The Product Realization Company

PLEXUS CORP. ANNOUNCES STRATEGIC ARRANGEMENT WITH KONTRON AG

Revision 1: 13-Jan-2012

ARRANGEMENT SUMMARY:

Plexus Corp. (NASDAQ: PLXS) and Kontron AG (FWB:KBC) announced a strategic manufacturing arrangement on January 4, 2012. Under this arrangement Kontron AG (Kontron) will transition all manufacturing of its Kontron Design Manufacturing Services (M) Sdn. Bhd. subsidiary (KDMS) located in Penang, Malaysia to Plexus Corp. (Plexus), primarily to its Penang facilities. Plexus would acquire the inventory and equipment of KDMS, hire substantially all KDMS employees and pay a modest premium; in exchange Kontron would commit to approximately $100 million of incremental revenue annually for two years. No real estate is included in this proposed transaction. The arrangement is subject to entry into a definitive agreement, which is anticipated over the next few weeks and expected to provide for total consideration of approximately $30 - 35 million for the assets to be transferred. The consideration will be funded from Plexus' existing cash balances.

This arrangement is similar to other Plexus business development opportunities in many respects. For any significant new business won by Plexus we would expect to purchase inventory, hire employees at our facilities and acquire new equipment. This arrangement is not typical in the following ways:

- Revenue will transition very quickly, as Plexus will recognize all revenue from the closing date forward. Closing of the arrangement is expected to be in the fiscal second quarter of 2012 and we expect revenue of $50 - $75 million in fiscal 2012.
- We will pay a modest premium to complete the arrangement.
- There will be a committed level of revenue from Kontron for two years. As is common in our industry, substantially all agreements with our customers do not include a fixed term or a revenue commitment. This commitment was agreed to by Kontron to support the transition costs expected during the initial quarters under this arrangement and the premium paid.

Q&A:

1. What assets will be acquired in this arrangement?

   The purchase price of approximately $30 - 35 million will include approximately $22-27 million in inventory, $5 million in equipment and a $3 million premium.

2. How many employees will be hired by Plexus?

   Approximately 800 KDMS employees in Penang, Malaysia are expected to be hired by Plexus.

3. Where will the products under this arrangement be manufactured?

   Following a transition period, all products will be produced at Plexus facilities. This will primarily be in Penang, including at the newest facility in Penang that was completed in November 2011. After further analysis of the products to be *transitioned we believe that most of the production will be moved to an existing site, not the newest facility in Penang. Product may also be produced at our facilities in Xiamen, China and Oradea, Romania. The transition to Plexus facilities is expected to be complete by the end of fiscal 2012.*

4. What revenue commitments did Kontron make in this arrangement?
   Kontron will commit to approximately $100 million of incremental revenue annually for two years. This will be recognized as a new program win by Plexus in the fiscal second quarter of 2012, assuming the arrangement is concluded in January 2012 as expected. Beyond the contractual term of this arrangement we hope to continue a long relationship with Kontron, as we do with most of our customers.

5. What is the size of the current Plexus business with Kontron?
   We have previously announced $45 million in annualized new program wins with Kontron. The revenue under the new arrangement will be incremental to any previously announced program wins.

6. What are the likely financial implications on Plexus F12 guidance?
   We expect to recognize $50 - $75 million of incremental revenue in fiscal 2012. We expect that there will be no significant accretion to EPS in the fiscal second quarter of 2012, as we absorb transition costs associated with this new program. We expect modest EPS accretion of $0.01 to 0.02 cents per quarter in the later quarters of fiscal 2012.

7. Is this business in line with the Plexus financial model?
   Yes, when the transition is complete this business will be consistent with our financial model which targets 5% operating income and 500 basis points of ROIC over our weighted average cost of capital.

For further information, please contact:
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About Plexus Corp. – The Product Realization Company
Plexus (www.plexus.com) delivers optimized Product Realization solutions through a unique Product Realization Value Stream service model. This customer-focused services model seamlessly integrates innovative product conceptualization, design, commercialization, manufacturing, fulfillment and sustaining services to deliver comprehensive end-to-end solutions for customers in the Americas, European and Asia-Pacific regions.

Plexus is the industry leader in servicing mid-to-low volume, higher complexity customer programs characterized by unique flexibility, technology, quality and regulatory requirements. Award-winning customer service is provided to over 130 branded product companies in the Networking/Communications, Medical, Industrial/Commercial and Defense/Security/Aerospace market sectors.

Safe Harbor and Fair Disclosure Statement

The statements contained in this release which are guidance or which are not historical facts (such as statements in the future tense and statements including "believe," "expect," "intend," "plan," "anticipate," "goal," "target" and similar terms and concepts), including all discussions of periods which are not yet completed, are forward-looking statements that involve risks and uncertainties. These risks and uncertainties include, but are not limited to: the risk that unsatisfied closing conditions or other factors cause a delay or termination of the Kontron agreement or that the Kontron agreement does not result in the revenues or margins anticipated by us; the risk of customer delays, changes, cancellations or forecast inaccuracies in both ongoing and new programs; the poor visibility of future orders, particularly in view of current economic conditions; the economic performance of the industries, sectors and customers we serve; the effects of the volume of revenue from certain sectors or programs on our margins in particular periods; our ability to secure new customers, maintain our current customer base and deliver product on a timely basis; the risk that our revenue and/or profits associated with customers who are acquired by third parties will be negatively affected; the particular risks relative to new or recent customers or programs, including our arrangements with The Coca-Cola Company, which risks include customer and other delays, start-up costs, potential inability to execute, the establishment of appropriate terms of agreements, and the lack of a track record of order volume and timing; the risks of concentration of work for certain customers; our ability to manage successfully a complex business model characterized by high customer and product mix, low volumes and demanding quality, regulatory, and other requirements; the risk that new program wins and/or customer demand may not result in the expected revenue or profitability; the fact that customer orders may not lead to long-term relationships; the effects of shortages and delays in obtaining components as a result of economic cycles or natural disasters, such as the floods in Thailand; raw materials and component cost fluctuations, particularly due to sudden increases in customer demand; the risks associated with excess and obsolete inventory, including the risk that inventory purchased on behalf of our customers may not be consumed or otherwise paid for by the customer, resulting in an inventory write-off; the weakness of the global economy and the continuing instability of the global financial markets and banking system, including the potential inability of our customers or suppliers to access credit facilities; the effect of changes in the pricing and margins of products; the effect of start-up costs of new programs and facilities, including our recent and planned expansions, such as our potential new replacement facility in Oradea, Romania, and our expansion in Penang, Malaysia, Darmstadt, Germany and Xiamen, China; the risk of unanticipated costs, unpaid duties and penalties related to an ongoing audit of our import compliance by U.S. Customs and Border Protection; increasing regulatory and compliance requirements; possible unexpected costs and operating disruption in transitioning programs; the potential effect of fluctuations in the value of the currencies in which we transact business; the potential effect of world or local events or other events outside our control (such as drug cartel-related violence in Mexico, changes in oil prices and terrorism); the impact of increased competition; and other risks detailed in the Company's Securities and Exchange Commission filings (particularly in Part I, Item 1A of our annual report on Form 10-K for the fiscal year ended October 1, 2011).