AVIS BUDGET GROUP, INC.
Form PRE 14A
March 23, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Avis Budget Group, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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

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

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April , 2007

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Avis Budget Group, Inc. (the Company), which will be held at the Hilton Garden Inn Virginia Beach Town Center, 252 Town Center Drive, Virginia Beach, Virginia 23462 on May 21, 2007 at 1:00 p.m., Eastern Time.

With a long-time corporate presence in Virginia Beach, we are holding the Annual Meeting there to enable us to involve our numerous colleagues and associates from our Virginia Beach operations in this important corporate event and to recognize their contribution to our success.

This booklet includes the Notice of Annual Meeting and the Proxy Statement. The Proxy Statement describes the business to be conducted at the Annual Meeting and provides other information concerning the Company of which you should be aware when you vote your shares.

Admission to the Annual Meeting will be by ticket only. If you are a registered stockholder planning to attend the meeting, please check the appropriate box on the proxy card and retain the bottom portion of the card as your admission ticket. If your shares are held through an intermediary, such as a bank or broker, please follow the instructions under the Additional Information section of the Proxy Statement to obtain a ticket.

If you are unable to attend the Annual Meeting in person, you may listen to the proceedings through the Internet. To listen to the live webcast, please log on at *www.avisbudgetgroup.com* and select Webcasts and Presentations in the Investor Relations section of the website. The webcast will begin at 1:00 p.m, Eastern Time, and will remain on the Company s website for one year. The webcast will permit stockholders to listen to the Annual Meeting but will not provide for the ability to vote.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the meeting. As a stockholder of record, you can vote your shares by telephone, electronically via the Internet or by marking your votes on the enclosed proxy card. If you vote on the enclosed proxy card, you must sign, date and mail the proxy card in the enclosed envelope. If you decide to attend the Annual Meeting and vote in person, you may then withdraw your proxy.

On behalf of the Board of Directors and the employees of Avis Budget Group, Inc., I would like to express my appreciation for your continued interest in the affairs of the Company.

Sincerely,

Ronald L. Nelson

Chairman of the Board and

Chief Executive Officer

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NOTICE OF 2007 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON

May 21, 2007

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Avis Budget Group, Inc. (the Company) will be held on May 21, 2007 at 1:00 p.m., Eastern Time, at the Hilton Garden Inn Virginia Beach Town Center, 252 Town Center Drive, Virginia Beach, Virginia 23462 (the Meeting), to consider and vote upon the following matters:

1. election of eight directors for a one-year term expiring in 2008 or until their successors are duly elected and qualified;

2. ratification of the appointment of Deloitte & Touche LLP as the auditors of the Company s financial statements for fiscal year 2007;

3. consideration and approval of the Avis Budget Group, Inc. 2007 Equity and Incentive Plan; and

4. transaction of such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on April 3, 2007 as the record date for the Meeting. Only stockholders of record at that time are entitled to notice of, and to vote at, the Meeting and any adjournment or postponement thereof. A list of stockholders entitled to vote at the Meeting will be available for examination by any stockholder, for any purpose germane to the Meeting, at the Meeting and for ten days prior to the Meeting during ordinary business hours at Six Sylvan Way, Parsippany, New Jersey, 07054, the Company s principal place of business.

By Order of the Board of Directors

JEAN M. SERA

Secretary

Dated: April , 2007

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AVIS BUDGET GROUP, INC.

6 Sylvan Way

Parsippany, New Jersey 07054

PROXY STATEMENT

Annual Meeting of Stockholders to

be held on Monday, May 21, 2007

CENDANT SEPARATION

On August 23, 2006, Cendant Corporation, as we were formerly known, completed the separation (the Cendant Separation) into four separate companies, one for each of its former Real Estate Services businesses (Realogy Corporation), its former Hospitality Services (including Timeshare Resorts) businesses (Wyndham Worldwide Corporation), its former Travel Distribution Services businesses (Travelport) and its Vehicle Rental businesses (Cendant, now Avis Budget Group). The separation was effected through the pro rata distributions of all of the shares of common stock of Realogy Corporation and Wyndham Worldwide Corporation and the sale of Travelport. Following completion of the Cendant Separation, Cendant changed its name to Avis Budget Group, Inc. and our common stock began to trade on the New York Stock Exchange under the symbol CAR. With the completion of the Cendant Separation, Avis Budget Group s operations consist of two of the most recognized brands in the global vehicle rental industry.

ABOUT THE ANNUAL MEETING

Who is soliciting my vote?

The Board of Directors of the Company is soliciting your vote at the 2007 Annual Meeting of Stockholders, and any adjournment or postponement thereof (the Meeting), to be held on the date, at the time and place, and for the purposes set forth in the foregoing notice. This Proxy Statement, the accompanying notice and the enclosed proxy card are first being mailed to stockholders on or about April , 2007.

What will I be voting on?

Election of Directors (see page 43);

Ratification of Deloitte & Touche LLP as the Company s auditors for 2007 (see pages 44 45); and

Approval of the Avis Budget Group, Inc. 2007 Equity and Incentive Plan (see pages 46 49).

How many votes do I have?

You will have one vote for every share of the Company s common stock, par value $0.01 per share (the Common Stock), you owned as of the close of business on April 3, 2007 (the Record Date).

How many votes can be cast by all stockholders?

, consisting of one vote for each of the Company s shares of Common Stock that were outstanding on the Record Date. There is no cumulative voting, and the holders of the Common Stock vote together as a single class.

How many votes must be present to hold the Meeting?

One-third of the outstanding shares of Common Stock entitled to vote at the Meeting, or votes, must be present, in person or by proxy, to constitute a quorum at the Meeting. Stockholders of record who are present

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at the Meeting, in person or by proxy, and who abstain from voting, including brokers holding customers shares of record who do not vote on particular proposals because the brokers do not have discretion to vote and have not received instructions from their customers as to how to vote, will be included in the number of stockholders present at the Meeting for purposes of determining whether a quorum is present for the transaction of business at the Meeting.

How many votes are required to elect directors and adopt the other proposals?

- Directors are elected by the affirmative vote of a plurality of the shares of Common Stock present at the Meeting, in person or by proxy, and entitled to vote in the election of Directors. Under applicable Delaware law, in determining whether such nominees have received the requisite number of affirmative votes, abstentions and broker non-votes will have no effect on the outcome of the vote.

- Approval of the proposal relating to the ratification of the appointment of auditors of the Company s financial statements requires the affirmative vote of a majority of the shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal. Under the rules of the New York Stock Exchange, brokers who hold shares in street name will have discretion, on behalf of their clients that hold shares as of the record date, to vote on the proposal relating to the ratification of the appointment of auditors when the brokers do not receive instructions from beneficial owners. Under applicable Delaware law, in determining whether such proposal has received the requisite number of affirmative votes, abstentions will be counted and will have the same effect as a vote against such proposal and broker non-votes (if any) will have no effect on the vote on this proposal.

- Approval of the proposal relating to the Avis Budget Group, Inc. 2007 Equity and Incentive Plan requires the affirmative vote of a majority of the shares of Common Stock present, in person or by proxy, and entitled to vote on the proposal; provided, that the total vote cast on this proposal represents a majority in interest of all securities entitled to vote on this proposal. Under the rules of the New York Stock Exchange, brokers who hold shares in street name will not have discretion to vote on the proposal to approve the Avis Budget Group, Inc. 2007 Equity and Incentive Plan when the brokers do not receive instructions from beneficial owners. Under applicable Delaware law, in determining whether such proposal has received the requisite number of affirmative votes, abstentions will be counted and will have the same effect as a vote against such proposal and broker non-votes (if any) will have no effect on the vote on this proposal.

A broker non-vote occurs when a broker does not have discretion to vote on a particular proposal (i.e., the proposal is not considered routine) and the broker has not received instructions from the beneficial owner of the shares as to how to vote on such proposal. Generally, brokers have discretion to vote on proposals relating to what are deemed to be routine matters, which include the ratification of auditors, and do not have discretion to vote on proposals relating to what are deemed to be non-routine matters, which include the proposal to approve the Avis Budget Group, Inc. 2007 Equity and Incentive Plan. A broker non-vote with respect to a particular proposal will not be considered as present and entitled to vote with respect to that proposal.

How do I vote?

You can vote by valid proxy received by telephone, via the Internet or by mail. If voting by mail, you must:

- indicate your instructions on the proxy;

- date and sign the proxy;

- mail the proxy promptly in the enclosed envelope; and allow sufficient time for the proxy to be received before the date of the Meeting.

Alternatively, in lieu of returning signed proxy cards, the Company s stockholders of record can vote their shares by telephone or via the Internet. If you are a registered stockholder (that is, if you hold your stock in

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certificate form), you may vote by telephone or electronically through the Internet by following the instructions included with your proxy card. If your shares are held in street name such as in a stock brokerage account or by a bank or other nominee, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically through the Internet. The deadline for voting by telephone or electronically through the Internet is 11:59 p.m., Eastern Time, on the business day prior to the date of the Meeting.

Can I change my vote?

Yes. A proxy may be revoked at any time prior to the voting at the Meeting by submitting a later dated proxy (including a proxy by telephone or electronically through the Internet), by giving timely written notice of such revocation to the Secretary of the Company or by attending the Meeting and voting in person. However, if you hold shares in street name, you may not vote these shares in person at the Meeting unless you bring with you a legal proxy from the stockholder of record.

What if I do not vote for some of the matters listed on my proxy card?

Shares of Common Stock represented by proxies received by the Company (whether through the return of the enclosed proxy card, by telephone or through the Internet), where the stockholder has specified his or her choice with respect to the proposals described in this Proxy Statement (including the election of Directors), will be voted in accordance with the specification(s) so made.

If your proxy is properly executed but does not contain voting instructions, or if you vote by telephone or via the Internet without indicating how you want to vote, your shares will be voted:

- FOR the election of all eight nominees for the Board of Directors;
- FOR the ratification of the appointment of Deloitte & Touche LLP as auditors of the Company s financial statements for the year ending December 31, 2007; and
- FOR the approval of the Avis Budget Group, Inc. 2007 Equity and Incentive Plan.

How do participants in savings plans vote?

For participants in the Avis Budget Group Employee Savings Plan, the Avis Voluntary Investment Savings Plan, the Avis Voluntary Investment Savings Plan for Bargaining Hourly Employees and the AB Car Rental Services, Inc. Retirement Savings Plan (collectively, the Savings Plans), with shares of Common Stock credited to their accounts, voting instructions for the trustees of the Savings Plans are also being solicited through this Proxy Statement. In accordance with the provisions of the Savings Plans, the respective trustees will vote shares of Common Stock in accordance with instructions received from the participants to whose accounts such shares are credited. To the extent such instructions are not received prior to noon, Eastern Time, on May , 2007, the trustees of the Savings Plans will vote the shares with respect to which it has not received instructions proportionately in accordance with the shares for which it has received instructions. Instructions given with respect to shares in accounts of the Savings Plans may be changed or revoked only in writing, and no such instructions may be revoked after noon, Eastern Time, on May , 2007. Participants in the Savings Plans are not entitled to vote in person at the Meeting. If a participant in any of the Savings Plans has shares of Common Stock credited to his or her account and also owns other shares of Common Stock, he or she should receive separate proxy cards for shares credited to his or her account in the Savings Plans and any other shares that he or she owns. All such proxy cards should be completed, signed and returned to the transfer agent to register voting instructions for all shares owned by him or her or held for his or her benefit in the Savings Plans.

Could other matters be decided at the Meeting?

The Board of Directors does not intend to bring any matter before the Meeting other than those set forth above, and the Board is not aware of any matters that anyone else proposes to present for action at the Meeting.

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However, if any other matters properly come before the Meeting, the persons named in the enclosed proxy, or their duly constituted substitutes acting at the Meeting, will be authorized to vote or otherwise act thereon in accordance with their judgment on such matters.

Do I need a ticket to attend the Meeting?

Yes. Attendance at the Meeting will be limited to stockholders as of the Record Date, their authorized representatives and guests of the Company. Admission will be by ticket only. For registered stockholders, the bottom portion of the proxy card enclosed with the Proxy Statement is the Meeting ticket. Beneficial owners with shares held through an intermediary, such as a bank or broker, should request tickets in writing from the Secretary at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054, and include proof of ownership, such as a bank or brokerage firm account statement or letter from the broker, trustee, bank or nominee holding their stock, confirming beneficial ownership. Stockholders who do not obtain tickets in advance may obtain them on the Meeting date at the registration desk upon verifying his or her stock ownership as of the Record Date. In accordance with the Company s security procedures, all persons attending the Meeting must present picture identification along with their admission ticket or proof of beneficial ownership in order to gain admission. Admission to the Meeting will be expedited if tickets are obtained in advance. Tickets may be issued to others at the discretion of the Company.

How can I access the Company s proxy materials and annual report electronically?

A copy of the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission (SEC) for its latest fiscal year is available without charge to stockholders at the Company s website at *www.avisbudgetgroup.com* or upon written request to Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054, Attention: Investor Relations. **You can elect to receive future annual reports and proxy statements electronically by marking the appropriate box on your proxy card or by following the instructions provided if you vote via the Internet or by telephone.**

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED AND THE DELIVERY OF THIS PROXY STATEMENT SHALL, UNDER NO CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE OF THIS PROXY STATEMENT.

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BOARD OF DIRECTORS

General

The Board of Directors presently consists of eight members. Directors serve for a term of one-year expiring at the 2008 annual meeting of stockholders or until their successors are duly elected and qualified. The name and age of each present Director and his or her position with the Company are set forth below.

Name of Present Directors	Age	Present Position
Ronald L. Nelson	54	Chairman of the Board, Chief Executive Officer and Director
Mary C. Choksi	56	Director
Leonard S. Coleman	58	Presiding Director; Chairman of the Corporate Governance Committee
Martin L. Edelman	65	Director
Lynn Krominga	56	Director
Sheli Z. Rosenberg	65	Director; Chairman of the Compensation Committee
F. Robert Salerno	55	President, Chief Operating Officer and Director
Stender E. Sweeney	68	Director; Chairman of the Audit Committee

Biographical Information for Nominees

Mr. Nelson has been Chairman and Chief Executive Officer of the Company since August 2006 and Director since April 2003. Mr. Nelson was Chief Financial Officer from May 2003 until August 2006 and President from October 2004 to August 2006. Mr. Nelson was also Chairman and Chief Executive Officer of the Company s Vehicle Rental business from January 2006 to August 2006. From December 2005 to April 2006, Mr. Nelson was Interim Chief Executive Officer of the Company s Travel Distribution Division. From April 2003 to May 2003, Mr. Nelson was Senior Executive Vice President, Finance. From November 1994 until March 2003, Mr. Nelson was Co-Chief Operating Officer of DreamWorks SKG. Prior thereto, he was Executive Vice President, Chief Financial Officer and a Director at Paramount Communications, Inc., formerly Gulf & Western Industries, Inc.

Ms. Choksi has been a Director since March 2007. Ms. Choksi has been Managing Director of Strategic Investment Partners, Inc. and Emerging Markets Investors Corporation (investment management firms) since 1987.

Mr. Coleman has been a Director since December 1997, Presiding Director at executive sessions of the Board since February 2003 and Chairman of the Governance Committee since August 2006. Mr. Coleman was a Director of HFS Incorporated (HFS) from April 1997 until December 1997. From 1999 to December 2005, Mr. Coleman was a Senior Advisor to Major League Baseball. Mr. Coleman was President of The National League of Professional Baseball Clubs from 1994 to 1999, having previously served since 1992 as Executive Director, Market Development of Major League Baseball. Mr. Coleman is a Director of the following corporations which file reports pursuant to the Securities Exchange Act of 1934 (the Exchange Act): Omnicom Group Inc., H.J. Heinz Company, Churchill Downs Inc. and Electronic Arts Inc.

Mr. Edelman has been a Director since December 1997 and was a Director of HFS from November 1993 until December 1997. Mr. Edelman has been Of Counsel to Paul, Hastings, Janofsky & Walker, LLP, a New York City law firm, since June 2000. Mr. Edelman was a partner with Battle Fowler, which merged with Paul, Hastings, Janofsky & Walker, from 1972 through 1993 and was Of Counsel to Battle Fowler from 1994 until June 2000. Mr. Edelman also serves as a Director of the following corporations that file reports pursuant to the Exchange Act: Capital Trust, Ashford Hospitality Trust, Inc. and Realogy Corporation. See Certain Relationships and Related Transactions.

Ms. Krominga has been a Director since October 2006. Ms. Krominga is an attorney and business executive. Most recently, since 1999, Ms. Krominga has been a Consultant to private equity and venture capital firms and to start-up and early stage technology companies. From 1981 to 1999, Ms. Krominga held various senior executive and legal offices at Revlon, including President, Licensing Division from 1992 until 1998. Prior to that, Ms. Krominga was an attorney at American Express and at Cleary, Gottlieb, Steen & Hamilton.

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Ms. Rosenberg has been a Director since April 2000 and Chairman of the Compensation Committee since August 2006. From January 2000 to September 2003, Ms. Rosenberg served as Vice Chairwoman of Equity Group Investments, Inc., a privately held investment company. From October 1994 to December 1999, Ms. Rosenberg was President and Chief Executive Officer of Equity Group Investments, Inc. Ms. Rosenberg serves as a Director of the following companies which file reports pursuant to the Exchange Act: CVS Corporation, Equity Life Style Properties, Inc., Equity Residential Properties Trust and Ventas, Inc.

Mr. Salerno has been President, Chief Operating Officer and a Director of the Company since August 2006. Mr. Salerno has been Chief Executive Officer of Avis Budget Car Rental, LLC since April 2004. He was previously President and Chief Operating Officer of Cendant Car Rental Group, Inc. from November 2002 until April 2004 and was President and Chief Operating Officer of Avis from 1996 through November 2002. In 1995, he was named Executive Vice President of Operations and in July 1990, Senior Vice President and General Manager of Avis.

Mr. Sweeney has been a Director and Chairman of the Audit Committee since August 2006. Mr. Sweeney has been a financial advisor and equity investor in several privately held enterprises since 1998. In 1997, Mr. Sweeney served in a senior financial and operating capacity for a joint venture between DreamWorks SKG and Pacific Data Images. From 1995 to 1996, Mr. Sweeney was the Chief Executive Officer and a Director of Vehicle Information Network, a database management and marketing company. From 1994 to 1995, Mr. Sweeney was the Chief Financial Officer and Principal of The Onyx Group, a shopping center development and management company. From 1968 to 1994, Mr. Sweeney served in various positions at The Times Mirror Company, the last eight years as Vice President, Finance. Mr. Sweeney serves on the board of the Payden & Rygel Investment Group, which files reports pursuant to the Exchange Act.

Functions and Meetings of the Board of Directors

The Company s corporate governance guidelines, director independence criteria, committee charters, codes of conduct and other documents setting forth the Company s corporate governance practices can be accessed in the Investor Relations Corporate Governance section of the Company s website at *www.avisbudgetgroup.com* or by writing to the Company at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054, Attention: Investor Relations.

Director Independence

Each year, our Board of Directors reviews all commercial and charitable relationships of each director to evaluate such director s independence pursuant to Rule 303A.2 of the New York Stock Exchange (NYSE) Listed Company Manual and our own director independence criteria, which can be accessed on our website at *www.avisbudgetgroup.com* and is attached hereto as Annex A. In conducting its review, the Board of Directors considers a number of factors, including the director s and his or her immediate family members relationships with the Company and its subsidiaries, affiliates, executive officers and auditors; his or her relationships with foundations, universities and other non-profit organizations to which the Company has made a certain level of contributions during the past three years; and whether such director or his or her immediate family members have, during the past three years, been part of an interlocking directorate in which an executive officer of the Company served on the compensation (or equivalent) committee of another company that employs such director or his or her immediate family member as an executive officer.

After evaluating the factors described above, the Board of Directors has affirmatively determined that five of our current directors are independent under the corporate governance listing standards of the NYSE and our own director independence criteria. Our independent directors are currently Leonard S. Coleman, Mary C. Choksi, Lynn Krominga, Sheli Z. Rosenberg and Stender E. Sweeney. In addition, prior to the Cendant Separation, the following former directors of Cendant Corporation who served as directors during the last fiscal year were independent during their respective tenures, based upon the corporate governance listing standards of the NYSE and our own director independence criteria: Myra Biblowit, George Herrera, Louise MacBain, Cheryl Mills, Brian Mulroney, Robert Nederlander, Robert Pittman, Pauline Richards and Robert Smith. In connection

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with its determination that Ms. Choksi is independent, the Board of Directors considered the relationship between Strategic Investment Partners, where Ms. Choksi is a Managing Director, and the clients of such firm that provide services to the Company. In connection with its determination that Mr. Mulroney was independent, the Board of Directors considered the fact that Mr. Mulroney was a Senior Partner of Ogilvy Renault, a Montreal-based law firm, and that Ogilvy Renault represented the Company in certain matters in 2006. Amounts paid by the Company to Ogilvy Renault in 2006 were less than $120,000 and constituted less than 1% of Ogilvy Renault s gross revenues for such year.

We also maintain a Corporate Governance Committee, a Compensation Committee and an Audit Committee, and all of the directors serving on such committees are independent, based upon the corporate governance listing standards of the NYSE and our own director independence criteria.

Presiding Director

In February 2003, the Board of Directors created a new position of Presiding Director. The Presiding Director s primary responsibilities include presiding over periodic executive sessions of the non-management members of the Board of Directors, advising the Chairman of the Board and Committee chairs with respect to meeting agenda and information needs, providing advice with respect to the selection of Committee chairs and performing other duties that the Board may from time to time delegate to assist it in the fulfillment of its responsibilities. The non-management members of the Board of Directors have designated Mr. Coleman to serve in this position until the Company s 2008 annual meeting of stockholders.

Communicating with the Board of Directors

Stockholders and other interested parties may send communications to the Company s Board of Directors by writing to the Board, c/o the Secretary, at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054. In addition, all parties interested in communicating directly with the Presiding Director or with any other non-management director may do so by writing to Avis Budget Group, Inc. at the same address, Attention: Presiding Director, c/o the Secretary or via e-mail at *presidingdirector@avisbudget.com.* The Presiding Director will review and distribute all interested parties communications received to the intended recipients and/or distribute to the full Board, as appropriate.

Codes of Conduct

The Board has adopted a code of conduct that applies to all officers and employees, including the Company s principal executive officer, principal financial officer and principal accounting officer. The Board has also adopted a code of business conduct and ethics for directors. Both codes of conduct are available in the Investor Relations Corporate Governance section of the Company s website at *www.avisbudgetgroup.com*, or by writing the Company at Avis Budget Group, Inc., 6 Sylvan Way, Parsippany, New Jersey 07054, Attention: Investor Relations. The purpose of these codes of conduct is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; to promote full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed by the Company; and to promote compliance with all applicable rules and regulations that apply to the Company and its officers and directors.

Board Meetings

The Board of Directors held seven meetings and acted by unanimous written consent on six occasions during 2006. In 2006, all incumbent directors attended at least 75% of the aggregate number of meetings of the Board and committees of the Board on which they served. All directors are required to attend each regularly scheduled Board meeting. Attendance at each annual meeting of the Company s stockholders is strongly encouraged. The 2006 annual meeting of stockholders was attended by three of our six then current directors.

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Committees of the Board

Audit Committee

The Audit Committee is presently comprised of Mr. Sweeney (Chairman), and Mses. Krominga and Choksi (the Audit Committee). The Audit Committee oversees the accounting and financial reporting processes of the Company, as well as the audits of the financial statements of the Company. See Report of Audit Committee below. The Board has determined that all members of the Audit Committee are independent directors under the rules of the NYSE, the Company s Director Independence Criteria and within the meaning of applicable SEC rules, and that each member of the Audit Committee has the ability to read and understand fundamental financial statements. The Board has determined that Mr. Sweeney qualifies as an Audit Committee financial expert as defined by the rules of the SEC. The text of the Audit Committee charter can be found in the Investor Relations Corporate Governance section of the Company s website at *www.avisbudgetgroup.com*, or may be obtained by contacting the Company s Secretary. The Audit Committee held eight meetings in 2006.

Compensation Committee

The Compensation Committee is presently comprised of Ms. Rosenberg (Chairman), Ms. Krominga and Mr. Coleman (the Compensation Committee). The Board of Directors has determined that each member of the Compensation Committee is an independent Director under the rules of the NYSE and the Company s Director Independence Criteria. The Compensation Committee administers the Company s equity compensation plans, reviews and administers all compensation arrangements for executive officers and establishes and reviews general policies relating to the compensation and benefits of the Company s officers and employees. The text of the Compensation Committee charter can be found in the Investor Relations Corporate Governance section of the Company s website at *www.avisbudgetgroup.com*, or may be obtained by contacting the Company s Secretary. The Compensation Committee held nine meetings and acted by unanimous written consent on one occasion in 2006.

The role of the committee is to assure that our senior executives are compensated effectively in a manner consistent with our stated compensation strategy, internal equity considerations, and competitive practice. The primary responsibilities are as follows:

- Review and approve our stated compensation strategy;
- Review annually and determine the individual elements of total compensation for the Chief Executive Officer;
- Review and approve the individual elements of total compensation for our senior executives;
- Assure that our annual and long-term bonus and incentive compensation plans are administered in a manner consistent with our compensation strategy;
- Make recommendations to the Board with respect to incentive compensation plans and equity-based plans and approve, subject, where appropriate, to submission to shareholders, all new equity-related incentive plans for senior executives; and
- Review and approve stock option and other equity awards.

We refer you to Executive Compensation below for additional information regarding the Committee s processes and procedures.

Corporate Governance Committee

The Corporate Governance Committee is presently comprised of Mr. Coleman (Chairman), Ms. Rosenberg and Mr. Sweeney (the Corporate Governance Committee). The Board of Directors has determined that each of the current members qualifies as an independent director under the rules of the NYSE and the Company s Director Independence Criteria. The responsibilities of the Corporate Governance Committee include identifying and recommending to the Board appropriate director nominee candidates and providing oversight with respect to corporate governance matters. The text of the Corporate Governance Committee charter can be found in the

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Investor Relations Corporate Governance section of the Company s website at *www.avisbudgetgroup.com*, or may be obtained by contacting the Company s Secretary. The Corporate Governance Committee held two meetings in 2006.

Director Nomination Procedures

The Corporate Governance Committee considers the appropriate balance of experience, skills and characteristics required of the Board of Directors. It seeks to ensure that all members of the Company s Audit Committee meet the Company s Director Independence Criteria and the financial literacy requirements under the rules of the NYSE, and that at least one of them qualifies as an Audit Committee financial expert under the rules of the SEC; and that all members of the Compensation Committee and the Corporate Governance Committee meet the Company s Director Independence Criteria. Nominees for director are selected on the basis of their depth and breadth of experience, wisdom, integrity, ability to make independent analytical inquiries, understanding of the Company s business environment, and willingness to devote adequate time to Board duties.

The Corporate Governance Committee will consider written proposals from stockholders for nominees for director. In considering candidates submitted by stockholders, the Corporate Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. Any such nominations should be submitted to the Corporate Governance Committee, c/o the Secretary of the Company, and should include the following: (a) the name of the stockholder and evidence of the person s ownership of the Company s Common Stock, including the number of shares owned and the length of time of ownership; and (b) the name of the candidate, the candidate s resume or a listing of his or her qualifications to be a director of the Company and the person s consent to be named as a director if selected by the Corporate Governance Committee and nominated by the Board. The written proposal should be submitted in the time frame described in the by-laws of the Company and under the caption Stockholder Proposals for 2008 Annual Meeting below.

The process for identifying and evaluating nominees to the Board of Directors is initiated by identifying a candidate who meets the criteria for selection as a nominee and has the specific qualities or skills being sought based on input from members of the Board and, if the Corporate Governance Committee deems appropriate, a third-party search firm. These candidates are evaluated by the Corporate Governance Committee by reviewing the candidates biographical information and qualification and checking the candidates references. Qualified nominees are interviewed by at least one member of the Corporate Governance Committee. Using the input from such interview and other information obtained by them, the Corporate Governance Committee evaluates whether such prospective candidate is qualified to serve as a director and whether the committee should recommend to the Board that the Board nominate this prospective candidate or elect such candidate to fill a vacancy on the Board. Candidates recommended by the Corporate Governance Committee are presented to the Board for selection as nominees to be presented for the approval of the stockholders or for election to fill a vacancy.

The Corporate Governance Committee expects that a similar evaluation process will be used to evaluate nominees for director recommended by stockholders. However, to date, the Company has not received any stockholder proposal to nominate a director.

Executive Committee

The Executive Committee is presently comprised of Messrs. Nelson (Chairman), Salerno and Edelman (the Executive Committee). The Executive Committee has and may exercise all of the powers of the Board of Directors when the Board is not in session, including the power to authorize the issuance of stock, except that the Executive Committee has no power to (a) alter, amend or repeal the by-laws or any resolution or resolutions of the Board of Directors, (b) declare any dividend or make any other distribution to the stockholders of the Company, (c) appoint any member of the Executive Committee, or (d) take any other action which legally may be taken only by the full Board of Directors. The Executive Committee acted by unanimous written consent on fifteen occasions in 2006.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information regarding beneficial ownership of Avis Budget Group, Inc. as of March 3, 2007 by (i) each person who is known by us to own beneficially more than 5% of Avis Budget Group s Common Stock, (ii) each of Avis Budget Group s directors and each of its executive officers named in the Summary Compensation Table below, and (iii) all of its directors and current executive officers as a group. The information set forth on the following table also includes those shares of Avis Budget Group s Common Stock beneficially owned by each of its former executive officers named in the Summary Compensation Table below.

Name of Beneficial Owner	Total Amount of Shares Beneficially Owned (1)	Percent of Common Stock Owned (2)	Of the Total Number of Shares Beneficially Owned, Shares which May be Acquired within 60 days (3)
Principal Stockholders:			
Hotchkis and Wiley Capital Management, LLC(4)	7,664,983	7.558	
Neuberger Berman Inc.(5)	5,758,336	5.678	
Barclays Global Investors, N.A.(6)	5,734,977	5.654	
Directors and Current Named Executive Officers:			
Ronald L. Nelson(7)	149,786	*	104,249
Leonard S. Coleman(8)	46,160	*	46,160
Martin L. Edelman(9)	38,817	*	38,517
Lynn Krominga(10)	5,024	*	5,024
Sheli Z. Rosenberg(11)	22,925	*	19,710
F. Robert Salerno(12)	91,947	*	85,468
Stender E. Sweeney(13)	7,376	*	7,276
Mary C. Choksi(14)	203	*	203
John T. McClain	41,283	*	38,542
Mark J. Servodidio	25,848	*	23,694
David B. Wyshner	70,687	*	67,251
All Directors and Current Executive Officers as a group (15 persons)	557,829	*	488,776
Former Executive Officers who are Named Executive Officers:			
Henry R. Silverman	3,467,743	3.34	2,543,960
Stephen P. Holmes(15)	395,402	*	337,253
James E. Buckman(16)	329,912	*	307,037

* Amount represents less than 1% of outstanding Common Stock.

(1) Shares beneficially owned include direct and indirect ownership of shares, stock options and restricted stock units that are currently vested or will become vested within 60 days of March 3, 2007, including vested awards and deferred shares under a deferred compensation plan.

(2) Based on 101,419,861 shares of Common Stock outstanding on March 3, 2007.

(3) Includes Vested Awards and Deferred Shares.

(4) Reflects beneficial ownership of 7,664,983 shares of Common Stock by Hotchkis and Wiley Capital Management, LLC (Hotchkis and Wiley), as derived solely from information reported in a Schedule 13G under the Exchange Act filed by Hotchkis and Wiley with the SEC on February 14, 2007. Such Schedule

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13G indicates that Hotchkis and Wiley has sole voting power over 6,149,222 of the shares and no voting power over 1,515,761 of the shares. The principal business address for Hotchkis and Wiley Capital Management, LLC is 725 S. Figueroa Street, 39th Floor, Los Angeles, CA 90017. Information is based upon the assumption that Hotchkis and Wiley holds 7,664,983 shares of Common Stock as of March 3, 2007.

(5) Reflects beneficial ownership of 5,758,336 shares of Common Stock by Neuberger Berman Inc. and Neuberger Berman, LLC (together, Neuberger Berman), as derived solely from information reported in a Schedule 13G under the Exchange Act filed by Neuberger Berman with the SEC on February 13, 2007. Such Schedule 13G indicates that Neuberger Berman has sole voting power over 4,683,856 of the shares, shared voting power over 17,930 and no voting power over 1,056,550 of the shares. The principal business address for Neuberger Berman Inc. is 605 Third Avenue, New York, NY 10158. Information is based upon the assumption that Neuberger Berman holds 5,758,336 shares of Common Stock as of March 3, 2007.

(6) Reflects beneficial ownership of 5,734,977 shares of Common Stock by Barclays Global Investors, N.A. and its affiliated entities (Barclays), as derived solely from information reported in a Schedule 13G under the Exchange Act filed by Barclays with the SEC on January 23, 2007. Such Schedule 13G indicates that Barclays has sole voting power over 5,064,912 of the shares and no voting power over 670,065 of the shares. The principal business address for Barclays Global Investors, N.A. is 45 Fremont Street, San Francisco, CA 94015. Information is based upon the assumption that Barclays holds 5,734,977 shares of Common Stock as of March 3, 2007.

(7) Includes 18,067 deferred shares.

(8) Includes 8,614 deferred shares.

(9) Includes 8,285 deferred shares.

(10) Represents deferred shares.

(11) Includes 9,457 deferred shares.

(12) Includes 3,648 deferred shares.

(13) Includes 7,276 deferred shares.

(14) Represents deferred shares.

(15) Includes 18,127 shares held in a non-qualified deferred compensation plan, 11,000 shares held by trust and 1,697 held by children.

(16) Includes 13,536 shares held in a non-qualified deferred compensation plan and 1,610 shares held by the James E. Buckman IRA.

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EXECUTIVE OFFICERS

The present executive officers of the Company are set forth in the table below. All executive officers are appointed at the annual meeting or interim meetings of the Board of Directors. Each executive officer is appointed by the Board to hold office at the pleasure of the Board and may be removed at any time by the Board with or without cause.

Name	Offices or Positions To be Held
Ronald L. Nelson	Chairman of the Board and Chief Executive Officer
F. Robert Salerno	President and Chief Operating Officer and Director
David B. Wyshner	Executive Vice President, Chief Financial Officer and Treasurer
W. Scott Deaver	Executive Vice President, Strategy
Larry De Shon	Executive Vice President, Operations
Karen C. Sclafani	Executive Vice President and General Counsel
Mark J. Servodidio	Executive Vice President, Chief Human Resource Officer
Patric T. Siniscalchi	Executive Vice President, International Operations
John T. McClain	Senior Vice President and Chief Accounting Officer

Biographical information concerning the executive officers of the Company who also presently serve as Directors, is set forth above under Board of Directors Biographical Information for Nominees. Biographical information concerning all other present executive officers is set forth below.

Name	Biographical Information
David B. Wyshner	**Mr. Wyshner,** age 39, has been Executive Vice President, Chief Financial Officer and Treasurer since August 2006. Mr. Wyshner was Executive Vice President and Treasurer of the Company from January 2004 to August 2006. Mr. Wyshner was named Vice Chairman and Chief Financial Officer of the Company s Travel Content Division, which included the Company s vehicle rental business of Avis and Budget, in July 2005. From 1999 until January 2004, Mr. Wyshner was employed in various roles at the Company, including serving as Executive Vice President for Finance, Planning and Development. Prior to joining the Company, Mr. Wyshner was a Vice President in Merrill Lynch & Co. s investment banking division, specializing in corporate finance and mergers and acquisitions.
W. Scott Deaver	**Mr. Deaver,** age 55, has been Executive Vice President, Strategy since September 2006. Over the past ten years, Mr. Deaver has served in a variety of roles with the Company and HFS. Mr. Deaver was Executive Vice President, Marketing for Avis Budget Car Rental, LLC from March 2001 to September 2006. He has also served as Chief Marketing Officer for move.com, an online real estate and home services portal launched by the Company, and as Senior Vice President of corporate marketing of the Company.
Larry De Shon	**Mr. De Shon,** age 47, has been Executive Vice President of Operations since October 2006. From November 2002 to June 2006, Mr. De Shon was Senior Vice President of airport operations at United Airlines. Mr. DeShon began his 28 year career with United Airlines as a customer service representative and advanced to hold a number positions of increasing responsibility during his tenure.

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Name	Biographical Information
Karen C. Sclafani	**Ms. Sclafani,** age 55, has been Executive Vice President and General Counsel since April 2006. Ms. Sclafani was Senior Vice President, General Counsel and Secretary of Avis Budget Car Rental, LLC from November 2002 to April 2006. Ms. Sclafani was previously Senior Vice President and General Counsel of Avis since August 1998. Prior to being appointed General Counsel, Ms. Sclafani served as Vice President and Deputy General Counsel and in various other capacities in Avis legal department. Before joining Avis, she was a corporate associate with the law firm Mudge, Rose, Guthrie and Alexander in New York City.
Mark J. Servodidio	**Mr. Servodidio,** age 41, has been Executive Vice President and Chief Human Resource Officer since April 2006. Mr. Servodidio was Executive Vice President, Human Resources for Avis Budget Car Rental, LLC from November 2002 to April 2006. He joined Avis in April 2001 as Senior Vice President, Human Resources. Prior to joining Avis, Mr. Servodidio was with Kraft Foods, Inc. (formerly Nabisco) from 1996 to 2001 where he was most recently head of Human Resources for Nabisco s sales and supply chain unit. Prior thereto, he served in various leadership roles at PepsiCo, Inc.
John T. McClain	**Mr. McClain,** age 45, has been Senior Vice President and Chief Accounting Officer since July 2006. Mr. McClain was Senior Vice President, Finance and Corporate Controller of the Company from September 1999 to July 2006. From May 1998 to September 1999, Mr. McClain was Vice President and Chief Accounting Officer of Sirius Satellite Radio. Previously, Mr. McClain was Assistant Controller and Director of Accounting of ITT Corporation. Prior to joining ITT Corporation, McClain was an audit manager with Arthur Andersen & Co.
Patric T. Siniscalchi	**Mr. Siniscalchi,** age 57, has been Executive Vice President, International Operations since August 2006. Mr. Siniscalchi was Senior Vice President, International Operations for Avis Budget Car Rental, LLC from November 2002 to August 2006. Mr. Siniscalchi joined Avis in 1979 and advanced to hold a number of positions of increasing responsibility during his tenure.ign="right">48,750

113,665 162,415

John L. Nussbaum	97,229	113,665	$321,123	532,017
Michael V. Schrock	47,250	113,665		160,915
	48,250	113,665		161,915

Charles M. Strother, MD		
Mary A. Winston	8,057	8,057

(1) Includes annual retainer, meeting, committee and chairmanship fees and, in the case of Mr. Nussbaum, his fee as Chairman of the Board. See below regarding Mr. Nussbaum s compensation.

(2) The amounts shown represent the expensed amounts in fiscal 2008 for grants and awards in 2008 and prior years. The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123(R), Shared Based Payments (SFAS 123(R)), which requires us to recognize compensation expense for stock options and other stock-related awards granted to our employees and directors based

on the estimated fair value of the equity instrument at the time of grant. Compensation expense is recognized over the vesting period. Plexus adopted SFAS 123(R) effective October 5, 2005. The assumptions used to determine the valuation of the awards are discussed in footnote 11 to our consolidated financial statements.

The table below provides cumulative information about the fair value of options granted to directors in 2008, determined as of the options grant date under SFAS 123(R). It also provides the number of outstanding stock options which were held by our non-employee directors at September 27, 2008. Restricted stock awards were not granted to directors in fiscal 2008.

	Option Awards	
Name	Grant Date Fair Value of 2008 Option Awards ($)	Number of Securities Underlying Unexercised Options (#)
Mr. Böer	$113,665	33,500
Mr. Cortinovis	113,665	42,000
Mr. Drury	113,665	45,000
Mr. Kelly	113,665	30,000
Mr. Nussbaum	113,665	101,752
Mr. Schrock	113,665	20,000
Dr. Strother	113,665	45,000
Ms. Winston		

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Each non-employee director, other than Ms. Winston (who joined the board on July 28, 2008), was awarded options for 2,500 shares on each of November 23, 2007, January 28, 2008, April 28, 2008, and July 29, 2008. The options granted on November 23, 2007, are now fully vested. One half of the options granted on each of the other dates vested immediately on the respective grant date and the balance vest on the first anniversary of the respective grant date. Options granted to non-employee directors expire on the earlier of (a) ten years from the date of grant, or (b) one year after termination of service as a director. On November 19, 2008, the first quarterly grant of options for fiscal 2009 was made; those options were granted at $14.17 per share, with other terms the same as the prior year s options.

(3) Other than Mr. Nussbaum, the non-employee directors do not receive any additional benefits although they are reimbursed for their actual expenses of attending board, committee and shareholder meetings. For Mr. Nussbaum, this represents the amounts paid to him in fiscal 2008 under his deferred compensation arrangements plus the value of the health and other welfare benefits, as well as Company matching contributions to the 401(k) Plan, provided to him. See the discussion immediately below.

Compensation of Current and Former Executive Officers who Serve on the Board

See Executive Compensation for Mr. Foate s compensation as an executive officer of Plexus generally and his employment and change in control agreements.

Mr. Nussbaum is a former executive officer of Plexus. He ceased being considered an executive officer or employee of Plexus when he retired as its Chief Executive Officer in 2002. However, as a consequence of his many years of service as an executive officer of Plexus, he continues to be compensated under deferred compensation arrangements which were put in place during his service as an executive officer and as the non-executive Chairman of the Board.

In 1996, the Compensation and Leadership Development Committee established special retirement arrangements for Mr. Nussbaum and for two other executive officers and directors who subsequently retired. Those arrangements were both to reward past service and to maintain an additional incentive for those officers continued performance on behalf of Plexus. The related supplemental retirement agreement for Mr. Nussbaum is designed to provide specified retirement and death benefits to him in addition to those provided under the 401(k) Plan. Plexus commitment was fully funded in fiscal 2002. Mr. Nussbaum has received payments under the special retirement arrangements since 2002, including payments of $301,068 for fiscal 2007 and $313,110 for fiscal 2008. Future payments may be adjusted, depending upon the performance of underlying investments.

The contributions for Mr. Nussbaum s special retirement arrangement are invested in life insurance policies acquired by Plexus on his life. The supplemental retirement agreement provides for a 15-year annual installment payment stream to Mr. Nussbaum. Lump sum payments to Mr. Nussbaum based on policy cash values become due if at any time after a change in control Plexus consolidated tangible net worth drops below $35 million, or if the ratio of Plexus consolidated total debt to consolidated tangible net worth becomes greater than 2.5 to 1. To the extent that any of the payments constitute excess parachute payments subjecting Mr. Nussbaum to an excise tax, the agreement provides for an additional payment (the gross-up payment) to be made by Plexus to him so that after the payment of all taxes imposed on the gross-up payment, he retains an amount of the gross-up payment equal to the excise tax imposed. If Mr. Nussbaum dies prior to receiving all of the 15-year annual installment payments, specified death benefit payments become due.

For his service as Plexus non-executive Chairman of the Board, Mr. Nussbaum received $52,000 in fiscal 2008 plus health and other welfare benefits, as well as Company matching contributions to the 401(k) Plan, in addition to the above retirement payments and his regular board fees. The $52,000 fee was decreased from the $72,000 received in fiscal 2007 at Mr. Nussbaum s suggestion. Since his retirement, Mr. Nussbaum has been eligible to receive additional options or stock awards in his capacity as a non-employee director and has received the same awards as other non-employee directors under Plexus stock incentive plans.

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Stock Ownership Guidelines

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

Section 16(a) Beneficial Ownership Reporting Compliance

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

All publicly-held companies are required to disclose the names of any insiders who fail to make any such filing on a timely basis within the preceding fiscal year, and the number of delinquent filings and transactions, based solely on a review of the copies of the Section 16(a) forms furnished to Plexus, or written representations that no such forms were required. On the basis of filings and representations received by Plexus, Plexus believes that during fiscal 2008 Plexus insiders have complied with all Section 16(a) filing requirements which were applicable to them.

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COMPENSATION DISCUSSION AND ANALYSIS

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

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

Fiscal 2008 Committee Highlights

Among the key compensation issues addressed by the Committee in fiscal 2008, which are discussed further below, were the following:

New Long-Term Incentive Plan. The 2008 Long-Term Plan was adopted by the Committee and was approved by shareholders at the 2008 annual meeting of shareholders. The 2008 Long-Term Plan was adopted due to the limited number of shares remaining for issuance under the 2005 Equity Plan and the Committee s continued desire to provide long-term incentives to Plexus employees.

New Long-Term Incentive Mix and Issuance Process. In fiscal 2008, the Committee began a new approach to issuing long-term incentives that utilizes a portfolio of equity awards for executive officers: restricted stock units (the right to receive shares of Plexus common stock in the future, if conditions are met) (RSUs), non-qualified stock options (options), and long-term cash awards. This new program balances the objectives of attracting and retaining key talent, promoting ownership among executives, and aligning executives interests with those of shareholders with the Company s cost considerations such as expense, dilution and tax implications. Previous long-term incentives to Plexus executive officers consisted of stock options only.

Under this program, the Committee issues executives RSUs and long-term cash awards on an annual basis and makes annual determinations of option amounts, which are then granted on a quarterly basis. Issuing options on a quarterly basis assists Plexus in managing the associated expense of these equity awards due to the historically high volatility of Plexus stock price. Relative to a single annual grant, the quarterly grant process for options also reduces the risk to Plexus and its employees of experiencing either intermittently high or low exercise prices. Plexus continued granting options, and commenced issuing RSUs, in the first fiscal quarter of 2008. The Committee also decided to grant certain executive officers, and employees who are not executive officers, stock-settled stock appreciation rights (the right to receive, in shares of Plexus common stock, the appreciation value of a stated number of shares of Plexus common stock) (SARs) rather than options.

At the August 2007 meeting, the Committee approved a grant schedule to support the new quarterly grant process which states that each quarterly grant date will be three days subsequent to the release of Plexus quarterly earnings, not including the day of the release. Since this methodology is specific and formula driven, there is no margin for subjectivity or consideration of the volatility of the stock price during this time period.

Review of Agreements with Executive Officers. In fiscal 2008, the Committee initiated a review of Mr. Foate s employment agreement as well as the Plexus change in control agreements with its executive officers and other key employees. In the review, the Committee sought to determine appropriate levels of potential benefits under those agreements and to assure complete compliance with recent Internal Revenue Code changes, particularly regarding Section 409A.

As a result of the review, the Committee adopted a standard methodology for determining the levels of benefits under the change in control agreements with its officers and employees, which levels vary according to levels of responsibility. Generally, that methodology left the levels of benefits unchanged for

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executive officers. The Committee believes that the levels of potential benefits continue to promote Plexus interest of providing security for its key employees without impeding a beneficial potential acquisition or excessively benefiting executive officers. The Committee retained the same overall level of benefits under Mr. Foate s employment agreement as it determined that the level of benefits were appropriate. The Committee also made changes in the forms of the change in control agreements to enhance their readability by employees as well as to assure compliance with tax laws.

Executive Compensation Philosophy, Goals and Process

The Committee s philosophy is to fairly compensate all individuals, including executives, for their contributions to Plexus, appropriately motivate employees to provide value to Plexus shareholders, and consider the ability of Plexus to fund any compensation decisions, plans or programs. Fair compensation must balance both short-term and long-term considerations and take into consideration competitive forces, best practices, and the performance of Plexus and the individual. Compensation packages should also motivate executives to make decisions and pursue opportunities that are aligned with the interests of our shareholders. Finally, the Committee considers Plexus financial condition, the conditions in Plexus industry and end-markets, and the effects of those conditions on Plexus sales and profitability in making compensation decisions.

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

- attracts, motivates and retains the talent needed to lead a global organization;
- drives global financial and operational success that creates shareholder value;
- creates an ownership mindset and drives behaviors that improve Plexus performance and maximize shareholder value; and
- appropriately balances Company performance and individual contribution towards the achievement of success.

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

Elements and Analysis of Direct Compensation

Overview of Direct Compensation

Plexus uses three primary components of total direct compensation salary, annual cash incentive payments under the Variable Incentive Compensation Plan (VICP) and long-term equity-based awards under the 2008 Long-Term Plan (and the 2005 Equity Plan, its predecessor). 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.

- Base salary is intended to provide compensation which is not at risk ; however, salary levels and subsequent increases are not guaranteed.
- The opportunity to earn annual cash incentive payments under the VICP provides a substantial portion of compensation that is at risk and that depends upon the achievement of measurable corporate financial goals and individual objectives. We use payouts from the VICP to provide further incentives for our executive officers and employees to achieve these corporate financial goals and individual objectives.
- A substantial part of compensation, which is also at risk, is longer-term equity-based compensation typically awarded to date in the form of stock options and, beginning in fiscal 2008, RSUs. The Committee accompanies RSUs with time-vested long-term cash awards to defray the tax effects to the grantees upon the vesting of the RSUs as an incentive to those persons to continue to hold their shares

upon vesting because they will not need to sell shares to raise cash to pay taxes; we also use long-term cash awards to round out the compensation package. Those awards are intended to provide incentives to enhance corporate performance as well as to further align the interests of our executive officers with those of our shareholders. Total compensation, consistent with practices in our industry, places a particular emphasis on equity-based compensation. 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. Going forward, the Committee intends to continue using stock options, supplemented with RSUs and long-term cash awards.

For most non-executive officers who receive equity-based compensation, in fiscal 2008 the Committee began to grant stock-settled SARs because that practice would promote employee share ownership, reduce dilution and further the preservation of shares under Company plans. The Committee plans to continue that practice.

The Committee does not use any specific numerical or percentage test to determine what percentage of direct compensation will be paid in base salary versus the compensation at risk through the VICP or equity-based compensation. However, the Committee believes that a meaningful portion of compensation should be at risk. VICP targets for executive officers other than the CEO ranged from 30% to 50% of base salary in fiscal 2008 with the opportunity to earn a bonus beyond the target if company financial goals were met or exceeded. In the case of the CEO, the potential compensation at risk as a percentage of base salary was 100%, reflecting his overall greater responsibility for the corporation. Long-term incentives for most executive officers are in the form of stock options, which contain an inherent amount of risk since no value is received unless there is an appreciation in stock price, and RSUs and long-term cash awards that vest based on continued service. After determining each element, the Committee also reviews the resulting total compensation to determine that it is reasonable as a whole.

In addition, we provide all of our employees in the United States with various other benefits, such as health and life insurance. We generally provide these 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.

Beyond direct compensation, we believe it is important to provide the 401(k) Plan as a means for our employees to save for their retirement. To attract qualified employees and meet competitive conditions, Plexus also contributes to that plan. As a consequence of Internal Revenue Code limitations on compensation which may be attributed to tax-qualified retirement plans, we have also developed a supplemental executive retirement plan for our executive officers to address their particular circumstances and promote long-term loyalty to Plexus until retirement.

Plexus does not generally have employment agreements with its executive officers. However, we do have such an agreement with our Chief Executive Officer in order to recognize his specific position, help assure Plexus of the continuing availability of his services and protect Plexus from post-employment competition by him.

As with many other publicly-held companies, we have change in control agreements with our executive officers and certain other key employees. As described further below, we reassessed these agreements in fiscal 2008 and revised and updated them to reflect tax code changes and to better coordinate benefits. We have these agreements in place to both help assure that executive officers will not be distracted by personal interests if Plexus were to be the subject of a potential acquisition, as well as to maintain their continuing loyalty to Plexus. We also believe that competitive factors require us to provide these protections to attract and retain talented executive officers and key employees.

Base Salary

Purpose. Our base salaries are designed to provide regular compensation for the fulfillment of the duties and responsibilities associated with job roles. Fixed salaries provide bi-weekly compensation to meet the living needs of our executives and their families. They are also important because they provide most

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persons with a starting point for considering compensation when we seek to attract and retain talented individuals.

Structure. The Company and the Committee use market-based comparisons, peer group analysis and other third-party survey data to establish appropriate base salaries for its executive officers. An in-depth total rewards analysis, including base salary, is completed annually for each executive position using the peer group and survey data as indicated above. While we do not aim for particular numerical or percentage tests as compared to the peer group or the surveys, we generally target base salaries within ranges near market medians of those groups, with adjustments made to reflect individual circumstances. The effective date of any base salary increase is typically at or near the start of the fiscal year.

Determination Process; Factors Considered. Prior to establishing base salary increases for the CEO and confirming salary levels for other executive officers, the Committee takes into consideration various factors. These factors include compensation data from the proxies of our peer group, salary increase trends for executive base pay and other information provided in published surveys. The Committee also considers the individual executive officers duties and responsibilities and their relative authority within Plexus.

Executive officer base salary increases may include two components competitive adjustments and merit increases. If executive officer salaries are found to fall below the competitive median range when we compare them to our peer group and survey data, we consider increasing the salaries to a more competitive level. In some cases these competitive adjustments may take place over a multi-year period and may depend on individual performance. If executive officer salaries are found to be at an appropriate level when we compare them to the peer group and general industry survey data for the position, then a merit increase is provided if appropriate. The merit increase amount is based on individual performance.

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

2008 Determinations. For fiscal 2008, the Committee approved a base salary adjustment of $105,000 for the CEO, increasing his annual salary to $675,000. This was an 18.4% increase from his fiscal 2007 base salary and reflected strong company performance in fiscal 2007, as well as the competitiveness of the CEO s salary as compared to the market. The Committee believed that the CEO s compensation was below market based on peer group survey information, particularly in view of the Company s strong financial performance. Therefore, it approved this increase to provide base compensation at a more competitive level. Our CEO s base salary is higher than that of other executive officers because of his more extensive and challenging duties and responsibilities.

Increases for other executive officers varied from no increase to 12.5%, and were as follows for the other named executive officers: Ms. Jones 10.0%; Mr. Verstegen 4.0%; Mr. Ninivaggi 4.1%; and Mr. Lim 10.1%. The salary determinations for the executive officers reflected the factors discussed above; some of the higher increases resulted from increased duties and responsibilities. Ms. Jones was hired as an executive during fiscal 2007 and subsequently was named Chief Financial Officer. Her initial salary was determined as part of the hiring process; her salary was below the salary of her predecessor, primarily as a reflection of her predecessor s many years of experience as a chief financial officer, including with Plexus. Ms. Jones increase in fiscal 2008 reflected her promotion to CFO and the results of her initial time with Plexus. The increase for Mr. Lim reflected his promotion to an executive officer position late in fiscal 2007 and the related increase in his responsibilities. The compensation and benefits package of Mr. Lim also reflects regional survey data of the Malaysian markets. Other variations between the executive officers reflect competitive conditions and the Committee s view of the executive officers duties, responsibilities and performance.

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2009 Determinations. For fiscal 2009, the CEO s salary is $750,000, an 11.1% increase from fiscal 2008. The Committee sought to reward the CEO for the strong financial results achieved in fiscal 2008, as well as to keep his base compensation in line with the market range for his position. The fiscal 2009 salary increases for the other executive officers ranged from 3.0% to 20.0%. Of those increases, the smaller ones reflected merit increases for performance over the past year when salaries were otherwise in line with the market; larger increases represented a combination of competitive adjustments and merit increases. The increases for the other named executive officers were: Ms. Jones 10.7%; Mr. Verstegen 5.0%; Mr. Ninivaggi 7.0%; and Mr. Lim 10.0%. For Ms. Jones and Mr. Lim, the increases also reflected the significant new duties they assumed in fiscal 2008; these individuals became executive officers in late fiscal 2007 and the scopes of their respective duties were not reflected in their previous salaries.

Annual Incentive

Purpose. Our annual cash incentive compensation plan, the VICP, is designed to reward employees for the achievement of important corporate financial goals. There is also a small component of the VICP that rewards employees for the attainment of individual objectives. The establishment of the specific corporate financial goals is derived from our annual financial plan. The design of the VICP provides incentives based on our direct performance, as distinguished from equity-based compensation, which is significantly affected by market factors that may be unrelated to our results.

Plan Structure. The VICP provides annual cash incentives to approximately 2,500 participants, including our CEO and other executive officers. The VICP operates the same for all participants. Each participant has a targeted award that is expressed as a percentage of base salary. For example, in fiscal 2008 the targeted award opportunity for the CEO was 100% of base salary, and the opportunities for other executive officers varied from 30% to 50% of base salaries. Higher levels of duties and responsibilities within Plexus lead to higher bonus opportunities under the VICP because the Committee believes that the higher ranking the position, the more influence the individual can have on corporate performance. In addition, market information indicates that competitive factors make relatively higher reward possibilities important for those positions. In fiscal 2008, Ms. Jones, our Chief Financial Officer, had the opportunity to earn up to 50% of her salary as a VICP bonus at target; other officers percentages were 50% for Mr. Verstegen, 35% for Mr. Ninivaggi and 40% for Mr. Lim. The opportunities for non-executive officer participants varied from 3% to 30% of base salaries. For each participant, 80% of the targeted award is keyed to the corporate financial goals; the remaining 20% of the targeted award is keyed to the achievement of individual objectives.

The VICP provides for payments relating to corporate financial goals both below and over the targeted awards by establishing specific threshold levels of corporate performance at which payments begin to be earned and maximum levels beyond which no further payment is earned. The payout at the maximum level, which is based solely on achieving the corporate financial goals, is 180% of the targeted award for the CEO and the other executive officers.

Under the VICP, the Committee has the authority to adjust results, for example, to reflect acquisitions or unusual gains or charges. No such discretion was used by the Committee in fiscal 2008.

2008 Plan Design Company Goals

The specific corporate financial goals for fiscal 2008, each of which stood independently of the other with regard to award opportunities, were revenue and return on capital employed (ROCE). The goals were chosen because they aligned performance-based compensation to the key financial metrics that the Company used internally to measure its ongoing performance and that it used in its financial plans. Our fiscal 2008 targets for these goals were set as part of the annual financial planning process. For each of the corporate financial goals, we also established specific threshold and maximum levels of achievement as part of that process.

For these purposes, ROCE is defined as annual operating income excluding unusual charges and equity-based compensation costs divided by the five-point quarterly average of Capital Employed during the year. Capital Employed is defined as equity plus debt less cash, cash equivalents and short-term

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investments. The Company excludes equity-based compensation costs because such costs can influence results due to external market factors. Additionally, ROCE is calculated excluding the impact of any restructuring and/or non-recurring charges because these factors do not reflect the operating performance of the Company, which the VICP is intended to reward.

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

For fiscal 2008, in accordance with Plexus strategic plan, the Committee set both revenue growth and ROCE targets at aggressive, yet achievable levels to incent growth, but also to deter undue risk-taking. The 2008 revenue target represented approximately 19% growth over fiscal 2007 revenue. The Committee felt this target was challenging, but achievable, based on industry conditions and Plexus financial plan. To help assure that revenue growth would continue to result in shareholder value, the Committee set a ROCE target at a substantial level; the target level set for fiscal 2008 was below the level achieved in fiscal 2007 to recognize the effects of product mix changes in fiscal 2007 that resulted in higher ROCE achievement. Since the ROCE target was set at a substantial level, the Committee emphasized revenue growth when setting the VICP maximum threshold.

The following table sets forth the fiscal 2008 financial targets and potential VICP payout amounts (as a percent of targeted VICP bonus) for the named executive officers, at the threshold, targeted and maximum performance levels. In accordance with the VICP, the ROCE targets excluded the impacts of restructuring charges and equity-based compensation costs.

	Threshold		**Target**		**Maximum**	
Component	**Goal**	**Payout**	**Goal**	**Payout**	**Goal**	**Payout**
Revenue (in millions)	$1,679	0%	$1,835	40%	$1,881	140%
ROCE	17.0%	0%	22.0%	40%	22.0%	40%
Individual Objectives		up to 20%		up to 20%		up to 20%
Total Potential Incentive = Revenue + ROCE + Individual Objectives		20%		100%		200%

In fiscal 2008, revenue was $1,842 million and ROCE was 26.6%. Therefore, based on the corporate financial goals described above, Plexus exceeded the target level for both revenue and ROCE and paid awards to executive officers and other employees based on those two components. Extrapolating the results, payments based on revenue represented 54.4% as compared to the target of 40% for the revenue component. Payments based on ROCE represented 40%, as target ROCE was achieved. Thus, total payments based on revenue and ROCE represented 94.4% versus the target of 80% for corporate financial performance. Plexus actual performance in fiscal 2008 as compared to these targets is illustrated by the following graph:

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2008 Plan Design Individual Objectives

Individual participants typically set several individual objectives for the plan year, which are developed with, reviewed by and approved by the participant s manager. Some of the individual objectives are shared by multiple executives when they team to focus on an objective. Attainment of the individual objectives represents 20% of the potential targeted award. The Committee determines and approves the individual objectives established for the CEO. The Committee also reviews and approves, with input from the CEO, the individual objectives established for the other executive officers. The Committee s assessment of all executive officers individual objectives is based on their likely impact on the achievement of the annual financial plan and other longer-term strategic priorities, their effect on shareholder value and their alignment with one another.

The following are summaries of the individual objectives for our named executive officers in fiscal 2008:

Dean A. Foate: Mr. Foate s individual objectives related to: designing strategies to support global expansion; developing and implementing an annual operating system that efficiently and logically connects the Company s strategic planning, governance and organizational development activities; developing a process to evaluate organizational effectiveness and leadership talent; creating an internal process to evaluate potential acquisitions; and establishing expectations and a vision for the design and planning of a new corporate headquarters.

Ginger M. Jones: Ms. Jones individual objectives related to: supporting global expansion and development; creating an internal process to evaluate potential acquisitions; improving financial reporting and forecasting; developing and implementing an annual operating system that efficiently and logically connects the Company s major planning, governance and organizational development activities; optimizing the Company s overall cash cycle and improving return on invested capital; redesigning annual cash incentive plans; and designing an investor relations program.

Michael T. Verstegen: Mr. Verstegen s individual objectives related to: supporting global expansion and development; improving the costing process; overseeing the development of and project planning for a new corporate headquarters; redesigning annual cash incentive plans; and creating an internal process to evaluate potential acquisitions.

Angelo M. Ninivaggi: Mr. Ninivaggi s individual objectives related to: recommending and designing improvements to Plexus Enterprise Risk Management; aligning the contract management process with Plexus business sectors; implementing a new sector market development and customer service team; creating an internal process to evaluate potential acquisitions; and implementing specified corporate governance improvements.

Yong Jin Lim: Mr. Lim s individual objectives related to: supporting the expansion of operations in Asia; improving financial forecasting; promoting a lean culture; improving the costing process; monitoring customer feedback; and organizational development.

Achievement of individual objectives, for which there was a potential payout equivalent to 20% of the targeted bonus award, varied among executive officers from 14.5% to 20% of the total targeted amount. These percentages were based upon the Committee s determination of the degree to which the executive achieved his or her objectives. The CEO provided the Committee with an assessment of the performance of all of the executive officers other than himself and recommended resultant bonus levels based on the achievement by each executive officer of his or her individual objectives. Individual determinations were as follows for the named executive officers: Mr. Foate 19.2%; Ms. Jones 17.8%; Mr. Verstegen 18.7%; Mr. Ninivaggi 19.1%; and Mr. Lim 17.6%.

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Long-Term Incentives

Purpose. Our long-term incentives are designed to tie the major part of our key executives total compensation opportunities to Plexus market performance and the long-term enhancement of shareholder value. The 2008 Long-Term Plan and its predecessor, the 2005 Equity Plan, are also designed to encourage the long-term retention of these executives.

Plan Structure. The shareholder-approved 2008 Long-Term Plan and 2005 Equity Plan allow for various award types, including options, SARs, restricted stock, RSUs, and performance awards (payable in cash and/or equity). Prior to fiscal 2008, the Committee granted only time-vested stock options, although it continued to study the potential use of other forms of long-term incentive compensation. The Committee has generally used stock options because of their prevalence in our industry. In addition, with stock options, recipients receive value only when the value of the shares held by Plexus shareholders increases. The Committee s policy is to not back-date equity grants and no equity grant was back-dated in fiscal 2008.

This year, the Committee approved a new long-term incentive strategy that allows for use of a portfolio approach when granting awards. The Committee intends that each element of the portfolio addresses a different aspect of long-term incentive compensation, as set forth below:

Stock options and stock-settled SARs provide rewards based upon the appreciation in value to shareholders as measured by the increase in our share price; the Committee uses stock-settled SARs rather than options for less senior employees because stock-settled SARs do not require a cash outlay on exercise and promote employee share ownership. Stock-settled SARs also allow the Committee to preserve shares available under the plans.

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. RSUs further align executives interests with the interests of shareholders and provide a long-term ownership mentality as well as motivation to succeed in the long-term because the value of RSUs does not solely depend upon increases in the market price of our shares over a short-term period.

Long-term cash awards that accompany grants of RSUs are intended to defray tax effects to the grantees upon the vesting of the RSUs as an incentive to those persons to continue to hold their shares upon vesting because they will not need to sell shares to raise cash to pay taxes; we also use long-term cash awards to round out the compensation package.

Award Determination Process. Pursuant to its portfolio approach, the Committee distributes the entire value of each grant to each executive officer among four types of awards options, stock-settled SARs, RSUs and long-term cash according to a formula based on the duties and responsibilities of the award recipient. The awards are valued at their SFAS 123(R) value when making these determinations. For most executive officers those with the most senior level of responsibilities (and including all of the named executive officers) the Committee uses a distribution formula weighted toward stock options, so as to particularly promote increasing shareholder value; for the remaining executive officers and for those at the manager or director level, Plexus uses a distribution weighted toward stock-settled SARs. The allocation formulas for these two groups are illustrated in the pie charts below:

Senior Executive Officers	Other Executive Officers

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Other employees who receive awards receive 100% of the value of their awards in stock-settled SARs.

Option/SARs Pool Determination. Each year the Committee is presented a recommended total pool of options and stock-settled SARs to be awarded to eligible participants. The Committee reviews the estimated cost of the pool, as well as the recommended grant guidelines; the Committee uses a relatively constant pool size because it wishes to control the expense to the Company under SFAS 123(R) and manage dilution to shareholders. The options and stock-settled SARs granted to executive officers and employees in fiscal 2008 were for a total of 492,366 shares. That amount excludes options for 70,000 shares awarded to the non-employee directors. The total grant in fiscal 2008 was greater than the amount granted in fiscal 2007, because quarterly grants were made only in the third and fourth fiscal quarters of fiscal 2007.

Option/SARs Pool Allocation. The Committee determines the grants for the CEO and other executive officers. Those awards are developed by considering the total pool of options to be awarded, which is recommended by management, subject to the Committee s review and approval. The Committee chooses a grant size that balances the need to provide fair compensation with the desire to keep related compensation expense relatively stable from period to period and to manage shareholder dilution. The numbers granted to each executive officer primarily vary according to the executive officers duties and responsibilities within the Company and also include a review of performance. Those in positions with more responsibility tend to receive more options 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 to balance the level of existing awards with the desire to reward performance and to provide retention incentives. The CEO provides the Committee with initial recommendations as to the number of options to be granted to each executive officer other than himself. The remaining pool, which is comprised of stock-settled SARs (and RSUs as discussed below), is then allocated to high-performing key employees based upon recommendations by executive officers in accordance with a grant range grid, which assigns a range of stock-settled SARs grant sizes to each employee responsibility level. For fiscal 2008, options for 75,000 shares were granted to the CEO, and options for 88,500 shares were granted to the other executive officers as a group. Additionally, stock-settled SARs for 6,050 shares were granted to other executive officers.

RSU and Long-Term Cash Award Determinations. Once the Committee determines the levels of options to award, it then grants RSUs and long-term cash awards in accordance with the formulas discussed above, in order to effectively balance the motivations provided by the different types of awards. A similar process occurs for those receiving stock-settled SARs. In fiscal 2008, 104,313 RSUs were granted to executive officers and key employees, along with $705,375 in long-term cash awards. As noted above, RSUs and the corresponding long-term cash awards were not granted in previous years.

2008 Awards. Using these principles, in fiscal 2008, the Committee made total grants of options and an annual grant of RSUs and long-term cash to the named executive officers as follows:

Executive Officer	Options (#)	RSUs (#)	Long-Term Cash ($)
Mr. Foate	75,000	21,375	$320,625
Ms. Jones	16,000	4,560	68,400
Mr. Verstegen	12,000	3,420	51,300
Mr. Ninivaggi	8,000	2,280	34,200
Mr. Lim	12,000	3,420	51,300

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

Basis for Determination of Timing of Grants. The Committee now makes quarterly option grants rather than annual grants due to the volatility of the stock market, including for Plexus stock in particular, since

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granting stock options all on one date in the year can make the strike price and related expense vary significantly in ways that do not necessarily reflect long-term performance of Plexus stock.

The Committee s formula to support the quarterly grant strategy states that the grant date will occur three days subsequent to the release of quarterly earnings, not including the day of the release. The Committee uses a future date, as is permitted by the 2008 Long-Term Plan and the 2005 Equity Plan, because that minimizes the opportunity to choose a date based upon market performance known or knowable at the time of grant. Those plans provide that the exercise price of a stock option is not less than the fair market value on the stock option grant date. New hire option and stock-settled SARs grants are determined at or around the time of hire, and commence on the next quarterly grant date following the date of hire.

Grants of RSUs and long-term cash awards are made annually, at the same time as the initial option and stock-settled SARs grants for the fiscal year.

Equity Ownership Guidelines. To complement the 2005 Equity Plan s and the 2008 Long-Term Plan s goals of increasing the alignment between the interests of management and shareholders, the Committee adopted executive stock ownership guidelines. These guidelines require most executive officers, including all of the named executive officers in the Summary Compensation Table below, to own, at a minimum, Plexus stock with a market value equal to one times their annual base salary. There is no specific time requirement to meet these guidelines. However, an executive officer is generally not permitted to sell Plexus shares that were acquired while an executive officer until the ownership requirement is met; there are exceptions, including financing the exercise of stock options when the shares will be held or with prior approval under special circumstances.

Benefits. Consistent with competitive practice, the Committee approves certain perquisites and other benefits for our CEO and the other executive officers in addition to those received by all U.S. salaried employees. Substantially all U.S. employees receive health insurance benefits. In addition, the other benefits for certain of our executive officers are: a flexible perquisite benefit valued at up to $10,000 per calendar year, which amount is grossed up for taxes, to be used 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; a company car; and additional disability insurance for the CEO, due to the dollar limits of the Company s disability insurance policies. As a result of local law and custom, different but comparable insurance programs and other benefits may apply to personnel, including Mr. Lim, who are located in countries outside of the United States.

Elements and Analysis of Retirement and 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 retirement plans, other stock ownership opportunities, 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.

Retirement Planning 401(k) Plan

Purpose. Plexus maintains the 401(k) Plan, which is available to substantially all U.S. salaried employees, to help our employees provide for their retirement. The 401(k) Plan includes a Plexus stock fund as one of its choices to permit employees to maintain Plexus ownership if they wish.

Plan Structure. The 401(k) Plan 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 $5,750 per calendar year. Employees have a choice of investment vehicles, including a Plexus stock fund, in which to invest those funds.

Supplemental Executive Retirement Plan

Purpose. Plexus supplemental executive retirement plan (the SERP) is a deferred compensation plan which allows participants to defer taxes on current income. Most executive officers, including all of the

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named executive officers other than Mr. Lim, participate in this program. Additionally, the Company can credit a participant s account with a discretionary employer contribution. Such opportunities are common practice in general industry. The SERP also 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 that further retirement compensation through the SERP is appropriate to meet the market for executive compensation and to provide a stronger incentive for executives to remain with Plexus through retirement.

Plan Structure. During fiscal 2000, the Committee established the current SERP arrangement. Under this plan, several key executives, including the named executive officers (other than Mr. Lim), may elect to defer some or all of their compensation. Plexus may also make discretionary contributions. Additionally, Plexus has purchased Company-owned life insurance on the lives of certain executives to meet the economic commitments associated with this plan. A rabbi trust arrangement was established under this plan and allows investment of deferred compensation amounts on behalf of the participants into individual accounts and within these accounts, into one or more designated mutual funds or investments. These investment choices do not include Plexus stock. Deferred amounts and any earnings which may be credited become payable upon termination or retirement from Plexus.

Fiscal 2008 Plan Activity.

Contribution Formula. Under a funding plan adopted by the Committee in fiscal 2006, the SERP provides for an annual discretionary contribution of 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. Total targeted cash compensation is defined as base salary plus the targeted annual incentive plan bonus at the time of the Company s contribution. The Committee adopted this approach for discretionary contributions to reflect competitive practices based on the research, analysis and recommendations of Towers Perrin, its compensation consultant for that program.

Employer Contributions. For fiscal 2008, the total employer contributions to the SERP accounts was $238,131 for all participants as a group, including $88,750 for the CEO but excluding the special contribution discussed below. See footnote 4 to the Summary Compensation Table.

Special Contribution. The SERP also allows the Committee to make discretionary contributions. The Committee did not make any such contributions in fiscal 2008 to the named executive officers, although the Committee made a special contribution of $265,500 to a former executive officer of Plexus upon his permanent leave in recognition of his prior service and contributions to the Company.

Foreign Arrangements. Since Mr. Lim is not a United States resident, he does not participate in the SERP or the 401(k) Plan. Rather, he participates in the Employees Provident Fund which is mandated by Malaysian law. Under law, minimum contributions of 12% of an employee s wages (salary plus bonus) are required to be made by an employer; Plexus chose to make a contribution of 17% in fiscal 2008 in Mr. Lim s case since it is Plexus practice in Malaysia to make higher contributions than the statutory minimum for personnel with relatively high levels of seniority and responsibility.

Employee Stock Purchase Plans

Purpose, Structure and Termination. The Committee believed it was useful to provide all employees with opportunities to own Plexus stock and therefore established the Purchase Plans as a means of facilitating purchases with a small discount available to substantially all employees in the United States and certain other locations on the same terms. The Purchase Plans allowed employees to purchase stock at a 5% discount from the fair market value of the shares at the end of the purchase period. However, the Purchase Plans utility and attractiveness diminished as a result of subsequent accounting changes. Therefore, the Committee terminated further purchases under the Purchase Plans in January 2008.

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Employment and Change in Control Agreements

Purpose. Plexus maintains an employment agreement with our Chief Executive Officer in order to recognize the importance of his position, to help assure Plexus of continuing availability of Mr. Foate s services over a period of time, and to protect the Company from competition post-employment. All executive officers (with the exception of Mr. Foate, who has change in control provisions as part of his employment agreement) have change in control agreements, to both help assure that executive officers will not be distracted by personal interests in the case of a potential acquisition of Plexus as well as to maintain their continuing loyalty.

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

In fiscal 2008, we entered into a new employment agreement with Mr. Foate and adopted a new form of change in control agreement for all other employees covered by those agreements, including the other executive officers. These new agreements did not substantially change the level of benefits payable under the prior agreements; we adopted the agreements to better comply with the provisions of Section 409A of the Internal Revenue Code, to better coordinate benefits, and to enhance the readability of the change in control agreements. Prior to entering into the new employment agreement, Mr. Foate had separate employment and change in control agreements; as part of the changes, we incorporated change in control provisions into Mr. Foate s employment agreement rather than having him enter into a new change in control agreement. The potential change in control benefits payable under Mr. Foate s new employment agreement stayed substantially the same as those that were payable under his previous change in control agreement.

Determination of Benefit Levels. In general, the change in control agreements with executive officers provide that, upon termination in the event of a change in control, executive officers will receive compensation equaling two or three times annual salary plus targeted bonus, a continuation of health and retirement benefits for that period, and a gross-up payment for excise taxes. (The executive officers with three year agreements are generally those in more senior positions, with greater seniority in those positions.) In addition, under the 2008 Long-Term Plan and the 2005 Equity Plan, upon a change in control, all unvested awards will automatically vest for all award holders. Certain other key employees also have change in control agreements on substantially the same terms, although generally with only one to two years coverage. The Committee believes it is important that executives and key employees have protection of their livelihood in the face of a potential acquisition to help them maintain their focus on the best interests of the Company s shareholders even if it may have adverse consequences to them personally.

The Committee set these benefit levels in 2008, when the agreements were updated and revised. The Committee determined that the level of benefits, combined with the double trigger requiring both a change in control and a termination of employment, continue to provide an appropriate balancing of the interests of the Company, its shareholders and its executives. Benefit levels, particularly the use of a measurement of up to three-times salary and a gross up for excise taxes, were adopted by the Committee at that time because it believed that, while the amounts were generous to the executive officers, they were 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, particularly since most executives do not have an employment agreement. The Committee also believed that it was general market practice to provide that unvested awards will vest on a change in control, which is the case under the 2008 Long-Term Plan and the 2005 Equity Plan, as approved by Plexus shareholders. The Committee believed that it was important to maintain its executive officers focus on performance for the Company s shareholders even in the event of a potential change in control. Therefore, offering a generous package, but one that was consistent with market practices, was appropriate to help motivate executives to focus on the Company s shareholders, even when the circumstance might jeopardize their employment. The Committee also intended that the potential expense of the agreements be reasonable as compared to total enterprise value;

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the Committee estimated that the agreements represented approximately 3.0% of the average of fiscal 2007 and fiscal 2006 total enterprise value at the time they were adopted. Though the agreements were revised, the Committee did retain a double trigger so that the benefits would only be paid to the executive officers in the event of a substantial impact upon their employment and compensation.

In fiscal 2008, the Committee also approved new guidelines to determine which employees should have change in control agreements. These new guidelines focus on position, classification code, responsibilities and compensation level in order to minimize subjectivity.

The Committee periodically reviews the scope and context of the change in control agreements, as it did in 2008. The Committee continues to believe that the change in control agreements will help motivate the executive officers to respond appropriately, for the benefit of the Company and its shareholders, in the case of a proposed acquisition of the Company which they might perceive would jeopardize their employment.

Tax Aspects of Executive Compensation

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

Section 162(m) of the Code generally limits the corporate tax deduction for compensation paid to the executive officers that is not performance-based to $1 million annually per executive officer. Plexus has taken action with respect to the provisions of Section 162(m) so that compensation income relating to stock options, SARs, performance-based restricted stock and cash bonuses under the 2008 Long-Term Plan (and predecessor plans) is exempt. Compensation under these shareholder approved plans which is performance-based is generally not subject to the $1 million limitation; however, the grant of restricted shares without performance goals would not be considered to be performance-based and therefore would be subject to the limit along with cash salaries and bonuses. As a result of the shareholders approval of the 2008 Long-Term Plan (and its predecessor) and the Purchase Plans, the Committee believes that most compensation income under these plans (other than any awards in the future of restricted stock or RSUs without performance goals, as is the case for the time vested RSUs granted in fiscal 2008) would not be subject to the Code s deduction limitation. However, if such restricted stock awards are made and/or any executive earns a sufficiently high VICP bonus, the covered compensation of some individuals could exceed $1 million and, in those cases, the excess would not be tax deductible. In some years, including fiscal 2008, the Company has foregone a portion of its tax deduction as a result of the size of a high VICP bonus. Although the Company has considered strategies for dealing with these tax consequences in the future, the Committee has determined that the mix of compensation that it has used is nonetheless beneficial to achieving the Company s goals.

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

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

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COMPENSATION COMMITTEE REPORT

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

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

Members of the Compensation and Leadership Development Committee:

Stephen P. Cortinovis, Chair
Peter Kelly
Michael V. Schrock
Charles M. Strother, MD

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EXECUTIVE COMPENSATION

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

SUMMARY COMPENSATION TABLE

The following table sets forth a summary of the compensation which we paid for fiscal 2008 to our Chief Executive Officer, our Chief Financial Officer and the three executive officers who had the highest compensation of our other executive officers. More detailed information is presented in the other tables and explanations which follow the following table.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)(4)	Total ($)
Dean A. Foate,	2008	$672,981	$129,212	$195,957	$1,366,137	$635,240	$115,907	$3,115,434
President and Chief Executive Officer	2007	569,231	80,148	0	815,226	0	95,013	1,559,618
Ginger M. Jones	2008	302,057	26,899	41,550	80,430	142,519	51,077	644,532
Vice President and Chief Financial Officer (5)	2007	132,212	11,569	0	13,906	0	12,429	170,116
Michael T. Verstegen	2008	257,808	24,105	31,163	188,300	121,675	56,030	679,081
Senior Vice President, Global Market Development	2007	247,817	15,530	0	117,657	0	34,973	415,977
Angelo M. Ninivaggi	2008	228,827	15,313	20,775	77,953	75,598	162,464	580,930
Vice President, General Counsel, Secretary and Corporate Compliance Officer	2007	207,846	8,928	0	24,135	0	56,001	296,910
Yong Jin Lim	2008	239,371	16,852	31,163	118,795	90,383	76,075	572,639
Regional President Plexus Asia Pacific (6)	2007	232,693	12,528	0	60,252	0	73,102	378,575

(1) Includes amounts voluntarily deferred by the named persons under the Plexus Corp. 401(k) Savings Plan (the 401(k) Plan) and the Plexus supplemental executive

retirement plan (the SERP). 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) Both the Bonus and the Non-Equity Incentive Plan Compensation columns represent amounts that were earned during fiscal 2008 and fiscal 2007, respectively, under our Variable Incentive Compensation Plan (VICP). Under the VICP, annual bonuses 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 individual objectives. To the extent a

payment was based on individual objectives, it is in the Bonus column. To the extent that the bonus resulted from corporate financial performance, that portion of the bonus is included under the Non-Equity Incentive Plan Compensation column. We include more information about the VICP under Grants of Plan-Based Awards below. The amounts shown in the 2008 row were earned in fiscal 2008 but will be paid in fiscal 2009 and the amounts shown in the 2007 row were earned in fiscal 2007 and were paid in 2008.

(3) This column represents the value of stock and option awards granted under the 2008 Long-Term Plan and the 2005 Equity Plan, which are explained further below under Grants of

Plan-Based Awards. The amounts shown represent the amounts expensed in fiscal 2008 and fiscal 2007 for grants and awards made in those and prior years. SFAS 123(R) requires us to recognize compensation expense for stock options and other stock-related awards granted to our employees and directors based on the estimated fair value of the equity instrument at the time of grant. Compensation expense is recognized over the vesting period. The requirements of SFAS 123(R) became effective for Plexus beginning in the first quarter of fiscal 2006. The assumptions which we used to determine the valuation of the awards are discussed in footnote 11 to our consolidated financial statements. Please also see the Grants of Plan-Based Awards table below for further information about the options granted in fiscal 2008, and the Outstanding Equity Awards at Fiscal Year End table below relating to all outstanding option awards at the end of fiscal 2008.

(4) The amounts listed under the column entitled All Other Compensation in the table include Company contributions to the 401(k) Plan

and the SERP (for Mr. Lim, this represents the Company s contribution to the Malaysian Employees Provident Fund), reimbursement made by Plexus under its executive flexible perquisite benefit, the value of the company car provided to the executive, relocation expenses (including a gross-up for income taxes) related to a move to Plexus Neenah headquarters, and additional life and disability insurance coverage for Mr. Foate and Mr. Lim. Per person detail is listed in the table below:

	Year	Company Matching Contribution to 401(k) Plan	Company Contribution to SERP	Executive Flexible Perquisite Benefit	Value of Company Car	Relocation Expenses	Additional Life and Disability Insurance	Total
Mr. Foate	2008	$5,750	$88,750	$ 9,706	$ 2,356		$ 9,345	$115,907
	2007	5,625	66,195	11,803	2,045		9,345	95,013
Ms. Jones	2008	1,934	30,325	17,855	963			51,077
	2007		9,625	2,804				12,429
Mr. Verstegen	2008	5,808	21,340	18,232	10,650			56,030
	2007	5,674	18,679	9,461	1,159			34,973

Mr. Ninivaggi	2008	5,814	15,891	9,667	3,921	127,171		162,464
	2007	6,356	13,500	10,771	8,436	16,938		56,001
Mr. Lim	2008		43,409		17,462		15,204	76,075
	2007		40,791		17,272		15,039	73,102

As a matter of policy, Plexus avoids providing perquisites beyond a company car to its executive officers. However, under the executive flexible perquisite benefit, most executive officers may 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 fiscal 2008, 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.

(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.

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GRANTS OF PLAN-BASED AWARDS
2008

The following table sets forth information about stock and option awards which were granted to the named executive officers in fiscal 2008 under the 2008 Long-Term Plan and the 2005 Equity 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 2008 performance (to be paid in fiscal 2009) under the VICP. As a result of fiscal 2008 corporate performance, bonuses based on these criteria were earned in 2008, 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 and the 2005 Equity Plan in fiscal 2008 in the table below, and additional information about those plans below the table.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards			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	Closing Market Price on Grant Date	Grant Date Fair Value of Stock and Option Awards
Name	Award Type	Grant Date	Threshold ($)(1)	Target ($)(1)	Maximum ($)(1)	(#)	(#)	($/sh) (2)	($/sh) (2)	($)
Mr. Foate	VICP*	11/15/07	$1	$538,385	$1,211,366					
	RSUs & long-term cash (3)	11/05/07		320,625		21,375(3)				$652,793
	Option	11/05/07					18,750	$30.54	$30.83	267,821
	Option	01/28/08					18,750	22.17	22.27	179,192
	Option	04/28/08					18,750	24.21	24.72	195,681
	Option	07/29/08					18,750	29.71	29.48	240,135
Ms. Jones	VICP*	11/15/07	1	120,788	271,774					
	RSUs & long-term cash (3)	11/05/07		68,400		4,560(3)				139,262
	Option	11/05/07					4,000	30.54	30.83	57,135
	Option	01/28/08					4,000	22.17	22.27	38,228
	Option	04/28/08					4,000	24.21	24.72	41,745
	Option	07/29/08					4,000	29.71	29.48	51,229
Mr. Verstegen	VICP*	11/15/07	1	103,123	232,027					
	RSUs & long-term cash (3)	11/05/07		51,300		3,420(3)				104,447
	Option	11/05/07					3,000	30.54	30.83	42,851
	Option	01/28/08					3,000	22.17	22.27	28,671

	Option	04/28/08					3,000	24.21	24.72	31,309
	Option	07/29/08					3,000	29.71	29.48	38,422
Mr. Ninivaggi	VICP*	11/15/07	1	64,072	144,161					
	RSUs & long-term cash (3)	11/05/07		34,200		2,280(3)				69,631
	Option	11/05/07					2,000	30.54	30.83	28,568
	Option	01/28/08					2,000	22.17	22.27	19,114
	Option	04/28/08					2,000	24.21	24.72	20,873
	Option	07/29/08					2,000	29.71	29.48	25,614
Mr. Lim	VICP*	11/15/07	1	76,599	172,347					
	RSUs & long-term cash (3)	11/05/07		51,300		3,420(3)				104,447
	Option	11/05/07					3,000	30.54	30.83	42,851
	Option	01/28/08					3,000	22.17	22.27	28,671
	Option	04/28/08					3,000	24.21	24.72	31,309
	Option	07/29/08					3,000	29.71	29.48	38,422

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* Represents a *potential* bonus payment for fiscal 2008 at various performance levels under the VICP to the extent they would result from corporate performance; other grants are stock options under the 2005 Equity Plan and the 2008 Long-Term Plan. Based on Plexus actual performance in fiscal 2008, bonuses were earned based on corporate financial performance; those amounts are shown in the Summary Compensation Table and were between the target and maximum amounts.

(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 row labeled RSUs & long-term cash represent long-term cash awards, which accompany grants of RSUs to offset taxes due on the vesting of RSUs in order to encourage retention of the shares received, as well as to round out the compensation package.

(2) Options were granted at the average of the high and low trading prices on the date of grant. Under the 2005 Equity Plan, fair market value was determined either as the

closing price or the average of the high and low trading prices, either on the date of grant or as an average for a short period of time prior to the 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 2008 under both the 2005 Equity Plan and 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 November 5, 2010, 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, as well as to round out the compensation package. See the discussions below under the captions 2008 Long-Term Plan and 2005 Equity 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 corporate performance was between the target and maximum levels on sales and exceeded the target level on ROCE, so amounts were paid accordingly between target and maximum, 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 $134,596 for Mr. Foate (which would have been 20% of his bonus at the targeted levels) and varied from $16,018 to $30,197 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.

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

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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 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.

Beginning in fiscal 2008, the Committee granted RSUs under the predecessor to the 2008 Long-Term Plan. In 2008, the grants were made at the beginning of the fiscal year and vest three years from the date of the grant, assuming continued employment; the Committee anticipates continuing this practice. The grants of RSUs were accompanied by long-term cash awards, which are intended to defray tax effects to the grantees upon vesting of the RSUs as an incentive to those persons to continue to hold their shares upon vesting because they will not need to sell shares to raise cash to pay taxes; we also use long-term cash awards to round out the compensation package. Long-term cash awards will vest on the same schedule and under the same circumstances as grants of RSUs.

2005 Equity Plan

Previously, under the 2005 Equity Plan, the Compensation and Leadership Development Committee of the board of directors granted directors, executive officers and other officers and key employees of Plexus stock options, SARs, RSUs and/or shares of restricted stock in periodic grants. Through the end of fiscal 2007, the Committee only granted stock options under the 2005 Equity Plan. The Committee began to grant RSUs and SARs in fiscal 2008; grants of RSUs were accompanied by long-term cash awards, which vest on the same schedule and under the same circumstances as RSUs. Through fiscal 2006, the Committee made annual grants of options approximately one week after the May board meeting, on a date set in advance to help avoid the possibility of market timing. Option grants were at the fair market value of the underlying shares when the grant was made.

The 2005 Equity Plan was replaced by the 2008 Long-Term Plan, upon its approval by shareholders at the 2008 annual meeting of shareholders. No further grants are being made under the 2005 Equity 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.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END
September 27, 2008

The following table sets forth information about Plexus stock options held by the named executive officers which were outstanding at the end of fiscal 2008.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) (1) Exercisable	Number of Securities Underlying Unexercised Options (#) (1) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (2)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (3)
Mr. Foate	20,000		$35.547	04/24/10		
	30,000		23.55	04/06/11		
	100,000		25.285	04/22/12		
	75,000		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		
	66,666	33,334	42.515	05/17/16		
	18,750	18,750	21.41	05/17/17		
	18,750	18,750	23.83	08/01/17		
		18,750	30.54	11/05/17		
		18,750	22.17	01/28/18		
		18,750	24.21	04/28/18		
		18,750	29.71	07/29/18		
					21,375	$ 463,838
Ms. Jones	3,333	6,667	18.185	04/09/17		
		4,000	30.54	11/05/17		
		4,000	22.17	01/28/18		
		4,000	24.21	04/28/18		
		4,000	29.71	07/29/18		
					4,560	98,952
Mr. Verstegen	15,000		35.547	04/24/10		
	7,500		23.55	04/06/11		
	9,000		25.285	04/22/12		
	13,500		14.015	08/14/13		

	15,000		15.825	04/28/14		
	15,000		12.94	05/18/15		
	10,000	5,000	42.515	05/17/16		
	2,000	2,000	21.41	05/17/17		
	2,000	2,000	23.83	08/01/17		
		3,000	30.54	11/05/17		
		3,000	22.17	01/28/18		
		3,000	24.21	04/28/18		
		3,000	29.71	07/29/18		
					3,420	74,214
Mr. Ninivaggi	750		25.285	04/22/12		
	1,333	667	42.515	05/17/16		
	1,750	1,750	21.41	05/17/17		
	1,750	1,750	23.83	08/01/17		

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	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) (1) Exercisable	Number of Securities Underlying Unexercised Options (#) (1) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (2)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (3)
		2,000	30.54	11/05/17		
		2,000	22.17	01/28/18		
		2,000	24.21	04/28/18		
		2,000	29.71	07/29/18		
					2,280	49,476
Mr. Lim	4,000		8.975	01/30/13		
	7,500		12.94	05/18/15		
	5,000	2,500	42.515	05/17/16		
	1,250	1,250	21.41	05/17/17		
	1,250	1,250	23.83	08/01/17		
		3,000	30.54	11/05/17		
		3,000	22.17	01/28/18		
		3,000	24.21	04/28/18		
		3,000	29.71	07/29/18		
					3,420	74,214

(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 vest one-third on each of the first three anniversaries of the grant date. Options granted in fiscal 2007 and fiscal 2008 vest one-half on each of the first two anniversaries of the grant date.

(2) 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.

(3) Based on the $21.70 per share closing price of a share of our common stock on September 26, 2008, the last trading day of fiscal 2008.

OPTION EXERCISES AND STOCK VESTED 2008

The following table sets forth information about the Plexus stock options which were exercised by the named executive officers in fiscal 2008. There were no outstanding awards of restricted stock or similar awards that vested in fiscal 2008.

	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	24,870	$ 396,712		
Ms. Jones				
Mr. Verstegen	13,500	282,955		
Mr. Ninivaggi				
Mr. Lim				

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

NONQUALIFIED DEFERRED COMPENSATION 2008

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 designated executive officers and certain other key employees. 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 $15,500; Plexus will match 100% of the first 2.5% of salary which an employee defers, up to $5,750 in calendar year 2008. 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 most executive officers; the individuals covered in fiscal 2008 include Ms. Jones and Messrs. Foate, Verstegen and Ninivaggi. Mr. Lim does not participate because he is not a United States resident. Under the SERP, a covered 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 rabbi trust arrangement established under the SERP 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 2008 totaled $222,542, 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 2008 other than a special contribution of $265,500 to a former executive officer of Plexus upon his permanent leave in recognition of his prior service and contributions to the Company.

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

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

Name	Executive Contributions in Last FY ($) (1)	Registrant Contributions in Last FY ($)	Aggregate Earnings (Loss) in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
Mr. Foate	$144,074	$88,750	($219,012)		$1,292,983
Ms. Jones	15,072	30,325	(6,306)		55,585
Mr. Verstegen	12,881	21,340	(44,340)		285,829
Mr. Ninivaggi	5,020	15,891	(3,866)		31,108
Mr. Lim (2)	28,088	43,409	See note(3)		717,139(4)

(1) Includes contributions by named executive officers that are included in the Salary column in the Summary Compensation Table above, as follows: Mr. Foate $104,000; Ms. Jones $15,072; Mr. Verstegen $12,881; Mr. Ninivaggi $5,020; and Mr. Lim $28,088.

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

(3) This information is not yet available to Mr. Lim or the Company from the

Malaysian Employees Provident Fund.

(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 new 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 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.

Mr. Foate was previously covered by a separate change in control agreement with Plexus; however, change in control provisions were incorporated into Mr. Foate s new 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 September 27, 2008. 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.

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Plexus has change in control agreements with Ms. Jones and Messrs. Verstegen, Ninivaggi and Lim, 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.

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 either two or three times (from 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. Verstegen, Ninivaggi and Lim. 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 September 27, 2008 (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 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 September 27, 2008, the last day of our previous fiscal year. The table includes only benefits that would result from death or permanent disability, a termination or a change in control, not vested benefits that are payable irrespective of a change.

Executive Officer; Context of Termination	Cash Payments (1)		Early Vesting of Stock Options (2)	Early Vesting of RSUs (and long-term cash) (3)	Additional Retirement Benefits (4)	Other Benefits (5)	Tax Gross-up (6)	Total
Mr. Foate Termination by Plexus for Cause						$ 70,576		$ 70,576
Mr. Foate Death or Disability		(7)	$ 5,437	$463,838		133,083		602,358
Mr. Foate Termination by Plexus without Cause	$4,050,000					133,083		4,183,083
Mr. Foate Change in Control	4,050,000		5,437	463,838	$258,939	175,442	$2,004,089	6,957,745
Ms. Jones Death or Disability		(7)	23,435	98,952		88,643		211,030
Ms. Jones Change in Control	1,536,372		23,435	98,952	96,748	116,143	823,854	2,695,504
Mr. Verstegen Death or Disability		(7)	580	74,214		174,150		248,944
Mr. Verstegen Change in Control	1,338,894		580	74,214	81,443	201,650		1,696,781
Mr. Ninivaggi Death or Disability		(7)	507	49,476		84,481		134,464
Mr. Ninivaggi Change in Control	1,050,825		507	49,476	65,115	111,981	551,094	1,828,998
Mr. Lim Death or Disability		(7)	362	74,214				74,576
Mr. Lim Change in Control	1,005,575		362	74,214		27,500		1,107,651

(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 2008 and the target VICP bonus for 2008. 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 $21.70
per share

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on September 26, 2008, the last trading date of fiscal 2008. 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 $21.70 per share on September 26, 2008, the last trading day of fiscal 2008.

(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 on the one hand and its executive officers, directors or employees (or related parties) on the other hand 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. There were no other transactions in an amount or of a nature which were reportable under applicable SEC rules in fiscal 2008.

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.

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

reviewed and discussed the audited financial statements for the fiscal year ended September 27, 2008 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

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

Based on the foregoing, the Audit Committee recommended to the board of directors that the audited financial statements be included in Plexus annual report on Form 10-K for the fiscal year ended September 27, 2008. 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 2009. 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 2008 and 2007 were as follows:

	2008	2007
Audit fees:	$1,056,000	$1,057,200
Audit-related fees:		
Tax fees:	44,100	30,000
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 2008 or 2007 which 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, Secretary and
Corporate Compliance Officer
Neenah, Wisconsin
December 16, 2008

A copy (without exhibits) of Plexus annual report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended September 27, 2008 will be provided without charge to each record or beneficial owner of shares of Plexus common stock as of December 1, 2008 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.

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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:

PLEXU1 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	06) John L. Nussbaum
03) David J. Drury	07) Michael V. Schrock
04) Dean A. Foate	08) Dr. Charles M. Strother
05) Peter Kelly	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

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ANNUAL MEETING OF SHAREHOLDERS OF
PLEXUS CORP.
February 4, 2009
Please date, sign and mail
your proxy card in the
envelope provided as soon
as possible.

Important Notice Regarding Internet 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

PLEXUS CORP.
PROXY FOR 2009 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 Westin Chicago Northwest, located at 400 Park Boulevard, Itasca, Illinois, on Wednesday, February 4, 2009 at 11:00 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)