, which occurs as costs are incurred during the manufacturing process or as services are rendered. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the costs incurred to date.

Generally, there are no subjective customer acceptance requirements or further obligations related to goods or services provided; if such requirements or obligations exist, then a sale is recognized at the time when such requirements are completed and such obligations are fulfilled.

The Company does not allow for a general right of return. Net sales include amounts billed to customers for shipping and handling and out-of-pocket expenses. The corresponding shipping and handling costs and out-of-pocket expenses are included in cost of sales. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from net sales.

Net sales from engineering design and development services, which are generally performed under contracts with a duration of twelve months or less, are typically recognized as program costs are incurred by utilizing the proportional performance model. The completed performance model is used if certain customer acceptance criteria exist. Any losses are recognized when anticipated. Net sales from engineering design and development services were less than 5.0% of consolidated net sales for each of fiscal 2020, 2019 and 2018.

Income Taxes: Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company maintains valuation allowances when it is more likely than not that all or a portion of a deferred tax asset will not be realized. In determining whether a valuation allowance is required, the Company takes into account such factors as prior earnings history, expected future earnings, carryback and carryforward periods, and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset.

Foreign Currency Translation & Transactions: The Company translates assets and liabilities of subsidiaries operating outside of the U.S. with a functional currency other than the U.S. dollar into U.S. dollars using exchange rates in effect at the relevant balance sheet date and net sales, expenses and cash flows at the average exchange rates during the respective periods. Adjustments resulting from translation of the financial statements are recorded as a component of "Accumulated other comprehensive loss." Exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved and remeasurement adjustments for foreign operations where the U.S. dollar is the functional currency are included in the Consolidated Statements of Comprehensive Income as a component of "Miscellaneous, net." Exchange (losses) gains on foreign currency transactions were $(0.4) million, $0.5 million and $1.2 million for fiscal 2020, 2019 and 2018, respectively. These amounts include the amount of gain recognized in income during each fiscal year due to forward currency exchange contracts entered into to hedge recognized assets or liabilities ("non-designated hedges") the Company entered into during each respective year. Refer to Note 5, "Derivatives and Fair Value Measurements," for further details on derivatives.

Derivatives: All derivatives are recognized on the balance sheets at fair value. The Company periodically enters into forward currency exchange contracts and interest rate swaps. On the date a derivative contract is entered into, the Company designates the derivative as a non-designated hedge or a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (a "cash flow" hedge). The Company does not enter into derivatives for speculative purposes. Changes in the fair value of non-designated derivatives are recorded in earnings as are the gains or losses related to the hedged asset or liability. Changes in the fair value of a derivative that qualifies as a cash flow hedge are recorded in "Accumulated other comprehensive loss" within shareholders' equity, until earnings are affected by the variability of cash flows. Certain forward currency exchange contracts are treated as cash flow hedges and, therefore, $1.8 million, $1.1 million and $(3.9) million was recorded in "Accumulated other comprehensive loss" for fiscal 2020, 2019 and 2018, respectively. See Note 5, "Derivatives and Fair Value Measurements," for further information.

Earnings Per Share: The computation of basic earnings per common share is based upon the weighted average number of common shares outstanding and net income. The computation of diluted earnings per common share reflects additional dilution from share-based awards, excluding any with an antidilutive effect. See Note 7, "Earnings Per Share," for further information.

Share-based Compensation: The Company measures all grants of share-based payments to employees, including grants of employee stock options, at fair value and expenses them in the Consolidated Statements of Comprehensive Income over the service period (generally the vesting period) of the grant. See Note 9, "Benefit Plans," for further information.

Comprehensive Income (Loss): The Company follows the established standards for reporting comprehensive income (loss), which is defined as the changes in equity of an enterprise except those resulting from shareholder transactions.

Accumulated other comprehensive loss consists of the following as of October 3, 2020 and September 28, 2019 (in thousands):

	2020	2019
Foreign currency translation adjustments	$ (6,501)	$ (17,395)
Cumulative change in fair value of derivative instruments	1,442	(389)
Accumulated other comprehensive loss	$ (5,059)	$ (17,784)

Refer to Note 5, "Derivatives and Fair Value Measurements," for further explanation regarding the change in fair value of derivative instruments that is recorded to "Accumulated other comprehensive loss."

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair Value of Financial Instruments: The Company holds financial instruments consisting of cash and cash equivalents, restricted cash, accounts receivable, certain deferred compensation assets held under trust arrangements, accounts payable, debt, derivatives, and finance and operating lease obligations. The carrying values of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and finance and operating lease obligations as reported in the consolidated financial statements approximate fair value. Derivatives and certain deferred compensation assets held under trust arrangements are recorded at fair value. Accounts receivable are reflected at net realizable value based on anticipated losses due to potentially uncollectible balances. Anticipated losses are based on management's analysis of historical losses and changes in customers' credit status. The fair value of the Company's debt was $299.3 million and $252.3 million as of October 3, 2020 and September 28, 2019, respectively. The carrying value of the Company's debt was $288.0 million and $245.0 million as of October 3, 2020 and September 28, 2019, respectively. The Company uses quoted market prices when available or discounted cash flows to calculate fair value. If measured at fair value in the financial statements, long-term debt (including the current portion) would be classified as Level 2 in the fair value hierarchy described below. The fair values of the Company's derivatives are disclosed in Note 5, "Derivatives and Fair Value Measurements." The fair values of the deferred compensation assets held under trust arrangements are discussed in Note 9, "Benefit Plans."

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The accounting guidance establishes a fair value hierarchy based on three levels of inputs that may be used to measure fair value. The input levels are:

Level 1: Quoted (observable) market prices in active markets for identical assets or liabilities.

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

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability.

Business and Credit Concentrations: Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents, trade accounts receivable and derivative instruments, specifically related to counterparties. In accordance with the Company's investment policy, the Company's cash, cash equivalents and derivative instruments were placed with recognized financial institutions. The Company's investment policy limits the amount of credit exposure in any one issue and the maturity date of the investment securities that typically comprise investment grade short-term debt instruments. Concentrations of credit risk in accounts receivable resulting from sales to major customers are discussed in Note 11, "Reportable Segments, Geographic Information and Major Customers". The Company, at times, requires cash deposits for services performed. The Company also closely monitors extensions of credit.

Recently Adopted Accounting Pronouncements:

In May 2014, the FASB issued ASU 2014-09, which requires an entity to recognize revenue relating to contracts with customers that depicts the transfer of promised goods or services to customers in an amount reflecting the consideration to which the entity expects to be entitled in exchange for such goods or services ("Topic 606"). On September 30, 2018, the Company adopted and applied Topic 606 to all contracts using the modified retrospective method of adoption. Upon adoption, the Company recognized an increase to its fiscal 2019 beginning Retained Earnings balance of $7.8 million.

In February 2016, the FASB issued ASU 2016-02 (“Topic 842”), which is intended to improve financial reporting of lease transactions by requiring lessees to recognize most leases as a right-of-use (“ROU”) asset and lease liability on their balance sheets for the rights and obligations created by leases, but record expenses on their income statements in a similar manner. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. ASU 2016-02 also requires disclosures regarding the amount, timing and judgments related to accounting for an entity’s leases and related cash flows.

On September 29, 2019, the Company adopted Topic 842 using the modified retrospective method of adoption, which allows financial information for comparative periods prior to adoption not to be updated. The Company recognized right-of-use assets and operating lease liabilities on its Consolidated Balance Sheets, but the standard did not have a material impact on its Consolidated Statements of Comprehensive Income or Consolidated Statements of Cash Flows.

Topic 842 provides optional practical expedients to assist with transition to the new standard. Management elected the package of practical expedients offered, which allows entities to not reassess: (i) whether any contracts prior to the adoption date are or contain leases, (ii) lease classification, and (iii) whether capitalized initial direct costs continue to meet the definition of initial direct costs under the new guidance. For all new and modified leases after adoption, management elected the short-term lease recognition exemption for all of the Company’s leases that qualify, in addition to the practical expedient to not separate lease and nonlease components. Refer to Note 8, "Leases," for further information.

In August 2017, the FASB issued ASU 2017-12 related to the accounting for hedging activities. The pronouncement expands and refines hedge accounting, aligns the recognition and presentation of the effects of hedging instruments and hedge items in the financial statements, and includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. The Company adopted this guidance during the first quarter of fiscal 2020 with no material impact to the Company's Consolidated Financial Statements; however, the impact of the new standard on future periods will depend on the facts and circumstances of future transactions.

Recently Issued Accounting Pronouncements Not Yet Adopted:

In June 2016, the FASB issued ASU 2016-13, which replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and required consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This guidance is effective for the Company beginning in the first quarter of fiscal year 2021. Early adoption is permitted. The Company plans to adopt this methodology the first quarter of fiscal 2021 and does not expect a material impact on its Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-04, which provides guidance in accounting for contracts, hedging relationships, and other transactions that are affected by reference rate reform. The amendments in this update are elective and were effective immediately upon issuance. The Company is currently in the process of assessing the impacts of reference rate reform but does not expect this standard to have a material impact on its Consolidated Financial Statements.

The Company believes that no other recently issued accounting standards will have a material impact on its Consolidated Financial Statements, or apply to its operations.

2. Inventories

Inventories as of October 3, 2020 and September 28, 2019 consisted of the following (in thousands):

	2020	2019
Raw materials	$ 630,833	$ 577,545
Work-in-process	53,602	49,315
Finished goods	79,026	74,078
Total inventories, net	$ 763,461	$ 700,938

In certain circumstances, per contractual terms, customer deposits are received by the Company to offset obsolete and excess inventory risks. The total amount of customer deposits related to inventory and included within current liabilities on the accompanying Consolidated Balance Sheets as of October 3, 2020 and September 28, 2019 was $154.6 million and $136.5 million, respectively.

3. Property, Plant and Equipment

Property, plant and equipment as of October 3, 2020 and September 28, 2019 consisted of the following (in thousands):

	2020	2019
Land, buildings and improvements	$ 334,083	$ 289,051
Machinery and equipment	403,894	381,656
Computer hardware and software	147,723	136,227
Capital assets in progress	16,279	49,599
Total property, plant and equipment, gross	901,979	856,533
Less: accumulated depreciation	(518,318)	(472,309)
Total property, plant and equipment, net	$ 383,661	$ 384,224

Assets held under finance leases and included in property, plant and equipment as of October 3, 2020 and September 28, 2019 consisted of the following (in thousands):

	2020	2019
Buildings and improvements	$ 35,360	$ 23,717
Machinery and equipment	11,374	12,293
Capital assets in progress	—	11,831
Total property, plant and equipment held under finance leases, gross	46,734	47,841
Less: accumulated amortization	(10,326)	(8,762)
Total property, plant and equipment held under finance leases, net	$ 36,408	$ 39,079

As of October 3, 2020, September 28, 2019 and September 29, 2018, accounts payable included approximately $6.7 million, $10.0 million and $11.2 million, respectively, related to the purchase of property, plant and equipment, which have been treated as non-cash transactions for purposes of the Consolidated Statements of Cash Flows.

4. Debt, Finance Lease Obligations and Other Financing

Debt and finance lease obligations as of October 3, 2020 and September 28, 2019, consisted of the following (in thousands):

	2020	2019
4.05% Senior Notes, due June 15, 2025	$ 100,000	$ 100,000
4.22% Senior Notes, due June 15, 2028	50,000	50,000
Borrowings under the credit facility	—	95,000
Term loans, due April 28, 2021	138,000	—
Finance lease and other financing obligations	48,435	44,492
Unamortized deferred financing fees	(1,631)	(1,512)
Total obligations	334,804	287,980
Less: current portion	(146,829)	(100,702)
Long-term debt and finance lease obligations, net of current portion	$ 187,975	$ 187,278

On June 15, 2018, the Company entered into a Note Purchase Agreement (the “2018 NPA”) pursuant to which it issued an aggregate of $150.0 million in principal amount of unsecured senior notes, consisting of $100.0 million in principal amount of 4.05% Series A Senior Notes, due on June 15, 2025, and $50.0 million in principal amount of 4.22% Series B Senior Notes, due on June 15, 2028 (collectively, the “2018 Notes”), in a private placement. The 2018 NPA includes customary operational and financial covenants with which the Company is required to comply, including, among others, maintenance of certain financial ratios such as a total leverage ratio and a minimum interest coverage ratio. The 2018 Notes may be prepaid in whole or in part at any time, subject to payment of a make-whole amount; interest on the 2018 Notes is payable semiannually. As of October 3, 2020, the Company was in compliance with the covenants under the 2018 NPA.

On May 15, 2019, the Company refinanced its then-existing senior unsecured revolving credit facility by entering into a new 5-year senior unsecured revolving credit facility (referred to as the "Credit Facility"), which expanded the maximum commitment from $300.0 million to $350.0 million and extended the maturity from July 5, 2021 to May 15, 2024. The maximum commitment under the Credit Facility may be further increased to $600.0 million, generally by mutual agreement of the Company and the lenders, subject to certain customary conditions. The increase of the maximum facility is not able to be exercised until after the maturity date of the 364 day delayed draw term loans ("term loans") on April 28, 2021, as outlined in Amendment No. 1 to the Credit Agreement (the "Amendment") subsequently discussed. During fiscal 2020, the highest daily borrowing was $164.5 million; the average daily borrowings were $78.5 million. The Company borrowed $538.7 million and repaid $633.7 million of revolving borrowings under the Credit Facility during fiscal 2020. As of October 3, 2020, the Company was in compliance with all financial covenants relating to the Credit Agreement, which are generally consistent with those in the 2018 NPA discussed above. The Company is required to pay a commitment fee on the daily unused revolver credit commitment based on the Company's leverage ratio; the fee was 0.125% as of October 3, 2020.

To further ensure our ability to meet our working capital and fixed capital requirements, on April 29, 2020, the Company entered into the Amendment in response to the COVID-19 outbreak, which amends the Credit Agreement, dated as of May 15, 2019. The Amendment amends certain provisions of the Credit Facility to, among other things, provide for a $138.0 million unsecured delayed draw term loans facility. Term loans borrowed under the new facility were funded in a single draw on May 4, 2020 and will mature on April 28, 2021. Outstanding term loans will bear interest, at the Company’s option, at a eurocurrency rate (subject to a floor of 1.0%) plus a margin of 1.75% per annum or at a base rate (subject to a floor of 2.0%) plus a margin of 0.75% per annum. The proceeds of the term loans were used to prepay outstanding revolving and swing line loans under the Credit Facility and for the general corporate purposes of the Company and its subsidiaries. The $138.0 million of outstanding term loans as of October 3, 2020 was subject to a 2.75% per annum interest rate.

The aggregate scheduled maturities of the Company's debt obligations as of October 3, 2020, are as follows (in thousands):

2021	$ 138,000
2022	—
2023	—
2024	—
2025	100,000
Thereafter	50,000
Total	$ 288,000

The aggregate scheduled maturities of the Company's finance leases and other financing obligations as of October 3, 2020, are as follows (in thousands):

2021	$ 8,829
2022	4,219
2023	2,320
2024	522
2025	568
Thereafter	31,977
Total	$ 48,435

The Company's weighted average interest rate on finance lease obligations was 17.7% and 4.8% as of October 3, 2020 and September 28, 2019, respectively. Upon adoption of ASU 2016-02, two existing build-to-suit arrangements for the facilities in Guadalajara, Mexico were reassessed to be finance leases. These leases were included in the weighted average interest rate on finance lease obligations for the fiscal year 2020. Weighted average interest rate calculations on operating and finance lease obligations according to Topic 842 are disclosed in Note 8, "Leases".

5. Derivatives and Fair Value Measurements

All derivatives are recognized in the accompanying Consolidated Balance Sheets at their estimated fair value. The Company uses derivatives to manage the variability of foreign currency obligations. The Company has cash flow hedges related to forecasted foreign currency obligations, in addition to non-designated hedges to manage foreign currency exposures associated with certain foreign currency denominated assets and liabilities. The Company does not enter into derivatives for speculative purposes.

The Company designates some foreign currency exchange contracts as cash flow hedges of forecasted foreign currency expenses. Changes in the fair value of the derivatives that qualify as cash flow hedges are recorded in "Accumulated other comprehensive loss" in the accompanying Consolidated Balance Sheets until earnings are affected by the variability of the cash flows. In the next twelve months, the Company estimates that $1.2 million of unrealized gains, net of tax, related to cash flow hedges will be reclassified from other comprehensive income (loss) into earnings. Changes in the fair value of the non-designated derivatives related to recognized foreign currency denominated assets and liabilities are recorded in "Miscellaneous, net" in the accompanying Consolidated Statements of Comprehensive Income.

The Company enters into forward currency exchange contracts for its operations in Malaysia and Mexico on a rolling basis. The Company had cash flow hedges outstanding with a notional value of $96.8 million as of October 3, 2020, and a notional value of $80.0 million as of September 28, 2019. These forward currency contracts fix the exchange rates for the settlement of future foreign currency obligations that have yet to be realized. The total fair value of the forward currency exchange contracts was a $1.2 million asset as of October 3, 2020, and a $0.6 million liability as of September 28, 2019.

The Company had additional forward currency exchange contracts outstanding as of October 3, 2020, with a notional value of $15.8 million; there were $34.4 million such contracts outstanding as of September 28, 2019. The Company did not designate these derivative instruments as hedging instruments. The net settlement amount (fair value) related to these contracts is recorded on the Consolidated Balance Sheets as either a current or long-term asset or liability, depending on the term, and as an element of "Miscellaneous, net." The total fair value of these derivatives was a less than $0.1 million asset as of October 3, 2020, and a $0.9 million asset as of September 28, 2019.

The tables below present information regarding the fair values of derivative instruments (as defined in Note 1, "Description of Business and Significant Accounting Policies") and the effects of derivative instruments on the Company's Consolidated Financial Statements:

Fair Values of Derivative Instruments (in thousands)

	Derivative Assets			Derivative Liabilities		
		October 3, 2020	September 28, 2019		October 3, 2020	September 28, 2019
Derivatives designated as hedging instruments	Balance sheet classification	Fair Value	Fair Value	Balance sheet classification	Fair Value	Fair Value
Foreign currency forward contracts	Prepaid expenses and other	$ 1,830	$ 156	Other accrued liabilities	$ 641	$ 798

Fair Values of Derivative Instruments (in thousands)

	Derivative Assets			Derivative Liabilities		
		October 3, 2020	September 28, 2019		October 3, 2020	September 28, 2019
Derivatives not designated as hedging instruments	Balance sheet classification	Fair Value	Fair Value	Balance sheet classification	Fair Value	Fair Value
Foreign currency forward contracts	Prepaid expenses and other	$ 70	$ 912	Other accrued liabilities	$ 58	$ 54

The Effect of Cash Flow Hedge Accounting on Accumulated Other Comprehensive Loss ("OCL") (in thousands)

for the Twelve Months Ended

	Amount of Gain (Loss) Recognized in OCL on Derivatives		
Derivatives in cash flow hedging relationships	October 3, 2020	September 28, 2019	September 29, 2018
Foreign currency forward contracts	$ 446	$ (629)	$ 2,579

Derivative Impact on (Loss) Gain Recognized in Consolidated Statements of Comprehensive Income (in thousands)

for the Twelve Months Ended

		Amount of (Loss) Gain Reclassified from Accumulated OCL into Income		
Derivatives in cash flow hedging relationships	Classification of (Loss) Gain Reclassified from Accumulated OCL into Income	October 3, 2020	September 28, 2019	September 29, 2018
Foreign currency forward contracts	Cost of sales	$ (1,278)	$ (1,506)	$ 5,676
Foreign currency forward contracts	Selling and administrative expenses	$ (107)	$ (173)	$ 619
Treasury rate locks	Interest expense	$ —	$ —	$ 226

		Amount of (Loss) Gain on Derivatives Recognized in Income		
Derivatives not designated as hedging instruments	Location of (Loss) Gain Recognized on Derivatives in Income	October 3, 2020	September 28, 2019	September 29, 2018
Foreign currency forward contracts	Miscellaneous, net	$ (330)	$ 2,098	$ 263

Fair Value Measurements:

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The Company uses quoted market prices when available or discounted cash flows to calculate fair value. The accounting guidance establishes a fair value hierarchy based on three levels of inputs that may be used to measure fair value. The input levels are:

Level 1: Quoted (observable) market prices in active markets for identical assets or liabilities.

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

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability.

The following table lists the fair values of assets of the Company’s derivatives as of October 3, 2020 and September 28, 2019, by input level:

Fair Value Measurements Using Input Levels Asset (in thousands)				
	Level 1	Level 2	Level 3	Total
Fiscal year ended October 3, 2020				
Derivatives				
Foreign currency forward contracts	$ —	$ 1,201	$ —	$ 1,201
Fiscal year ended September 28, 2019				
Derivatives				
Foreign currency forward contracts	$ —	$ 216	$ —	$ 216

The fair value of foreign currency forward contracts is determined using a market approach, which includes obtaining directly or indirectly observable values from third parties active in the relevant markets. Inputs in the fair value of the foreign currency forward contracts include prevailing forward and spot prices for currency.

6. Income Taxes

The domestic and foreign components of income (loss) before income tax expense for fiscal 2020, 2019 and 2018 were as follows (in thousands):

	2020	2019	2018
U.S. (1)	$ (69,102)	$ (42,806)	$ (53,243)
Foreign (1)	204,499	168,761	160,853
	$ 135,397	$ 125,955	$ 107,610

(1) The U.S. and Foreign components of income (loss) before income tax expense include the elimination of intercompany foreign dividends paid to the Company's U.S. operations.

Income tax expense (benefit) for fiscal 2020, 2019 and 2018 were as follows (in thousands):

	2020	2019	2018
Current:			
Federal	$ 8,779	$ 15,160	$ 63,814
State	23	—	234
Foreign	12,699	11,943	10,134
	21,501	27,103	74,182
Deferred:			
Federal	(6,498)	(3,498)	(2,958)
State	3	827	(447)
Foreign	2,912	(7,093)	23,793
	(3,583)	(9,764)	20,388
	$ 17,918	$ 17,339	$ 94,570

The following is a reconciliation of the federal statutory income tax rate to the effective income tax rates reflected in the Consolidated Statements of Comprehensive Income for fiscal 2020, 2019 and 2018:

	2020	2019	2018
Federal statutory income tax rate	21.0 %	21.0 %	24.5 %
(Decrease) increase resulting from:			
Foreign tax rate differences	(24.0)	(21.0)	(30.2)
Withholding tax on dividends	1.9	(5.4)	23.7
Permanent differences	(2.6)	(1.3)	0.8
Excess tax benefits related to share-based compensation	(3.0)	(1.3)	(2.7)
Global intangible low-taxed income ("GILTI")	13.8	11.7	—
Deemed repatriation tax	—	5.6	92.2
Non-deductible compensation	2.2	1.5	0.2
Valuation allowances	3.6	1.5	(30.6)
Rate changes	—	—	9.0
Other, net	0.3	1.5	1.0
Effective income tax rate	13.2 %	13.8 %	87.9 %

The effective tax rate for fiscal 2020 was lower than the effective tax rate for fiscal 2019 primarily due to the geographic distribution of worldwide earnings. During fiscal 2019, the Company reasserted that certain historical undistributed earnings of two foreign subsidiaries will be permanently reinvested which provided a $10.5 million benefit to the effective tax rate. The impact of the changes in the Company's assertion has been included in "Withholding tax on dividends" in the effective income tax reconciliation above. The reduction to the effective tax rate compared to fiscal 2018 was offset by an increase due to the GILTI provisions of U.S. Tax Reform in fiscal 2019. The GILTI impact in the table above includes the deduction allowed by the regulations as well as the foreign tax credits attributed to GILTI. The Company has elected to treat the income tax effects of GILTI as a period cost.

During fiscal 2020, the Company recorded a $4.8 million increase to its valuation allowance due to continuing losses in certain jurisdictions within the AMER and EMEA segments, partially offset by an expiration of net operating losses that had a valuation allowance recorded.

During fiscal 2019, the Company recorded a $1.9 million increase to its valuation allowance due to continuing losses in certain jurisdictions within the AMER and EMEA segments, partially offset by an expiration of net operating losses that had a valuation allowance recorded.

During fiscal 2018, the Company recorded a reduction to its valuation allowance which includes $9.7 million related to the U.S. federal tax rate change as part of U.S. Tax Reform from 35% to 21%, $21.0 million of carryforward credits and net operating losses utilized against the deemed repatriation of undistributed foreign earnings and $3.6 million for the release of the U.S. valuation allowance due to the expected future U.S. taxable income related to the GILTI provisions of U.S. Tax Reform. These benefits were partially offset by a $1.4 million increase in foreign valuation allowances in the EMEA segment.

The components of the net deferred income tax assets as of October 3, 2020 and September 28, 2019, were as follows (in thousands):

	2020	2019
Deferred income tax assets:		
Loss/credit carryforwards	$ 31,854	$ 28,391
Inventories	14,450	16,809
Accrued employee benefits	14,833	15,834
Accrued liabilities	7,015	—
Other	5,434	3,353
Total gross deferred income tax assets	73,586	64,387
Less valuation allowances	(34,948)	(29,170)
Deferred income tax assets	38,638	35,217
Deferred income tax liabilities:		
Property, plant and equipment	14,282	15,621
Tax on unremitted earnings	5,339	5,192
Acceleration of revenue under Topic 606	4,028	6,055
Deferred income tax liabilities	23,649	26,868
Net deferred income tax assets/(liabilities)	$ 14,989	$ 8,349

During fiscal 2020, the Company's valuation allowance increased by $5.8 million. This increase is the result of increases to the valuation allowances against the net deferred tax assets in the AMER region of $2.8 million and an increase in net deferred tax assets in the EMEA region of $3.0 million.

As of October 3, 2020, the Company had approximately $201.7 million of pre-tax state net operating loss carryforwards that expire between fiscal 2021 and 2041. Certain state net operating losses have a full valuation allowance against them. The Company also had approximately $89.4 million of pre-tax foreign net operating loss carryforwards that expire between fiscal 2020 and 2026 or are indefinitely carried forward. These foreign net operating losses have a full valuation allowance against them.

During fiscal 2020, proposed and final regulations were issued and tax legislation was adopted in various jurisdictions. The impacts of these regulations and legislation on the Company's consolidated financial condition, results of operations and cash flows are included above.

The Company has been granted a tax holiday for a foreign subsidiary in the APAC segment. This tax holiday will expire on December 31, 2034, and is subject to certain conditions with which the Company expects to continue to comply. During fiscal 2020, 2019 and 2018, the tax holiday resulted in tax reductions of approximately $28.3 million net of the impact of the GILTI provisions of U.S. Tax Reform ($0.97 per basic share, $0.95 per diluted share), $23.9 million ($0.79 per basic share, $0.77 per diluted share) and $39.1 million ($1.19 per basic share, $1.15 per diluted share), respectively.

The Company does not provide for taxes that would be payable if certain undistributed earnings of foreign subsidiaries were remitted because the Company considers these earnings to be permanently reinvested. The deferred tax liability that has not been recorded for these earnings was approximately $12.0 million as of October 3, 2020.

The Company has approximately $2.1 million of uncertain tax benefits as of October 3, 2020. The Company has classified these amounts in the Consolidated Balance Sheets as "Other liabilities" (noncurrent) in the amount of $1.3 million and an offset to "Deferred income taxes" (noncurrent asset) in the amount of $0.8 million. The Company has classified these amounts as "Other liabilities" (noncurrent) and "Deferred income taxes" (noncurrent asset) to the extent that payment is not anticipated within one year.

The following is a reconciliation of the beginning and ending amounts of unrecognized income tax benefits (in thousands):

	2020	2019	2018
Balance at beginning of fiscal year	$ 2,270	$ 5,841	$ 3,115
Gross increases for tax positions of prior years	509	62	21
Gross increases for tax positions of the current year	465	39	2,893
Gross decreases for tax positions of prior years	(1,148)	(3,672)	(188)
Balance at end of fiscal year	$ 2,096	$ 2,270	$ 5,841

The amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is $1.3 million and $1.5 million for the fiscal years ended October 3, 2020 and September 28, 2019, respectively.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The total accrued penalties and net accrued interest with respect to income taxes was approximately $0.1 million for the fiscal year ended October 3, 2020, and approximately $0.2 million for each of the fiscal years ended September 28, 2019 and September 29, 2018. The Company recognized less than $0.1 million of expense for accrued penalties and net accrued interest in the Consolidated Statements of Comprehensive Income for each of the fiscal years ended October 3, 2020, September 28, 2019 and September 29, 2018.

It is possible that a number of uncertain tax positions may be settled within the next 12 months. Settlement of these matters is not expected to have a material effect on the Company's consolidated results of operations, financial position and cash flows.

The Company files income tax returns, including returns for its subsidiaries, with federal, state, local and foreign taxing jurisdictions. The following tax years remain subject to examination by the respective major tax jurisdictions:

Jurisdiction	*Fiscal Years*
China	2015-2020
Germany	2015-2020
Malaysia	2016-2020
Mexico	2014-2020
Romania	2014-2020
United Kingdom	2017-2020
United States	
Federal	2015, 2017-2020
State	2003-2006, 2009-2020

7. Earnings Per Share

The following is a reconciliation of the amounts utilized in the computation of basic and diluted earnings per share for fiscal 2020, 2019 and 2018 (in thousands, except per share amounts):

	2020	2019	2018
Net income	$ 117,479	$ 108,616	$ 13,040
Basic weighted average common shares outstanding	29,195	30,271	33,003
Dilutive effect of share-based awards and options outstanding	721	803	916
Diluted weighted average shares outstanding	29,916	31,074	33,919
Earnings per share:			
Basic	$ 4.02	$ 3.59	$ 0.40
Diluted	$ 3.93	$ 3.50	$ 0.38

In each of the fiscal years 2020, 2019 and 2018, share-based awards for approximately 0.1 million shares were not included in the computation of diluted earnings per share as they were antidilutive.

8. Leases

The Company's lease portfolio includes both real estate and non-real estate type leases which are accounted for as either finance or operating leases. Real estate leases generally include office, warehouse and manufacturing facilities and non-real estate leases generally include office equipment and vehicles. The Company determines if a contract is or contains a lease at inception. The Company's leases have remaining lease terms of less than 1 year to 40 years. Renewal options that are deemed reasonably certain are included as part of the lease term for purposes of calculating the right-of-use ("ROU") asset and lease liability. Variable lease payments are generally expensed as incurred and include certain index-based changes in rent, certain nonlease components, such as maintenance and other services provided by the lessor, and other charges included in the lease. The Company elected the practical expedient to not separate lease and nonlease components, as such nonlease components are included in the calculation of the ROU asset and lease liability and included in the lease expense over the term of the lease. The Company uses a discount rate to calculate the ROU asset and lease liability. When the implicit rate is known or provided in the lease documents, the Company is required to use this rate. In cases in which the implicit rate is not known, the Company uses an estimated incremental borrowing rate.

Operating lease ROU assets and lease liabilities are recorded on the date the Company takes possession of the leased assets with expense recognized on a straight-line basis over the lease term. Leases with an estimated total term of 12 months or less are not recorded on the balance sheet and the lease expense is recognized on a straight-line basis over the lease term. Generally, the Company's lease agreements do not contain material residual value guarantees or material restrictive covenants.

Upon adoption of ASU 2016-02, the Company recorded $45.5 million of ROU assets and lease liabilities, related to its existing operating lease portfolio. The Company also reclassified amounts previously held on the balance sheet to operating right-of-use assets and operating lease liabilities upon adoption due to existing arrangements subject to the new standard, including $30.2 million of prepaid leases in other non-current assets. The accounting for the Company's finance leases remained substantially unchanged. In addition, the company recognized a $1.1 million reduction to retained earnings as a result of two existing build-to-suit arrangements for the facilities in Guadalajara, Mexico that were reassessed to be finance leases under the new standard. The adoption of this new standard did not have a material impact on the Consolidated Statements of Cash Flows or Consolidated Statements of Comprehensive Income.

As a result of the adoption, the following adjustments were made to the opening balances of the Company's Consolidated Balance Sheets (in thousands):

	September 28, 2019	Impacts due to adoption of Topic 842	September 29, 2019
ASSETS			
Prepaid expenses and other	$ 31,974	$ (170)	$ 31,804
Operating right-of-use assets	—	75,790	75,790
Property, plant and equipment, net	384,224	(1,833)	382,391
Deferred income taxes	13,654	432	14,086
Other non-current assets	64,714	(30,193)	34,521
LIABILITIES AND SHAREHOLDERS' EQUITY			
Other accrued liabilities	$ 106,461	$ 7,939	$ 114,400
Long-term debt and finance lease obligations, net of current portion	187,278	(207)	187,071
Long-term operating lease liabilities	—	37,371	37,371
Retained earnings	1,178,677	(1,077)	1,177,600

The components of lease expense for fiscal year 2020 were as follows (in thousands):

	2020
Finance lease expense:	
Amortization of right-of-use assets	$ 4,380
Interest on lease liabilities	4,956
Operating lease expense	11,707
Other lease expense	3,401
Total	$ 24,444

Based on the nature of the ROU asset, amortization of finance right-of-use assets, operating lease expense and other lease expense are recorded within either cost of goods sold or selling and administrative expenses and interest on finance lease liabilities is recorded within interest expense on the Consolidated Statements of Comprehensive Income. Other lease expense includes lease expense for leases with an estimated total term of twelve months or less and variable lease expense related to variations in lease payments as a result of a change in factors or circumstances occurring after the lease possession date.

Amortization of assets held under capital leases totaled $3.8 million and $3.4 million for fiscal years 2019 and 2018, respectively. Capital lease additions totaled $6.7 million, and $11.8 million for fiscal years 2019 and 2018, respectively.

Rent expense under all operating leases for fiscal years 2019 and 2018 was approximately $12.9 million and $12.0 million, respectively.

The following tables sets forth the amount of lease assets and lease liabilities included in the Company's Consolidated Balance Sheets (in thousands):

	Financial Statement Line Item	October 3, 2020
ASSETS		
Finance lease assets	Property, plant and equipment, net	$ 36,408
Operating lease assets	Operating lease right-of-use assets	69,879
Total lease assets		$ 106,287
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Finance lease liabilities	Current portion of long-term debt and finance lease obligations	$ 2,700
Operating lease liabilities	Other accrued liabilities	7,724
Non-current		
Finance lease liabilities	Long-term debt and finance lease obligations, net of current portion	37,033
Operating lease liabilities	Long-term operating lease liabilities	36,779
Total lease liabilities		$ 84,236

Other information related to the Company's leases was as follows:

	October 3, 2020
Weighted-average remaining lease term (in years)	
Finance leases	12.8
Operating leases	18.5
Weighted-average discount rate	
Finance leases	17.7 %
Operating leases	3.0 %

		October 3, 2020
Cash paid for amounts included in the measurement of lease liabilities (in thousands)		
Operating cash flows used in finance leases	$	4,539
Operating cash flows used in operating leases		10,907
Finance cash flows used in finance leases		3,321
ROU assets obtained in exchange for lease liabilities (in thousands)		
Operating leases	$	7,692
Finance leases		2,835

Future minimum lease payments required under finance and operating leases as of October 3, 2020, were as follows (in thousands):

		Operating leases		**Finance leases**
2021	$	8,973	$	7,233
2022		8,144		7,045
2023		7,674		5,896
2024		6,021		4,994
2025		4,505		5,092
Thereafter		16,136		93,525
Total minimum lease payments		51,453		123,785
Less: imputed interest		(6,950)		(84,052)
Present value of lease liabilities	$	44,503	$	39,733

As of October 3, 2020, the Company's future operating leases that have not yet commenced are immaterial.

Future minimum lease payments required under long-term operating and capital leases as of September 28, 2019, were as follows (in thousands):

		Operating leases		**Capital leases**
2020	$	10,395	$	6,734
2021		6,554		3,490
2022		5,584		2,884
2023		5,153		1,652
2024		3,713		958
Thereafter		9,426		34,143
Total	$	40,825	$	49,861

9. Benefit Plans

Share-based Compensation Plans: The Plexus Corp. 2016 Omnibus Incentive Plan (the "2016 Plan"), which was approved by shareholders, is a stock and cash-based incentive plan, and includes provisions by which the Company may grant executive officers, employees and directors stock options, stock appreciation rights ("SARs"), restricted stock (including restricted stock units ("RSUs"), performance stock awards (including performance stock units ("PSUs"), other stock awards and cash incentive awards. Similar awards were offered under its predecessor, the 2008 Long-Term Incentive Plan (the "2008 Plan"), which is no longer being used for grants; however, outstanding awards granted under the 2008 Plan and its predecessors continue in accordance with their terms.

The maximum number of shares of Plexus common stock that may be issued pursuant to the 2016 Plan is 3.2 million shares; in addition, cash incentive awards of up to $4.0 million per employee may be granted annually. The exercise price of each stock option and SAR granted must not be less than the fair market value on the date of grant. The Compensation and Leadership Development Committee (the "Committee") of the Board of Directors may establish a term and vesting period for awards under the 2016 Plan as well as accelerate the vesting of such awards. Generally, stock options vest in two annual installments and have a term of ten years. SARs vest in two annual installments and have a term of seven years. RSUs granted to executive officers, other officers and key employees generally vest on the 3 year anniversary of the grant date (assuming continued employment), which is also the date as of which the underlying shares will be issued. Beginning for fiscal 2017 grants, 50% of PSUs vest based on the relative total shareholder return ("TSR") of the Company's common stock as compared to the companies in the Russell 3000 Index, a market condition, and the remaining 50% vest based upon a three-point annual average of the Company's absolute economic return, a performance condition, each during a performance period of three years performance period. The PSUs granted in fiscal 2016 and prior years vested based solely on the relative TSR of the Company's common stock as compared to companies in the Russell 3000 Index during a performance period of three years. The vesting and payout of awards will range between 0% and 200% of the shares granted based upon performance on the metrics during a performance period. Payout at target, 100% of the shares granted, will occur if the TSR of Plexus stock is at the 50th percentile of companies in the Russell 3000 Index during the performance period and if a 2.5% average economic return is achieved over the performance period of three years. The number of shares that may be issued pursuant to PSUs ranges from zero to 0.5 million. The Committee also grants RSUs to non-employee directors, which generally fully vest on the first anniversary of the grant date, which is also the date the underlying shares are issued (unless further deferred).

The Company recognized $24.3 million, $21.3 million and $18.0 million of compensation expense associated with share-based awards in fiscal 2020, 2019 and 2018, respectively. Deferred tax benefits related to equity awards of $8.2 million, $9.2 million and $8.2 million were recognized in fiscal 2020, 2019 and 2018, respectively.

A summary of the Company's stock option and SAR activity follows:

	Number of Options/SARs (in thousands)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Outstanding as of September 30, 2017	972	$ 36.23	
Granted	—	—	
Canceled	(4)	31.62	
Exercised	(414)	35.01	
Outstanding as of September 29, 2018	554	$ 37.18	
Granted	—	—	
Canceled	(2)	26.96	
Exercised	(88)	31.55	
Outstanding as of September 28, 2019	464	$ 38.28	
Granted	—	—	
Canceled	(16)	31.74	
Exercised	(325)	39.78	
Outstanding as of October 3, 2020	123	$ 35.12	$ 4,393

	Number of Options/SARs (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Life (years)	Aggregate Intrinsic Value (in thousands)
Exercisable as of:				
September 29, 2018	537	$ 36.92		
September 28, 2019	464	$ 38.28		
October 3, 2020	123	$ 35.12	3.24	$ 4,393

The following table summarizes outstanding stock option and SAR information as of October 3, 2020 (Options/SARs in thousands):

Range of Exercise Prices	Number of Options/ SARs Outstanding (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Life (years)	Number of Options / SARs Exercisable (in thousands)	Weighted Average Exercise Price
$25.33 - $27.86	35	$ 26.24	2.21	35	$ 26.24
$27.87 - $36.79	33	$ 33.97	2.70	33	$ 33.97
$36.80 - $41.01	32	$ 39.57	3.63	32	$ 39.57
$41.02 - $45.45	23	$ 44.33	5.09	23	$ 44.33
$25.33 - $45.45	123	$ 35.12	3.24	123	$ 35.12

The Company uses the Black-Scholes valuation model to value options and SARs. The Company used its historical stock prices as the basis for its volatility assumptions. The assumed risk-free rates were based on U.S. Treasury rates in effect at the time of grant with a term consistent with the expected option and SAR lives. The expected options and SARs lives represent the period of time that the options and SARs granted are expected to be outstanding and were based on historical experience.

There were no options or SARs granted for fiscal 2020, 2019 or 2018.

There were no options and SARs vested for fiscal 2020. The fair value of options and SARs vested for fiscal 2019 and 2018 $0.3 million and $1.3 million, respectively.

For fiscal 2020, 2019 and 2018, the total intrinsic value of options and SARs exercised was $10.9 million, $2.4 million and $10.9 million, respectively.

As of October 3, 2020, all previously granted options and SARS have vested.

A summary of the Company's PSU and RSU activity follows:

	Number of Shares (in thousands)	Weighted Average Fair Value at Date of Grant	Aggregate Intrinsic Value (in thousands)
Units outstanding as of September 30, 2017	1,068	$ 45.97	
Granted	331	61.88	
Canceled	(42)	46.74	
Vested	(324)	45.48	
Units outstanding as of September 29, 2018	1,033	$ 51.19	
Granted	375	55.76	
Canceled	(38)	54.03	
Vested	(408)	41.51	
Units outstanding as of September 28, 2019	962	$ 56.97	
Granted	377	75.91	
Canceled	(37)	60.95	
Vested	(451)	54.85	
Units outstanding as of October 3, 2020	851	$ 66.33	$ 60,387

The Company uses the fair value at the date of grant to value RSUs. As of October 3, 2020, there was $17.0 million of unrecognized compensation expense related to RSUs that is expected to be recognized over a weighted average period of 1.3 years.

The Company recognizes share-based compensation expense over the vesting period of PSUs. During the fiscal year ended October 3, 2020, the 0.1 million PSUs granted in fiscal 2017 vested at a 148.4% payout based upon the TSR performance achieved during the performance period. There were 0.1 million PSUs granted during each of fiscal years 2020, 2019 and 2018.

As of October 3, 2020, at the target achievement level, there was $8.8 million of unrecognized compensation expense related to PSUs that is expected to be recognized over a weighted average period of 1.8 years.

401(k) Savings Plan: The Company's 401(k) Retirement Plan covers all eligible U.S. employees. The Company matches employee contributions up to 4.0% of eligible earnings. The Company's contributions for fiscal 2020, 2019 and 2018 totaled $9.8 million, $9.3 million and $8.1 million, respectively.

Deferred Compensation Arrangements: The Company has agreements with certain former executive officers to provide nonqualified deferred compensation. Under these agreements, the Company agrees to pay these former executives, or their designated beneficiaries upon such executives' deaths, certain amounts annually for the first 15 years subsequent to their retirement. As of October 3, 2020 and September 28, 2019, the related deferred compensation liability associated with these arrangements totaled $0.1 million and $0.2 million, respectively.

The Company maintains investments in a trust account to fund required payments under these deferred compensation arrangements. As of October 3, 2020 and September 28, 2019, the total value of the assets held by the trust totaled $10.8 million and $10.4 million, respectively, and was recorded at fair value on a recurring basis. These assets were classified as Level 2 in the fair value hierarchy discussed in Note 1, "Description of Business and Significant Accounting Policies." During each of the fiscal years 2020, 2019 and 2018, the Company made payments to the participants in the amount of $0.1 million.

Supplemental Executive Retirement Plan: The Company also maintains a supplemental executive retirement plan (the "SERP") as an additional deferred compensation plan for executive officers. Under the SERP, a covered executive may elect to defer some or all of the participant's compensation into the plan, and the Company may credit the participant's account with a discretionary employer contribution. Participants are entitled to payment of deferred amounts and any related earnings upon termination or retirement from Plexus.

The SERP allows investment of deferred compensation into individual accounts and, within these accounts, into one or more designated investments. Investment choices do not include Plexus stock. During fiscal 2020, 2019 and 2018, the Company made contributions to the participants' SERP accounts in the amount of $0.7 million, $0.6 million and $1.0 million, respectively.

As of October 3, 2020 and September 28, 2019, the SERP assets held in the trust totaled $12.6 million and $12.1 million, respectively, and the related liability to the participants totaled approximately $12.6 million and $12.1 million, respectively. As of October 3, 2020 and September 28, 2019, the SERP assets held in the trust were recorded at fair value on a recurring basis, and were classified as Level 2 in the fair value hierarchy discussed in Note 1, "Description of Business and Significant Accounting Policies."

The trust assets are subject to the claims of the Company's creditors. The deferred compensation and trust assets and the related liabilities to the participants are included in non-current "Other assets" and non-current "Other liabilities," respectively, in the accompanying Consolidated Balance Sheets.

10. Litigation

The Company is party to lawsuits in the ordinary course of business. Management does not believe that these proceedings, individually or in the aggregate, will have a material positive or adverse effect on the Company's consolidated financial position, results of operations or cash flows.

11. Reportable Segments, Geographic Information and Major Customers

Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or group, in assessing performance and allocating resources. The Company uses an internal management reporting system, which provides important financial data to evaluate performance and allocate the Company's resources on a regional basis. Net sales for the segments are attributed to the region in which the product is manufactured or the service is performed. The services provided, manufacturing processes used, class of customers serviced and order fulfillment processes used are similar and generally interchangeable across the segments. A segment's performance is evaluated based upon its operating income (loss). A segment's operating income (loss) includes its net sales less cost of sales and selling and administrative expenses, but excludes corporate and other expenses. Corporate and other expenses primarily represent corporate selling and administrative expenses, and restructuring costs and other charges, if any, such as the

$6.0 million and $1.7 million of restructuring and impairment costs in fiscal 2020 and 2019, respectively, and the $13.5 million one-time employee bonus paid to full-time, non-executive employees during fiscal 2018 due to the Company's ability to access overseas cash as a result of U.S. Tax Reform. These costs are not allocated to the segments, as management excludes such costs when assessing the performance of the segments. Inter-segment transactions are generally recorded at amounts that approximate arm’s length transactions. The accounting policies for the segments are the same as for the Company taken as a whole.

Information about the Company’s three reportable segments for fiscal 2020, 2019 and 2018 is as follows (in thousands):

	2020	2019	2018
Net sales:			
AMER	$ 1,327,849	$ 1,429,308	$ 1,218,944
APAC	1,824,831	1,557,205	1,498,010
EMEA	349,102	309,933	281,489
Elimination of inter-segment sales	(111,388)	(132,012)	(124,935)
	$ 3,390,394	$ 3,164,434	$ 2,873,508
Operating income (loss):			
AMER	$ 38,126	$ 57,780	$ 38,637
APAC	246,636	208,178	213,935
EMEA	1,492	4,475	1,447
Corporate and other costs	(132,882)	(128,378)	(135,736)
	$ 153,372	$ 142,055	$ 118,283
Other income (expense):			
Interest expense	$ (16,162)	$ (12,853)	$ (12,226)
Interest income	1,878	1,949	4,696
Miscellaneous, net	(3,691)	(5,196)	(3,143)
Income before income taxes	$ 135,397	$ 125,955	$ 107,610

	2020	2019	2018
Depreciation:			
AMER	$ 24,217	$ 22,531	$ 21,224
APAC	17,912	16,905	15,954
EMEA	6,938	6,105	6,054
Corporate	6,437	5,344	4,863
	$ 55,504	$ 50,885	$ 48,095
Capital expenditures:			
AMER	$ 13,361	$ 42,459	$ 17,690
APAC	18,902	33,454	33,018
EMEA	8,577	5,186	7,923
Corporate	9,248	9,501	4,149
	$ 50,088	$ 90,600	$ 62,780

	October 3, 2020	September 28, 2019
Total assets:		
AMER	$ 759,030	$ 751,990
APAC	1,073,951	958,744
EMEA	279,757	209,541
Corporate and eliminations	177,110	80,608
	$ 2,289,848	$ 2,000,883

The following information is provided in accordance with the required segment disclosures for fiscal 2020, 2019 and 2018. Net sales were based on the Company's location providing the product or service (in thousands):

	2020	2019	2018
Net sales:			
United States	$ 989,888	$ 1,197,665	$ 1,000,680
Malaysia	1,432,154	1,138,380	1,118,032
China	392,677	418,825	379,977
Mexico	337,961	231,643	218,264
Romania	217,295	195,837	177,111
United Kingdom	118,463	99,825	91,426
Germany	13,344	14,271	12,953
Elimination of inter-country sales	(111,388)	(132,012)	(124,935)
	$ 3,390,394	$ 3,164,434	$ 2,873,508

	October 3, 2020	September 28, 2019
Long-lived assets:		
United States	$ 99,853	$ 106,757
Malaysia	108,400	101,636
Mexico	68,154	73,864
Romania	33,801	31,033
China	21,408	22,378
United Kingdom	7,484	7,344
Other Foreign	6,446	6,751
Corporate	38,115	34,461
	$ 383,661	$ 384,224

As the Company operates flexible manufacturing facilities and processes designed to accommodate customers with multiple product lines and configurations, it is impracticable to report net sales for individual products or services or groups of similar products and services.

Long-lived assets as of October 3, 2020 and September 28, 2019 exclude other long-term assets, operating lease right-of-use assets, deferred income tax assets and intangible assets, which totaled $127.0 million and $78.4 million, respectively.

As a percentage of consolidated net sales, net sales attributable to customers representing 10.0% or more of consolidated net sales for fiscal 2020, 2019 and 2018 were as follows:

	2020	2019	2018
General Electric Company ("GE")	11.7%	12.4%	12.3%

During fiscal 2020, 2019 and 2018, net sales attributable to GE were reported in all three reportable segments.

As of October 3, 2020, GE represented 15.7% of total accounts receivable. As of September 28, 2019, GE represented 10.1% of total accounts receivable.

12. Guarantees

The Company offers certain indemnifications under its customer manufacturing agreements. In the normal course of business, the Company may from time to time be obligated to indemnify its customers or its customers' customers against damages or liabilities arising out of the Company's negligence, misconduct, breach of contract, or infringement of third-party intellectual property rights. Certain agreements have extended broader indemnification, and while most agreements have contractual limits, some do not. However, the Company generally does not provide for such indemnities and seeks indemnification from its customers for damages or liabilities arising out of the Company's adherence to customers' specifications or designs or use of materials furnished, or directed to be used, by its customers. The Company does not believe its obligations under such indemnities are material.

In the normal course of business, the Company also provides its customers a limited warranty covering workmanship, and in some cases materials, on products manufactured by the Company. Such warranty generally provides that products will be free from defects in the Company's workmanship and meet mutually agreed-upon specifications for periods generally ranging from 12 months to 24 months. The Company's obligation is generally limited to correcting, at its expense, any defect by repairing or replacing such defective product. The Company's warranty generally excludes defects resulting from faulty customer-supplied components, design defects or damage caused by any party or cause other than the Company.

The Company provides for an estimate of costs that may be incurred under its limited warranty at the time product revenue is recognized and establishes additional reserves for specifically identified product issues. These costs primarily include labor and materials, as necessary, associated with repair or replacement and are included in the Company's accompanying Consolidated Balance Sheets in "other accrued liabilities." The primary factors that affect the Company's warranty liability include the value and the number of shipped units and historical and anticipated rates of warranty claims. As these factors are impacted by actual experience and future expectations, the Company assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

Below is a table summarizing the activity related to the Company's limited warranty liability for fiscal 2020, 2019 and 2018 (in thousands):

Limited warranty liability, as of September 30, 2017	$	4,756
Accruals for warranties issued during the period		5,608
Settlements (in cash or in kind) during the period		(3,718)
Limited warranty liability, as of September 29, 2018		6,646
Accruals for warranties issued during the period		3,254
Settlements (in cash or in kind) during the period		(3,624)
Limited warranty liability, as of September 28, 2019		6,276
Accruals for warranties issued during the period		2,852
Settlements (in cash or in kind) during the period		(2,742)
Limited warranty liability, as of October 3, 2020	$	6,386

13. Shareholders' Equity

On June 6, 2016, the Board of Directors authorized a multi-year stock repurchase program under which the Company was authorized to repurchase up to $150.0 million of its common stock beginning in fiscal 2017 (the "2016 Program"). During fiscal 2018, the Company completed the 2016 Program by repurchasing 1,914,596 shares for $115.9 million, at an average price of $60.52 per share.

On February 14, 2018, the Board of Directors approved a share repurchase plan under which the Company was authorized to repurchase $200.0 million of its common stock (the "2018 Program"). During fiscal 2019 and 2018, the Company completed the 2018 Program by repurchasing 3,129,059 and 343,642 shares under this program for $178.8 million and $21.2 million, at an average price of $57.15 and $61.61 per share, respectively.

On August 20, 2019, the Board of Directors approved a share repurchase plan under which the Company is authorized to repurchase $50.0 million of its common stock (the "2019 Program"). The 2019 Program commenced upon completion of the 2018 Program, as defined below. During fiscal 2020 and 2019, the Company repurchased 609,935 and 54,965 shares under this program for $41.4 million and $3.3 million at an average price of $67.86 and $59.66 per share, respectively. As of October 3, 2020, $5.3 million of authority remained under the 2019 Program.

On August 13, 2020, the Board of Directors approved a new share repurchase program that authorizes the Company to repurchase up to $50.0 million of its common stock (the "2021 Program") beginning upon expiration of the Company's 2019 Program.

Refer to Note 19, "Subsequent Event," for further information regarding an amendment to the 2021 Program approved by the Board of Directors on November 18, 2020.

All shares repurchased under the aforementioned programs were recorded as treasury stock.

14. Trade Accounts Receivable Sale Programs

The Company has Master Accounts Receivable Purchase Agreements with MUFG Bank, New York Branch (formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd.) (the "MUFG RPA"), and HSBC Bank (China) Company Limited, Xiamen branch (the "HSBC RPA"), under which the Company may elect to sell receivables; at a discount. These facilities are uncommitted facilities. The maximum facility amount under the MUFG RPA as of October 3, 2020 is $340.0 million. On September 17, 2020, the Company entered into Amendment 11 the MUFG RPA to change the allocation of factoring for certain customers and add LIBOR replacement language. The maximum facility amount under the HSBC RPA as of October 3, 2020 is $60.0 million. The MUFG RPA will be automatically extended each year unless any party gives no less than 10 days prior notice that the agreement should not be extended. The terms of the HSBC RPA are generally consistent with the terms of the MUFG RPA previously discussed.

Transfers of receivables under the programs are accounted for as sales and, accordingly, receivables sold under the programs are excluded from accounts receivable on the Consolidated Balance Sheets and are reflected as cash provided by operating activities on the Consolidated Statements of Cash Flows. Proceeds from the transfer reflect the face value of the receivables less a discount. The sale discount is recorded within "Miscellaneous, net" in the Consolidated Statements of Comprehensive Income in the period of the sale.

The Company sold $834.4 million, $919.3 million and $712.9 million of trade accounts receivable under these programs, or their predecessors, during fiscal years 2020, 2019 and 2018, respectively, in exchange for cash proceeds of $831.2 million, $913.6 million and $708.6 million, respectively.

15. Revenue from Contracts with Customers

Significant Judgments

Revenue is recognized over time for arrangements with customers for which: (i) the Company's performance does not create an asset with an alternative use to the Company, and (ii) the Company has an enforceable right to payment, including reasonable profit margin, for performance completed to date. Revenue recognized over time is estimated based on costs incurred to date plus a reasonable profit margin. If either of the two conditions noted above are not met to recognize revenue over time, revenue is recognized following the transfer of control of such products to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying arrangement.

The Company recognizes revenue when a contract exists and when, or as, it satisfies a performance obligation by transferring control of a product or service to a customer. Contracts are accounted for when they have approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer.

The Company generally enters into a master services arrangement that establishes the framework under which business will be conducted. These arrangements represent the master terms and conditions of the Company's services that apply to individual orders, but they do not commit the customer to work with, or to continue to work with, the Company nor do they obligate the customer to any specific volume or pricing of purchases. Moreover, these terms can be amended in appropriate situations.

Customer purchase orders are received for specific quantities with predominantly fixed pricing and delivery requirements. Thus, for the majority of our contracts, there is no guarantee of any revenue to the Company until a customer submits a purchase order. As a result, the Company generally considers its arrangement with a customer to be the combination of the master services arrangement and the purchase order. Most of the Company's arrangements with customers create a single performance obligation as the promise to transfer the individual manufactured product or service is capable of being distinct.

The Company’s performance obligations are satisfied over time as work progresses or at a point in time. A performance obligation is satisfied over time if the Company has an enforceable right to payment, including a reasonable profit margin. Determining if an enforceable right to payment includes a reasonable profit margin requires judgment and is assessed on a contract by contract basis.

Generally, there are no subjective customer acceptance requirements or further obligations related to goods or services provided; if such requirements or obligations exist, then a sale is recognized at the time when such requirements are completed and such obligations are fulfilled.

The Company does not allow for a general right of return. Net sales include amounts billed to customers for shipping and handling and out-of-pocket expenses. The corresponding shipping and handling costs and out-of-pocket expenses are included in cost of sales. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from net sales.

Contract Costs

For contracts requiring over time revenue recognition, the selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. The Company uses a cost-based input measurement of progress because it best depicts the transfer of assets to the customer, which occurs as costs are incurred during the manufacturing process or as services are rendered. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the costs incurred to date.

There were no other costs to obtain or fulfill customer contracts.

Disaggregated Revenue

The table below includes the Company's revenue for the fiscal years ended October 3, 2020 and September 28, 2019 disaggregated by geographic reportable segment and market sector (in thousands):

	Fiscal Year Ended October 3, 2020			
	Reportable Segment:			
	AMER	APAC	EMEA	Total
Market Sector:				
Healthcare/Life Sciences	$ 464,134	$ 618,250	$ 176,001	$ 1,258,385
Industrial/Commercial	324,120	850,662	79,782	1,254,564
Aerospace/Defense	371,685	157,301	82,582	611,568
Communications	157,181	104,263	4,433	265,877
External revenue	1,317,120	1,730,476	342,798	3,390,394
Inter-segment sales	10,729	94,355	6,304	111,388
Segment revenue	$ 1,327,849	$ 1,824,831	$ 349,102	$ 3,501,782

	Fiscal Year Ended September 28, 2019			
	Reportable Segment:			
	AMER	APAC	EMEA	Total
Market Sector:				
Healthcare/Life Sciences	$ 488,851	$ 602,922	$ 128,225	$ 1,219,998
Industrial/Commercial	359,381	534,971	86,868	981,220
Aerospace/Defense	317,558	186,486	84,556	588,600
Communications	256,523	113,329	4,764	374,616
External revenue	1,422,313	1,437,708	304,413	3,164,434
Inter-segment sales	6,995	119,497	5,520	132,012
Segment revenue	$ 1,429,308	$ 1,557,205	$ 309,933	$ 3,296,446

For the fiscal years ended October 3, 2020 and September 28, 2019, approximately 91% and 90% respectively, of the Company's revenue was recognized as products and services were transferred over time, respectively.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, contract assets, and deferred revenue on the Company's accompanying Consolidated Balance Sheets.

Contract Assets: For performance obligations satisfied at a point in time, billing occurs subsequent to revenue recognition, at which point the customer has been billed and the resulting asset is recorded within accounts receivable. For performance obligations satisfied over time as work progresses, the Company has an unconditional right to payment, which results in the recognition of contract assets. The following table summarizes the activity in the Company's contract assets during the fiscal years ended October 3, 2020 and September 28, 2019 (in thousands):

	October 3, 2020	September 28, 2019
Contract assets, beginning of period	$ 90,841	$ —
Cumulative effect adjustment at September 29, 2018	—	76,417
Revenue recognized during the period	3,073,465	2,859,182
Amounts collected or invoiced during the period	(3,050,360)	(2,844,758)
Contract assets, end of period	$ 113,946	$ 90,841

Deferred Revenue: Deferred revenue is recorded when consideration is received from a customer prior to transferring goods or services to the customer under the terms of the contract, which is included in other accrued liabilities. As of October 3, 2020 and September 28, 2019 the balance of advance payments from customers that remained in other accrued liabilities was $55.6 million and $67.9 million, respectively. The advance payment is not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract, offset obsolete and excess inventory risks and to protect the company from the other party failing to adequately complete some or all of its obligations under the contract. Deferred revenue is recognized into revenue when all revenue recognition criteria are met. For performance obligations satisfied over time, recognition will occur as work progresses; otherwise deferred revenue will be recognized based upon shipping terms.

16. Restructuring and Impairment Charges

During fiscal 2020, the Company recorded $6.0 million of restructuring and impairment charges in the Company's AMER segment primarily related to the closure of our Boulder Design Center. During fiscal 2019, the Company recorded $1.7 million of restructuring and impairment charges in the Company's AMER segment. These charges are recorded within restructuring and impairment charges on the Consolidated Statements of Comprehensive Income. Restructuring liabilities are recorded within other accrued liabilities on the Consolidated Balance Sheets. The Company incurred no restructuring and impairment charges during fiscal 2018.

The Company recognized a tax benefit of $0.6 million and $0.2 million related to restructuring and impairment charges in fiscal 2020 and fiscal 2019, respectively. No income tax benefit was recognized in fiscal 2018.

The Company's restructuring accrual activity for the years ended October 3, 2020 and September 28, 2019 is included in the table below (in thousands):

	Fixed Asset and Operating Right-of-Use Asset Impairment	Employee Termination and Severance Costs	Total
Accrual balance, as of September 29, 2018	$ —	$ —	$ —
Restructuring and impairment costs	—	1,678	1,678
Amounts utilized	—	(381)	(381)
Accrual balance, as of September 28, 2019	$ —	$ 1,297	$ 1,297
Restructuring and impairment costs	3,054	2,949	6,003
Amounts utilized	(3,054)	(4,210)	(7,264)
Accrual balance, as of October 3, 2020	$ —	$ 36	$ 36

17. Acquisition

On July 27, 2018, the Company purchased the assets of one of the business lines of Cascade Controls, Inc. ("Cascade"), a new product introduction company in Portland, Oregon, for $12.4 million in cash, subject to certain customary post-closing adjustments. In the three months ended December 29, 2018, the Company received a $1.2 million purchase price adjustment as a result of a post-closing adjustment. Plexus acquired substantially all of the inventory, equipment and other assets of the business line, hired a majority of its employees and sub-leased one of Cascade's facilities. This transaction has been accounted for as a business combination.

The acquisition resulted in a $12.4 million cash outflow in fiscal 2018 and a $1.2 million cash inflow in fiscal 2019 included in "Business acquisition" in the accompanying Consolidated Statements of Cash Flows. Additionally, $5.7 million, $6.9 million $8.2 million of intangible assets related to customer relationships is included in non-current "Other" assets in the accompanying Consolidated Balance Sheet for fiscal 2020, 2019 and 2018, respectively. The intangible assets are amortized on a straight-line basis and result in amortization expense of approximately $1.2 million per year. There were no other material impacts to the Company's Consolidated Financial Statements as a result of the acquisition.

18. Quarterly Financial Data (Unaudited)

The following is summarized quarterly financial data for fiscal 2020 and 2019 (in thousands, except per share amounts):

2020	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net sales	$ 852,409	$ 767,364	$ 857,394	$ 913,227	$ 3,390,394
Gross profit	79,190	61,445	82,881	89,190	312,706
Net income (2,3)	31,006	12,926	35,842	37,705	117,479
Earnings per share (1):					
Basic	1.06	0.44	1.23	1.29	4.02
Diluted (7)	1.03	0.43	1.20	1.26	$ 3.93

2019	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net sales	$ 765,544	$ 789,051	$ 799,644	$ 810,195	$ 3,164,434
Gross profit	72,383	70,636	71,030	77,789	291,838
Net income (4,5,6)	22,226	24,758	24,801	36,831	108,616
Earnings per share (1):					
Basic	0.71	0.81	0.83	1.26	3.59
Diluted (8)	0.69	0.79	0.81	1.23	3.50

(1) The annual total amounts may not equal the sum of the quarterly amounts due to rounding. Earnings per share is computed independently for each quarter and annually.

(2) The first quarter of fiscal 2020 results included $1.9 million in tax benefits related to U.S. foreign tax credit regulations issued during the quarter, partially offset by $1.1 million of tax expense as a result of special tax items.

(3) The second quarter of fiscal 2020 results included restructuring and impairment charges of $6.0 million, or $5.4 million net of taxes, in the AMER operating segment due to the closure of the Boulder Design Center.

(4) The first quarter of fiscal 2019 results included $7.0 million of tax expense as a result of new regulations issued under U.S. Tax Reform. These regulations impacted the treatment of foreign taxes paid.

(5) The fourth quarter of fiscal 2019 results included restructuring charges of $1.7 million, or $1.5 million net of taxes, in the AMER operating segment.

(6) The fourth quarter of fiscal 2019 results included a benefit of $10.5 million due to the permanent reinvestment assertion of certain historical undistributed earnings of two foreign subsidiaries.

(7) The first quarter of fiscal 2020 included $0.03 per share tax benefit resulting from special tax items. The second quarter of fiscal 2020 included $0.18 per share of expense related to restructuring costs.

(8) The first quarter of fiscal 2019 included $0.23 per share of tax expense as a result of U.S. Tax Reform. The fourth quarter of fiscal 2019 included $0.05 per share of expense related to restructuring costs and $0.35 per share tax benefit resulting from the permanent reinvestment assertion of certain historical undistributed earnings of two foreign subsidiaries.

19. Subsequent Event

On November 18, 2020, the Board of Directors approved an additional $50.0 million in share repurchase authority under its existing 2021 Program, which commenced on October 19, 2020, upon completion of the 2019 Program, to authorize a total of $100.0 million in share repurchase authority under the program. The 2021 Program has no expiration.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that the information the Company must disclose in its filings with the Securities and Exchange Commission ("SEC") is recorded, processed, summarized and reported on a timely basis. The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have reviewed and evaluated, with the participation of the Company's management, the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this report. Based on such evaluation, the CEO and CFO have concluded that, as of October 3, 2020, the Company's disclosure controls and procedures are effective, at the reasonable assurance level, (a) in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act, and (b) in assuring that information is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Management of the Company, including its CEO and CFO, has assessed the effectiveness of its internal control over financial reporting as of October 3, 2020, based on the criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") (2013). Based on its assessment and those criteria, management has reached the conclusion that the Company's internal control over financial reporting was effective.

The independent registered public accounting firm of PricewaterhouseCoopers LLP has audited the Company's internal control over financial reporting as of October 3, 2020, as stated in its report included herein.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Notwithstanding the foregoing limitations on the effectiveness of controls, we have nonetheless reached the conclusion that the Company's disclosure controls and procedures and internal control over financial reporting are effective.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information in response to this item is incorporated herein by reference to "Election of Directors" and "Corporate Governance" in the Company's Proxy Statement for its 2021 Annual Meeting of Shareholders ("2021 Proxy Statement").

Our Code of Conduct and Business Ethics is posted on our website at www.plexus.com. You may access the Code of Conduct and Business Ethics by following the links under "Investors" and then "Corporate Governance" at our website. Plexus' Code of Conduct and Business Ethics applies to all members of the board of directors, officers and employees; and includes provisions related to accounting and financial matters that apply to the Principal Executive Officer, Principal Financial Officer, Principal Accounting Officer and Controller.

Information about our Executive Officers

The following table sets forth our executive officers, their ages and the positions currently held by each person:

Name	Age	Position
Todd P. Kelsey	55	President and Chief Executive Officer
Steven J. Frisch	54	Executive Vice President and Chief Operating Officer
Patrick J. Jermain	54	Executive Vice President and Chief Financial Officer
Angelo M. Ninivaggi	53	Executive Vice President, Chief Administrative Officer, General Counsel and Secretary
Ronnie Darroch	55	Executive Vice President and Regional President – EMEA
Yong Jin Lim	60	Regional President – APAC
Scott Theune	56	Regional President – AMER

Todd P. Kelsey joined Plexus in 1994 and has served as President and Chief Executive Officer since 2016; prior thereto, he served as Executive Vice President and Chief Operating Officer since 2013. Previously, Mr. Kelsey served as Executive Vice President – Global Customer Services since 2011 and as Senior Vice President prior thereto.

Steven J. Frisch joined Plexus in 1990 and has served as Executive Vice President and Chief Operating Officer since 2016. Prior thereto, he served as Executive Vice President and Chief Customer Officer since 2014. Previously, Mr. Frisch served as Executive Vice President – Global Customer Services from 2013 to 2014. Mr. Frisch was Regional President – Plexus EMEA from 2010 to 2013. Mr. Frisch also served as Senior Vice President – Global Engineering Solutions from 2007 to 2013.

Patrick J. Jermain joined Plexus in 2010 and has served as Chief Financial Officer since 2014; he was named a Vice President in 2014, Senior Vice President in 2015 and Executive Vice President in 2019. Previously, Mr. Jermain served as Treasurer and Vice President of Finance since 2013 and as Corporate Controller since 2010.

Angelo M. Ninivaggi joined Plexus in 2002 and has served as Chief Administrative Officer since 2013. Mr. Ninivaggi has also served as Vice President, General Counsel and Secretary since 2006, was named a Senior Vice President in 2011 and Executive Vice President in 2019. Mr. Ninivaggi also served as Corporate Compliance Officer from 2007 to 2013.

*Ronni*e *Darroch* joined Plexus in 2012 and has served as Executive Vice President and Regional President – EMEA since May 2019. Previously, Mr. Darroch served as Regional President – AMER from 2016 to 2019, Senior Vice President – Global Manufacturing Solutions from 2014 to 2019, was named an Executive Vice President in 2016, Regional President – EMEA from 2013 to 2014 and Vice President of Operations – EMEA prior thereto. Prior to joining Plexus, Mr. Darroch served in various positions at Jabil Circuit, Inc., an EMS provider.

Yong Jin Lim joined Plexus in 2002 and has served as Regional President – APAC since 2007. Mr. Lim will retire from Plexus on June 20, 2021.

Scott Theune joined Plexus in 1993 and has served as Regional President – AMER since May 2019. Previously, Mr. Theune served as Senior Vice President of Global Supply Chain from 2016 to 2019, Vice President of Supply Chain from 2005 to 2016, and General Manager and Global Director of Manufacturing Process and Technology prior thereto.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference to "Corporate Governance – Board and Committee Responsibilities – Compensation & Leadership Development Committee," "Director Compensation for Fiscal 2020," "Compensation Discussion & Analysis," "Executive Compensation" and "Compensation Committee Report" in the 2021 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated herein by reference to "Security Ownership of Certain Beneficial Owners and Management."

Equity Compensation Plan Information

The following table chart gives aggregate information regarding grants under all Plexus equity compensation plans through October 3, 2020:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights (2)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in 1st column)
Equity compensation plans approved by security holders	973,748	$ 35.12	$ 1,563,068
Equity compensation plans not approved by security holders	—	n/a	—
Total	973,748	$ 35.12	$ 1,563,068

(1) Represents options, stock-settled SARs, PSUs and RSUs granted under the 2016 Omnibus Incentive Plan and the 2008 Long-Term Incentive Plan, both of which were approved by shareholders. No further awards may be made under the 2008 Long-Term Incentive Plan.

(2) The weighted average exercise prices exclude PSUs and RSUs.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated herein by reference to "Corporate Governance – Director Independence" and "Certain Transactions" in the 2021 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated herein by reference to the subheading "Ratify Independent Auditors - Fees and Services" in the 2021 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed

Financial Statements and Financial Statement Schedule. See the list of Financial Statements and Financial Statement Schedule in Item 8.

(b) Exhibits. The list of exhibits is included below:

Exhibit No.	Exhibit
3(i)	Restated Articles of Incorporation of Plexus Corp. (incorporated by reference to Exhibit 3(i) to the Quarterly Report on Form 10-Q of Plexus Corp. filed on May 14, 2004).
3(ii)	Amended and Restated Bylaws of Plexus Corp., as amended through November 18, 2020 (incorporated by reference to Exhibit 3.1 to the Current Report on From 8-K of Plexus Corp. filed on November 19, 2020).
4.1	Restated Articles of Incorporation of Plexus Corp. (incorporated by reference to Exhibit 3(i) to the Quarterly Report on Form 10-Q of Plexus Corp. filed on May 14, 2004).
4.2	Amended and Restated Bylaws of Plexus Corp., as amended through November 18, 2020 (incorporated by reference to Exhibit 3.1 to the Current Report on From 8-K of Plexus Corp. filed on November 19, 2020).
4.3	Description of Common Stock
10.1 (a)	Credit Agreement, dated as of May 15, 2019, among Plexus Corp., the banks, financial institutions and other institutional lenders listed on the signature pages thereto, JPMorgan Chase Bank, N.A., as administrative agent, U.S. Bank National Association, as syndication agent, PNC Bank, National Association, Bank of America, N.A., MUFG Bank, Ltd., HSBC Bank USA, N.A., Bank of the West and Wells Fargo Bank, National Association, as co-documentation agents, and JPMorgan Chase Bank, N.A. and U.S. Bank National Association, as joint lead arrangers and joint book runners (including the related subsidiary guaranty). (incorporated by reference to Exhibit 10.1 to the Current Report on From 8-K of Plexus Corp. filed on May 15, 2019).
10.1 (b)	Amendment No. 1 to Credit Agreement, dated as of April 29, 2020, among Plexus Corp., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Plexus Corp. filed on April 30, 2020).
10.2 (a)	Note Purchase Agreement, dated as of June 15, 2018, between Plexus Corp. and the Purchasers named therein relating to an aggregate of $150,000,000 in principal amount of 4.05% Series A Senior Notes, due June 15, 2025, and 4.22% Series B Senior Notes, due June 15, 2028. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Plexus Corp. filed on June 18, 2018).
10.2 (b)	First Amendment, dated as of June 25, 2019, to the Note Purchase Agreement, dated as of June 15, 2018, between Plexus Corp. and the Noteholders named therein relating to an aggregate of $150,000,000 in principal amount of 4.05% Series A Senior Notes, due June 15, 2025, and 4.22% Series B Senior Notes, due June 15, 2028. (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on August 2, 2019).
10.3 (a)	Master Accounts Receivable Purchase Agreement between Plexus Corp. and Plexus Manufacturing Sdn. Bhd., and each additional seller party thereto from time to time as the Sellers, Plexus Corp., as Seller Representative, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as the Purchaser, dated as of October 4, 2016. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Plexus Corp. filed on October 7, 2016).
10.3 (b)	Amended and Restated Master Accounts Receivable Purchase Agreement between Plexus Corp. and Plexus Manufacturing Sdn. Bhd., Plexus Intl. Sales & Logistics, LLC, and each additional seller party thereto from time to time as the Sellers, Plexus Corp., as Seller Representative, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as the Purchaser, dated as of December 14, 2016. (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on February 3, 2017).

Exhibit No.	Exhibit
10.3 (c)	Amendment No. 3 to Amended and Restated Master Accounts Receivable Purchase Agreement between Plexus Corp. and Plexus Manufacturing Sdn. Bhd., Plexus Intl. Sales & Logistics, LLC, Plexus Services Ro SRL, Plexus Corp. (UK) Limited and each additional seller party thereto from time to time as the Sellers, Plexus Corp., as Seller Representative, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as the Purchaser, dated as of March 28, 2017. (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on May 5, 2017).
10.3 (d)	Amendment No. 4 to Amended and Restated Master Accounts Receivable Purchase Agreement between Plexus Corp. and Plexus Manufacturing Sdn. Bhd., Plexus Intl. Sales & Logistics, LLC, Plexus Services Ro SRL, Plexus Corp. (UK) Limited and each additional seller party thereto from time to time as the Sellers, Plexus Corp., as Seller Representative, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as the Purchaser, dated as of September 11, 2017. (incorporated by reference to Exhibit 10.3(d) to the Annual Report on Form 10-K of Plexus Corp. filed on November 16, 2018).
10.3 (e)	Amendment No. 5 to Amended and Restated Master Accounts Receivable Purchase Agreement between Plexus Corp. and Plexus Manufacturing Sdn. Bhd., Plexus Intl. Sales & Logistics, LLC, Plexus Services Ro SRL, Plexus Corp. (UK) Limited and each additional seller party thereto from time to time as the Sellers, Plexus Corp., as Seller Representative, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as the Purchaser, dated as of October 19, 2017. (incorporated by reference to Exhibit 10.3(d) to the Annual Report on Form 10-K of Plexus Corp. filed on November 17, 2017).
10.3 (f)	Amendment No. 6 to Amended and Restated Master Accounts Receivable Purchase Agreement between Plexus Corp. and Plexus Manufacturing Sdn. Bhd., Plexus Intl. Sales & Logistics, LLC, Plexus Services Ro SRL, Plexus Corp. (UK) Limited and each additional seller party thereto from time to time as the Sellers, Plexus Corp., as Seller Representative, and MUFG Bank Ltd. (f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch), as the Purchaser, dated as of May 4, 2018. (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on August 3, 2018).
10.3 (g)	Amendment No. 7 to Amended and Restated Master Accounts Receivable Purchase Agreement between Plexus Corp. and Plexus Manufacturing Sdn. Bhd., Plexus Intl. Sales & Logistics, LLC, Plexus Services Ro SRL, Plexus Corp. (UK) Limited and each additional seller party thereto from time to time as the Sellers, Plexus Corp., as Seller Representative, and MUFG Bank Ltd. (f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch), as the Purchaser, dated as of September 19, 2018. (incorporated by reference to Exhibit 10.3(g) to the Annual Report on Form 10-K of Plexus Corp. filed on November 16, 2018).
10.3 (h)	Amendment No. 8 to Amended and Restated Master Accounts Receivable Purchase Agreement between Plexus Corp. and Plexus Manufacturing Sdn. Bhd., Plexus Intl. Sales & Logistics, LLC, Plexus Services Ro SRL, Plexus Corp. (UK) Limited and each additional seller party thereto from time to time as the Sellers, Plexus Corp., as Seller Representative, and MUFG Bank Ltd. (f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch), as the Purchaser, dated as of March 20, 2019. (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on May 3, 2019).
10.3 (i)	Amendment No.9 to Amended and Restated Master Accounts Receivable Purchase Agreement between Plexus Corp. and Plexus Manufacturing Sdn. Bhd., Plexus Intl. Sales & Logistics, LLC, Plexus Services Ro SRL, Plexus Corp. (UK) Limited and each additional seller party thereto from time to time as the Sellers, Plexus Corp., as Seller Representative, and MUFG Bank Ltd. (f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch), as the Purchaser, dated as of June 21, 2019. (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on August 2, 2019).
10.3 (j)	Amendment No.10 to Amended and Restated Master Accounts Receivable Purchase Agreement between Plexus Corp. and Plexus Manufacturing Sdn. Bhd., Plexus Intl. Sales & Logistics, LLC, Plexus Services Ro SRL, Plexus Corp. (UK) Limited and each additional seller party thereto from time to time as the Sellers, Plexus Corp., as Seller Representative, and MUFG Bank Ltd. (f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch), as the Purchaser, dated as of December 23, 2019. (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on February 7, 2020).

Exhibit No.	Exhibit
10.3 (k)	Amendment No.11 to Amended and Restated Master Accounts Receivable Purchase Agreement between Plexus Corp. and Plexus Manufacturing Sdn. Bhd., Plexus Intl. Sales & Logistics, LLC, Plexus Services Ro SRL, Plexus Corp. (UK) Limited and each additional seller party thereto from time to time as the Sellers, Plexus Corp., as Seller Representative, and MUFG Bank Ltd. (f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch), as the Purchaser, dated as of September 10, 2020.
10.4	Retirement and Transition Agreement, dated August 17, 2016, by and between Plexus Corp. and Dean A. Foate* (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Plexus Corp. filed on August 19, 2016).
10.5	Employment Agreement, dated August 17, 2016, by and between Plexus Corp. and Todd P. Kelsey* (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Plexus Corp. filed on August 19, 2016).
10.6	Form of Change of Control Agreement with executive officers* (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Plexus Corp. filed on May 21, 2008).
10.7	Summary of Directors' Compensation (11/18)* (incorporated by reference to Exhibit 10.7(a) to the Annual Report on Form 10-K of Plexus Corp. filed on November 16, 2018).
10.8 (a)	Plexus Corp. Executive Deferred Compensation Plan* (incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K of Plexus Corp. filed on December 19, 2000).
10.8 (b)	Plexus Corp Executive Deferred Compensation Plan Trust dated April 1, 2003 between Plexus Corp. and Bankers Trust Company* (incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K of Plexus Corp. filed on December 15, 2003).
10.9	Plexus Corp. Non-employee Directors Deferred Compensation Plan* (incorporated by reference to Exhibit 10.10 to the Annual Report on Form 10-K of Plexus Corp. filed on November 19, 2012).
10.10 (a)	Amended and Restated Plexus Corp. 2016 Omnibus Incentive Plan* (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on May 5, 2017).
10.10 (b)	Forms of award agreements thereunder*
	(i) Form of Stock Option Agreement (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on August 8, 2016).
	(ii) Form of Restricted Stock Unit Award (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on August 8, 2016).
	(iii) Form of Performance Stock Unit Agreement (incorporated by reference to Exhibit 10.1(b)(iii) to the Annual Report on Form 10-K of Plexus Corp. filed on November 18, 2016).
	(iv) Form of Stock Appreciation Rights Agreement (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on August 8, 2016).
	(v) Form of Restricted Stock Unit Award Agreement for Directors (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on February 3, 2017).
	(vi) Form of Plexus Corp. Variable Incentive Compensation Plan - Plexus Leadership Team (incorporated by reference to Exhibit 10.1(b)(vi) to the Annual Report on Form 10-K of Plexus Corp. filed on November 17, 2017).
10.11 (a)	Amended and Restated Plexus Corp. 2008 Long-Term Incentive Plan* (superseded except as to outstanding awards) (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on May 5, 2017).
10.11(b)	Forms of award agreements thereunder*
	(i) Form of Stock Option Agreement (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Plexus Corp. filed on February 4, 2010).

Exhibit No.	Exhibit
	(ii) Form of Restricted Stock Unit Award (incorporated by reference to Exhibit 10.5(b) to the Quarterly Report on Form 10-Q of Plexus Corp. filed on May 8, 2008).
	(iii) Form of Stock Appreciation Rights Agreement (incorporated by reference to Exhibit 10.5(c) to the Quarterly Report on Form 10-Q of Plexus Corp. filed on May 8, 2008).
21	List of Subsidiaries
23	Consent of PricewaterhouseCoopers LLP
24	Powers of Attorney (incorporated by reference to the signature page of this Annual Report on Form 10-K).
31.1	Certification of Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Reconciliation of ROIC to GAAP and Economic Return Financial Statements
101	The following materials from Plexus Corp.'s Annual Report on Form 10-K for the fiscal year ended October 3, 2020, formatted in Inline Extensible Business Reporting Language ("XBRL"): (i) the Consolidated Statements of Comprehensive Income, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Shareholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2020, formatted in Inline XBRL and contained in Exhibit 101.
*	Designates management compensatory plans or agreements.

ITEM 16. FORM 10-K SUMMARY

None.

Plexus Corp. and Subsidiaries

Schedule II – Valuation and Qualifying Accounts

For the fiscal years ended October 3, 2020, September 28, 2019 and September 29, 2018 (in thousands):

Descriptions	Balance at beginning of period	Additions charged to costs and expenses	Additions charged to other accounts	Deductions	Balance at end of period
Fiscal Year 2020:					
Allowance for losses on accounts receivable (deducted from the asset to which it relates)	$ 1,537	$ 4,051	$ —	$ (1,991)	$ 3,597
Valuation allowance on deferred income tax assets (deducted from the asset to which it relates)	$ 29,170	$ 5,778	$ —	$ —	$ 34,948
Fiscal Year 2019:					
Allowance for losses on accounts receivable (deducted from the asset to which it relates)	$ 885	$ 1,189	$ —	$ (537)	$ 1,537
Valuation allowance on deferred income tax assets (deducted from the asset to which it relates)	$ 28,369	$ 2,213	$ —	$ (1,412)	$ 29,170
Fiscal Year 2018:					
Allowance for losses on accounts receivable (deducted from the asset to which it relates)	$ 980	$ 380	$ —	$ (475)	$ 885
Valuation allowance on deferred income tax assets (deducted from the asset to which it relates)	$ 61,668	$ 1,107	$ —	$ (34,406)	$ 28,369

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Plexus Corp. Registrant
Date: November 20, 2020	/s/ Todd P. Kelsey Todd P. Kelsey President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Todd P. Kelsey, Patrick J. Jermain and Angelo M. Ninivaggi, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and any other regulatory authority, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the date indicated.*

SIGNATURE AND TITLE

/s/ Todd P. Kelsey Todd P. Kelsey, President and Chief Executive Officer (Principal Executive Officer) and Director	/s/ Rainer Jueckstock Rainer Jueckstock, Director
/s/ Patrick J. Jermain Patrick J. Jermain, Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	/s/ Peter Kelly Peter Kelly, Director
/s/ Dean A. Foate Dean A. Foate, Chairman	/s/ Joel Quadracci Joel Quadracci, Director
/s/ Ralf R. Böer Ralf R. Böer, Director	/s/ Karen M. Rapp Karen M. Rapp, Director
/s/ Stephen P. Cortinovis Stephen P. Cortinovis, Director	/s/ Paul A. Rooke Paul A. Rooke, Director
/s/ David J. Drury David J. Drury, Director	/s/ Michael V. Schrock Michael V. Schrock, Director
/s/ Joann M. Eisenhart Joann M. Eisenhart, Director	

*Each of the above signatures is affixed as of November 20, 2020.

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Board of Directors

Dean A. Foate
Chairman, Plexus Corp.

Ralf R. Böer
Founding Partner and Director, Wing Capital Group, LLC

Stephen P. Cortinovis
Private Equity Investor

David J. Drury
Founding Partner and Director, Wing Capital Group, LLC

Joann M. Eisenhart, Ph.D.
Retired Executive Vice President and Chief People Officer, The Northwestern Mutual Life Insurance Company

Rainer Jueckstock
Executive Vice President, Tenneco Inc., and President, Federal-Mogul Powertrain

Peter Kelly
Executive Vice President and Chief Financial Officer, NXP Semiconductors N.V.

Todd P. Kelsey
President and Chief Executive Officer, Plexus Corp.

Joel Quadracci
Chairman, President and Chief Executive Officer, Quad/Graphics Inc.

Karen Rapp
Executive Vice President, Chief Financial Officer and Treasurer, National Instruments Corp.

Paul A. Rooke
Retired Chairman and Chief Executive Officer, Lexmark International, Inc.

Michael V. Schrock
Senior Advisor and Operating Consultant, Oak Hill Capital Partners, and Lead Director, Plexus Corp.

Executive Officers

Todd P. Kelsey
President and Chief Executive Officer

Steven J. Frisch
Executive Vice President and Chief Operating Officer

Patrick J. Jermain
Executive Vice President and Chief Financial Officer

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

Ronnie Darroch
Executive Vice President and Regional President - EMEA

Yong Jin Lim
Regional President - APAC

Scott L. Theune
Regional President - AMER

Investor Information

Direct all inquiries for investor relations information, including copies of Plexus' Form 10-K and other reports filed with the SEC, to:

Investor Relations
Plexus Corp.
One Plexus Way
P.O. Box 156
Neenah, WI 54957-0156
+1 888 208 9005
shawn.harrison@plexus.com
www.plexus.com

For common stock market information, see Part II, Item 5 in the Form 10-K.

Transfer Agent & Registrar

AST Financial
6201 15th Avenue
Brooklyn, NY 11219
+1 800 937 5449

Auditors

PricewaterhouseCoopers LLP
Milwaukee, WI

Virtual Annual Meeting

February 17, 2021: 8:00 a.m. CST
Participate by logging in at the following address and providing the control number found on the proxy card:
http://www.virtualshareholdermeeting.com/PLXS2021

PLEXUS CORP.

2021 NOTICE OF ANNUAL MEETING

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

December 18, 2020

To the Shareholders of Plexus Corp.

You are invited to the Annual Meeting of Shareholders of Plexus Corp., a Wisconsin corporation:

DATE AND TIME
February 17, 2021
8:00 a.m. CST

ACCESS THE VIRTUAL ANNUAL MEETING
This year's annual meeting will be held virtually. Shareholders may participate in the virtual annual meeting by logging in at the following link and providing the control number found in the Notice of Internet Availability of Proxy Materials:
http://www.virtualshareholdermeeting.com/PLXS2021

RECORD DATE
Shareholders of record at the close of business on December 11, 2020, are entitled to attend and vote at the annual meeting by virtual presence online. As of the Record Date, Plexus had 28,824,237 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 at the virtual meeting or by duly authorized proxy.

ITEMS OF BUSINESS

1. Elect 10 Directors (pg. 8)
2. To approve executive compensation by an advisory vote (pg. 66)
3. Ratify the selection of PricewaterhouseCoopers LLP as our independent auditors (pg. 69)
4. Transact such other business as may properly come before the meeting

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
Executive Vice President, Chief Administrative Officer,
General Counsel and Secretary

Important notice regarding the availability of proxy materials for the shareholder meeting to be held on February 17, 2021. The proxy statement and the Company's 2020 annual report are available at **www.proxyvote.com**. At www.proxyvote.com, shareholders can view the proxy material, vote and request to receive paper copies of the proxy materials by mail.

TABLE OF CONTENTS

Index of frequently accessed information

WHO WE ARE

Accountable to delivering shareholder value.

Plexus Corp. (“Plexus” or the “Company”) participates in the Electronic Manufacturing Services (“EMS”) industry. Plexus has a singular vision to help create the products that build a better world. In support of this vision, we remain disciplined and purposeful in our strategies and in our commitment to deliver shareholder value. Our team, of over 19,500 individuals, partners with our customers by providing product design and development, supply chain solutions, new product introduction, manufacturing services and aftermarket services. Plexus is a global leader that specializes in serving customers in industries with highly complex products and demanding regulatory environments. We deliver comprehensive end-to-end solutions in the Americas (“AMER”), Europe, Middle East, and Africa (“EMEA”) and Asia-Pacific (“APAC”) regions for our customers.

Our commitment to create a better world.

Focus	We engineer innovative solutions for customers in growth markets. We focus on partnering with leading global companies in the Industrial, Healthcare/Life Sciences and Aerospace/Defense sectors.
Execution	Superior execution is foundational to our differentiation. We are dedicated partners to our customers, committed to achieving zero defects and perfect delivery through Operational Excellence.
Discipline	We are committed to delivering shareholder value through a consistent and disciplined financial model. Our enduring financial goals of 9 to 12% year over-year revenue growth, GAAP operating margin in the range of 4.7% to 5.0% and a return on invested capital (“ROIC”) that is 5% above our Weighted Average Cost of Capital (“WACC”) enable positive shareholder returns. We hold ourselves accountable to deliver shareholder value through a consistent application of this financial model and by aligning our incentive compensation to that model.
Passion	We are united as a team and guided by our values and leadership behaviors. We do the right thing to support our team members, communities and customers. Through our collective passion, we drive purpose to our actions and decisions.

Over the past decade, we aligned to this strategic framework by deliberately adjusting our portfolio to further align with markets consisting of highly complex products and demanding regulatory environments. We have generated organic growth while delivering operating margin and earnings expansion over the long-term. Our prudent capital allocation strategy aligns our investments to support future growth while returning excess cash to shareholders.

In 2020, Plexus’ strategy, operations and teams were tested as the company navigated the unprecedented landscape associated with COVID-19. Our focus, execution, discipline and passion ensured our ability to lead through the global pandemic while prioritizing the well-being of our most precious asset - our people. Through our resilience and a winning strategy, we commit to continue to deliver excellence to our customers, growth opportunities for our employees and long-term value for our shareholders.

PROXY STATEMENT

Plexus Corp.
Global Headquarters
One Plexus Way
Neenah, WI 54957-0156

MEETING AND VOTING INFORMATION

Plexus Corp. will hold its annual meeting of shareholders virtually on February 17, 2021 at 8 a.m. CST.

How to Access Your Proxy Materials

On or about December 21, 2020, we mailed to shareholders a Notice of Internet Availability of Proxy Materials (“Notice”) containing instructions on how to access our proxy materials, including our proxy statement and annual report, and how to vote via the internet. Shareholders will not receive printed copies of the proxy materials unless requested via the procedures described in the Notice. To assure timely delivery of printed copies of the proxy materials before the annual meeting, shareholders need to request a copy no later than January 27, 2021.

How to Vote

Shareholders of record at the close of business on December 11, 2020, are entitled to participate and vote at the virtual annual meeting. As of the Record Date, Plexus had 28,824,237 shares of common stock outstanding. If you are a shareholder of record as of the record date, you may vote either at the virtual 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 encourage you to vote as soon as possible, even if you are planning to attend the virtual annual meeting (by virtual presence online), so that the vote count will not be delayed.

By internet	Go to www.proxyvote.com. You will need your 16-digit control number included on the Notice in order to vote by Internet.
By telephone	On a touch-tone telephone, call 1-800-690-6903. You will need your 16-digit control number included on the Notice in order to vote by telephone.
By mail	Please request written materials by following the instructions in the Notice. Complete, sign and date the proxy card, and return it to the address indicated on the proxy card.
Virtually	If you attend the virtual annual meeting, you will be able to cast your vote via the online meeting platform during a designated portion of the meeting. Have your Notice, proxy card or proxy form with your 16-digit control number available when you access the virtual annual meeting.

If for any reason you desire to revoke your proxy, you may do so at any time before it is voted, either by written notice filed with the secretary, or acting secretary, of the meeting. Questions may be asked during the virtual meeting by submitting such questions in writing via the online platform.

For those investors whose shares are held by a broker or other nominee, you must complete and return the voting instruction form provided by your broker, bank or nominee to provide instruction on how to cast your vote. In the absence of your voting instructions, brokers or other nominees may or may not be able to vote your shares at their discretion depending upon the particular proposal. For example, brokers may not vote your shares at their 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 at its discretion regarding matters related to executive compensation, including the advisory vote to approve named executive officer compensation. If a broker or other nominee holds your shares and you wish to change your proxy prior to the voting thereof, please contact the broker or other nominee.

Shareholders who own shares as part of Plexus' 401(k) Retirement Plan (the "401(k) Plan") 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 upon the shares for which voting directions have been received from participants in the 401(k) Plan.

Shareholder Proposals

The Secretary must receive a shareholder proposal no later than August 23, 2021, in order for the proposal to be considered for inclusion in our proxy materials for the 2022 annual meeting.
The 2022 annual meeting of shareholders is tentatively scheduled for February 16, 2022. To bring a proposal or nomination before the 2022 annual meeting, you must comply with our bylaws, which require written notice to the Secretary between October 12, 2021, and November 6, 2021. 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 6, 2021, then your proposal or nomination would be untimely and it will not be presented to shareholders for action at the 2022 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.

ITEMS OF BUSINESS

	Board Recommendation
Proposal 1 The election of 10 directors named in the proxy statement to serve on Plexus' board of directors for a one-year term.	**FOR**
Proposal 2 An advisory proposal to approve the compensation of the Company's named executive officers, as disclosed under the headings "Compensation Discussion and Analysis" and "Executive Compensation."	**FOR**
Proposal 3 Ratify the selection of PricewaterhouseCoopers LLP as our independent auditors for fiscal 2021.	**FOR**

Voting Procedures & Votes Required

To conduct the annual meeting, more than 50% of Plexus' outstanding shares entitled to vote must be present at the virtual meeting 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. Each outstanding share of common stock is entitled to one vote on each matter presented.

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.

Assuming a quorum is present, directors are elected by a plurality of the votes cast at the virtual meeting 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 maximum 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.

Our bylaws provide that if any nominee for director does not receive, in an uncontested election, a majority of the votes cast for his or her election, the board will determine whether to accept the individual's irrevocable, contingent resignation from the board (which must be submitted to, or on file with, the Company in order for that person to be nominated for board service).

Assuming a quorum is present, the results of the non-binding, advisory vote to approve the compensation of our named executive officers will also be determined by a majority of shares voting on such matter. In addition, ratification of PricewaterhouseCoopers LLP as our independent auditors for 2021 will be determined by a majority of the shares voting on such matter, assuming a quorum is present. Abstentions and broker non-votes will not affect these votes, except insofar as they reduce the number of shares that are voted.

Broadridge Financial Solutions, Inc. will use an automated system to tabulate the votes and its representative(s) will also serve as the election inspector(s).

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents certain information as of the Record Date (December 11, 2020), regarding the beneficial ownership of Plexus common stock by each director or nominee for director, each named executive officer appearing in the "Summary Compensation Table" included in "Executive Compensation" herein, all directors and current named executive officers as a group, and each known 5%-or-greater beneficial owner of Plexus common stock. The specified individuals and entities have sole voting and sole dispositive powers as to all shares, except as otherwise indicated.

	SHARES BENEFICIALLY OWNED[1]	PERCENTAGE OF SHARES OUTSTANDING
Ralf R. Böer	34,298	*
Stephen P. Cortinovis	28,901	*
Ronnie Darroch	13,531	*
David J. Drury	29,822	*
Joann M. Eisenhart	12,548	*
Dean A. Foate	135,329	*
Steven J. Frisch	67,012	*
Patrick J. Jermain	54,671	*
Rainer Jueckstock	20,583	*
Peter Kelly	33,741	*
Todd P. Kelsey	171,199	*
Angelo M. Ninivaggi	32,724	*
Joel Quadracci	0	*
Karen M. Rapp	4,778	*
Paul A. Rooke	6,834	*
Michael V. Schrock	40,172	*
All directors and current named executive officers as a group (16 persons)	686,143	2.38%
BlackRock, Inc.[2]	4,181,238	14.51%
The Vanguard Group, Inc.[3]	3,013,785	10.46%
Disciplined Growth Investors, Inc.[4]	2,028,728	7.04%
Dimensional Fund Advisors LP[5]	2,063,124	7.16%

** Less than 1%*

1 The amounts include shares subject to stock options granted under Plexus' equity plans that are exercisable currently or within 60 days of the Record Date. The amounts reported in the table for Mr. Schrock include 5,000 shares subject to stock options. No other directors held stock options.

The amounts reported in the table also include shares subject to acquisition within 60 days of the Record Date, upon the vesting of restricted stock units ("RSUs") granted under Plexus' equity plans as follows: Mr. Böer (2,216), Mr. Cortinovis (2,216), Mr. Darroch (6,170), Mr. Drury (2,216), Dr. Eisenhart (2,216), Mr. Foate (2,216), Mr. Frisch (11,140), Mr. Jermain (8,570), Mr. Jueckstock (2,216), Mr. Kelly (2,216), Mr. Kelsey (29,130), Mr. Ninivaggi (6,850), Ms. Rapp (2,216), Mr. Rooke (2,216) and Mr. Schrock (2,216), and all directors and current named executive officers as a group (84,020).

In addition, the amounts reported in the table for Mr. Drury include 13,827 deferred stock units, which are payable in shares of the Company's common stock on a one-for-one basis.

2 BlackRock, Inc. filed a report on Schedule 13G/A on December 31, 2019, reporting sole voting power as to 4,307,925 shares and sole dispositive power as to 4,385,023 shares of common stock. BlackRock subsequently filed a report on Form 13F for the quarter ended on September 30, 2020, showing sole voting power as to 4,135,421 shares and sole investment power as to 4,181,238 shares. The address of BlackRock, a parent holding company of certain institutional investment managers, is 55 East 52nd Street, New York, New York 10055.

[3] The Vanguard Group, Inc. filed a report on Schedule 13G/A on December 31, 2019, reporting sole voting power as to 32,971 shares, shared voting power as to 5,199 shares, sole dispositive power as to 3,101,372 shares and shared dispositive power as to 34,268 shares of common stock. Vanguard Group subsequently filed a report on Form 13F for the quarter ended on September 30, 2020, showing shared voting power as to 59,315 shares, sole investment power as to 2,933,256 shares and shared investment power (along with Vanguard Fiduciary Trust Co., Vanguard Investment Australia, Ltd., Vanguard Advisers Inc., Vanguard Global Advisers, LLC and Vanguard Asset Management, Ltd.) as to 80,529 shares of common stock. The address of Vanguard Group, an investment adviser, is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

[4] Disciplined Growth Investors, Inc. filed a report on Schedule 13G on 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 1,268,854 shares of common stock. Disciplined Growth Investors, Inc. filed a report on Form 13F for the quarter ended on September 30, 2020, showing sole voting power as to 1,661,736 shares and sole investment power as to 2,028,728 shares. The address of Disciplined Growth Investors, an investment advisor, is 150 South Fifth Street, Suite 2550, Minneapolis, MN 55402.

[5] Dimensional Fund Advisors LP filed a report on Schedule 13G/A on December 31, 2019, reporting sole voting power as to 2,349,482 shares and sole dispositive power as to 2,421,504 shares of common stock. Dimensional Fund Advisors subsequently filed a report on Form 13F for the quarter ended on September 30, 2020, showing sole voting power as to 1,999,336 shares and sole dispositive power as to 2,063,124 shares. The address of Dimensional Fund Advisors, an investment adviser, is Building One, 6300 Bee Cave Road, Austin, Texas 78746.

PROPOSAL 1 – ELECTION OF DIRECTORS

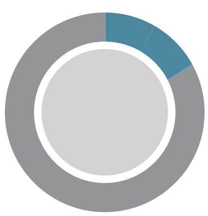
	Board Recommendation
The election of 10 directors named in the proxy statement to serve on Plexus' board of directors for a one-year term.	**FOR**

Plexus' bylaws currently authorize up to 12 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. Each of the director nominees below was elected at the 2020 annual meeting except for Mr. Quadracci, who was first identified as a possible director candidate by a non-management director. After a thorough review, our Nominating & Corporate Governance Committee ("Nominating Committee") recommended Mr. Quadracci to the board, and he was appointed on April 2, 2020.

In accordance with Plexus' bylaws, the board has set the size of the board to be 10 directors immediately following the annual meeting of shareholders, with such directors 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 unforeseen, the proxies will be voted with discretionary authority for a substitute nominee designated by the board of directors.

Board Overview

Gender diversity



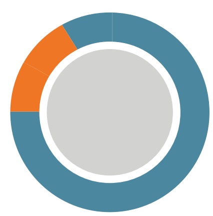
- Female: **20%**
- Male: **80%**

Tenure

8.8 years

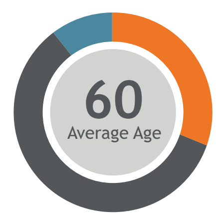
- 0-4 years ●●●●
- 5-9 years ●●
- 10-14 years ●
- 15+ years ●●●

Independence



- Not Independent: **20%**
- Independent: **80%**

Age



- 50-59 years: **30%**
- 60-69 years: **60%**
- 70+ years: **10%**

The composition of the board of directors is reviewed annually to ensure 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. In addition, any individual age 72 or above 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. Your board nominees offer a diverse range of skills and experience in relevant areas, as set forth in the matrix, below. Since 2016, we have not had an ethnically or racially diverse member on our board of directors. The Nominating Committee intends to begin a search for an additional director in 2021 and is committed to prioritizing the inclusion of racially and ethnically diverse candidates in the pool from which director nominees are selected.

BOARD QUALIFICATIONS, ATTRIBUTES, SKILLS AND EXPERIENCE

Qualification	CORTINOVIS	EISENHART	FOATE	JUECKSTOCK	KELLY	KELSEY	QUADRACCI	RAPP	ROOKE	SCHROCK
Public Company CEO/COO Experience (7/10) 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 Experience (9/10) Financial and accounting skills as well as experience preparing, auditing, analyzing or evaluating public company financial statements and an understanding of a public company's internal controls and procedures for financial reporting, preferably with experience as a controller and/or chief financial officer.	✓		✓	✓	✓	✓	✓	✓	✓	✓
Global Business Experience (10/10) International experience with an understanding of conducting business on a global scale.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sales, Marketing or Innovation Experience (10/10) In-depth knowledge and significant practical experience in sales, marketing or innovation at a company positioned in one or more of our key markets.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Manufacturing Management Background (8/10) A manufacturing management background, ideally an engineer, from a large, well-respected, manufacturing-based company.		✓	✓	✓	✓	✓	✓		✓	✓
Supply Chain Management Experience (10/10) A background in supply chain management, specifically from a company that relies on supply chain management as a competitive advantage.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Human Capital Development and Compensation Experience (10/10) 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.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Director Nominees & Bios

STEPHEN P. CORTINOVIS

Independent
Private Equity Investor

Age: 70
Tenure: 17 years
Other Public Boards: 1
Committee Assignment:
Compensation & Leadership Development
Nominating & Corporate Governance

Skills and Experience:

- Financial and Accounting
- Global Business
- Sales, Marketing or Innovation
- Supply Chain Management
- Human Capital Development and Compensation

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, and serves as the chair of its Strategic Planning Committee and a member of its Compensation Committee. Mr. Cortinovis obtained a B.A. and a J.D. from St. Louis University.

DR. JOANN M. EISENHART

Independent
Executive VP & Chief People Officer,
The Northwestern Mutual Life Insurance Company (retired)

Age: 61
Tenure: 5 years
Other Public Boards: 0
Committee Assignment:
Compensation & Leadership Development **(Chair)**

Skills and Experience:

- Global Business
- Sales, Marketing or Innovation
- Manufacturing Management
- Supply Chain Management
- Human Capital Development and Compensation

Dr. Eisenhart retired as Executive Vice President and Chief People Officer at The Northwestern Mutual Life Insurance Company, a financial services and insurance provider, in 2019. Prior thereto, she served as Senior Vice President – Human Resources, Facilities and Philanthropy at Northwestern Mutual from 2013 until 2018, and as Senior Vice President – Human Resources since 2011. Dr. Eisenhart previously served as Senior Vice President – Human Resources at Pfizer Inc., a global biopharmaceutical company, and held various leadership positions at Rohm and Haas Company, a manufacturer of specialty chemicals. She 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 an M.A. and a Ph.D. in Human and Organizational Development from Fielding Graduate University.

DEAN A. FOATE

Chairman of the Board
President & CEO Plexus Corp. (retired)

Age: 62
Tenure: 20 years
(7 as Chairman)
Other Public Boards: 1

Skills and Experience:

- Public Company CEO/COO
- Financial and Accounting
- Global Business
- Sales, Marketing or Innovation
- Manufacturing Management
- Supply Chain Management
- Human Capital Development and Compensation

Mr. Foate is not an independent director and therefore is not eligible for membership on a Board committee under Nasdaq rules or the committees' charters.

Mr. Foate has served as Plexus' Chairman of the Board since 2013. Mr. Foate retired as President and Chief Executive Officer of Plexus in 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 Corporate Governance & 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.

RAINER JUECKSTOCK

Independent
Executive VP, Tenneco Inc.

Age: 61
Tenure: 7 years
Other Public Boards: 0
Committee Assignment:
Audit **(Chair)**

Skills and Experience:

- Public Company CEO/COO
- Financial and Accounting
- Global Business
- Sales, Marketing or Innovation
- Manufacturing Management
- Supply Chain Management
- Human Capital Development and Compensation

Mr. Jueckstock has served as an Executive Vice President of Tenneco Inc., a producer of automotive emission control and ride control products and systems, since 2018, when Tenneco acquired Federal-Mogul LLC, an automotive and industrial equipment supplier. Mr. Jueckstock has also served as President of Federal-Mogul Powertrain since 2018, after having served as its Chief Executive Officer since 2012. Prior to the acquisition of Federal-Mogul, he also served as its co-Chief Executive Officer and as a director since 2012, and as co-Chairman of the Board since 2015. Before joining Federal-Mogul, he was a member of the German Military. Mr. Jueckstock earned a degree in Engineering from the Military College at Zittau, Germany.

PETER KELLY

Independent

Executive VP & CFO, NXP Semiconductors N.V..

Age: 63
Tenure: 15 years
Other Public Boards: 0
Committee Assignment:
Audit
Nominating and Corporate Governance

Skills and Experience:

- Public Company CEO/COO
- Manufacturing Management
- Financial and Accounting
- Supply Chain Management
- Global Business
- Human Capital Development and Compensation
- Sales, Marketing or Innovation

Mr. Kelly has served as Executive Vice President and Chief Financial Officer of NXP Semiconductors N.V., a global semiconductor company and a long-standing supplier in the industry, since 2017. Prior thereto, he served as Executive Vice President – Strategy and Mergers & Acquisitions since 2015, Executive Vice President and Chief Financial Officer since 2012 and Executive Vice President and General Manager of Operations prior thereto. He was a director of Graphic Packaging Holding Company, a provider of paper-based packaging solutions, as well as a member of its Audit Committee and Compensation and Benefits Committee, until 2018. 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.

TODD P. KELSEY

President & CEO Plexus Corp.

Age: 55
Tenure: 4 years
Other Public Boards: 1

Skills and Experience:

- Public Company CEO/COO
- Manufacturing Management
- Financial and Accounting
- Supply Chain Management
- Global Business
- Human Capital Development and Compensation
- Sales, Marketing or Innovation

Mr. Kelsey is not an independent director and therefore is not eligible for membership on a Board committee under Nasdaq rules or the committees' charters.

Mr. Kelsey has served as President and Chief Executive Officer of Plexus since 2016. He was previously Plexus' Executive Vice President and Chief Operating Officer from 2013 until 2016, and its Executive Vice President – Global Customer Services prior thereto. 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. He is also a director of Steelcase Inc., a global provider of workplace products, furnishings and services, as well as a member of its Audit Committee and Compensation Committee. Mr. Kelsey earned a B.S. and a M.S. in electrical engineering from the University of Wisconsin-Madison and an M.B.A. from the University of Wisconsin-Oshkosh.

JOEL QUADRACCI

Independent

President & CEO, Quad/Graphics Inc.

Age: 51

Tenure: <1 year

Other Public Boards: 1

Skills and Experience:

- Public Company CEO/COO
- Financial and Accounting
- Global Business
- Sales, Marketing or Innovation
- Manufacturing Management
- Supply Chain Management
- Human Capital Development and Compensation

As a newly elected director, Mr. Quadracci will be given committee assignment(s) in February 2021.

Mr. Quadracci has served as the Chairman, President and Chief Executive Officer of Quad/Graphics, Inc., a worldwide marketing solutions partner, since 2010. Mr. Quadracci joined Quad in 1991 and, prior to assuming his current role, served in various other positions with increasing responsibility including Senior Vice President of Sales & Administration and President and Chief Operating Officer. Mr. Quadracci received a B.A. in Philosophy from Skidmore College in 1991.

KAREN M. RAPP

Independent

Executive VP, CFO & Treasurer, National Instruments Corp.

Age: 53

Tenure: 2 years

Other Public Boards: 0*

Committee Assignment:

Audit

Compensation & Leadership Development

Skills and Experience:

- Financial and Accounting
- Global Business
- Sales, Marketing or Innovation
- Supply Chain Management
- Human Capital Development and Compensation

*Ms. Rapp will be joining the board of Microchip Technology Inc. effective January 2021

Ms. Rapp has served as Executive Vice President, Chief Financial Officer and Treasurer, of National Instruments Corp., a producer of automated test equipment and virtual instrumentation software, since 2017. Prior thereto, she served as the Senior Vice President of Corporate Development at NXP Semiconductors N.V., a global semiconductor company and a long-standing supplier in the industry, where she led the integration efforts for the NXP/Freescale Semiconductor, Ltd. merger, from 2015 to 2017. Prior to the merger, Ms. Rapp held several leadership positions at Freescale with increasing responsibility, including Vice President and Chief Information Officer, Director of Operations and Finance, Global Sales and Marketing, Director of Finance, Supply Chain, and Director of Finance, Continuous Development. Ms. Rapp holds an M.B.A from The University of Texas at Austin and a B.S. in Finance from Northern Illinois University.

PAUL A. ROOKE

Independent
Chairman & CEO Lexmark International, Inc. (retired)

Age: 62
Tenure: 3 years
Other Public Boards: 0
Committee Assignment:
Nominating & Corporate Governance **(Chair)**

Skills and Experience:

- Public Company CEO/COO
- Financial and Accounting
- Global Business
- Sales, Marketing or Innovation
- Manufacturing Management
- Supply Chain Management
- Human Capital Development and Compensation

Mr. Rooke retired as Chairman and Chief Executive Officer, as well as a director, of Lexmark International, Inc., a provider of document imaging and enterprise software solutions, in 2016. Mr. Rooke also previously served as President of Lexmark. Prior to becoming President and CEO of Lexmark in 2010, he held several leadership positions with increasing responsibility, including Executive Vice President and President, Imaging Solutions, Executive Vice President and President, Printing Solutions and Services, and Vice President and President, Business Printer. Mr. Rooke holds an M.B.A. from the University of Kentucky and a B.S. in Mechanical Engineering from the University of Michigan.

MICHAEL V. SCHROCK

Independent Lead Director
Senior Advisor & Operating Consultant, Oak Hill Capital Partners

Age: 67
Tenure: 14 years
(7 as Lead Director)
Other Public Boards: 2

Skills and Experience:

- Public Company CEO/COO
- Financial and Accounting
- Global Business
- Sales, Marketing or Innovation
- Manufacturing Management
- Supply Chain Management
- Human Capital Development and Compensation

Mr. Schrock, the board's Lead Director, is not currently a member of any of the Board's committees.

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. Mr. Schrock also serves as Chairman of the Board of Directors of Atkore International Group Inc., a manufacturer of electrical raceway products and mechanical products and solutions; he is also the chair of Atkore's Executive Committee. In addition, Mr. Schrock is 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 and Leadership Development 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.

Unless otherwise noted, all directors have been employed in their principal occupation listed above for the past five years or more. Each of the attributes identified above, which together with the directors' principal occupations and business experience, as well as the Company's board member selection criteria, outlined in the next section, provide the reasons that each individual has been nominated to serve on the board.

We would like to give special thanks to two directors who have reached our mandatory retirement age, Mr. Ralf Böer and Mr. David Drury, each of whom will be retiring from the Board immediately following the annual meeting. Messrs. Drury and Böer have overseen the Company's strategy through years of dramatic growth and success. Mr. Böer has served on Plexus' board for 16 years, leveraging his background in law and international business to provide invaluable advice and guidance to the Company, most recently as Chair of the Company's Nominating Committee. Mr. Drury has served as a director of the Company for 22 years, during which he has chaired the Audit and Compensation & Leadership Development Committees. Mr. Drury has provided instrumental counsel and leadership to management over the course of his tenure.

CORPORATE GOVERNANCE

Plexus Corp. Board 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 shareholder value. For Plexus, the concept of leadership is not limited to leadership within the Company; leadership also includes the individuals who serve on Plexus' board of directors.

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.

Shareholder Protections & Corporate Governance Best Practices

We are committed to governance structures and practices that drive shareholder value and protect important shareholder rights, which are regularly reviewed and include the following:

INDEPENDENCE

- ✓ 8 of 10 director nominees are independent
- ✓ Strong independent Lead Director with clearly delineated duties
- ✓ All standing board committees composed entirely of independent directors
- ✓ Regular executive sessions of independent directors without management present
- ✓ Periodic rotation of committee members

BEST PRACTICES

- ✓ Strategy & risk oversight by the full board and its committees
- ✓ Full board and committee oversight of Environmental, Social & Governance issues
- ✓ Stock ownership guidelines for executive officers and non-employee directors
- ✓ Overboarding limits
- ✓ No poison pill
- ✓ No dual class shares
- ✓ Director education and onboarding

ACCOUNTABILITY

- ✓ Annual election of all directors
- ✓ Annual election of Chair and Independent Lead Director by independent directors
- ✓ Majority voting with director resignation policy (plurality voting in contested elections)
- ✓ Annual self-evaluation process for directors
- ✓ Strong investor outreach program

Board Composition & Structure

BOARD OF DIRECTORS MEETINGS

5	>90%	100%
2020 board meetings	Director attendance at each 2020 board meeting	Directors then serving attended 2020 Annual Meeting

Our independent directors have the opportunity to meet in executive session, without management present, as part of each regular board and committee meeting. Mr. Schrock, the board's Lead Director, presides at board executive sessions. 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.

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 disclose 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 Dr. Eisenhart and Ms. Rapp, as well as Messrs. Cortinovis, Jueckstock, Kelly, Quadracci, Rooke and Schrock, are each "independent" under applicable Nasdaq rules and guidelines. In reaching its determinations regarding the independence of Mr. Kelly and Ms. Rapp, the board considered that Mr. Kelly is an executive officer of NXP Semiconductors N.V., which is a supplier to Plexus, and that Ms. Rapp is an executive officer of National Instruments Corp., which is also a supplier to Plexus. It was determined that these relationships did not affect the independence of Mr. Kelly or Ms. Rapp. Messrs. Böer and Drury, who will be retiring immediately following the annual meeting, are also considered "independent."

Mr. Foate, our Non-Executive Chairman and former Chief Executive Officer, and Mr. Kelsey, our current Chief Executive Officer, are not considered to be "independent" under applicable Nasdaq rules.

BOARD LEADERSHIP STRUCTURE

Mr. Foate has served as Chairman of the Board since 2013. Pursuant to a retirement and transition agreement (the "Transition Agreement"), which is described in "Directors' Compensation" below, Mr. Foate began serving as Non-Executive Chairman (which is not an executive officer position) in fiscal year 2018.

Mr. Foate serves as the 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, and proven leadership of, as well as vision for, Plexus, all of 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 2016. In addition to his experience and long service with Plexus, the board currently believes that Mr. Foate is in the best position as 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.

While currently the roles of Chairman and CEO are 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 DUTIES OF THE BOARD'S LEAD DIRECTOR

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.

- Preside at all meetings of the board at which the Chairman is not present
- Serve as a liaison between the Chairman and independent directors
- Together with the Chairman, approve agendas for board meetings and approve meeting schedules to ensure sufficient time allocation per topic
- Provide input to the Chairman as to the content, quality, quantity and timeliness of information from Company management to the board
- Authority to call meetings of the independent directors and develop the agendas for such meetings with input from other independent directors
- Serve as a liaison for consultation and direct communication with major shareholders
- Perform such other duties as the board or Chairman may from time to time delegate

Board and Committee Responsibilities

AUDIT COMMITTEE

MEMBERS	
MEMBERS Rainer Jueckstock, **Chair** David Drury Karen Rapp Peter Kelly **Meetings in 2020: 8** **Attendance: 97%** **Report page: 67**	The Audit Committee's duties and responsibilities include the following: • chooses and makes retention decisions related to the Company's independent auditors, • reviews the Company's general policies and procedures to reasonably assure the adequacy and effectiveness of internal controls over financial reporting, • discusses the Company's material financial risk exposures and the steps management has taken to monitor and control such exposures, • reviews the annual audited financial statements and quarterly financial statements of the company, • generally oversees the Company's audit process as well as the accounting, finance and tax functions, • reviews the effectiveness of the Company's governance and management of information technology risks, including those relating to business continuity, cybersecurity, regulatory compliance and data management, and • oversees the Company's ethics and whistle-blowing reporting programs in conjunction with the Nominating and Corporate Governance Committee.

All of the members of the Audit Committee are "independent" of Plexus under SEC and Nasdaq rules. The board has determined that Messrs. Kelly and Drury and Ms. Rapp 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 & LEADERSHIP DEVELOPMENT COMMITTEE

MEMBERS Joann Eisenhart, **Chair** Ralf Böer Stephen Cortinovis David Drury Karen Rapp **Meetings in 2020: 6** **Attendance: 97%** **Report page: 49**	The Compensation & Leadership Development Committee's duties and responsibilities include the following: • reviews Plexus' leadership structure, talent management, diversity and inclusion efforts, leadership development strategies and programs, and the Company's succession planning efforts, including executive succession plans, • 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, • oversees how compensation programs may incentivize risk taking and whether such risk taking is aligned with the Company's business objectives and risk tolerance, • considers and makes recommendations to the board with respect to other compensatory plans and arrangements, and • reviews Plexus' human resources organization structure and leadership.

All of the members of the Committee are "independent" under SEC and Nasdaq rules. The Committee may, in its sole discretion, retain or obtain the advice of compensation consultants, legal counsel or other advisers. The Committee is directly responsible for the appointment, termination, compensation and oversight of the work of any compensation consultant, and considers the independence of any such consultant prior to retention.

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

MEMBERS	
Paul Rooke, **Chair** Ralf Böer Stephen Cortinovis Peter Kelly **Meetings in 2020: 5** **Attendance: 100%**	The Nominating & Corporate Governance Committee's duties and responsibilities include the following: • maintains oversight over the operations, structure and effectiveness of the Board and its committees, • develops and maintains criteria and procedures for the identification and recruitment of candidates for election to serve as directors of the Company, • reviews the structure of the Board to assure proper skills, experience, and diversity of backgrounds are represented, • reviews the effectiveness of management's enterprise risk management program that identifies, prioritizes, monitors and manages key risks facing the Company, • reviews ethics and compliance risk assessments conducted by management and assesses the efficacy of the ethics and compliance program in place to monitor and control such exposures, • makes recommendations to the board regarding directors' compensation, and • evaluates as well as oversees corporate governance and related issues.

All of the members of the Committee are ''independent'' under SEC and Nasdaq rules.

Board Governance Processes

THE NOMINATION PROCESS

In addition to the board member selection criteria listed above, the Nominating Committee considers the diversity of backgrounds, skills and experiences among board members in identifying areas that 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 Nominating Committee may utilize a director search firm to identify candidates, but, if so, it evaluates those individuals on its own; the Nominating Committee would also consider candidates suggested by outside directors, management and/or shareholders.

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 not to evaluate proposed nominees differently depending upon who has proposed the potential nominee.

If a shareholder wishes to propose someone as a director for the Nominating Committee's consideration, the name of that nominee and related personal information should be forwarded to the Nominating Committee, in care of the Secretary, at least six months before the next annual meeting of shareholders to assure time for meaningful consideration by the Nominating Committee. Plexus has neither received nor rejected any candidates put forward by significant shareholders.

BOARD AND COMMITTEE SELF-EVALUATION PROCESS

The Plexus board of directors conducts an annual self-evaluation, which focuses on the performance of each individual director, the board's committees and the board as a whole, as well as the composition of each of the board's committees. The annual self-evaluation process provides an opportunity for anonymous peer review and specific feedback, which is intended to strengthen board leadership. The Chairman of the Board is responsible for providing feedback to individual directors, while the Lead Director may also provide feedback and serve as a liaison between independent directors and the Chairman. We believe this process encourages actionable feedback, which provides context for decisions about board composition, committee member rotation and succession planning processes.

COMMUNICATIONS WITH THE BOARD

Any communications to the board of directors should be sent to Plexus' Global Headquarters 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 also 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.

CORPORATE GOVERNANCE WEBSITE

Information related to our corporate governance practices, in addition to any new or proposed changes to procedures, are posted on our Corporate Governance page of our website at www.plexus.com under the link titled "Investors," then "Corporate Governance" including:

- Plexus Leadership Team
- Board of Directors
- Committee Composition
- Committee Charters
- Corporate Governance Guidelines
- Director Stock Ownership Guidelines
- Executive Stock Ownership Guidelines
- Clawback Policy
- Plexus Code of Conduct and Business Ethics

DIRECTOR COMPENSATION FOR FISCAL 2020

	Fees Earned or Paid in Cash[1]	Stock Awards[2]	Option Awards[3]	Other Benefits[4]	Total
Ralf R. Böer	$86,750	$168,305	—	—	$255,055
Stephen P. Cortinovis	$82,500	$168,305	—	—	$250,805
David J. Drury	$93,250	$168,305	—	—	$261,555
Joann M. Eisenhart	$83,875	$168,305	—	—	$252,180
Dean A. Foate	$240,000	$168,305	—	$25,574	$433,879
Rainer Jueckstock	$89,750	$168,305	—	—	$258,055
Peter Kelly	$87,875	$168,305	—	—	$256,180
Joel Quadracci	$32,500	—	—	—	$32,500
Karen M. Rapp	$87,500	$168,305	—	—	$255,805
Paul A. Rooke	$81,750	$168,305	—	—	$250,055
Michael V. Schrock	$105,000	$168,305	—	—	$273,305

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. For Mr. Foate, this amount reflects his retainer for serving as Non-Executive Chairman. Mr. Quadracci was elected to the board of directors April 2, 2020, and fees earned represent fees paid beginning in the third fiscal quarter.

2 The amounts shown represent the grant date fair value of RSUs granted in fiscal 2020 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.

On January 27, 2020, each non-employee director (other than Mr. Quadracci) was granted RSUs for 2,216 shares, which remain unvested as of October 3, 2020, with a grant date fair value of $168,305. The number of RSUs granted was determined by dividing $150,000 by the average closing price of our shares on the Nasdaq Global Select Market during the 90 calendar day period ended December 1, 2019, which was $67.694. The grant date fair value is above $150,000 because the closing price of our shares on the grant date was $75.95.

3 Stock options have not been granted to non-employee directors since calendar year 2012. Stock options are fully vested and expire on the earlier of (a) 10 years from the applicable grant date, or (b) two years after termination of service as a director (three years for the options granted to Mr. Foate). Mr. Schrock held 5,000 unexercised stock options as of October 3, 2020. No other directors held stock options.

4 Includes the following amounts paid to Mr. Foate: $24,400 for the Company car benefit and $1,174 for the phone benefit.

The other 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, as well as one external educational seminar per year.

Director Fees and Arrangements

The Nominating 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 Committee considers similar types of factors, including comparisons with the peer companies discussed below and Company performance that are considered by the Compensation and Leadership Development Committee when determining executive compensation. The Nominating Committee aims to set the compensation level of our directors and the Non-Executive Chair near the median of peer and market comparisons. Non-employee director compensation is reviewed on an annual basis. As part of the most recent review of the non-employee director compensation program, it was determined that no changes would be made to the amount or form of compensation for fiscal 2021.

BOARD FEES	
Board Retainer[1]	$65,000
Non-Executive Chair Retainer	$240,000
Lead Director Retainer	$40,000
RSU Grant	$150,000

[1]Mr. Foate and Mr. Kelsey do not receive the Board Retainer

Role	AUDIT COMMITTEE	COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE	NOMINATING AND CORPORATE GOVERNANCE COMMITTEE
Chair	$27,000	$21,500	$17,250
Member	$12,500	$10,000	$6,250

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.

For Mr. Foate's service as Non-Executive Chairman, he currently receives an annual retainer of $240,000, which was determined based upon a review of market and peer group practices, and he is eligible to receive an annual equity grant at least equal to the grants made to the Company's other non-employee directors. In accordance with the Transition Agreement, Mr. Foate is eligible to participate in the Company's executive car and phone programs, and he and his dependents are also eligible to participate in the Company's health plan until he reaches age 65, subject to his payment of the required premiums. Mr. Foate is otherwise compensated in accordance with Plexus' policies for non-employee directors.

Stock Ownership Guidelines & Stock Compensation for Directors

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 five times the director's annual base cash retainer. The required 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. Nine of our eleven non-employee directors are currently in compliance with the ownership requirements of the guidelines, including Messrs. Böer and Drury, who will be retiring immediately following the annual meeting. Ms. Rapp has until 2023 and Mr. Quadracci has until 2025 to meet these requirements.

Stock ownership guidelines for executives are discussed in “Compensation Discussion and Analysis—Elements and Analysis of Direct Compensation—Equity Ownership Guidelines.”

For information regarding the Company’s anti-hedging and anti-pledging policy, which is applicable to directors as well as executive officers and other employees, see “Compensation Discussion and Analysis—Elements and Analysis of Director Compensation—Anti-Hedging and Anti-Pledging Policy.”

Directors participate in the 2016 Omnibus Incentive Plan (the “Incentive Plan”), which permits the grant of stock options, stock appreciation rights (“SARs”), restricted stock, which may be designated as restricted stock shares or 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 Incentive 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 2020, except for Mr. Quadracci, each non-employee director serving on the grant date received a grant of RSUs worth approximately $150,000. 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, 2019. The restrictions on the RSUs generally lapse on the first anniversary of the grant date.

Director Participation in Deferred Compensation Plan

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.

BOARD'S ROLE IN RISK OVERSIGHT

It is management's responsibility to manage the Company's enterprise risks on a day-to-day basis. In furtherance of this responsibility, the Company has established a robust enterprise risk management (ERM) program to facilitate the identification, assessment, mitigation, monitoring and strategic integration of risks facing the Company. This framework combines the organizational structure described below with the establishment of risk management policies and controls to manage the most significant risks impacting the Company's strategic objectives. As an essential element of this framework, management utilizes a Risk Oversight Council—a cross-functional team made up of seniorlevel leaders—that discusses, reviews and monitors the most significant enterprise risks. The Company also employs independent internal and external audit procedures to help validate key controls related to identified risks, the results of which are reported to the board regularly. In addition to ongoing monitoring of key risk areas, each of the functional teams completes an annual risk assessment designed to identify top enterprise risks to help management prioritize the risks that should be brought before the board.

BOARD OF DIRECTORS

The board of directors has overall responsibility for risk oversight, including review of the Company's risk tolerance, validation of the effectiveness of the Company's ERM program and oversight of identified enterprise risks. 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.

AUDIT COMMITTEE

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, including the effectiveness of the Company's governance and management of information technology and cybersecurity risks.

COMPENSATION & LEADERSHIP DEVELOPMENT COMMITTEE

The Compensation & Leadership Development Committee is responsible for overseeing risk related to the Company's compensation, leadership development and succession planning programs, including whether management has identified and is mitigating key succession planning risks, whether compensation 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.

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

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 enterprise risks, as well as risks associated with corporate governance, compliance and ethics.

PLEXUS LEADERSHIP TEAM

The Plexus Leadership Team (PLT) establishes enterprise risk appetite and tolerance consistent with corporate strategy. The PLT also assists in identification, calibration and prioritization of risks and reviews and validates enterprise risks identified by the Risk Oversight Council and management. The PLT also reviews and monitors progress for enterprise risk mitigation strategies.

RISK OVERSIGHT COUNCIL

The Risk Oversight Council calibrates and aligns on the highest risks warranting escalation to the Plexus Leadership Team, collaborates on cross-functional risk mitigation strategies and efforts, and makes recommendations to, and integrates strategic direction from, the PLT and the board of directors.

This framework establishes an effective risk oversight program that successfully integrates risk management practices throughout the organization, enables open communication between management and directors and ensures all directors are actively involved in the risk oversight function.

SUSTAINABILITY

Our commitment to create a better world

Plexus is committed to sustainability throughout our global business operations. Plexus' Environmental, Social and Corporate Governance ("ESG") program contains five pillars that reinforce our commitment to create a better world by being a responsible employer, a community partner, a global citizen, industry steward and a promoter of corporate governance. We remain focused on measuring the sustainability and societal impact our Company has on the world around us. As a member of the Responsible Business Alliance ("RBA"), we have taken an active role in improving not only our own practices, but influencing and holding others accountable throughout our supply chain to improve their focus on important principles related to ESG. We consider a variety of standards for responsible business practices, including, but not limited to, local and federal legal requirements in the jurisdictions where we operate, the International Organization for Standardization's "Guidance for Social Responsibility" (ISO 26000) and standards established by the RBA.

Our board of directors, through its oversight of the Company's risk management program, has primary responsibility for overseeing management's efforts on the sustainability risks and business opportunities facing the Company.

Responsible Employer - We advocate for diversity, combat human trafficking, encourage and provide employee development opportunities, strive to ensure safe and healthy working conditions, promote an appropriate work/life balance for our employees, encourage wellness initiatives and reinforce responsible values in our culture

Community Partner - We promote and financially contribute to programs involving education in science, technology, engineering and mathematics, as well as causes that make a meaningful impact to the communities in which we operate. We encourage our employees' involvement in community charitable organizations, as well as volunteerism, and we partner with community organizations to promote local business.

Global Citizen - We actively work to reduce waste, water use and greenhouse gas emissions from our operations and work with suppliers to develop similar programs. We partner with customers to help design more efficient and environmentally friendly products.

Industry Steward - We take an active role in industry coalitions focused on reducing impacts to the environment, maintaining strong ethical practices and establishing safe and healthful working conditions around the world. We train our supply chain on important social initiatives, such as detecting and preventing forced labor, and we collaborate with customers to advance sustainability efforts.

Corporate Governance - Strong leadership and a culture of accountability is foundational at Plexus. Our executive management, in collaboration with our board of directors, competently, ethically and responsibly manage Plexus' operations for the long-term benefit of shareholders.

COMPENSATION DISCUSSION & ANALYSIS

Our continued success depends on our ability to attract, motivate, and retain critical talent dedicated to our long-term strategy. 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 appropriate controls are in place to govern its application. The Committee makes decisions with respect to the compensation of the Chief Executive Officer (the "CEO") and the Company's other executive officers, and grants equity and other awards.

NAMED EXECUTIVE OFFICERS FOR FISCAL 2020

Todd P. Kelsey
President & Chief Exece Officer

Patrick J. Jermain
Executive VP & Chief Financial Officer

Steven J. Frisch
Executive VP & Chief Operating Officer

Angelo M. Ninivaggi
Executive VP, Chief Administrative Officer, General Counsel & Secretary

Ronnie Darroch
Executive VP & Regional President - EMEA

This section discusses the Committee's executive compensation philosophy and key decisions designed to align pay to performance that drives shareholder value, in each case as they relate to the Company's named executive officers. Plexus provides further detail regarding executive compensation in the tables and other information included in the "Executive Compensation" section of this proxy statement.

Executive Summary

FISCAL 2020 COMPENSATION ACTIONS

- The Committee performed a review of the peer group that we use to benchmark compensation in fiscal 2020 and made several changes for fiscal 2021 compensation planning purposes, as discussed below in "Elements and Analysis of Direct Compensation – Use of Peer Companies."
- Under the Committee's equity allocation formula for fiscal 2020, annual equity awards to executive officers were granted as 50% PSUs and 50% RSUs. The equity grant allocation formula is intended to further strengthen the alignment of shareholders' and executives' interests, retain executive talent, and motivate our executives to succeed long-term.
- The total shareholder return ("TSR") of Plexus stock during the three year performance period that ended January 2020 was at the 62.1 percentile of companies in the Russell 3000 Index. Consequently, PSUs granted in fiscal 2017 vested and paid out at 148.4% of target.
- Average economic return, which we define as the difference between return on invested capital ("ROIC") and weighted average cost of capital ("WACC"), for the three year performance period that ended at the conclusion of fiscal 2020 was 5.13%. As a result, the portion of the PSUs granted in 2018 that vested based on economic return performance paid out at 200% of target.
- Based on fiscal 2020 performance, total payments to executives under all components of the Variable Incentive Compensation Plan (the "VICP") represented 157% of the target payout, with corporate financial performance representing 139% as compared to the target payout of 80% for such performance.
- In fiscal 2020, the Committee replaced return on capital employed ("ROCE") with ROIC as a performance measure in the VICP. ROCE is a derivative of ROIC that excludes taxes and equity-based compensation costs and had been a performance measure in the VICP for many years. The Committee made this change because it believes ROIC is a pure measure of performance and aligns more closely with Plexus' disclosure of performance goals to investors.
- Effective January 1, 2020, we eliminated our executive flexible perquisite benefit.

EXECUTIVE COMPENSATION GOVERNANCE BEST PRACTICES

WHAT WE DO	WHAT WE DON'T DO
✓ Base a majority of total compensation on compensation that is at risk through our annual and long-term performance-based and retention incentives ✓ Set annual and long-term incentive targets based on clearly disclosed, objective performance measures ✓ 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	✘ Have excise tax gross-up provisions in any change in control agreements or compensation programs ✘ Enter into employment contracts with executives other than our CEO ✘ Permit hedging transactions, pledging and short sales by our executive officers

OTHER COMPENSATION AND GOVERNANCE PRACTICES & POLICIES

Practices Relating to Compensation 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 Company provides appropriate funding, as determined by the Committee, for the payment of compensation to any compensation consultant employed by the Committee.
- The Committee currently retains Exequity LLP ("Exequity") as its compensation consultant; however, the Committee also retained Willis Towers Watson in 2019 for consulting relating to early fiscal 2020 compensation actions. After considering the factors set forth in SEC and Nasdaq rules, in accordance with its charter, the Committee concluded that its relationships with Exequity and Willis Towers Watson have not given rise to any conflict of interest.
- Compensation consultant services to the Committee relating to fiscal 2020 included, among other things, providing perspective on current trends and developments in executive and director compensation as well as analysis of benchmarking data and confirmation of our peer group composition. All executive compensation services provided by the compensation consultants were conducted under the direction or authority of the Committee, and all work performed by the compensation consultants was pre-approved by the Committee.

Management Involvement

- 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 compensation expense; the CEO is not present for these discussions. The sessions generally focus on the CEO's performance achievement and the elements of CEO 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 competitors and 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.

Executive Compensation Philosophy, Goals & Process

The Committee's philosophy is to competitively compensate all employees, including executives, for their contributions to Plexus, to appropriately motivate employees to provide value to Plexus' shareholders and to consider the ability of Plexus to fund any compensation decisions, plans or programs. Competitive compensation must balance both short-term and long-term considerations and take into account external 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 excessive 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.

PERFORMANCE MEASURES INTENDED TO MAXIMIZE SHAREHOLDER VALUE

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 align the interests of executive officers with those of our shareholders.

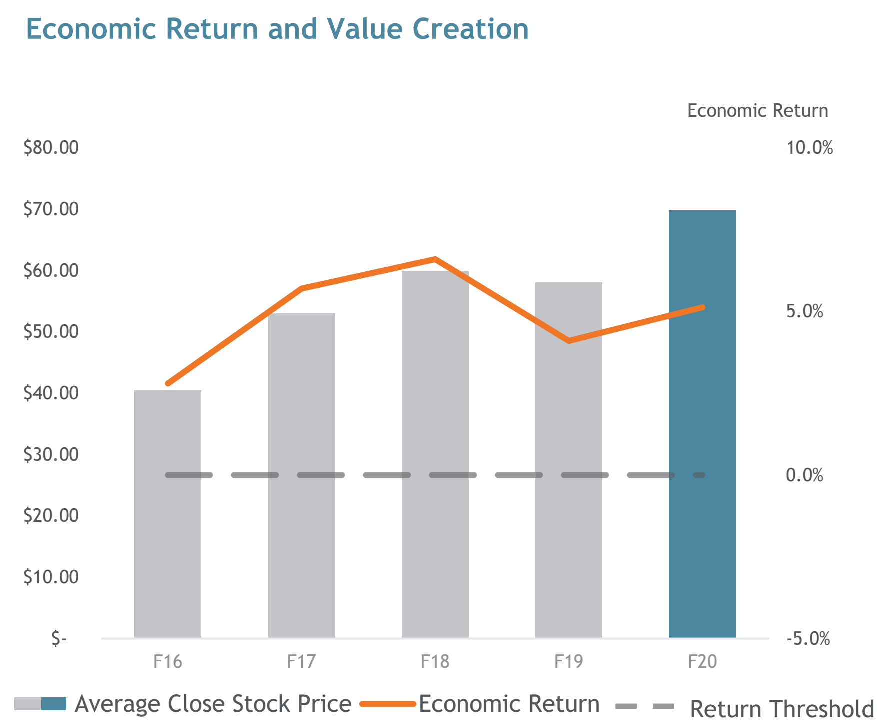
The Committee and the Company believe that shareholder value is maximized through revenue growth and generating a ROIC that exceeds the Company's WACC. We refer to the amount of excess return when comparing these measures as economic return. The importance of achieving revenue growth and economic return 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.

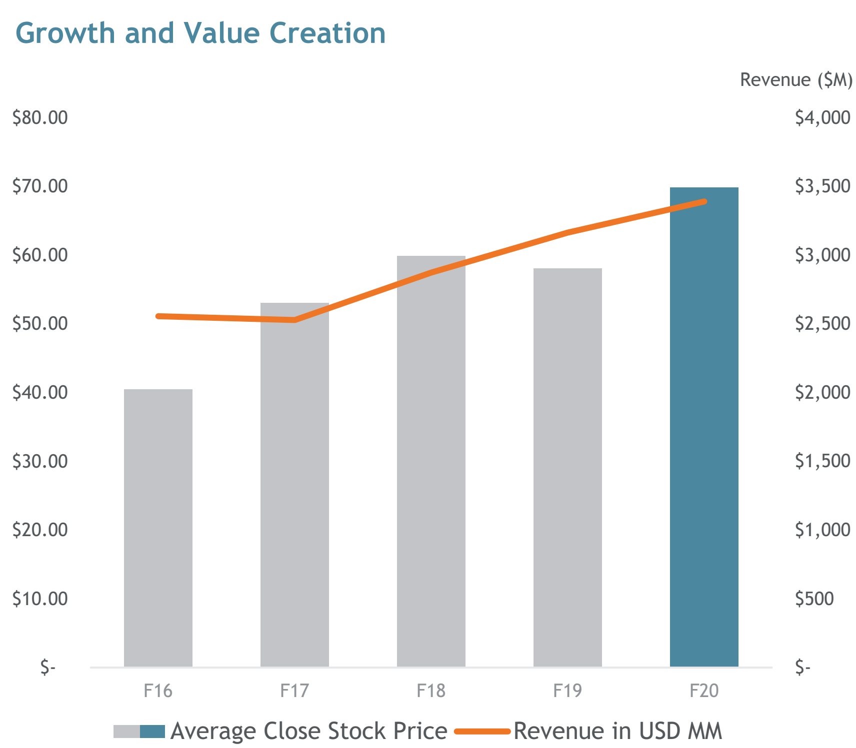
Within our long term incentive plan we use economic return as a performance measure for PSUs. Relative TSR is also used as a performance measure for PSUs. The Committee believes it is important to balance absolute and relative measures in an effort to account for both internal and external influences on Company performance. The performance measures used by the Company's annual and long-term incentive plans are described further within the "Elements and Analysis of Direct Compensation."

MEASURE	PLAN	PAYMENT	PURPOSE
Revenue Growth	Annual – VICP	Cash	Revenue growth is the result of a sound strategy effectively executed and increases shareholder value when combined with economic return.
ROIC	Annual – VICP	Cash	We deliver economic return by driving improvements in ROIC through a combination of operating margin performance and prudent capital investment.
Economic Return	Long-term PSU	Equity	Delivering economic return over the long-term generates shareholder wealth and mitigates short-termism.
Relative TSR	Long-term PSU	Equity	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.

PROGRAM COMPONENTS & LINK TO BUSINESS STRATEGY AND PERFORMANCE

Below are illustrations of the performance of our compensation program measures and their relationship to creating shareholder value. To drive value, both growth and economic return are critical.





Plexus uses the following compensation reward components, which work together to create competitive compensation arrangements for our executive officers. Greater detail is described in "Elements and Analysis of Direct Compensation."

PAY ELEMENT	DESCRIPTION	PAYOUT MEDIUM, TIMING AND AMOUNT
Base Salary (Fixed)	Market competitive base salary reflecting knowledge, skills, experience, responsibility, potential, and performance	Paid in Cash Paid Currently Fixed Amount
Annual Incentive (Variable)	Cash incentive based on the achievement of annual Company financial metrics (40% revenue growth, 40% ROIC) 20% based on personal objectives	Paid Annually Paid in Cash 0%-200% of Target
Long-Term Incentive (Variable)	50% PSUs based on TSR and economic return	Paid in Shares Paid After Three Year Performance Vesting 0%-200% of Target
	50% Restricted Stock Units	Paid in Shares Paid After Three Year Vesting Period

Plexus also offers other reward components to competitively compensate our employees:

- Health and Welfare Benefits: to promote the health and well-being of our employees and families, such as health and life insurance.
- Retirement Plans: to help our employees plan for their retirement. In addition to a 401(k) Plan, 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. The change in control agreements utilize a double trigger and do not include excise tax gross-up provisions.

Elements & 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.

Setting Compensation Levels

The Committee uses a combination of peer company data and several published general industry and electronics industry surveys to provide insight into the competitiveness of each component of compensation offered to Plexus' executive officers. This data is compiled and analyzed by Plexus human resources leaders, who then meet with the Committee's compensation consultant to help the consultants understand Plexus' business model, organizational structure and compensation philosophy.

The compensation consultants, Plexus human resources personnel, and our CEO discuss the analysis, rationale and methodology, and make recommendations to the Committee. Our CEO is excluded from CEO compensation discussions.

When assessing the competitiveness of compensation and making compensation determinations, the Committee's process includes a review and analysis of various factors, including:

- Company financial results;
- An internal calibration of base compensation as well as short-term and long-term award levels;
- Individual stock ownership and grant practices for the CEO and other officers;
- The proportion of pay between the CEO compared to those at other levels in the organization;
- Pay-for-performance and retention incentives;
- Deferred compensation arrangements and accumulated value; and
- Reasonableness of compensation as a whole.

In performing these analyses, the Committee uses tally sheets, which incorporate these factors to provide a comprehensive view of Plexus' total compensation for each executive and payout exposure under various performance scenarios.

When determining the competitive target compensation for each executive, the Committee uses comparable pay information as a point for reference. Through this form of benchmarking, the Committee does not aim for any particular numerical or percentage tests as compared to peer company data or surveys; however, it generally views the 50th percentile of market data as a reasonable comparison and uses its judgment following the review of multiple data points to arrive at individual pay determinations. 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 properly 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.

Use of Peer Companies

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. Companies were chosen for the peer group using filtering criteria such as:

- Company size and performance (revenue, assets, market capitalization, performance criteria);
- Companies identified as competitors and/or industry;
- Geographic footprint;
- Company image;
- Organizational complexity; and
- Financial structure.

The Committee has established a group of peer companies for comparison purposes using the selection criteria discussed above. The Committee conducts reviews of the peer group and selection criteria on a periodic basis to ensure that both are appropriate.

PEER GROUP FOR SETTING 2020 PAY

ARRIS Group, Inc.	Esterline Technologies Corporation	Teledyne Technologies Inc.
AVX Corporation (Kyocera Group)	Fabrinet	TransDigm Group Incorporated
Benchmark Electronics, Inc.	Keysight Technologies, Inc.	Trimble Navigation Limited
Bruker Corporation	L3Harris Technologies	TTM Technologies, Inc.
Celestica Inc.	PerkinElmer, Inc.	Vishay Intertechnology, Inc.
Curtiss-Wright Corporation	Sanmina Corporation	

During fiscal 2020, the Committee, with the assistance of Exequity, made adjustments to the peer group for fiscal 2021 compensation planning purposes. Using the selection criteria described above, TransDigm Group Incorporated and L3Harris Technologies (f/k/a Harris Corporation) were removed. ARRIS and Esterline Technologies Corporation were acquired in 2019 and also removed. Amkor Technology, Inc., CommScope Holding Company, Inc., Flex Ltd., Jabil Inc., Moog Inc., Regal Beloit Corporation, Triumph Group, Inc., and Waters Corporation were added to the peer group on account of each being more closely aligned with Plexus from a financial and industry perspective, as well as because each of those companies is more likely to compete with Plexus for talent.

UPDATED PEER GROUP FOR SETTING 2021 PAY

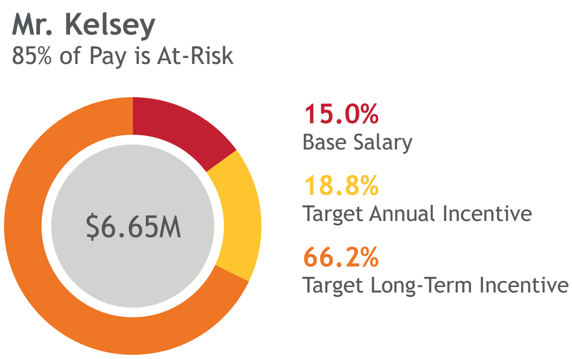
Amkor Technology, Inc.	Fabrinet	Sanmina Corporation
AVX Corporation (Kyocera Group)	Flex Ltd.	Teledyne Technologies Inc.
Benchmark Electronics, Inc.	Jabil Inc.	Trimble Navigation Limited
Bruker Corporation	Keysight Technologies, Inc.	Triumph Group, Inc.
Celestica Inc.	Moog Inc.	TTM Technologies, Inc.
CommScope Holding Company, Inc.	PerkinElmer, Inc.	Vishay Intertechnology, Inc.
Curtiss-Wright Corporation	Regal Beloit Corporation	Waters Corporation

DISTRIBUTION OF PAY COMPONENTS

The Committee believes that a majority of executive compensation should be at risk and that the CEO’s percentage at risk should be the highest. VICP targets for the named executive officers other than Mr. Kelsey ranged from 70% to 85% of base salary in fiscal 2020, with the opportunity to earn cash incentives beyond those levels if Plexus exceeded its targeted financial goals. In the case of Mr. Kelsey, the potential target compensation at risk as a percentage of base salary was 125% in fiscal 2020, reflecting his overall greater responsibility for the Company. In fiscal 2020, long-term incentives for executive officers were granted in the form of: (i) RSUs that vest based on continued service, which promotes a long-term ownership mentality; and (ii) PSUs, which represent compensation that is at risk since these awards will be forfeited if performance is below a threshold level.

Except in the case of promotions or other special circumstances, compensation adjustments and equity awards for executive officers 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.

The resulting total targeted direct compensation mix used for fiscal 2020 for Mr. Kelsey and the average for the other named executive officers is illustrated in the charts below:



BASE SALARY

Factors Considered In Determining Base Salary

Prior to establishing the base salary level 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 with comparisons to peer group and survey data; and
- Individual executive officers' performance, duties and responsibilities, and their relative authority within Plexus.

The Committee uses this information and meets in executive session to discuss appropriate pay positioning and pay mix based on the data gathered. The data gathered in the determination process help 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 determination may incorporate the subjective judgment of its members, as well.

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

- Competitive Adjustments. If executive officer salaries fall out of alignment with the competitive median range of our peer group and survey data, we consider changing the salaries to a more competitive level. Competitive adjustments may take place over a multi-year period and may depend on individual performance.

- Performance-Based Merit Increases. Separate merit increase may be provided based on individual performance, if appropriate.

2020 Base Salary Adjustments

Base salary adjustments for 2020 were approved by the Committee in December 2019 for all executive officers. When considering compensation adjustments, the Company has placed a greater emphasis on annual and long-term incentive opportunities, as opposed to base salary, 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. 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.

For 2020, Mr. Kelsey's base salary was set at $1,000,000, which represented an increase of 3.6% from his previous salary. As a result, the base salary for Mr. Kelsey is positioned near the median of peer group and market comparisons.

Increases for our other named executive officers varied from 2.3% to 3.3%. Base salary increases for 2020 for these named executive officers represented a combination of competitive adjustments and merit increases. Variations between these named executive officers reflected competitive conditions and the Committee's view of the named executive officers' duties, responsibilities and performance. The Committee believed that base salaries for those named executive officers were appropriately aligned with peer group and market comparisons, and were awarded based on individual performance.

Presented below are the 2020 base salaries and percentage increases as compared to the prior year for our named executive officers:

EXECUTIVE OFFICER	2020 BASE SALARY	PERCENTAGE INCREASE COMPARED TO 2019
Mr. Kelsey	$1,000,000	3.6%
Mr. Frisch	$580,000	3.1%
Mr. Jermain	$525,000	2.9%
Mr. Ninivaggi	$470,000	3.3%
Mr. Darroch	$439,773	2.3%

ANNUAL INCENTIVE COMPENSATION (AT RISK)

The VICP provides annual cash incentives to approximately 3,700 participants, including all of our executive officers. The award opportunity levels for each participant are expressed as a percentage of base salary.

BASE SALARY	X	TARGET AWARD PERCENTAGE	X	PERFORMANCE GOAL ACHIEVEMENT	=	VICP AWARD EARNED
		% of Base Salary (varies by pay grade)		40% Revenue Target + 40% ROIC Target + 20% Personal Objectives		

For executive officers, the VICP is a sub-plan of the Incentive Plan with 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.

Offering a greater percentage of compensation tied to performance measures is intended to more strongly link executive compensation with Company performance and shareholder returns. To stay competitive with market practice, the Committee believes that at-risk compensation should be in line with the median of our peers and survey data, including for newly assumed roles.

The table below lists the fiscal 2020 VICP award opportunities for the named executive officers, expressed as a percentage of base salary:

EXECUTIVE OFFICER	2020 THRESHOLD AWARD (%)	2020 TARGETED AWARD (%)	2020 MAXIMUM AWARD (%)
Mr. Kelsey	0%	125%	250%
Mr. Frisch	0%	85%	170%
Mr. Jermain	0%	75%	150%
Mr. Ninivaggi	0%	70%	140%
Mr. Darroch	0%	70%	140%

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. The Committee believes that the opportunity to receive a payout above target should be based solely on achieving corporate financial goals. Therefore, to achieve the maximum payout of 200% of the targeted award, executive officers must achieve 90% payouts for each of the revenue and ROIC components of the VICP, with the individual objectives component comprising the balance at a maximum of 20%. 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 non-recurring charges, when determining the achievement of the corporate financial goals. In 2020, COVID-19 had an impact on the Company's financial results; however, the Committee made no adjustments to financial goals under the VICP.

2020 Plan Design – Company Financial Goals

Our financial and compensation models align with our business strategy. The specific corporate financial goals for fiscal 2020, each of which stood independently of the other with regard to award opportunities, were revenue and ROIC. 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 2020 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, ROIC is defined as tax-effected annual operating income divided by the average invested capital over a five quarter period for the fiscal year and the prior fiscal year fourth quarter. Invested capital is defined as equity plus debt and operating lease liabilities, less cash and cash equivalents. Revenue is defined as the fiscal 2020 net recognized sales of the Company for financial statement purposes. The Committee has discretion to adjust ROIC to account for the effects of extraordinary items. No award is payable to any participant under the VICP unless we have net income for the fiscal year. In the event of results that are below the revenue and the ROIC threshold levels, the VICP may pay out only in respect to the portion based on individual objectives. When determining ROIC for VICP awards, extraordinary items or charges, and non-recurring charges, are disregarded, except as otherwise determined by the Committee in its discretion. Further discretion was not exercised by the Committee in fiscal 2020.

For fiscal 2020, 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:

	Threshold	Target	Maximum Payout
Revenue	Equal to prior year revenue	Midpoint between threshold and maximum payout	Equal to 12% revenue growth
ROIC	Equal to Plexus’ WACC	Midpoint between threshold and maximum payout	Equal to Plexus’ WACC plus 500 basis points

We believe that setting the maximum payout levels for revenue and ROIC consistent with our financial goals fully aligns employees with financial results that maximize value to our shareholders, without encouraging excessive 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 ROIC, 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. Awards for performance between the threshold and target level, and between the target and maximum levels, are calculated by straight-line interpolation.

The following table sets forth the fiscal 2020 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:

	THRESHOLD		TARGET		MAXIMUM PAYOUT	
Component	**Goal**	**Payout**	**Goal**	**Payout**	**Goal**	**Payout**
Revenue (in millions)	$3,164	0	$3,354	40%	$3,544	90%
ROIC	8.80%	0	11.30%	40%	13.80%	90%
Individual Objectives		up to 20%		up to 20%		up to 20%
Total Potential Incentive = Revenue + ROIC + Individual Objectives		up to 20%		up to 100%		up to 200%

In fiscal 2020, revenue was $3,390 million and ROIC was 14.0%. Therefore, the Company's performance was between the target and maximum payout levels for both revenue and ROIC. As a result, Plexus paid awards for corporate financial performance to executive officers and other employees based on revenue and ROIC performance; total payments to executives represented 139% versus the target of 80% for corporate financial performance.

2020 Plan Design – Individual Objectives

The Committee determines and approves the individual objectives established for the CEO and the other executive officers. For fiscal 2020, common individual objectives were shared by all executive officers, including Mr. Kelsey 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 2020 shared individual objectives for all of our named executive officers concentrated on (a) reduction in transformation cost, which are the costs required to convert raw inventory into finished goods; (b) continued pursuit of the Company's "zero defects" cultural journey, focused on quality improvement initiatives and goals; and (c) enterprise resource planning (ERP) system enhancements and process improvements. Mr. Kelsey provided the Committee with an assessment of the executive team's performance on each shared individual objective and the Committee determined the ultimate award percentage level for each objective. Actual achievement of individual objectives for fiscal 2020 was based upon the Committee's determination of the degree to which the objectives were completed by each member of the executive team.

In the second quarter of fiscal 2020, our top priorities were to make our workplaces the safest place for employees outside of their own home and to do our best to meet the production needs of our customers, including their demand for medical devices and other products directly combatting the effects of the pandemic. Our efforts to keep employees safe involved developing new practices, including personal protective equipment requirements, social distancing measures, decontamination, and contact tracing on a global scale, which we continue to monitor and improve. As a result of prioritizing these efforts, Plexus had success in mitigating the spread of COVID-19 at its sites and in meeting the needs of customers and communities. However, progress toward the transformation cost reduction objective was impacted by our need to incur costs to keep employees safe and to make other changes to our facilities to be responsive to customers. Progress toward the zero defects objective, which involved training to be conducted in person, was delayed by travel restrictions and health and safety guidelines established by the Centers for Disease Control, World Health Organization, and state and local governments. Because these impacts from COVID-19 were not within the control of our executive officers, the Committee excluded them from its determination of whether the shared individual objectives were achieved at a satisfactory level. As a result, all executive officers were awarded an 88% payout of the personal objectives portion of the VICP, or a 17.6% payout versus the target of 20% for individual objectives.

2020 Annual Incentive Compensation (At Risk) – Actual Payout

The following table sets forth the fiscal 2020 VICP total payout as a percentage of each named executive officer's target award, capturing the fiscal 2020 results for the Company's revenue and ROIC goals combined with the individual objectives payout.

	ACTUAL PAYOUT	
Component	**Results**	**Payout**
Revenue (in millions)	$3,390	49.6%
ROIC	14.00%	90.0%
Individual Objectives	88%	17.6%
Total Payout as a Percent of Target		**157.2%**

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 Incentive 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 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 2020 grants, and in furtherance of its emphasis on at-risk performance-based compensation, the Committee's annual equity grant allocation formula for named executive officers consisted of 50% PSUs and 50% RSUs. The Committee believes that this equity grant allocation formula promotes a strong pay-for-performance link and further enhances the alignment of the interests of our executives with those of our shareholders. The equity grant allocation formula also is intended to promote share ownership (along with our equity ownership guidelines) and motivate our executives to succeed in the long-term. The Committee intends to continue to emphasize the use of performance-based awards for executive officers in future years.

The Committee's long-term incentive strategy allows for use of a portfolio approach when granting awards. Each element of the portfolio for fiscal 2020 was intended to address a different aspect of long-term incentive compensation, as set forth below:

- PSUs provide an additional incentive for executive officers to create shareholder value. 50% of the PSUs granted vest over a three year period based on average economic return performance. Economic return, which is calculated as a three-point annual average, is used as a performance measure for the PSUs 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 other 50% of PSUs granted vest based on the relative TSR performance of Plexus common stock as compared to companies in the Russell 3000 Index over a three year performance period. 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

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.

- 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 align the interests of executives and other employees who receive RSU grants with the interests of shareholders by building a long-term ownership mentality and providing motivation to succeed in the long term.

Annual Award Determination and Allocation Process

Each year the Committee reviews market data, individual performance and the estimated value of the entire pool of equity awards prior to making grants to executive officers, including when making grants in connection with promotions or other increases in responsibilities. Pursuant to its portfolio approach, in fiscal 2020, the Committee distributed awards in the form of PSUs and RSUs to eligible participants, as discussed above. When making these determinations, PSUs that vest based on the relative TSR of Plexus common stock are valued using a Monte Carlo simulation model, while the values of PSUs that vest based on economic return performance and RSUs are determined based on the fair market value of Plexus common stock.

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 by balancing the need to provide competitive compensation with the desire to keep related compensation value and expense relatively stable from period to period. The Committee considers each executive officer's duties, responsibilities and performance, as well as internal and external comparisons (for example, peer group comparisons and other third-party market surveys, as described above), when approving the grant value for each executive officer. 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.

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.

Timing of Grants

Grants of PSUs are made in the fiscal second quarter; however, the performance goals for the PSUs are set in the fiscal first quarter. 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. The Committee anticipates continuing to follow this grant schedule and practice for future grants.

Fiscal 2020 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, the Committee granted the following equity awards to Mr. Kelsey and the other named executive officers in fiscal 2020.

Executive Officer	PSUs (#)	RSUs (#)
Mr. Kelsey	27,750	32,500
Mr. Frisch	10,090	11,820
Mr. Jermain	7,090	8,310
Mr. Ninivaggi	5,520	6,460
Mr. Darroch	4,540	5,320

Vesting of 50% of the PSUs granted in fiscal 2020 is based on a three-point annual average of the Company's absolute economic return performance during the performance period; vesting of the other 50% is based on the relative TSR of Plexus stock as compared to the companies in the Russell 3000 Index. Performance on these metrics will be determined following the conclusion of the relevant three year performance period.

In order to further align the Company's financial model and business strategy to the payout of long-term incentives, the maximum payout on 50% of the PSUs is achieved when the three-point annual average economic return is at or above 5.0% over the three year performance period. If the maximum payout level is achieved, 200% of this portion of the PSUs will be earned. A target payout on this portion of the award will be achieved if the three-point annual average economic return is 2.5%; the Committee believes that this target is meaningfully difficult, but is achievable and appropriate for our industry. The Company believes it is appropriate for a portion of these awards to vest when the three-point annual average economic return exceeds 0.0% because any positive level of economic return generates shareholder value. If the Company does not achieve a positive three-point annual average economic return, this portion of the PSUs will not pay out. Below is the payout matrix for the portion of the PSUs that may be earned based on economic return performance (if performance is between the specified levels, the payout will be interpolated):

AVERAGE ECONOMIC RETURN	PAYOUT PERFORMANCE FACTOR
0% (Threshold)	0%
0.50%	20%
1.00%	40%
1.50%	60%
2.00%	80%
2.5% (Target)	100%
3.00%	120%
3.50%	140%
4.00%	160%
4.50%	180%
5.0% (Maximum)	200%

The TSR calculations will be based on the percentage change from the initial price to the final price during the performance period, which is three years from the date of grant, and will reflect the reinvestment of dividends, if any. The initial price is calculated using the average closing price of common stock over the 30 calendar day period ending on the trading day immediately preceding the first day of the three year performance period. The final price is the average closing price of common stock over the 30 calendar day period ending on the last day of the three year performance period. The TSR calculations will be adjusted to reflect stock splits, recapitalizations and other similar events.

The portion of the PSUs that may be earned based on relative TSR performance will vest at target 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 for this portion, 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 for this portion, 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, none of the PSUs will be earned and the awards will be forfeited.

The payout matrix for the portion of the PSUs granted in fiscal 2020 that may be earned based on relative TSR performance is presented in the table below (if performance is between the specified levels, the payout will be interpolated):

RELATIVE TSR PERCENTILE RANK	PAYOUT PERFORMANCE FACTOR
Below 25th (Threshold)	0%
25th	50%
30th	60%
40th	80%
50th (Target)	100%
60th	140%
70th	180%
75th and above (Maximum)	200%

For information regarding the performance of PSUs granted in fiscal 2020 and prior fiscal years as of October 3, 2020, see the "Outstanding Equity Awards at Fiscal Year-End" table below.

Annual awards of RSUs generally vest on the third anniversary of the grant, subject to early vesting on a change in control.

Fiscal 2017 PSUs

The TSR of Plexus stock during the three year performance period for the fiscal 2017 PSUs that ended in fiscal 2020 was at the 62.1 percentile of companies in the Russell 3000 Index. As a result, and according to the matrix set forth above, the PSUs vested and paid out at approximately 148.4% of target after certification by the Committee.

Fiscal 2018 PSUs

The performance period with respect to the portion of the fiscal 2018 PSUs that vested based on a three-point annual average of the Company's absolute economic return concluded at the end of fiscal 2020. Average economic return for the three year performance period was 5.13%. The three-year average used ROIC to determine economic return for the fiscal year 2020, a change from prior years as explained in "Fiscal 2020 Compensation Actions;" prior to such change ROCE governed the determination of economic return for fiscal years 2018 and 2019. As a result, and according to the matrix set forth above, this portion of the PSUs vested and paid out at 200% of target after certification by the Committee. The Committee plans to evaluate the performance of the portion of the fiscal 2018 PSUs that vests based on relative TSR at its February 2021 meeting.

EQUITY OWNERSHIP GUIDELINES

The Company's executive stock ownership guidelines are intended to increase the alignment between the interests of management and our shareholders. To accomplish these objectives, we require our CEO to own Plexus stock with a minimum market value equal to three times his annual base salary and our other executive officers, including those named in the "Summary Compensation Table," to own Plexus stock with a minimum market value equal to their annual base salary. Stock options and unvested equity awards do not count toward the 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. All of our named executive officers, including Mr. Kelsey, have met the ownership amounts required by the guidelines and are in compliance with the procedural requirements of the guidelines.

CLAWBACK POLICY

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

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

ANTI-HEDGING 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, including, but not limited to, prepaid variable forward contracts, equity swaps, collars and exchange funds. Pledges and short sales of the Company's securities are also prohibited under the Insider Trading Policy.

Elements & Analysis of Other Compensation

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

BENEFITS

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. On January 1, 2020, the executive flexible perquisite benefit, valued up to $15,000 per calendar year, was eliminated; however there may be some benefit showing in the Summary Compensation Table due to the difference between the fiscal and calendar years. The flexible perquisite benefit was intended to be used for expenses such as personal financial planning, spouse travel costs in connection with business-related travel, club membership and/or tax and estate advice. The Committee also approved additional perquisites and other benefits for our CEO and the other executive officers in addition to those received by all U.S. salaried employees. The additional perquisites and other benefits for certain of our executive officers are: 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.

In connection with Mr. Darroch's movement between the United Kingdom and the United States, he also received during fiscal 2020, and is expected to receive in the future, certain relocation and related benefits, which are discussed in footnote 6 to the "Summary Compensation Table."

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 $11,400 per calendar year. Employees have a choice of investment alternatives, including a Plexus stock fund.

RETIREMENT PLANNING – SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

In response to Internal Revenue Code (the "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. Plexus' supplemental executive retirement plan (the "SERP") is a deferred compensation plan that allows participants to defer taxes on current income. The SERP covers our executive officers and certain other executives, and provides a retirement savings alternative to address their particular circumstances and promote a long-term commitment to Plexus until retirement. All U.S.-based executive officers participate in the SERP. Under the SERP, those executive officers 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 may 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 based on the market for executive compensation and its desire to provide an incentive for executives to remain with Plexus through retirement.

FISCAL 2020 PLAN ACTIVITY

- Contribution Formula. Under a funding plan adopted by the Committee, the SERP provides for an annual discretionary contribution of 9% of the executive's total targeted cash compensation. Total targeted cash compensation is defined as base salary plus the targeted annual incentive plan cash incentive at the time of the Company's contribution. The Committee adopted this approach for discretionary contributions to reflect competitive practices based on the research, analysis and recommendations of Willis Towers Watson, the compensation consultant for that program.
- Employer Contributions. For fiscal 2020, the total employer contributions to the SERP accounts was $461,175 for all named executive officer participants as a group, including $201,822 for Mr. Kelsey. 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 2020, the Committee did not make any such contributions on behalf of the named executive officers.

EMPLOYMENT AND CHANGE IN CONTROL AGREEMENTS

We do not generally have employment agreements with our executive officers other than our Chief Executive Officer. All executive officers, including Mr. Kelsey, have change in control agreements to help assure that these individuals will not be distracted by personal interests and will maintain their focus on shareholders in the case of a potential acquisition of Plexus, as well as to maintain their continuing loyalty.

Mr. Kelsey's employment agreement and the change in control agreements for Mr. Kelsey and our other executive officers 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.

TAX ASPECTS OF EXECUTIVE COMPENSATION

The Committee considers the potential tax deductibility under the Code for 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 280G of the Code imposes a 20% excise tax upon executive officers who receive "excess parachute payments" upon a change in control to the extent the payments received by them meet or 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. Excise tax gross-up provisions have been eliminated from all change in control agreements, and our agreements use a "best net" approach to minimize the possibility that an excise tax might be due or that a loss of the tax deduction might occur.

The Code also provides a surtax under Section 409A relating to various features of deferred compensation arrangements that do not comply with the requirements of Section 409A. We generally seek to structure our compensation arrangements either to comply with Section 409A or qualify for an exemption from Section 409A.

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:

Joann M. Eisenhart, Chair
Ralf R. Böer
Stephen P. Cortinovis
David J. Drury
Karen M. Rapp

EXECUTIVE COMPENSATION

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

Summary Compensation Table for Fiscal 2020

The following table sets forth a summary of the compensation of our named executive officers. More detailed information is presented in the other tables and explanations that follow.

Name	Year	Salary ($)[1]	Bonus ($)[2]	Stock Awards ($)[3]	Option Awards ($)[4]	Non-Equity Incentive Plan Compensation ($)[5]	All Other Compensation ($)[6]	Total ($)
Todd P. Kelsey	2020	$1,010,481	–	$4,977,568	–	$1,979,778	$234,696	$8,202,523
	2019	$958,750	–	$3,459,586	–	$1,870,892	$230,253	$6,519,481
	2018	$915,000	–	$3,453,316	–	$2,087,928	$217,479	$6,673,723
Patrick J. Jermain	2020	$531,346	–	$1,272,295	–	$624,622	$117,469	$2,545,732
	2019	$505,000	–	$981,894	–	$597,157	$112,720	$2,196,771
	2018	$483,750	–	$1,015,744	–	$689,997	$105,424	$2,294,915
Steven J. Frisch	2020	$586,779	–	$1,810,030	–	$781,757	$129,079	$3,307,645
	2019	$556,875	–	$1,309,549	–	$735,566	$124,552	$2,726,542
	2018	$535,000	–	$1,319,954	–	$813,994	$122,707	$2,791,655
Angelo M. Ninivaggi	2020	$475,288	–	$989,848	–	$521,475	$100,211	$2,086,822
	2019	$450,000	–	$794,856	–	$496,640	$113,701	$1,855,197
	2018	$431,250	–	$812,595	–	$574,125	$88,655	$1,906,625
Ronnie Darroch	2020	$437,369	–	$814,517	–	$485,291	$521,385	$2,258,562
	2019	$427,500	–	$672,920	–	$471,829	$106,031	$1,678,280
	2018	$416,250	–	$731,216	–	$554,154	$94,427	$1,796,047

[1] Includes amounts voluntarily deferred by the named persons under the Company's retirement plans. The amounts deferred under the SERP are also included in the "Executive Contributions in Last FY" column of the "Nonqualified Deferred Compensation" table below.

[2] The "Bonus" column, in accordance with SEC regulations, would include only discretionary bonus payments apart from VICP. Payments under the VICP, including payments for achieving individual objectives, are set forth in the "Non-Equity Incentive Plan Compensation" column. Since our named executive officers' individual objectives are specific and performance against them is measured, we believe that payments under the VICP that relate to the achievement of individual objectives are properly reflected in the "Non-Equity Incentive Plan Compensation" column.

[3] 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 Incentive Plan and its predecessor, which are explained further below under "Grants of Plan-Based Awards." GAAP requires 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 and RSUs are not subject to performance conditions, although the ultimate value of stock options depend on the appreciation in the Company's stock price. The Company has not granted stock options to its executive officers since fiscal 2017. Vesting of 50% of the PSUs reported in each fiscal year above is based on a three-point annual average of the Company's absolute economic return performance and vesting of the other 50% depends on the relative TSR of Plexus stock as compared to companies in the Russell 3000 Index, each 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 2020 PSUs at the maximum performance level would be as follows for each named executive officer: Mr. Kelsey—$5,018,385; Mr. Jermain—$1,282,301; Mr. Frisch—$1,824,602; Mr. Ninivaggi—$998,422; and Mr. Darroch—$820,925.

Please also see the "Grants of Plan-Based Awards" table below for further information about equity awards granted in fiscal 2020, and the "Outstanding Equity Awards at Fiscal Year End" table below for information regarding all outstanding equity awards at the end of fiscal 2020.

4 No stock options were granted to named executive officers in fiscal 2020.

5 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 "2020" row were earned in fiscal 2020 and were paid in fiscal 2021, the amounts shown in the "2019" row were earned in fiscal 2019 and were paid in fiscal 2020, and the amounts shown in the "2018" row were earned in fiscal 2018 and were paid in fiscal 2019.

Mr. Frisch deferred $156,351 of the amount payable in fiscal 2021 related to the VICP award earned based on fiscal 2020 performance; Messrs. Frisch and Darroch deferred $183,892 and $47,183, respectively, of the amounts payable in fiscal 2020 related to the VICP award earned based on fiscal 2019 performance; Messrs. Jermain, Frisch and Darroch deferred $517,498, $244,198 and $110,831, respectively, of the amounts payable in fiscal 2019 related to the VICP award earned based on fiscal 2018 performance.

6 The amounts listed under the column entitled "All Other Compensation" in the table include Company contributions to the 401(k) Plan and the SERP made by Plexus under its executive flexible perquisite benefit, the value of the company car benefit provided to the executive, additional life and disability insurance coverage and relocation. Per person detail is listed in the table below:

Name	Year	Company Matching Contribution to 401(k) Plan	Company Contribution to SERP	Executive Flexible Perquisite Benefit	Company Car Benefit	Additional Life and Disability Insurance	Relocation	Total ($)
Todd P. Kelsey	2020	$11,400	$201,822	—	$21,085	$389	—	$234,696
	2019	$11,200	$181,939	$15,000	$21,702	$412	—	$230,253
	2018	$11,000	$170,220	$16,978	$18,754	$527	—	$217,479
Patrick J. Jermain	2020	$11,285	$80,887	$8,819	$16,089	$389	—	$117,469
	2019	$11,200	$68,387	$13,751	$18,970	$412	—	$112,720
	2018	$11,000	$65,241	$12,969	$15,687	$527	—	$105,424
Steven J. Frisch	2020	$11,400	$94,899	$4,431	$17,779	$570	—	$129,079
	2019	$11,200	$80,962	$14,069	$17,708	$613	—	$124,552
	2018	$11,000	$75,721	$17,686	$17,572	$728	—	$122,707

Name	Year	Company Matching Contribution to 401(k) Plan	Company Contribution to SERP	Executive Flexible Perquisite Benefit	Company Car Benefit	Additional Life and Disability Insurance	Relocation	Total ($)
Angelo M. Ninivaggi	2020	$11,400	$69,919	$520	$17,843	$529	—	$100,211
	2019	$11,200	$57,700	$25,974	$18,255	$572	—	$113,701
	2018	$11,000	$55,031	$4,171	$17,729	$724	—	$88,655
Ronnie Darroch	2020	$50,758	$13,648	$13,474	$14,064	$77	$429,364	$521,385
	2019	$11,200	$54,258	$14,852	$18,154	$353	$7,214	$106,031
	2018	$10,962	$52,736	$15,000	$15,202	$527	—	$94,427

The amounts in the "Executive Flexible Perquisite Benefit" column, above, include the reimbursements under that program prior to the cessation date of the executive flexible perquisite on January 1, 2020.

In connection with Mr. Darroch's relocation to Wisconsin during fiscal 2015, Plexus purchased his former residence in the United Kingdom. The amount reported above in the "Relocation" column for fiscal 2019 reflects Plexus' costs for tax adjustments related to such sale. The amount for fiscal 2020 reflects relocation benefits for Mr. Darroch's return to the United Kingdom in 2020.

Grants of Plan-Based Awards for Fiscal 2020

The table below sets forth information about equity awards that were granted to the named executive officers in fiscal 2020 under the Incentive 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 2020 performance under the VICP. As a result of corporate performance, cash incentive awards based on these criteria were earned under the VICP for fiscal 2020, 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 Incentive Plan in fiscal 2020, as well as additional information about those plans, following the table.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards				
Name & Principal Position	**Award Type**	**Grant Date**	**Thre-shold ($)**[1]	**Target ($)**[1]	**Maximum ($)**[1]	**Thre-shold (#)**[1]	**Target (#)**[1]	**Maximum (#)**[1]	**All Other Stock Awards: Number of Shares of Stocks or Units (#)**	**Grant Date Fair Value of Stock and Option Awards ($)**
Todd P. Kelsey President & CEO	VICP	12/19/2019	$1	$1,239,269	$2,478,538	–	–	–	–	–
	PSUs[2]	1/27/2020	–	–	–	13,875	27,750	55,500	–	$2,509,193
	RSUs[3]	1/27/2020	–	–	–	–	–	–	32,500	$2,468,375
Patrick J. Jermain Executive VP & CFO	VICP	12/19/2019	$1	$390,991	$781,981	–	–	–	–	–
	PSUs[2]	1/27/2020	–	–	–	3,545	7,090	14,180	–	$641,150
	RSUs[3]	1/27/2020	–	–	–	–	–	–	8,310	$631,145
Steven J. Frisch Executive VP & COO	VICP	12/19/2019	$1	$489,351	$978,703	–	–	–	–	–
	PSUs[2]	1/27/2020	–	–	–	5,045	10,090	20,180	–	$912,301
	RSUs[3]	1/27/2020	–	–	–	–	–	–	11,820	$897,729
Angelo M. Ninivaggi Executive VP, CAO & Secretary	VICP	12/19/2019	$1	$326,425	$652,849	–	–	–	–	–
	PSUs[2]	1/27/2020	–	–	–	2,760	5,520	11,040	–	$499,211
	RSUs[3]	1/27/2020	–	–	–	–	–	–	6,460	$490,637
Ronnie Darroch Executive VP & Regional President - EMEA	VICP	12/19/2019	$1	$303,775	$607,550	–	–	–	–	–
	PSUs[2]	1/27/2020	–	–	–	2,270	4,540	9,080	–	$410,463
	RSUs[3]	1/27/2020	–	–	–	–	–	–	5,320	$404,054

1 Amounts in the rows labeled "VICP" reflect potential cash incentive payments for fiscal 2020.

As a result of Plexus' actual performance in fiscal 2020, overall cash incentive awards were earned based on corporate financial performance between the target and maximum payout levels, as reflected in the "Summary Compensation Table" and discussed in "Compensation Discussion and Analysis."

2 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 The RSUs vest on January 21, 2022, assuming continued employment. See the discussion below under the caption "Equity Plans."

Outstanding Equity Awards at Fiscal 2020 Year-End

The following table sets forth information about Plexus stock awards held by the named executive officers that were outstanding as of October 3, 2020. No named executive officers held stock options at the end of fiscal 2020.

Name	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[1]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[1]
Mr. Kelsey	29,130[2]	$2,066,774	—	—
	31,600[3]	$2,242,020	—	—
	32,500[4]	$2,305,875	—	—
	—	—	39,330[5]	$2,790,464
	—	—	43,220[6]	$3,066,459
	—	—	44,000[7]	$3,121,800
Mr. Jermain	8,570[2]	$608,042	—	—
	8,970[3]	$636,422	—	—
	8,310[4]	$589,595	—	—
	—	—	11,560[5]	$820,182
	—	—	12,260[6]	$869,847
	—	—	11,240[7]	$797,478
Mr. Frisch	11,140[2]	$790,383	—	—
	11,960[3]	$848,562	—	—
	11,820[4]	$838,629	—	—
	—	—	15,030[5]	$1,066,379
	—	—	16,360[6]	$1,160,742
	—	—	16,000[7]	$1,135,200
Mr. Ninivaggi	6,850[2]	$486,008	—	—
	7,260[3]	$515,097	—	—
	6,460[4]	$458,337	—	—
	—	—	9,260[5]	$656,997
	—	—	9,930[6]	$704,534
	—	—	8,750[7]	$620,813
Mr. Darroch	6,170[2]	$437,762	—	—
	6,150[3]	$436,344	—	—
	5,320[4]	$377,454	—	—
	—	—	8,320[5]	$590,304
	—	—	8,400[6]	$595,980
	—	—	7,200[7]	$510,840

1 Based on the $70.95 per share closing price of our common stock on October 2, 2020, the last trading day of fiscal 2020.

2 Consists of RSUs awarded in fiscal 2018 under the Incentive Plan. The RSUs vest on January 22, 2021, based on continued service through that date.

[3] Consists of RSUs awarded in fiscal 2019 under the Incentive Plan. The RSUs vest on January 21, 2022, based on continued service through that date.

[4] Consists of RSUs awarded in fiscal 2020 under the Incentive Plan. The RSUs vest on January 27, 2023, based on continued service through that date.

[5] Consists of PSUs awarded in fiscal 2018 under the Incentive Plan. Vesting of 50% of the PSUs was based on a three-point annual average of the Company's absolute economic return performance during the three year performance period that concluded at the end of fiscal 2020, and vesting of the other 50% of the PSUs depends on the relative TSR of our common stock as compared to the Russell 3000 Index over a three year performance period that concludes on January 22, 2021. The Company's average economic return performance was above the maximum level; therefore, this portion of the award, which paid out in the first quarter of fiscal 2021 after certification by the Compensation and Leadership Development Committee, is reflected in the aggregate amount reported above for the fiscal 2018 PSUs at the maximum achievement level. The relative TSR of our common stock was between the threshold and target levels; therefore, this portion of the award is reflected in the aggregate amount reported above for the fiscal 2018 PSUs at the target achievement level.

[6] Consists of PSUs awarded in fiscal 2019 under the Incentive Plan. Vesting of 50% of the PSUs is based on a three-point annual average of the Company's absolute economic return performance during the three year performance period, and vesting of the other 50% of the PSUs depends on the relative TSR of our common stock as compared to the Russell 3000 Index over a three year performance period that concludes on January 21, 2022. As of the end of fiscal 2020, the Company's economic return performance was between the target and maximum levels; therefore, this portion of the award is reflected in the aggregate amount reported above for the fiscal 2019 PSUs at the maximum achievement level. The relative TSR of our common stock was between the target and maximum levels; therefore, this portion of the award is reflected in the aggregate amount reported above for the fiscal 2019 PSUs at the maximum achievement level.

[7] Consists of PSUs awarded in fiscal 2020 under the Incentive Plan. Vesting of 50% of the PSUs is based on a three-point annual average of the Company's absolute economic return performance during the three year performance period, and vesting of the other 50% of the PSUs depends on the relative TSR of our common stock as compared to the Russell 3000 Index over a three year performance period that concludes on January 21, 2023. As of the end of fiscal 2020, the Company's economic return performance was between the target and maximum levels; therefore, this portion of the award is reflected in the aggregate amount reported above for the fiscal 2020 PSUs at the maximum achievement level. The relative TSR of our common stock was between the target and maximum levels; therefore, this portion of the award is reflected in the aggregate amount reported above for the fiscal 2020 PSUs at the maximum achievement level.

See "Compensation Discussion and Analysis—Elements and Analysis of Direct Compensation—Long-Term Incentives" for additional information regarding awards.

Option Exercises & Stock Vested in Fiscal 2020

The following table sets forth information about the Plexus stock options that were exercised by the named executive officers as well as the PSUs and RSUs that vested in fiscal 2020.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[1]	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[2]
Mr. Kelsey	55,950	$1,666,632	103,044	$7,988,426
Mr. Jermain	4,475	$133,929	26,230	$2,030,160
Mr. Frisch	45,898	$1,574,456	43,343	$3,359,760
Mr. Ninivaggi	59,031	$2,024,739	21,441	$1,659,756
Mr. Darroch	1,900	$51,415	26,661	$2,066,531

[1] Based on the difference between the exercise prices and sale prices on the date of exercise for stock options with the exception of shares that were held upon the exercise of options; in such case, the value realized on exercise is based on the difference between the exercise prices and the average of the high and low trading prices of the Company's common stock on the Nasdaq Global Select Market on the exercise date.

[2] Based on the average of the high and low trading prices of the Company's common stock on the Nasdaq Global Select Market on the vesting dates for PSUs and RSUs.

Nonqualified Deferred Compensation in Fiscal 2020

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

The 401(k) Plan is open to all U.S. Plexus employees meeting specified service and related requirements. Under the plan, employees may voluntarily contribute up to 75% of their annual compensation, up to a maximum Code mandated limit of $19,500 ($26,000 if age 50 or older) in calendar year 2020; Plexus will match 100% of the first 4.0% of salary which an employee defers, up to $11,400 in calendar year 2020. There are several investment options available to participants under the 401(k) Plan, including a Plexus stock fund.

Plexus maintains the SERP as an additional deferred compensation mechanism for its executives. Under the SERP, an executive may elect to defer compensation through the plan, and Plexus may credit the participant's account with a discretionary employer contribution. Participants are entitled to the payment of deferred amounts and any earnings which may be credited thereon upon termination or retirement from Plexus, subject to the participants' deferral elections and Section 409A of the Code. The SERP allows the investment of deferred compensation held on behalf of the participants into individual accounts and, within these accounts, into one or more designated mutual funds or investments, which are intended to mirror the options available under the 401(k) Plan; however, the investment choices in the SERP do not include Plexus stock.

The SERP also allows for discretionary Plexus contributions. As discussed in "Compensation Discussion and Analysis—Elements and Analysis of Other Compensation—Retirement Planning – Supplemental Executive Retirement Plan," the Committee determined the current Company contribution to the SERP after reviewing a competitive analysis prepared by Willis Towers Watson. As a result, the discretionary contribution is 9% of the executive's total targeted cash compensation. The Committee may also choose to make additional or special contributions from time to time; no such contributions were made in fiscal 2020 to the named executive officers.

The following table includes information regarding contributions under the SERP or, in the case of Mr. Darroch, the Plexus Corp. (UK) Ltd. Group Life Assurance Scheme (the "U.K. Plan"). Since the 401(k) Plan is a tax-qualified plan generally available to all employees, contributions on behalf of the executive officers and earnings in that plan are not included in this table; however, Company contributions under both the SERP and the 401(k) plan are among the items included in the "All Other Compensation" column in the "Summary Compensation Table" above.

Name	Executive Contributions in Last FY ($)[1]	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)[2]
Mr. Kelsey	—	$201,822	$164,922	—	$1,667,700
Mr. Jermain	—	$80,887	$122,082	—	$1,322,785
Mr. Frisch	$183,892	$94,899	$82,661	—	$1,264,924
Mr. Ninivaggi	—	$69,919	$97,406	—	$873,156
Mr. Darroch[3]	$51,731	$13,648	$107,218	—	$735,659

1 Includes contributions by the named executive officers that are included in the "Salary" column in the "Summary Compensation Table" above as follows: Mr. Darroch—$4,548. Also includes the following contributions by the named executive officers related to incentive compensation related to fiscal 2019 VICP awards that was payable in fiscal 2020, but was deferred, and that are included in the "Non-Equity Incentive Plan Compensation" column in "Summary Compensation Table" for fiscal 2019 as follows: Mr. Frisch—$183,892; and Mr. Darroch—$47,183.

2 Of the amounts reported in the "Aggregate Balance at Last Fiscal Year End" column, the following amounts were previously reported in the Summary Compensation Tables in the Company's Proxy Statements for its prior annual meetings of shareholders: Mr. Kelsey—$902,851; Mr. Jermain—$1,022,827; Mr. Frisch—$979,075; Mr. Ninivaggi—$245,899; and Mr. Darroch—$572,175.

3 The "Aggregate Balance at Last FYE" column includes Mr. Darroch's and Plexus' contributions to the U.K. Plan. Plexus did not contribute to the U.K. Plan for Mr. Darroch while he was located in the U.S. from 2015 to 2020. In 2020, Mr. Darroch returned to the United Kingdom and Plexus is contributing the U.K. Plan again.

Employment Agreements & Potential Payments

UPON TERMINATION OR CHANGE IN CONTROL

This section provides information about specific agreements with our named executive officers relating to employment and post-employment compensation.

Plexus does not generally have employment agreements with its executive officers. However, the Committee and the board continue to believe that it is important to have an employment agreement with our CEO to set forth the terms of his employment, to provide incentives for him to continue with the Company over the long term and to protect the Company from competition post-employment. The Company entered into an employment agreement with Mr. Kelsey in 2016 in connection with his appointment as our President and CEO (the "Employment Agreement").

All of our executive officers have change in control agreements that provide, in certain circumstances, for payments to the executive officers in the event of a change in control of Plexus.

Employment Agreement with Mr. Kelsey

The Employment Agreement between the Company and Mr. Kelsey specifies when the Company may terminate Mr. Kelsey for cause, as well as when Mr. Kelsey may leave the Company for good reason, and determines the compensation payable upon termination. The definitions of "cause" and "good reason" are substantially similar to those under the Company's change in control agreements.

If Mr. Kelsey is terminated for cause or voluntarily leaves without good reason, dies or becomes disabled, the Company is not required to make any further payments to Mr. Kelsey other than with respect to obligations accrued on the date of termination. If Mr. Kelsey's termination is due to his death or disability, any previously granted equity awards without performance goals, such as RSUs, would automatically vest and any performance stock units would vest pro rata based on his length of service during the performance period and actual Company performance.

If the Company terminates Mr. Kelsey without cause, or he resigns with good reason, Mr. Kelsey is entitled to receive his base salary for a two year period following his separation date (the "Separation Period"), a VICP cash incentive award keyed to the actual attainment of performance targets for the year in which Mr. Kelsey is involuntarily terminated, prorated based on the number of the days in the period in which he was employed, and a payment equal to 100% of his target annual VICP cash incentive award as in effect prior to the separation date on each December 15 during the Separation Period. In addition, Mr. Kelsey would also receive an amount equal to the maximum allowable Company contributions for a full plan year under the 401(k) Plan and the Company's deferred compensation plans during the Separation Period. Mr. Kelsey would also be eligible to participate in the Company's medical, dental and vision plans, subject to his payment of any premiums required by such plans, for a two year period following his separation; if a non-active employee is not eligible to participate in such plans, the Company will instead provide Mr. Kelsey with the cost of premium continuation coverage. In addition, Mr. Kelsey would receive a lump-sum payment equal to the value of continued participation in the Company's other welfare plans and executive reimbursement plan, company car and other similar plans and arrangements for two years. Any payments triggered by a termination of employment are to be delayed until six months after termination, as required by Section 409A of the Code (except if such payment(s) qualify for an exception thereto). The Employment Agreement does not provide for any tax gross-up payments.

Mr. Kelsey would also receive accrued and vested benefits under the 401(k) Plan and the SERP, and payment for accrued but unused vacation, upon a termination of employment for any reason; those amounts are not included in "Potential Benefits Table" below. See "Nonqualified Deferred Compensation" above for further information.

If Mr. Kelsey is terminated by Plexus without cause or he resigns with good reason, his equity awards would be treated in accordance with the terms of the Incentive Plan and predecessor plans, with Mr. Kelsey being deemed a continuing employee for purposes of applying the vesting and exercisability provisions of any equity awards held by him on his separation date that were granted more than one year prior to such date; see "Treatment of Equity Awards" below for more information.

Under Mr. Kelsey's Employment Agreement, the Company is protected from competition by Mr. Kelsey after the termination of his employment. Upon termination, Mr. Kelsey agrees to not interfere with the relationships between the active customers and suppliers, as well as employees, of the Company for two years, and to not compete with the Company over the same period. Further, Mr. Kelsey has agreed to related confidentiality requirements after the termination of his employment.

Pursuant to his change in control agreement, Mr. Kelsey is eligible to receive three times salary plus benefits in the event of a termination of his employment in connection with a change in control. If both the Employment Agreement and the change in control agreement apply to a particular termination, Mr. Kelsey will receive benefits under whichever agreement provides the higher amount of benefits in the aggregate. As discussed below, the Company's change in control agreements with its executive officers, including Mr. Kelsey, do not contain excise tax gross-up provisions.

CHANGE IN CONTROL AGREEMENTS

Plexus has change in control agreements with its executive officers and certain other key employees. Under the terms of these agreements, if there is a change in control of Plexus, as defined in the agreement, the executive officers' authorities, duties and responsibilities shall remain at least commensurate in all material respects with those prior to the change in control. Their compensation may not be reduced, their benefits must be commensurate with those of similarly situated executives of the acquiring firm and their location of employment must not be changed significantly as a result of the change in control.

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 base salary plus targeted bonus, and an amount equal to a continuation of health and retirement benefits for that period. Certain other key employees also have change in control agreements on substantially the same terms, although generally with multipliers of one or two times annual base salary plus targeted bonus. 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.

There are not any excise tax gross-up provisions in any of the change in control agreements. As discussed below, the change in control agreements with all participants 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 Incentive Plan and its predecessor, 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, performance will be calculated and vesting will be determined).

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, 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 periodically reviews the scope and context of the change in control agreements. The Committee continues to believe 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.

Operation of Change in Control Agreements

Within 24 months after a change in control, in the event that any covered executive officer is terminated other than for cause, death or disability, or if an executive officer terminates his or her employment with good reason, Plexus is obligated to pay the executive officer, in a cash lump sum, an amount equal to three times (one to two times for other key employees) the executive officer's base salary plus targeted cash incentive payment, and to continue retirement payments and certain other benefits. There are not any excise tax gross-up provisions in any of the change in control agreements. The agreements provide that a cap may apply if the total potential payments would be subject to any excise taxes imposed by Section 4999 of the Code because such potential payments would exceed three times base compensation determined under that section. In that case, total potential payments would be capped just below the excise tax threshold if the net uncapped amount that otherwise would have been retained by the executive officer (after such individual would pay the excise tax) would be less than the capped amount (with no imposed excise tax).

The agreements do not preclude termination of the executive officer, or require payment of any benefit, if there has not been a change in control of Plexus, nor do they limit the ability of Plexus to terminate these persons thereafter for cause.

Under our change in control agreements:

- A termination for "cause" would occur if the executive officer willfully and continually fails to perform substantial duties or willfully engages in illegal conduct or gross misconduct which injures Plexus.
- After a change in control, an executive may terminate for "good reason" which would include: requiring the executive to perform duties inconsistent with the duties provided under his or her agreement; Plexus not complying with provisions of the agreement or requiring the executive to move; or any attempted termination of employment which is not permitted by the agreement.

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

TREATMENT OF EQUITY AWARDS

Under the Incentive Plan and predecessor plans, participants (or their representatives) have a period of time in which they may exercise vested stock options after death, disability, retirement or other termination of employment, except in the case of termination with cause. All of the named executive officers' stock options are currently vested. RSUs that have yet to vest are generally forfeited on termination of employment, but immediately vest upon a change in control. PSUs that have yet to vest are also generally forfeited on a termination of employment, but are prorated following the conclusion of the performance period on death or retirement prior to the end of such period; on a change in control, the performance period is deemed over and any PSUs earned based on performance during such period vest at that time. See "Outstanding Equity Awards at Fiscal Year End" above for information as to the named executive officer's outstanding equity awards at October 3, 2020.

SEVERANCE

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

POTENTIAL BENEFITS TABLE

The following table provides information as to the amounts which will be payable (a) to Mr. Kelsey under his Employment Agreement if he is terminated by Plexus or if he resigns, (b) to the named executive officers in the event of death or permanent disability, and (c) to the named executive officers in the event they were terminated without cause, or the executive terminated with good reason, in the event of a change in control. The payments are calculated assuming a termination as of October 3, 2020, the last day of our previous fiscal year. The table includes only benefits that would result from the stated event, not vested benefits that are payable irrespective of the reason for termination.

Executive Officer; Context of Termination	Cash Payments[1]	Early Vesting of Stock Options[2]	Early Vesting of RSUs[3]	Early Vesting of PSUs[4]	Additional Retirement Benefits[5]	Other Benefits[6]	Payment Reductions[7]	Total
Mr. Kelsey - Termination by Plexus for Cause or Resignation without Good Reason	—	—	—	—	—	—	—	—
Mr. Kelsey - Termination by Plexus without Cause or Resignation with Good Reason	$5,750,000	—	—	—	$426,445	$27,099	—	$6,203,543
Mr. Kelsey - Death or Disability	—[8]	—	$6,614,669	$2,434,658	—	—	—	$9,049,326
Mr. Kelsey - Change in Control	$6,750,000	—	$6,614,669	$4,637,292	$639,667	$241,987	—	$18,883,614
Mr. Jermain - Death or Disability	—[8]	—	$1,834,058	$681,587	—	—	—	$2,515,645
Mr. Jermain - Change in Control	$2,756,250	—	$1,834,058	$1,267,877	$276,515	$284,434	-$108,515	$6,310,618
Mr. Frisch - Death or Disability	—[8]	—	$2,477,574	$915,200	—	—	—	$3,392,774
Mr. Frisch - Change in Control	$3,219,000	—	$2,477,574	$1,728,342	$318,896	$251,327	—	$7,995,139
Mr. Ninivaggi - Death or Disability	—[8]	—	$1,459,442	$545,520	—	—	—	$2,004,961
Mr. Ninivaggi - Change in Control	$2,397,000	—	$1,459,442	$1,008,909	$243,957	$246,437	—	$5,355,745
Mr. Darroch - Death or Disability	—[8]	—	$1,251,558	$467,130	—	—	—	$1,718,688
Mr. Darroch - Change in Control	$2,225,748	—	$1,251,558	$853,529	$193,216	$196,048	—	$4,720,099

1 Cash payments in the context of a termination in connection with change in control represent payments relating to the executives' base salary and VICP cash incentive awards to the extent they would be paid after termination, based on the salary in effect at the end of fiscal 2020 and the target VICP cash incentive payment for fiscal 2020. Under the change in control agreements, this payment equals three years' salary, as it was in effect at the time of termination, plus three times the targeted VICP compensation for the year of termination.

As discussed above, pursuant to Mr. Kelsey's employment agreement, if he is terminated without cause, or he resigns with good reason, he is entitled to receive his base salary for a two year period following his separation date and a pro-rated VICP cash incentive award for the year of involuntary termination. In addition, Mr. Kelsey would also receive two annual payments following his termination each equal to 100% of his target annual VICP cash incentive award as in effect prior to the separation date.

[2] All outstanding unvested stock options would become vested upon a change in control, as well as upon death or disability. All stock options previously granted to the named executive officers are fully vested. See "Outstanding Equity Awards at Fiscal Year End" for further information regarding all stock options owned by the named executive officers.

[3] All outstanding unvested RSUs would become vested upon a change in control. The amount shown is the value of the unvested RSUs based on Plexus' closing stock price of $70.95 per share on the last trading date of fiscal 2020.

[4] The performance period for outstanding PSUs would be deemed to end upon a change in control and vesting would be determined at that time. The amount shown is the value of all outstanding unvested PSUs, assuming target payout for fiscal year 2018 (TSR-based PSUs only), fiscal year 2019 and fiscal year 2020 performance as of the change in control date. Amounts reported for the Death and Disability scenario are pro-rated at target performance for the portions of the cycles unearned at the end of fiscal year 2020. The amounts above were calculated using Plexus' closing stock price of $70.95 per share on the last trading day of fiscal 2020.

[5] Under the change in control agreements, the Company would be required to continue payments to the 401(k) Plan and SERP for three years at the same level during the year preceding the change in control. Similar provisions for a termination without cause apply with respect to Mr. Kelsey's Employment Agreement, with such obligations continuing for two years. This column represents the total amount of those payments. The executive officers would also receive accrued and vested benefits under the 401(k) Plan and the SERP, and payment for accrued but unused vacation, upon a termination of employment for any reason; those amounts are not included in the table. See "Nonqualified Deferred Compensation" for further information.

[6] The amounts in the context of a termination in connection with a change in control include continuing payments of health and welfare benefits, accrued vacation, executive reimbursement plan expenses, company car and other benefits for three years, as provided in the agreements. Mr. Kelsey would receive similar benefits for two years in the event he is terminated without cause, or he resigns with good reason, as described above.

[7] The change in control agreements do not provide for a tax gross up; instead, they provide for a reduction in payments in certain circumstances so as to avoid adverse excise tax consequences under a "best net" approach.

[8] Excludes life or disability insurance payments from third party insurers.

PAY RATIO DISCLOSURE

Pursuant to Item 402(u) of Regulation S-K, we are providing the following information for fiscal 2020, which includes a ratio of the total annual compensation of Mr. Kelsey to the median annual total compensation of all employees other than our CEO (the "Pay Ratio"):

- CEO total annual compensation: $8,202,523
- Median employee total annual compensation: $12,889
- Ratio of CEO to median employee compensation: 636:1

The determination of the median employee was made in fiscal 2018. In determining such median employee, a list was prepared of all of our global employees (excluding the CEO) and their annual compensation as of September 1, 2018. Annual compensation included base pay, which was determined via payroll records and annualized for those employees who were not employed for a full year at the time of the calculation. For foreign employees, we used the then-current exchange rate in order to convert such amounts into U.S. dollars. Due to the departure of the initially identified median employee, we used a new median employee in fiscal 2019 whose compensation was substantially similar to the previous median employee, as permitted under the instructions of Item 402(u). For purposes of calculating this Pay Ratio, we used the same median employee that was used in fiscal 2019, as we believe there has been no change in our employee population or employee compensation arrangements that would significantly change our Pay Ratio disclosure.

For purposes of the Pay Ratio disclosed above, the total compensation of both the CEO and the median employee for fiscal 2020 were calculated based on the definition of total compensation for purposes of the Summary Compensation Table.

SEC rules for identifying the median employee and calculating the pay ratio allow companies to adopt a variety of methodologies, to apply certain exclusions and to make reasonable estimates and assumptions. No employees were excluded when constructing the list of our global employees, but the Pay Ratio reported above may not be comparable to the pay ratio calculated by other companies, as other companies have different circumstances, employee populations and compensation practices, and may utilize different methodologies, exclusions, estimates and assumptions.

COMPENSATION & RISK

During fiscal 2020, the Company reviewed its compensation policies, programs and procedures, including the incentives they create and mitigating factors that may reduce the likelihood of excessive risk taking, to determine whether they present a significant risk to the Company. Management assessed risk factors associated with specific compensation programs, as well as enterprise-level compensation risk factors, and a risk rating was assigned to each factor. The program-specific risk factors assessed included payout potential, payout as a percentage of total compensation, risk of manipulation, discretion to modify awards, overall plan design and market appropriateness. Enterprise-level risk factors evaluated included the balance between performance rewarded and the sustainability of that performance, the overall compensation mix, consistency between annual and long-term objectives as well as metrics, achievability of performance goals without undue risk-taking, the relationship of long-term awards to the Company's pay philosophy, stock ownership requirements, the weighting and duration of performance metrics, the value of severance packages, the degree to which pay programs (including retirement benefits) and/or grants may be considered disproportionate, and the interaction of compensation plans with the Company's financial performance and strategy. The Compensation and Leadership Development Committee reviewed management's evaluation process as well as its results, and determined that both the process and conclusions reached were reasonable.

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

PROPOSAL 2 – ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

	Board Recommendation
An advisory proposal to approve the compensation of the Company's named executive officers, as disclosed under the headings "Compensation Discussion and Analysis" and "Executive Compensation"	**FOR**

SEC rules require publicly-traded companies like Plexus to hold an advisory vote of their shareholders at least once every three years to approve the named executive officer compensation, as disclosed in the company's proxy statement pursuant to Item 402 of Regulation S-K; Plexus discloses this information in "Compensation Discussion and Analysis" and "Executive Compensation" herein. Plexus currently holds these votes annually.

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

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

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

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

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

CERTAIN TRANSACTIONS

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

Jacob Foate, the adult son of Mr. Foate, Plexus' Non-Executive Chairman, began working for Plexus in fiscal 2019 and is currently the Director – IT Security & Data Management. His annual base salary is $170,000. Andy Kelsey, the adult son of Todd Kelsey, Plexus' President and Chief Executive Officer, began working for Plexus in 2015 and was recently promoted to Customer Director in fiscal 2020. His annual base salary is $128,500. Both Jacob and Andy participate in the Company's incentive plans, as well as its other benefit plans, on the same basis as other salaried employees.

Please see "Corporate Governance–Director Independence" for a discussion of certain transactions and relationships that the board considered when determining the independence of Plexus' directors. There were no other transactions in an amount or of a nature that were reportable under applicable SEC rules in fiscal 2020.

REPORT OF THE AUDIT COMMITTEE

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

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

- Reviewed and discussed the audited financial statements for the fiscal year ended October 3, 2020, with Plexus management;
- Discussed with PwC, Plexus' independent auditors, those matters which are required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the SEC; and

- Received the written disclosure and the letter from PwC required by the applicable standards of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the Audit Committee concerning independence, and has discussed with PwC its independence.

Based on the foregoing, the Audit Committee recommended to the board of directors that the audited financial statements be included in Plexus’ annual report on Form 10-K for the fiscal year ended October 3, 2020. The Audit Committee further confirmed the independence of PwC.

MEMBERS OF THE AUDIT COMMITTEE:

Rainer Jueckstock, Chair

Peter Kelly

David J. Drury

Karen M. Rapp

PROPOSAL 3 –
RATIFY INDEPENDENT AUDITORS

	Board Recommendation
Ratify the selection of PricewaterhouseCoopers LLP as our independent auditors for fiscal 2021.	FOR

PwC has served as Plexus' independent auditors since at least 1985. Subject to ratification by shareholders, the Audit Committee intends to reappoint the firm of PwC as independent auditors to audit the financial statements of Plexus for fiscal 2021. In making its decision to reappoint PwC for fiscal 2021, the Audit Committee considered the qualifications, performance and independence of PwC and the audit engagement team, the quality of its discussions with PwC and the fees charged for the services provided. Although shareholder ratification of the independent auditors is not required by our bylaws or otherwise, we are submitting this matter for ratification to permit shareholders to participate in this important decision. If shareholders fail to ratify the selection of PwC as the Company's independent auditors for fiscal 2021, the Audit Committee will reconsider the selection, although it will not be required to select a different independent auditor. Representatives of PwC are expected to participate at the virtual annual meeting of shareholders to respond to questions and make a statement if they desire to do so.

Fees and Services

Fees (including reimbursements for out-of-pocket expenses) paid to PwC for services in the last two fiscal years were as follows:

	2019	2020
Audit fees:	$1,724,204	$1,591,263
Audit-related fees:	$90,000	—
Tax fees:	$52,032	—
All other fees:	—	—

The above amounts relate to services provided in the indicated fiscal years, irrespective of when they were billed. Audit fees related to Plexus' annual integrated audit and quarterly professional reviews. Audit-related fees for fiscal 2019 consisted of consultations concerning financial accounting and reporting standards. Tax services consisted primarily of tax compliance and other tax advice regarding special Plexus projects. The Audit Committee considered the compatibility of the non-audit services provided by PwC with the maintenance of that firm's independence.

The Audit Committee generally approves all engagements of the independent auditor in advance, including approval of the related fees. The Audit Committee approves an annual budget (and may from time to time approve amendments thereto), which specifies projects and the approved levels of fees for each. To the extent that items are not covered in the annual budget or fees exceed the budget, management must have such items approved by the Audit Committee or, if necessary between Audit Committee meetings, by the Audit Committee chairman on behalf of the Audit Committee. There were no services in fiscal 2020 or 2019 that were not approved in advance by the Audit Committee under this policy.

Householding

A copy (without exhibits) of Plexus' annual report to the SEC on Form 10-K for the fiscal year ended October 3, 2020, will be provided without charge to each record or beneficial owner of shares of Plexus' common stock as of December 11, 2020, on the written request of that person directed to: Shawn Harrison, VP – Communications and Investor Relations, Plexus Corp., One Plexus Way, P.O. Box 156, Neenah, Wisconsin 54957-0156. See also page 2 of this proxy statement. In addition, copies are available on Plexus' website at www.plexus.com under the link titled "Investors," then "Financial Info."

To save printing and mailing costs, in some cases only one notice, annual report and/or proxy statement will be delivered to multiple holders of securities sharing an address unless Plexus has received contrary instructions from one or more of those security holders. Upon written or oral request, we will promptly deliver a separate copy of the annual report or proxy statement, as applicable, to any security holder at a shared address to which a single copy of the document was delivered. You may request additional copies by written request to the address set forth in the paragraph above or as set forth on the first page of this proxy statement. You may also contact Mr. Harrison at that address or at 1.920.969.6000 if you wish to receive a separate annual report and/or proxy statement in the future, or if you share an address with another security holder and wish for delivery of only a single copy of the annual report and/or proxy statement if you are currently receiving multiple copies.

Solicitation

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 materials 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 materials 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.

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By order of the Board of Directors

Angelo M. Ninivaggi

Executive Vice President, Chief Administrative Officer, General Counsel and Secretary

Neenah, Wisconsin

December 18, 2020