ITC Holdings Corp.
Form 10-Q
May 01, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark One)

þ	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the Quarterly Period Ended March 31, 2014
OR	
o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-32576
ITC HOLDINGS CORP.
(Exact Name of Registrant as Specified in Its Charter)

Michigan (State or Other Jurisdiction of Incorporation or Organization)	32-0058047 (I.R.S. Employer Identification No.)

27175 Energy Way
Novi, MI 48377
(Address Of Principal Executive Offices, Including Zip Code)

(248) 946-3000
(Registrant's Telephone Number, Including Area Code)
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 þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ
The number of shares of the Registrant's Common Stock, without par value, outstanding as of April 25, 2014 was 157,631,921.

Table of Contents

ITC Holdings Corp.
Form 10-Q for the Quarterly Period Ended March 31, 2014
INDEX

Table of Contents

DEFINITIONS

Unless otherwise noted or the context requires, all references in this report to:

ITC Holdings Corp. and its subsidiaries

- “ITC Great Plains” are references to ITC Great Plains, LLC, a wholly-owned subsidiary of ITC Grid Development, LLC;
- “ITC Grid Development” are references to ITC Grid Development, LLC, a wholly-owned subsidiary of ITC Holdings;
- “ITC Holdings” are references to ITC Holdings Corp. and not any of its subsidiaries;
- “ITC Midwest” are references to ITC Midwest LLC, a wholly-owned subsidiary of ITC Holdings;
- “ITCTransmission” are references to International Transmission Company, a wholly-owned subsidiary of ITC Holdings;
- “METC” are references to Michigan Electric Transmission Company, LLC, a wholly-owned subsidiary of MTH;
- “MISO Regulated Operating Subsidiaries” are references to ITCTransmission, METC and ITC Midwest together;
- “MTH” are references to Michigan Transco Holdings, LLC, the sole member of METC and an indirect wholly-owned subsidiary of ITC Holdings;
- “Regulated Operating Subsidiaries” are references to ITCTransmission, METC, ITC Midwest and ITC Great Plains together; and
- “We,” “our” and “us” are references to ITC Holdings together with all of its subsidiaries.

Other definitions

- “Consumers Energy” are references to Consumers Energy Company, a wholly-owned subsidiary of CMS Energy Corporation;
- “DTE Electric” are references to DTE Electric Company (formerly known as The Detroit Electric Company), a wholly-owned subsidiary of DTE Energy Company;
- “Entergy” are references to Entergy Corporation;
- “Entergy Transaction” are references to the transaction whereby the electric transmission business of Entergy was to be separated and subsequently merged with a wholly-owned subsidiary of ITC Holdings. The proposed transaction was terminated in December 2013;
- “FERC” are references to the Federal Energy Regulatory Commission;
- “FPA” are references to the Federal Power Act;
- “IP&L” are references to Interstate Power and Light Company, an Alliant Energy Corporation subsidiary;
- “ITC Holdings’ annual report on Form 10-K” are references to the annual report on Form 10-K filed on February 27, 2014;
- “kV” are references to kilovolts (one kilovolt equaling 1,000 volts);
- “kW” are references to kilowatts (one kilowatt equaling 1,000 watts);
- “LIBOR” are references to the London Interbank Offered Rate;
- “MISO” are references to the Midcontinent Independent System Operator, Inc., a FERC-approved RTO which oversees the operation of the bulk power transmission system for a substantial portion of the Midwestern United States and Manitoba, Canada, and of which ITCTransmission, METC and ITC Midwest are members;
- “MW” are references to megawatts (one megawatt equaling 1,000,000 watts);
- “NERC” are references to the North American Electric Reliability Corporation;
- “RTO” are references to Regional Transmission Organizations; and
- “SPP” are references to Southwest Power Pool, Inc., a FERC-approved RTO which oversees the operation of the bulk power transmission system for a substantial portion of the South Central United States, and of which ITC Great Plains is a member.

Table of Contents

EXPLANATORY NOTE

Unless otherwise noted, the share and per share data in this Form 10-Q reflects the three-for-one stock split effective February 28, 2014.

Table of Contents

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
ITC HOLDINGS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in thousands, except share data)	March 31, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$13,970	$34,275
Accounts receivable	103,064	89,348
Inventory	30,211	31,986
Deferred income taxes	18,198	17,225
Regulatory assets — revenue accruals, including accrued interest	5,522	6,334
Prepaid and other current assets	16,895	12,370
Total current assets	187,860	191,538
Property, plant and equipment (net of accumulated depreciation and amortization of $1,329,908 and $1,330,094, respectively)	5,006,545	4,846,526
Other assets		
Goodwill	950,163	950,163
Intangible assets (net of accumulated amortization of $22,435 and $21,616, respectively)	49,251	49,328
Other regulatory assets	182,673	179,068
Deferred financing fees (net of accumulated amortization of $14,071 and $15,261, respectively)	26,623	25,585
Other	43,412	40,035
Total other assets	1,252,122	1,244,179
TOTAL ASSETS	$6,446,527	$6,282,243
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities		
Accounts payable	$118,098	$111,145
Accrued payroll	10,878	21,930
Accrued interest	28,970	53,049
Accrued taxes	28,151	29,805
Regulatory liabilities — revenue deferrals, including accrued interest	34,152	33,120
Refundable deposits from generators for transmission network upgrades	20,539	23,283
Debt maturing within one year	200,000	200,000
Other	20,490	27,047
Total current liabilities	461,278	499,379
Accrued pension and postretirement liabilities	55,840	53,704
Deferred income taxes	593,640	562,938
Regulatory liabilities — revenue deferrals, including accrued interest	33,498	36,447
Regulatory liabilities — accrued asset removal costs	67,071	67,571
Refundable deposits from generators for transmission network upgrades	4,884	19,328
Other	17,601	17,032
Long-term debt	3,545,524	3,412,112
Commitments and contingent liabilities (Note 10)		
STOCKHOLDERS’ EQUITY		
Common stock, without par value, 300,000,000 shares authorized, 157,631,854 and 157,500,795 shares issued and outstanding at March 31, 2014 and December 31,	1,021,055	1,014,435

2013, respectively		
Retained earnings	639,653	592,970
Accumulated other comprehensive income	6,483	6,327
Total stockholders’ equity	1,667,191	1,613,732
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$6,446,527	$6,282,243

See notes to condensed consolidated financial statements (unaudited).

Table of Contents

ITC HOLDINGS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended March 31,	
(in thousands, except per share data)	2014	2013
OPERATING REVENUES	$258,603	$217,304
OPERATING EXPENSES		
Operation and maintenance	24,861	24,513
General and administrative	27,962	34,926
Depreciation and amortization	31,378	28,486
Taxes other than income taxes	21,193	16,670
Other operating (income) and expenses — net	(232)	(172)
Total operating expenses	105,162	104,423
OPERATING INCOME	153,441	112,881
OTHER EXPENSES (INCOME)		
Interest expense — net	45,309	39,063
Allowance for equity funds used during construction	(5,012)	(8,733)
Other income	(161)	(236)
Other expense	1,333	1,037
Total other expenses (income)	41,469	31,131
INCOME BEFORE INCOME TAXES	111,972	81,750
INCOME TAX PROVISION	42,836	31,560
NET INCOME	$69,136	$50,190
Basic earnings per common share	$0.44	$0.32
Diluted earnings per common share	$0.43	$0.32
Dividends declared per common share	$0.1425	$0.1258

See notes to condensed consolidated financial statements (unaudited).

Table of Contents

ITC HOLDINGS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended March 31,	
(in thousands)	2014	2013
NET INCOME	$69,136	$50,190
OTHER COMPREHENSIVE INCOME		
Derivative instruments, net of tax (Note 6)	106	2,106
Available-for-sale securities, net of tax (Note 6)	50	—
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	156	2,106
TOTAL COMPREHENSIVE INCOME	$69,292	$52,296

See notes to condensed consolidated financial statements (unaudited).

Table of Contents

ITC HOLDINGS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Three months ended March 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$69,136	$50,190
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	31,378	28,486
Recognition, refund and collection of revenue accruals and deferrals — including accrued interest	(5,139)	(11,857)
Deferred income tax expense	28,243	21,329
Allowance for equity funds used during construction	(5,012)	(8,733)
Other	3,841	3,992
Changes in assets and liabilities, exclusive of changes shown separately:		
Accounts receivable	(11,555)	(4,341)
Inventory	1,775	265
Prepaid and other current assets	(4,525)	10,857
Accounts payable	(23,339)	(5,193)
Accrued payroll	(8,011)	(7,040)
Accrued interest	(24,079)	14
Accrued taxes	(1,653)	(4,896)
Other current liabilities	(7,299)	(839)
Other non-current assets and liabilities, net	1,954	(266)
Net cash provided by operating activities	45,715	71,968
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(159,145)	(214,111)
Other	128	(103)
Net cash used in investing activities	(159,017)	(214,214)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under revolving credit agreements	488,000	369,500
Borrowings under term loan credit agreements	110,000	250,000
Repayments of revolving credit agreements	(464,700)	(406,000)
Issuance of common stock	2,906	2,632
Dividends on common and restricted stock	(22,453)	(19,733)
Refundable deposits from generators for transmission network upgrades	4,967	8,058
Repayment of refundable deposits from generators for transmission network upgrades	(22,155)	(20,325)
Other	(3,568)	(491)
Net cash provided by financing activities	92,997	183,641
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(20,305)	41,395
CASH AND CASH EQUIVALENTS — Beginning of period	34,275	26,187
CASH AND CASH EQUIVALENTS — End of period	$13,970	$67,582

See notes to condensed consolidated financial statements (unaudited).

Table of Contents

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. GENERAL

These condensed consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements as of and for the year ended December 31, 2013 included in ITC Holdings' annual report on Form 10-K for such period.

The accompanying condensed consolidated financial statements have been prepared using accounting principles generally accepted in the United States of America ("GAAP") and with the instructions to Form 10-Q and Rule 10-01 of Securities and Exchange Commission ("SEC") Regulation S-X as they apply to interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. These accounting principles require us to use estimates and assumptions that impact the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from our estimates.

The condensed consolidated financial statements are unaudited, but in our opinion include all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the results for the interim period. The interim financial results are not necessarily indicative of results that may be expected for any other interim period or the fiscal year.

Supplementary Cash Flows Information

	Three months ended March 31,	
(in thousands)	2014	2013
Supplementary cash flows information:		
Interest paid (net of interest capitalized)	$68,070	$38,144
Income taxes paid — net	16,101	1,100
Supplementary non-cash investing and financing activities:		
Additions to property, plant and equipment (a)	$96,186	$79,933
Allowance for equity funds used during construction	5,012	8,733

(a) Amounts consist of current liabilities for construction labor and materials that have not been included in investing activities. These amounts have not been paid for as of March 31, 2014 or 2013, respectively, but have been or will be included as a cash outflow from investing activities for expenditures for property, plant and equipment when paid.

2. RECENT ACCOUNTING PRONOUNCEMENTS

There are no recent accounting pronouncements that are expected to have a material impact on us for the three months ended March 31, 2014.

3. REGULATORY MATTERS

Start-Up, Development and Pre-Construction Regulatory Assets

As of March 31, 2014, we have recorded a total of $14.0 million of regulatory assets for start-up, development and pre-construction expenses, including associated carrying charges, incurred by ITC Great Plains, which include certain costs incurred for the Kansas Electric Transmission Authority ("KETA") Project and the Kansas V-Plan Project prior to construction. ITC Great Plains made a filing with the FERC under Section 205 of the FPA in May 2013 to recover these start-up, development and pre-construction expenses, including associated carrying charges, in future rates. If FERC authorization is received, ITC Great Plains will include the unamortized balance of the regulatory assets in its rate base and will amortize them over a 10-year period beginning at the later of the project in-service date or the FERC authorization date. The amortization expense will be recovered through ITC Great Plains' cost-based formula rate template beginning in the period in which amortization begins.

Order on Formula Rate Protocols

In 2012, the FERC issued an order initiating a proceeding pursuant to Section 206 of the FPA to determine whether the formula rate protocols under the MISO Tariff are sufficient to ensure just and reasonable rates. Our MISO

Regulated Operating Subsidiaries were named in the order. On May 16, 2013, the FERC issued an order that determined the formula rate protocols are insufficient to ensure just and reasonable rates and directed MISO and its member transmission owners ("TOs") to file

Table of Contents

revised formula rate protocols. On September 13, 2013, MISO and its TOs, including our MISO Regulated Operating Subsidiaries, filed revised formula rate protocols which will require our MISO Regulated Operating Subsidiaries to provide additional information for certain aspects of the formula rates used to calculate their respective annual revenue requirements. On March 20, 2014, FERC issued an order conditionally accepting MISO and its TOs' September 13, 2013 filing. We do not expect the revised formula rate protocols to impact our results of operations, cash flows or financial condition.

Rate of Return on Equity and Capital Structure Complaint

See "Rate of Return on Equity and Capital Structure Complaint" in Note 10 for a discussion of the complaint.

FERC Audit Refund

See "FERC Audit Refund" in Note 10 for a discussion of the FERC audit refund.

Cost-Based Formula Rates with True-Up Mechanism

The transmission rates at our Regulated Operating Subsidiaries are set annually, using the FERC-approved formula rates, and the rates remain in effect for a one-year period. By completing their formula rate templates on an annual basis, our Regulated Operating Subsidiaries are able to adjust their transmission rates to reflect changing operational data and financial performance, including the amount of network load on their transmission systems (for our MISO Regulated Operating Subsidiaries), operating expenses and additions to property, plant and equipment when placed in service, among other items. The FERC-approved formula rates do not require further action or FERC filings for the calculated joint zone rates to go into effect, although the rates are subject to legal challenge at the FERC. Our Regulated Operating Subsidiaries will continue to use formula rates to calculate their respective annual revenue requirements unless the FERC determines the rates to be unjust and unreasonable or another mechanism is determined by the FERC to be just and reasonable.

Our cost-based formula rate templates include a true-up mechanism, whereby our Regulated Operating Subsidiaries compare their actual revenue requirements to their billed revenues for each year to determine any over- or under-collection of revenue requirements. The over- or under-collection typically results from differences between the projected revenue requirement used to establish the billing rate and actual revenue requirement at each of our Regulated Operating Subsidiaries, or from differences between actual and projected monthly peak loads at our MISO Regulated Operating Subsidiaries. Revenue is recognized for services provided during each reporting period based on actual revenue requirements calculated using the formula rate templates. Our Regulated Operating Subsidiaries accrue or defer revenues to the extent that the actual revenue requirement for the reporting period is higher or lower, respectively, than the amounts billed relating to that reporting period. The amount of accrued or deferred revenues is reflected in customer bills within two years under the provisions of the formula rate templates.

The current and non-current regulatory assets are recorded in the condensed consolidated statements of financial position in regulatory assets — revenue accruals, including accrued interest and other non-current assets, respectively. The current and non-current regulatory liabilities are recorded in regulatory liabilities — revenue deferrals, including accrued interest. The net changes in regulatory assets and liabilities associated with our Regulated Operating Subsidiaries' formula rate revenue accruals and deferrals, including accrued interest, were as follows during the three months ended March 31, 2014:

(in thousands)	Total
Balance as of December 31, 2013	$(60,196)
Net refund of 2012 revenue deferrals and accruals, including accrued interest	6,815
Net revenue deferral for the three months ended March 31, 2014	(1,161)
Net accrued interest payable for the three months ended March 31, 2014	(515)
Balance as of March 31, 2014	$(55,057)

Regulatory assets and liabilities associated with our Regulated Operating Subsidiaries' formula rate revenue accruals and deferrals are recorded in the condensed consolidated statements of financial position as follows:

(in thousands)	Total
Current assets	$5,522
Non-current assets — other	7,071
Current liabilities	(34,152)

Non-current liabilities	(33,498)
Balance as of March 31, 2014	$(55,057)

10

4. GOODWILL AND INTANGIBLE ASSETS

Goodwill

At March 31, 2014 and December 31, 2013, we had goodwill balances recorded at ITCTransmission, METC and ITC Midwest of $173.4 million, $453.8 million and $323.0 million, respectively, which resulted from the ITCTransmission acquisition, the METC acquisition and ITC Midwest’s asset acquisition, respectively.

Intangible Assets

We have recorded intangible assets as a result of the METC acquisition in 2006. The carrying value of these assets was $36.5 million and $37.2 million (net of accumulated amortization of $21.9 million and $21.2 million) as of March 31, 2014 and December 31, 2013, respectively.

We have also recorded intangible assets for payments and obligations made by ITC Great Plains to certain transmission owners to acquire rights which are required under the SPP tariff to designate ITC Great Plains to build, own and operate projects within the SPP region, including the KETA Project and the Kansas V-Plan Project. The carrying amount of these intangible assets was $12.8 million and $12.1 million (net of accumulated amortization of $0.5 million and $0.4 million) as of March 31, 2014 and December 31, 2013, respectively.

During the three months ended March 31, 2014 and 2013, we recognized $0.8 million of amortization expense of our intangible assets. For each of the next five years, we expect the annual amortization of our intangible assets that have been recorded as of March 31, 2014 to be $3.3 million per year.

5. DEBT

Derivative Instruments and Hedging Activities

We may use derivative financial instruments, including interest rate swap contracts, to manage our exposure to fluctuations in interest rates. The use of these financial instruments mitigates exposure to these risks and the variability of our operating results. We are not a party to leveraged derivatives and do not enter into derivative financial instruments for trading or speculative purposes. As of March 31, 2014 and December 31, 2013, we had no outstanding derivative financial instruments.

ITC Holdings

On December 20, 2013, ITC Holdings entered into an unsecured, unguaranteed term loan credit agreement, due September 30, 2016, under which ITC Holdings borrowed the maximum of $200.0 million available under this agreement as of March 31, 2014. As of December 31, 2013, ITC Holdings had $140.0 million outstanding under this agreement. The proceeds were used for general corporate purposes, including the repayment of borrowings under the ITC Holdings’ revolving credit agreement. The weighted-average interest rate on the borrowing outstanding under this agreement was 1.3% at March 31, 2014.

METC

On January 31, 2014, METC entered into an unsecured, unguaranteed term loan credit agreement, under which METC borrowed the maximum of $50.0 million available under the agreement. The proceeds were used for general corporate purposes, primarily the repayment of borrowings under the METC revolving credit agreement. The term loan is scheduled to mature on February 2, 2015. The weighted average interest rate on the borrowings outstanding under the term loan was 1.2% at March 31, 2014.

Table of Contents

Revolving Credit Agreements

On March 28, 2014, ITC Holdings and its Regulated Operating Subsidiaries entered into new unsecured, unguaranteed revolving credit agreements, which replaced their existing revolving credit agreements. At March 31, 2014, ITC Holdings and its Regulated Operating Subsidiaries had the following unsecured revolving credit facilities available:

(amounts in millions)	Total Available Capacity	Outstanding Balance (a)	Unused Capacity	Weighted Average Interest Rate on Outstanding Balance		Commitment Fee Rate (b)		Original Term	Date of Maturity
ITC Holdings	$400.0	$—	$400.0	n/a	(c)	0.175	%	5 years	March 2019
ITCTransmission	100.0	69.0	31.0	1.2%	(d)	0.10	%	5 years	March 2019
METC	100.0	31.5	68.5	1.1%	(d)	0.10	%	5 years	March 2019
ITC Midwest	250.0	129.4	120.6	1.2%	(d)	0.10	%	5 years	March 2019
ITC Great Plains	150.0	64.6	85.4	1.3%	(e)	0.125	%	5 years	March 2019
Total	$1,000.0	$294.5	$705.5						

(a) Included within long-term debt.

(b) Calculation based on the average daily unused commitments, subject to adjustment based on the borrower's credit rating.

(c) Loan bears interest at a rate equal to LIBOR plus an applicable margin of 1.25% or at a base rate, which is defined as the higher of the prime rate, 0.50% above the federal funds rate or 1% above the one month LIBOR, plus an applicable margin of 0.25%, subject to adjustments based on ITC Holdings' credit rating.

(d) Loan bears interest at a rate equal to LIBOR plus an applicable margin of 1.00% or at a base rate, which is defined as the higher of the prime rate, 0.50% above the federal funds rate or 1% above the one month LIBOR, subject to adjustments based on the borrower's credit rating.

(e) Loan bears interest at a rate equal to LIBOR plus an applicable margin of 1.125% or at a base rate, which is defined as the higher of the prime rate, 0.50% above the federal funds rate or 1% above the one month LIBOR, plus an applicable margin of 0.125%, subject to adjustments based on the borrower's credit rating.

Covenants

Our debt instruments contain numerous financial and operating covenants that place significant restrictions on certain transactions, such as incurring additional indebtedness, engaging in sale and lease-back transactions, creating liens or other encumbrances, entering into mergers, consolidations, liquidations or dissolutions, creating or acquiring subsidiaries, selling or otherwise disposing of all or substantially all of our assets and paying dividends. In addition, the covenants require us to meet certain financial ratios, such as maintaining certain debt to capitalization ratios and maintaining certain interest coverage ratios. As of March 31, 2014, we were in compliance with all debt covenants.

6. STOCKHOLDERS' EQUITY

The changes in stockholders' equity for the three months ended March 31, 2014 were as follows:

(in thousands, except share and per share data)	Common Stock Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
BALANCE, DECEMBER 31, 2013	157,500,795	$1,014,435	$592,970	$ 6,327	$1,613,732
Net income	—	—	69,136	—	69,136
Repurchase and retirement of common stock	(9,126)	(312)	—	—	(312)
Dividends declared on common stock ($0.1425 per share)	—	—	(22,453)	—	(22,453)

Stock option exercises	126,769	2,384	—	—	2,384
Shares issued under the Employee Stock Purchase Plan	18,150	522	—	—	522
Issuance of restricted stock	13,286	—	—	—	—
Forfeiture of restricted stock	(18,020)	—	—	—	—
Share-based compensation, net of forfeitures	—	4,026	—	—	4,026
Other comprehensive income, net of tax	—	—	—	156	156
BALANCE, MARCH 31, 2014	157,631,854	$1,021,055	$639,653	$ 6,483	$1,667,191

Table of Contents

The changes in stockholders' equity for the three months ended March 31, 2013 were as follows:

(in thousands, except share and per share data)	Common Stock Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
BALANCE, DECEMBER 31, 2012	156,745,542	$ 989,334	$443,569	$(18,048)	$1,414,855
Net income	—	—	50,190	—	50,190
Repurchase and retirement of common stock	(9,564)	(328)	—	—	(328)
Dividends declared on common stock ($0.1258 per share)	—	—	(19,733)	—	(19,733)
Stock option exercises	177,750	2,157	—	—	2,157
Shares issued under the Employee Stock Purchase Plan	21,192	474	—	—	474
Issuance of restricted stock	22,005 bsp;	15,039	73,102		

Mr. Buseman	2009	5,414	25,375	16,931	10,861	792	5
Mr. Verstegen	2009	5,988	22,330	14,457	12,175	629	5
	2008	5,808	21,340	18,232	10,650	--	5
	2007	5,674	18,679	9,461	1,159	--	3

In the reported years under the executive flexible perquisite benefit, executive officers could be reimbursed for expenses up to $10,000 (plus a gross-up for taxes) in a calendar year for miscellaneous expenses such as personal financial planning, spouse travel costs in connection with business-related travel, club memberships and/or tax and estate advice. The amounts in this column include the reimbursements under that program in the fiscal years listed above, including the related tax gross-up amounts; these amounts may exceed $10,000 due to the tax gross-up and the difference between the fiscal and calendar year. Beginning in calendar 2010, the executive flexible perquisite benefit will be valued at up to $15,000 per calendar year, but the gross-up for taxes will be eliminated.

(5) Ms. Jones joined Plexus on April 9, 2007, became an executive officer on May 10, 2007, and was named Plexus Chief Financial Officer on August 29, 2007. The amounts listed in the 2007 row of the Summary Compensation

Table above include all compensation paid by Plexus to Ms. Jones in the fiscal 2007, including amounts paid when she was not an executive officer.

(6) Mr. Lim was designated an executive officer on August 29, 2007. The amounts listed in the 2007 row of the Summary Compensation Table above include all compensation paid by Plexus to Mr. Lim in fiscal 2007, including amounts paid when he was not an executive officer.

(7) The individual listed above is a named executive officer for the first time in fiscal 2009. In accordance with SEC rules, information for prior years is not required to be presented.

Table of Contents

GRANTS OF PLAN-BASED AWARDS
2009

The following table sets forth information about stock and option awards which were granted to the named executive officers in fiscal 2009 under the 2008 Long-Term Plan, as well as information about the *potential* cash bonus awards dependent on quantifiable corporate performance goals which those executive officers could earn for fiscal 2009 performance (to be paid in fiscal 2010) under the VICP. As a result of fiscal 2009 corporate performance, bonuses based on these criteria were not earned in 2009, as set forth under the Non-Equity Incentive Compensation column in the Summary Compensation Table above. We provide further information about both potential compensation under the VICP and awards under the 2008 Long-Term Plan in fiscal 2009 in the table below, and additional information about those plans below the table.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards							
Name	Award Type	Grant Date	Threshold ($)(1)	Target ($)(1)	Maximum ($)(1)	All Other Stock Awards: Number of Shares of Stocks or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/sh) (2)	Closing Market Price on Grant Date ($/sh) (2)	Grant Date Fair Value of Stock and Option Awards ($)
Mr. Foate	VICP*	11/13/08	$ 1	$598,868	$1,347,453	--	--	--	--	--
	RSUs & long-term cash (3)	10/31/08	--	416,109	--	20,398 (3)	--	--	--	$368,898
	Options	10/31/08	--	--	--	--	20,500	$18.085	$18.66	165,011
		02/02/09	--	--	--	--	20,500	14.625	14.92	134,466
		05/04/09	--	--	--	--	20,500	20.953	20.74	194,385
		08/03/09	--	--	--	--	20,500	25.751	25.90	246,482
Ms. Jones	VICP*	11/13/08	1	133,755	300,948	--	--	--	--	--
	RSUs & long-term cash (3)	10/31/08	--	101,490	--	4,975 (3)	--	--	--	89,973
	RSUs (4)	08/03/09	--	--	--	15,000 (4)	--	--	--	386,265
	Options	10/31/08	--	--	--	--	5,000	18.085	18.66	40,247
		02/02/09	--	--	--	--	5,000	14.625	14.92	32,797
		05/04/09	--	--	--	--	5,000	20.953	20.74	47,411
		08/03/09	--	--	--	--	5,000	25.751	25.90	60,118
Mr. Lim	VICP*	11/13/08	1	85,667	192,750	--	--	--	--	--
	RSUs & long-term cash (3)	10/31/08	--	101,490	--	4,975 (3)	--	--	--	89,973

	RSUs (4)	08/03/09	--	--	--	15,000 (4)	--	--	--	386,265
	Options	10/31/08	--	--	--	--	5,000	18.085	18.66	40,247
		02/02/09	--	--	--	--	5,000	14.625	14.92	32,797
		05/04/09	--	--	--	--	5,000	20.953	20.74	47,411
		08/03/09	--	--	--	--	5,000	25.751	25.90	60,118
Mr. Buseman	VICP*	11/13/08	1	119,623	269,151	--	--	--	--	--
	RSUs & long-term cash (3)	10/31/08	--	101,490	--	4,975 (3)	--	--	--	89,973
	RSUs (4)	08/03/09	--	--	--	20,000 (4)	--	--	--	515,020
	Options	10/31/08	--	--	--	--	5,000	18.085	18.66	40,247
		02/02/09	--	--	--	--	5,000	14.625	14.92	32,797
		05/04/09	--	--	--	--	5,000	20.953	20.74	47,411
		08/03/09	--	--	--	--	5,000	25.751	25.90	60,118
Mr. Verstegen	VICP*	11/13/08	1	108,302	243,679	--	--	--	--	--
	RSUs & long-term cash (3)	10/31/08	--	60,894	--	2,985 (3)	--	--	--	53,984
	RSUs (4)	08/03/09	--	--	--	5,000 (4)	--	--	--	128,755
	Options	10/31/08	--	--	--	--	3,000	18.085	18.66	24,148
		02/02/09	--	--	--	--	3,000	14.625	14.92	19,678
		05/04/09	--	--	--	--	3,000	20.953	20.74	28,447
		08/03/09	--	--	--	--	3,000	25.751	25.90	36,071

Table of Contents

* Represents a *potential* bonus payment for fiscal 2009 at various performance levels under the VICP to the extent they would result from corporate performance; other grants are stock options under the 2008 Long-Term Plan. Based on Plexus actual performance in fiscal 2009, no bonuses were earned based on corporate financial performance.

(1) Amounts in the row labeled VICP* reflect potential bonus payments which would depend upon Plexus meeting corporate financial goals; these exclude potential bonus amounts for individual objectives. The amount in the Threshold column indicates a payment for performance just above the threshold; there

is no minimum payment once the threshold has been exceeded. The amounts in the Target column of the rows labeled RSUs & long-term cash represent long-term cash awards, which generally accompany annual grants of RSUs to executive officers. The grant of RSUs in August 2009 was not accompanied by a long-term cash award.

(2) Options were granted at the average of the high and low trading prices on the date of grant. Under the 2008 Long-Term Plan, fair market value may be determined as the average of the high and low trading prices on the date of grant or as an average for a short period of time prior to the grant. The stock options which were granted in fiscal 2009 under the 2008 Long-Term Plan vest over a two year period,

with 50% of the options vesting on the first anniversary of their grant date and the remainder vesting on the second anniversary.

(3) The RSUs vest on October 31, 2011, assuming continued employment. Grants of RSUs were accompanied by long-term cash awards, which vest on the same schedule and according to the same circumstances as the RSUs. Long-term cash awards were granted to help offset the taxes due upon the vesting of RSUs in order to encourage retention of the shares received. See the discussions below under the caption 2008 Long-Term Plan.

(4) The RSUs vest on August 3, 2012, assuming continued employment. This special retention-related grant, which

consisted solely
of RSUs, is
discussed below
under the caption
2008 Long-Term
Plan.

VICP

Under the VICP, our executive officers may earn bonuses which depend in substantial part upon the degree to which Plexus achieves corporate financial goals which are set by our Compensation and Leadership Development Committee shortly after the beginning of our fiscal year. Each executive officer also may earn a portion of his or her bonus by achieving individual objectives set for that executive officer. The amounts included in the table are potential future payouts under non-equity incentive awards which could be earned pursuant to the corporate financial goals under the VICP. The amounts in the columns represent, respectively, the amount which could be earned in the event minimum results were achieved so as to result in a threshold payment to the executive officer, the amounts which could be received if each performance target was exactly met at the targeted level, and the maximum amount which could be earned under the VICP. Actual Company performance did not meet the threshold levels for revenue and ROCE for fiscal 2009. Accordingly, no bonus payments were made based on the corporate financial goals of the VICP, as reported in the Non-Equity Incentive Compensation column in the Summary Compensation Table above.

In addition, a portion of each individuals award could be earned based on individual objectives applicable specifically to that individual. These awards are intended to reflect in each instance an individual s performance which may not be reflected in financial performance for the entire company. The maximum amount that could be earned based on individual performance was $149,717 for Mr. Foate (which would have been 20% of his bonus at the targeted levels) and varied from $15,030 to $33,439 for the other named executive officers (also representing 20%). The actual amounts earned by these persons are included above in the Bonus column in the Summary Compensation Table.

36

Table of Contents

2008 Long-Term Plan

Under the 2008 Long-Term Plan, the Compensation and Leadership Development Committee of the board of directors may grant directors, executive officers and other officers and key employees of Plexus stock options, stock-settled SARs, restricted stock, which may be designated as restricted stock awards or RSUs, performance stock awards (which may be settled in cash or stock), and cash bonus awards in periodic grants. In fiscal 2007, as a result of the volatility of the stock market, particularly for Plexus stock, the Committee began the practice of making quarterly option grants. This grant schedule facilitates overall compensation planning near the beginning of the fiscal year, as the total target amounts for grants for a year are set at that time. The Committee continues to make quarterly option grants; the specific dates of each grant are determined in advance. Option grants must be at the fair market value of the underlying shares when the grant is made.

The Committee grants RSUs under the 2008 Long-Term Plan. In fiscal 2009, annual grants were made in October 2008 and vest three years from the date of the grant, assuming continued employment. The October 2008 grants of RSUs were accompanied by long-term cash awards, which are intended to provide incentives to those persons to continue to hold their shares upon vesting.

Long-term cash awards will vest on the same schedule and under the same circumstances as grants of RSUs. Going forward, the Committee anticipates making grants of RSUs in the second quarter of each fiscal year.

As discussed in Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Long Term Incentives, the Committee also made a special grant consisting solely of RSUs in August 2009 in order to encourage the retention of its key leadership and to continue to motivate them to focus on the Company s future business results. The Committee approved the special grant of RSUs under the 2008 Long-Term Plan.

No further grants are being made under the 2005 Equity Plan, the predecessor of the 2008 Long-Term Plan, except, in certain circumstances, to employees in the United Kingdom. Any such grants are subtracted from the shares available for issuance under the 2008 Long-Term Plan.

Table of Contents

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END
October 3, 2009

The following table sets forth information about Plexus stock options held by the named executive officers which were outstanding at the end of fiscal 2009.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) (1) Exercisable	Number of Securities Underlying Unexercised Options (#) (1) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (2)
Mr. Foate	20,000	--	$35.547	04/24/10		
	30,000	--	23.55	04/06/11		
	100,000	--	25.285	04/22/12		
	61,144	--	8.975	01/30/13		
	45,000	--	14.015	08/14/13		
	75,000	--	15.825	04/28/14		
	100,000	--	12.94	05/18/15		
	100,000	--	42.515	05/17/16		
	37,500	--	21.41	05/17/17		
	37,500	--	23.83	08/01/17		
	9,375	9,375	30.54	11/05/17		
	9,375	9,375	22.17	01/28/18		
	9,375	9,375	24.21	04/28/18		
	9,375	9,375	29.71	07/29/18		
	--	20,500	18.085	10/31/18		
	--	20,500	14.625	02/02/19		
	--	20,500	20.953	05/04/19		
	--	20,500	25.751	08/03/19		
					21,375 (3)	$ 544,421
					20,398 (4)	519,537
Ms. Jones	6,666	3,334	18.185	04/09/17		
	2,000	2,000	30.54	11/05/17		
	2,000	2,000	22.17	01/28/18		
	2,000	2,000	24.21	04/28/18		

	2,000	2,000	29.71	07/29/18		
	--	5,000	18.085	10/31/18		
	--	5,000	14.625	02/02/19		
	--	5,000	20.953	05/04/19		
	--	5,000	25.751	08/03/19		
					4,560 (3)	116,143
					4,975 (4)	126,713
					15,000 (5)	382,050
Mr. Lim	4,000	--	8.975	01/30/13		
	7,500	--	12.94	05/18/15		
	7,500	--	42.515	05/17/16		
	2,500	--	21.41	05/17/17		
	2,500	--	23.83	08/01/17		
	1,500	1,500	30.54	11/05/17		
	1,500	1,500	22.17	01/28/18		
	1,500	1,500	24.21	04/28/18		

Table of Contents

	1,500	1,500	29.71	07/29/18		
	--	5,000	18.085	10/31/18		
	--	5,000	14.625	02/02/19		
	--	5,000	20.953	05/04/19		
	--	5,000	25.751	08/03/19		
					3,420 (3)	87,107
					4,975 (4)	126,713
					15,000 (5)	382,050
Mr. Buseman	5,000	--	39.00	05/24/16		
	2,500	--	21.41	05/17/17		
	2,500	--	23.83	08/01/17		
	1,500	1,500	30.54	11/05/17		
	1,500	1,500	22.17	01/28/18		
	1,500	1,500	24.21	04/28/18		
	1,500	1,500	29.71	07/29/18		
	--	5,000	18.085	10/31/18		
	--	5,000	14.625	02/02/19		
	--	5,000	20.953	05/04/19		
	--	5,000	25.751	08/03/19		
					3,420 (3)	87,107
					4,975 (4)	126,713
					20,000 (5)	509,400
Mr. Verstegen	15,000	--	35.547	04/24/10		
	7,500	--	23.55	04/06/11		
	9,000	--	25.285	04/22/12		
	9,247	--	14.015	08/14/13		
	15,000	--	15.825	04/28/14		
	15,000	--	12.94	05/18/15		
	15,000	--	42.515	05/17/16		
	4,000	--	21.41	05/17/17		
	4,000	--	23.83	08/01/17		
	1,500	1,500	30.54	11/05/17		
	1,500	1,500	22.17	01/28/18		
	1,500	1,500	24.21	04/28/18		
	1,500	1,500	29.71	07/29/18		
	--	3,000	18.085	10/31/18		
	--	3,000	14.625	02/02/19		
	--	3,000	20.953	05/04/19		
	--	3,000	25.751	08/03/19		
					3,420 (3)	87,107
					2,985 (4)	76,028
					5,000 (5)	127,350

(1) Option award, under the 2008 Long-Term Plan or its predecessor plan. All options have an exercise price equal to the market price of our common stock on the date of grant. Since 2005, the market price has been determined using the average of the high and low trading prices on the grant date. Prior to that date, the market price was determined by an average of the high and low trading prices over a period of five to ten trading days prior to the grant date. Options granted in fiscal 2005 vested immediately. Options granted in fiscal 2006 (and to Ms. Jones in April 2007) vest one-third on each of the first three anniversaries of the grant date. Options granted in fiscal 2007, fiscal 2008 and fiscal 2009 vest one-half on each of the first two

anniversaries of the grant date.

(2) Based on the $25.47 per share closing price of a share of our common stock on October 2, 2009, the last trading day of fiscal 2009.

(3) Consists of RSUs awarded in fiscal 2008 under the 2005 Equity Plan. The RSUs vest on November 5, 2010, based on continued service through that date. See Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Long-Term Incentives for additional information regarding awards.

(4) Consists of RSUs awarded in fiscal 2009 under the 2008 Long-Term Plan. The RSUs vest on October 31, 2011, based on continued service through that date. See Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Long-Term Incentives for additional information regarding awards.

(5) Consists of RSUs awarded in fiscal 2009 under the 2008 Long-Term Plan. The RSUs vest on August 3, 2012, based on continued service through that date. See Compensation Discussion and Analysis Elements and Analysis of Direct Compensation Long-Term Incentives for additional information regarding awards.

OPTION EXERCISES AND STOCK VESTED 2009

The following table sets forth information about the Plexus stock options which were exercised by the named executive officers in fiscal 2009. Additionally, there were no outstanding awards of restricted stock or similar awards that vested in fiscal 2009.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($) (1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Mr. Foate	13,856	$ 246,302	--	--
Ms. Jones	--	--	--	--
Mr. Lim	--	--	--	--
Mr. Buseman	--	--	--	--
Mr. Verstegen	4,253	53,099	--	--

(1) Based on the difference between the exercise price and the sale price on the date of exercise.

Table of Contents

NONQUALIFIED DEFERRED COMPENSATION 2009

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

The 401(k) Plan is open to all U.S. Plexus employees meeting specified service and related requirements. Under the plan, employees may voluntarily contribute up to 50% of their annual compensation, up to a maximum tax code mandated limit of $16,500; Plexus will match 100% of the first 2.5% of salary which an employee defers, up to $6,125 in calendar year 2009. There are several investment options available to participants under the 401(k) Plan, including a Plexus stock fund.

Plexus maintains the SERP as an additional deferred compensation mechanism for its executive officers; the individuals covered in fiscal 2009 include Ms. Jones and Messrs. Foate, Buseman and Verstegen. Mr. Lim does not participate because he is not a United States resident. Under the SERP, an executive may elect to defer some or all of his or her compensation through the plan, and Plexus may credit the participant s account with a discretionary employer contribution. Participants are entitled to the payment of deferred amounts and any earnings which may be credited thereon upon termination or retirement from Plexus, subject to the participants deferral elections and Section 409A of the Code. The plan allows investment of deferred compensation held on behalf of the participants into individual accounts and, within these accounts, into one or more designated mutual funds or investments. These investment choices do not include Plexus stock.

Executive officers personal voluntary deferrals to the SERP for fiscal year 2009 totaled $89,321, including those by the named executive officers as set forth in the table below. In addition, the plan allows for discretionary Plexus contributions. Since fiscal 2006, discretionary contributions have been the greater of (a) 7% of the executive s total targeted cash compensation, minus Plexus permitted contributions to the executive officer s account in the 401(k) Plan, or (b) $13,500. The Committee may also choose to make additional or special contributions; none were made in fiscal 2009.

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

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

41

Table of Contents

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 ($)
Mr. Foate	$ 28,000	$ 98,875	$ 25,255	--	$ 1,445,113
Ms. Jones	16,687	29,050	7,252	--	108,575
Mr. Lim (2)	36,669	66,589	30,814 (3)	$472,682	373,143 (4)
Mr. Buseman	16,623	25,375	4,979	--	67,273
Mr. Verstegen	3,623	22,330	14,686	--	326,469

(1) Includes contributions by the named executive officers that are included in the Salary column in the Summary Compensation Table above, as follows: Mr. Foate $28,000; Ms. Jones $16,687; Mr. Lim $23,441; Mr. Buseman $2,600 and Mr. Verstegen $3,623.

(2) Mr. Lim s information relates to the Malaysian Employees Provident Fund.

(3) Aggregate Earnings in Last FY represent dividends declared by the Malaysian Employees Provident Fund Board for calendar year 2008. This

information is not yet available to Mr. Lim or the Company from the Malaysian Employees Provident Fund for calendar year 2009.

(4) Mr. Lim s fund account also includes contributions prior to his employment with Plexus and related earnings since the Malaysian Employees Provident Fund is not an employer-sponsored plan.

EMPLOYMENT AGREEMENTS AND POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

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

Mr. Foate s Employment Agreement

Plexus does not generally have employment agreements with its executive officers. However, when Mr. Foate became Plexus Chief Executive Officer in 2002, the Compensation and Leadership Development Committee and the board believed it was important to enter into an employment agreement with Mr. Foate to set forth the terms of his employment and to provide incentives for him to continue with the Company over the long term. In May 2008, the Company entered into a new employment agreement with Mr. Foate. The new employment agreement, which was approved by the Compensation and Leadership Development Committee and the board, amended and superseded Mr. Foate s previous employment agreement with the Company. Changes were made in order to more fully comply with changes made to Internal Revenue Code (the Code) Section 409A and to integrate the change in control provisions into the employment agreement; however, the benefits payable under the new agreement are substantially unchanged from those under the previous agreements.

Mr. Foate s employment agreement is for an initial term of three years and automatically extends (unless terminated) by one year every year, so that it maintains a rolling three-year term. The agreement specifies when Plexus may terminate Mr. Foate for cause, or when Mr. Foate may leave the Company for good reason, and determines the compensation payable upon termination. The definition of cause and good reason are substantially similar to those under the change in control agreements, as described below, although good reason would also include a failure of Plexus to renew the employment agreement. If Mr. Foate is terminated for cause or

42

Table of Contents

voluntarily leaves without good reason, dies or becomes disabled, or the agreement is not renewed, Plexus is not required to make any further payments to Mr. Foate other than with respect to obligations accrued on the date of termination. If Plexus terminates Mr. Foate without cause, or he resigns with good reason, Mr. Foate is entitled to receive compensation including his base salary for a three year period following his separation date, a pro-rated VICP bonus keyed to the actual attainment of performance targets for the year in which Mr. Foate is involuntarily terminated, and certain lump sum payments designed to ensure that his benefits approximate those provided under the previous employment agreement. The lump sum payments are equal to the sum of one hundred percent (100%) of Mr. Foate s annual base salary prior to his separation date and the maximum amount of Company contributions for a full plan year under the 401(k) Plan and the Company s deferred compensation plans. Mr. Foate would also be eligible to participate in the Company s medical, dental and vision plans, subject to his payment of any premiums required by such plans, for a three year period following his separation from Plexus. Any payments triggered by a termination of employment are to be delayed until six months after termination, as required by Section 409A of the Code.

Prior to May 2008, Mr. Foate was covered by a separate change in control agreement with Plexus; however, change in control provisions were incorporated into Mr. Foate s current employment agreement and the previous change in control agreement with Plexus was terminated. The change in control provisions are substantially identical to those provided in the change in control agreements described below under the caption Change in Control Agreements, with Mr. Foate s payment amount being three times the relevant salary plus benefits.

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

Under the 2008 Long-Term Plan and predecessor plans, optionholders (or their representatives) have a period of time in which they may exercise vested stock options after death, disability, retirement or other termination of employment, except in the case of termination with cause. Options do not continue to vest after termination except for full vesting upon a change in control or, when provided in related option agreements, upon death or disability. See Outstanding Equity Awards at Fiscal Year End above for information as to Mr. Foate s outstanding stock options at October 3, 2009. Mr. Foate would also receive accrued and vested benefits under the 401(k) Plan and the SERP, and payment for accrued but unused vacation, upon a termination of employment for any reason; those amounts are not included in Potential Benefits Table below. See Nonqualified Deferred Compensation above for further information.

Change in Control Agreements

In May 2008, the board approved a new form of change in control agreement. Apart from changes required by Section 409A of the Code, including delaying payment triggered by a termination of employment until six months after the termination if the employee is among the Company s 50 top-paid employees, and changing certain definitions to be consistent with Section 409A, the new change in control agreements do not contain any other material changes from the previous change in control agreements. Additionally, the benefits payable under the new change in control agreements are the same in all material economic respects to the benefits provided by the previous change in control agreements.

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

43

Table of Contents

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

Under our change in control agreements:

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

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

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

Also, under the 2008 Long-Term Plan and predecessor plans, award holders (or their representatives) have a period of time in which they may exercise vested awards after death, disability, retirement or other termination of employment, except in the case of termination with cause. Awards do not continue to vest after termination, except for full vesting upon death or permanent disability when provided in the related award agreements or upon a change in control. See Outstanding Equity Awards at Fiscal Year End above for information as to executive officers outstanding stock options at October 3, 2009 (the named executive officers do not hold any stock-settled SARs). Executives would also receive accrued and vested benefits under the 401(k) Plan and the SERP, and payment for accrued but unused vacation, upon a termination of employment for any reason; those amounts are not included in the table. See Nonqualified Deferred Compensation above for further information.

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

Potential Benefits Table

The following table provides information as to the amounts which will be payable (a) to Mr. Foate under his employment agreement if he is terminated by Plexus for cause or without cause, (b) to the named executive officers in the event of death or permanent disability, and (c) to the named executive officers in the event they were terminated without cause, or the executive terminated with good reason, in the event of a change in control. The payments are calculated assuming a termination as of October 3, 2009, the last day of our previous fiscal year. The

Table of Contents

table includes only benefits that would result from death or permanent disability, a termination or a change in control, not vested benefits that are payable irrespective of a change.

Executive Officer; Context of Termination	Cash Payments (1)	Early Vesting of Stock Options (2)	Early Vesting of RSUs (and long-term cash) (3)	Additional Retirement Benefits (4)	Other Benefits (5)	Tax Gross-up (6)	Total
Mr. Foate Termination by Plexus for Cause	--	--	--	--	$44,059	--	$44,059
Mr. Foate Death or Disability	-- (7)	$509,064	$1,800,692	--	44,059	--	2,353,815
Mr. Foate Termination by Plexus without Cause	$4,500,000	--	--	--	195,925	--	4,695,925
Mr. Foate Change in Control	4,500,000	509,064	1,800,692	$315,000	195,925	$2,120,778	9,441,459
Ms. Jones Death or Disability	-- (7)	147,138	794,796	--	5,352	--	947,287
Ms. Jones Change in Control	1,507,500	147,138	794,796	113,433	117,474	773,210	3,453,551
Mr. Lim Death or Disability	-- (7)	120,575	748,661	--	42,902	--	912,138
Mr. Lim Change in Control	1,108,472	120,575	748,661	--	42,902	--	2,020,610
Mr. Buseman Death or	-- (7)	120,575	876,011	--	25,574	--	1,022,160

Disability							
Mr. Buseman Change in Control	1,350,000	120,575	876,011	92,366	183,220	724,890	3,347,062
Mr. Verstegen Death or Disability	-- (7)	75,081	402,679	--	66,821	--	544,581
Mr. Verstegen Change in Control	1,219,500	75,081	402,679	84,953	226,616	--	2,008,830

(1) This amount represents payments relating to the executives base salary and VICP bonus to the extent they would be paid after termination, based on the salary in effect at the end of fiscal 2009 and the target VICP bonus for 2009. Under the change in control agreements, this payment equals three years salary, as it was in effect at the time of termination, plus three times the targeted VICP compensation for the year of termination. There are similar provisions for a termination

without cause in Mr. Foate s employment agreement.

(2) All outstanding unvested stock options would become vested upon a change in control, and the unvested options also would vest upon death or disability. The amount shown represents the difference in value of the unvested options between their exercise price and market price, based on Plexus closing stock price of $25.47 per share on October 2, 2009, the last trading date of fiscal 2009. These are in addition to the already fully vested stock options discussed above. See Outstanding Equity Awards at Fiscal Year End.

(3) All outstanding RSUs and long-term cash awards would become vested upon a change in control. The amount shown represents the

difference in value of the unvested RSUs and long-term cash awards between their grant price and market price, based on Plexus closing stock price of $25.47 per share on October 2, 2009, the last trading day of fiscal 2009.

Table of Contents

(4) Under the change in control agreements, the Company would be required to continue payments to the 401(k) Plan and SERP for three years at the same level during the year preceding the change in control. There are similar provisions for a termination without cause in Mr. Foate s employment agreement. This column represents the total amount of those payments. The executive officers would also receive accrued and vested benefits under the 401(k) Plan and the SERP, and payment for accrued but unused vacation, upon a termination of employment for any reason; those amounts are not included in the table. See Nonqualified Deferred Compensation for further

information.

(5) These amounts include continuing payments of health and welfare benefits, accrued vacation, executive reimbursement plan expenses, company car and other benefits for three years, as provided in the agreement.

(6) In the event of a change in control in Plexus, the change in control agreements with our executive officers provide that we will pay them an additional benefit to reimburse the golden parachute excise taxes which they would owe pursuant to Internal Revenue Code Section 280G. This column provides an estimate of these payments, reflecting each executive s base compensation under Section 280G.

(7) Excludes life or disability insurance payments from third party insurers.

CERTAIN TRANSACTIONS

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

Please see Corporate Governance Director Independence for certain transactions and relationships between Plexus and two directors which the board considered when determining the independence of the directors. See also Corporate Governance Directors Compensation Compensation of Current and Former Executive Officers who Serve on the Board regarding agreements with two directors. There were no other transactions in an amount or of a nature which were reportable under applicable SEC rules in fiscal 2009.

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, 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 which may involve a potential conflict of interest. No member of the Audit Committee is employed or has any other material relationship with Plexus. The members are independent directors as defined in Rule 4200(a)(15) of the NASD listing standards applicable to the Nasdaq Global Select Stock 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, 2009, with Plexus management;

discussed with PricewaterhouseCoopers LLP, Plexus independent auditors, those matters which are required to be discussed by Statement on Auditing Standards No. 114, The Auditor s Communication with Those Charged with Governance and SEC Regulation S-X, Rule 2-07 Communication with Audit Committees ; and

46

Table of Contents

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

Based on the foregoing, the Audit Committee recommended to the board of directors that the audited financial statements be included in Plexus annual report on Form 10-K for the fiscal year ended October 3, 2009. The Audit Committee further confirmed the independence of PricewaterhouseCoopers LLP.

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

AUDITORS

Subject to ratification by shareholders, the Audit Committee intends to reappoint the firm of PricewaterhouseCoopers LLP as independent auditors to audit the financial statements of Plexus for fiscal 2010. Representatives of PricewaterhouseCoopers LLP are expected to be present at the annual meeting of shareholders to respond to questions and make a statement if they desire to do so.

Fees and Services

Fees (including reimbursements for out-of-pocket expenses) paid to PricewaterhouseCoopers LLP for services in fiscal 2009 and 2008 were as follows:

	2009	2008
Audit fees:	$1,026,600	$1,056,000
Audit-related fees:	--	--
Tax fees:	56,651	44,100
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 audit and quarterly professional reviews; audit fees also included substantial work related to the certification of Plexus internal controls as required by the Sarbanes-Oxley Act. Tax services consisted primarily of compliance and other tax advice regarding special Plexus projects. The Audit Committee considered the compatibility of the non-audit services provided by PricewaterhouseCoopers LLP 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 2009 or 2008 that were not approved in advance by the Audit Committee under this policy.

* * * * *

By order of the Board of Directors

Angelo M. Ninivaggi
Vice President, General Counsel,
Corporate Compliance Officer and Secretary
Neenah, Wisconsin
December 14, 2009

A copy (without exhibits) of Plexus annual report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended October 3, 2009, will be provided without charge to each record or beneficial owner of shares of Plexus common stock as of December 4, 2009, on the written request of that person directed to: Dianne Boydstun, Executive Assistant to the Chief Financial Officer, Plexus Corp., 55 Jewelers Park Drive, P.O. Box 156, Neenah, Wisconsin 54957-0156. See also page 1 of this proxy statement. In addition, copies are available on Plexus website at www.plexus.com, following the links at Investor Relations, then SEC Filings, then Plexus SEC Reports (or http://www.plexus.com/annualreport.php).

To save printing and mailing costs, in some cases only one notice, annual report and/or proxy statement will be delivered to multiple holders of securities sharing an address unless Plexus has received contrary instructions from one or more of those security holders. Upon written or oral request, we will promptly deliver a separate copy of the annual report or proxy statement, as applicable, to any security holder at a shared address to which a single copy of the document was delivered. You may request additional copies by written request to the address set forth in the paragraph above or as set forth on page 1 of this proxy statement. You may also contact Ms. Boydstun at that address or telephone number 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.

55 JEWELERS PARK DRIVE
P.O. BOX 156
NEENAH, WI 54957

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

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

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

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

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

M18133-P86136-Z51051 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

PLEXUS CORP.	**For All**	**Withhold All**	**For All Except**	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.
Proposals: (1) Election of Directors:	o	o	o	

Nominees:

01) Ralf R. Böer
02) Stephen P. Cortinovis
03) David J. Drury
04) Dean A. Foate
05) Peter Kelly
06) John L. Nussbaum
07) Michael V. Schrock
08) Charles M. Strother, MD
09) Mary A. Winston

	For	Against	Abstain
(2) Ratification of PricewaterhouseCoopers LLP as Independent Auditors;	o	o	o

(3) In their discretion on such other matters as may properly come before the meeting or any adjournment thereof;

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

The board of directors recommends a vote FOR each of the nominees for director who are listed in Proposal (1) and FOR Proposal (2).

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

For address changes, please check this box and write them on the back where indicated.		o
Please indicate if you plan to attend this meeting.	o	o
	Yes	**No**

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

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

Table of Contents

ANNUAL MEETING OF SHAREHOLDERS OF
PLEXUS CORP.
February 10, 2010
Please sign, date and mail
your proxy card in the
envelope provided as soon
as possible.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Form 10-K are available at www.proxyvote.com.

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

M18134 - P86136-Z51051

PLEXUS CORP.
PROXY FOR 2010 ANNUAL MEETING OF SHAREHOLDERS
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints John L. Nussbaum, Dean A. Foate and Angelo M. Ninivaggi, and any of them, proxies, with full power of substitution, to vote all shares of stock which the undersigned is entitled to vote at the annual meeting of shareholders of Plexus Corp. to be held at The Pfister Hotel, located at 424 East Wisconsin Avenue, Milwaukee, Wisconsin 53202, on Wednesday, February 10, 2010, at 8:00 a.m. Central Time, or at any adjournment thereof, as follows, hereby revoking any proxy previously given.

Address Changes:

(If you noted any Address Changes above, please mark corresponding box on the reverse side.)
(Continued and to be signed on reverse side)