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# Business PROFILE

## Realizing Products

Plexus, formed in 1980, is unique within the fast-growing Electronic Manufacturing Services (EMS) industry. With more than twenty years' experience in turning product concepts into world-class products, Plexus offers customers a comprehensive set of value-added product realization services. Services include mechanical, electronic and software design, printed circuit board design, prototyping services, new product introduction, material procurement and management, printed circuit board and higher-level assembly, in-circuit and functional testing, final system box build, distribution and sustaining services. Plexus has no proprietary products, but its product realization services have created complex, high-tech products. These products are used in a variety of industries including networking, data communications, medical, industrial, computer and transportation. For major Original Equipment Manufacturers (OEMs) and high-tech start-ups, Plexus is **Realizing Products**.

## Realizing Growth

Anticipating and responding to customers' needs, Plexus continues to expand its capabilities and geographic reach. Customers select Plexus for its technology leadership across a broad range of product realization services. An aggressive technology roadmap strategy drives Plexus' product design and manufacturing capabilities and assures that its technology leadership is maintained. Geographic and facility expansion supports Plexus' global customer base by continually adding product development, manufacturing, sustaining service and logistics capacity throughout the United States and internationally. This technology leadership and global presence is proving to be mutually beneficial, as Plexus and its customers are **Realizing Growth**.

### Vision

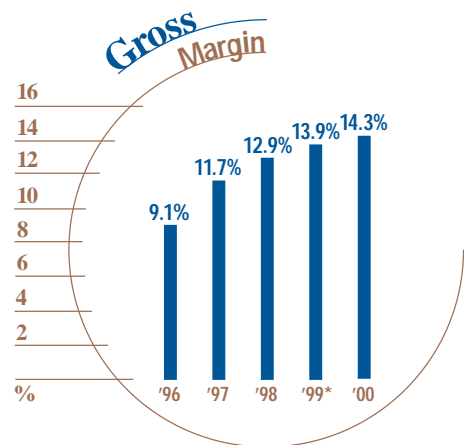
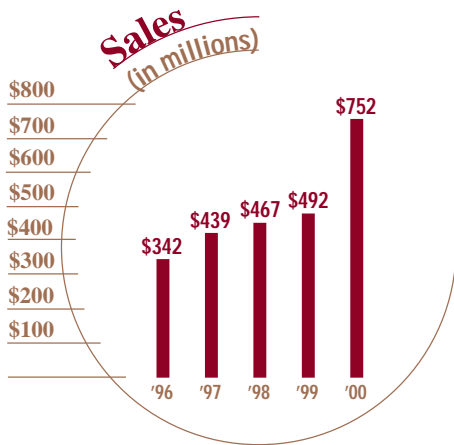
*Our vision is to be recognized as The Product Realization Company, which develops and manufactures world-class products for our customers, while rewarding our employees and shareholders.*

### Mission

*Our mission as The Product Realization Company is to provide a complete menu of value-added design and manufacturing services from which our customers can choose, giving them a competitive advantage in time-to-market, technology, flexibility and total cost.*

### Forward-Looking Statements

*This Annual Report contains forward-looking statements. Readers should be aware that such forward-looking statements contain risks and uncertainties which could significantly affect expected results from those expressed in any such forward-looking statements. Readers are encouraged to read Form 10-K (which is included herein) for a discussion of many of those risks and uncertainties.*

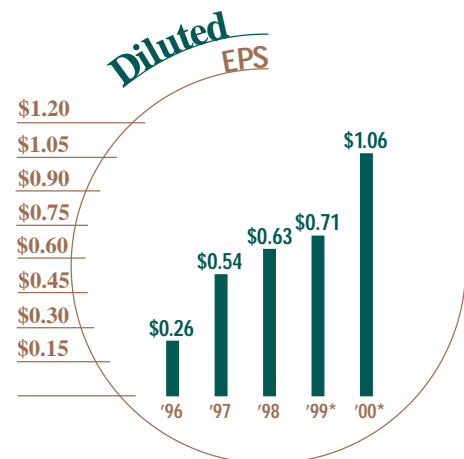
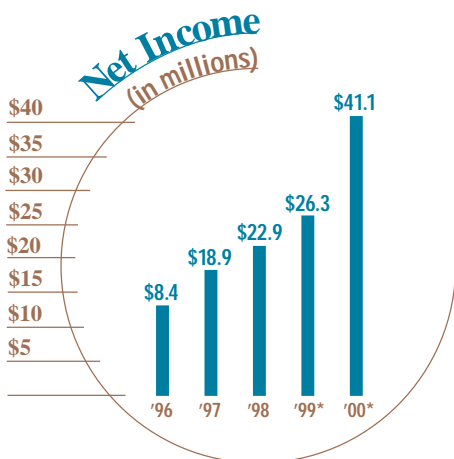
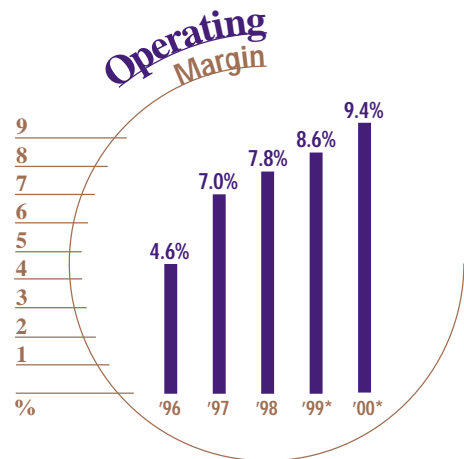


# Financial HIGHLIGHTS

for years ended  
September 30

Note: As a result of the fiscal 1999 merger with SeaMED, Plexus' historical results have been restated utilizing the pooling of interests method of accounting. See Notes 1 and 8 in the Notes to Consolidated Financial Statements.

\* Excluding merger, acquisition and other one-time related charges



Adjusted for  
2-for-1 stock  
splits on 8/25/97  
and 8/30/00

Realizing  
PRODUCTS

## To Our Shareholders

Fiscal 2000 was a year of many successes for Plexus, both financial and strategic. By any measure, it was one of the best years in the Company's history. Profitable growth, capital base enhancements, significant acquisitions, and facility expansions were all important achievements of the year.

The primary financial successes were:

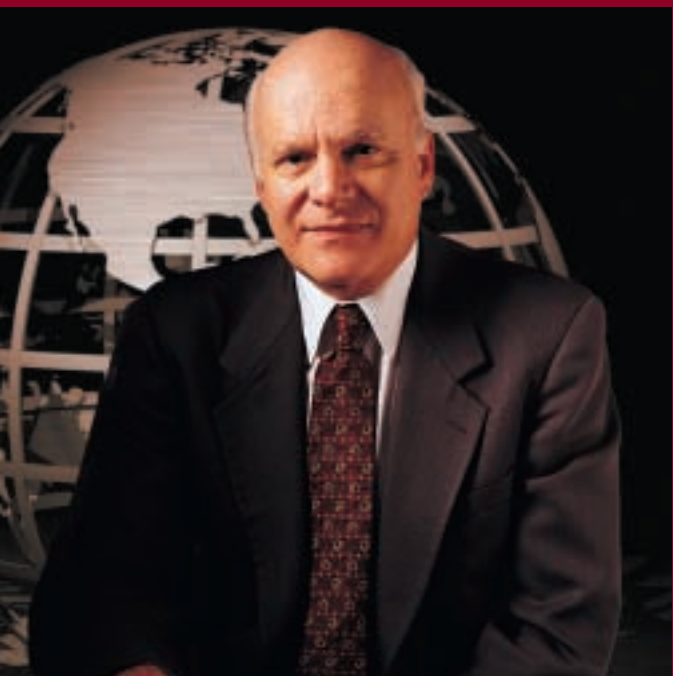
- *Revenues increased 53 percent to a record \$752 million.*
- *Operating income, before merger, acquisition and other one-time related charges, rose 69 percent to a record \$71 million, while the operating margin increased to 9.4 percent.*
- *Net income increased 56 percent to a record \$41 million and earnings per share increased 49 percent to a record \$1.06, before merger, acquisitions and other one-time related charges.*
- *Return on average equity was 23.1 percent and return on average assets was 11.0 percent, before merger, acquisitions and other one-time related charges, both leading financial returns in the EMS industry.*
- *Arrangements were made to increase the Company's borrowing base and to commence a secondary offering of the Company's common stock. During October 2000, the Company's borrowing base was increased to \$300 million, and on October 18, 2000, the Company completed a 3.45 million-share secondary offering that raised net proceeds of \$164 million. These two financial developments provide the Company with capital to continue its strong growth.*

There were also a number of strategic successes that greatly increased the Company's ability to realize products for its expanding customer base. The primary ones were:

- *The acquisitions of Agility, Keltek and Elamex's turnkey electronic contract manufacturing operations, which are highlighted later in this document. In addition, the Company announced the acquisition of e2E Corporation. This acquisition was completed in December 2000 and added approximately 100 printed circuit board (PCB) designers to the Company's engineering staff, making Plexus the leader in this critical design activity that transitions product development into manufacturing.*

**"Fiscal 2000... was one of the best years in the Company's history."**

- *The formation of dedicated NPI (New Product Introduction) PLUS centers in Boston, Minneapolis, Seattle, the Silicon Valley and Appleton, Wisconsin. These NPI PLUS centers work with customers to make certain that new products will be transitioned into volume manufacturing as efficiently as possible, providing such services as PCB design, test development, prototype build and pilot production in collaboration with Plexus DesignCenters.*
- *The expansion of manufacturing operations in Boston and Scotland and the purchase of a new NPI PLUS center in Appleton.*



Peter Strandwitz  
*Chairman and Chief Executive Officer*

- *The completion of the expansion of the Neenah DesignCenter from 40,000 square feet to more than 100,000 square feet. This world-class facility strengthens the Company's position as the leader in advanced product realization services.*

On August 31, 2000, the Company's stock split 2 for 1. The primary purpose of the stock split was to provide additional liquidity for our shareholders. This was the third split of the Company's stock since the initial public offering.

As you can readily see, fiscal 2000 was an active year for the Company. We expect that 2001 will also be an active year. This is because Plexus is very well positioned with its technology and, as a result, is attracting many exciting opportunities for growth.

In addition to its technology, Plexus has another great asset — 5,600 dedicated and well-trained employees who work diligently to fulfill the high expectations of our customers. Plexus' technology attracts the customers to us, and our outstanding employees retain them as customers. That's the Plexus formula.

Looking ahead, Plexus is in a sector that continues to grow rapidly as the trend towards outsourcing continues as strong as ever. We remain confident that the combination of our technology and our dedicated employees can result in another year of realizing growth through realizing products for our customers.

We look forward to another successful year.

Very truly yours,

A handwritten signature in dark ink that reads "Peter Strandwitz". The signature is written in a cursive, flowing style.

# Realizing PRODUCTS

## The Product Realization Process

Product realization at Plexus is turning customers' product concepts into reality. Plexus' capabilities span the product life cycle from design, test development, and new product introduction through manufacturing and sustaining services. This range of expertise provides for the seamless transition of products from one service offering to another, reducing time-to-market and total cost. The best time to market and the lowest total cost are obtained when a customer utilizes all of Plexus' integrated product realization services.



### Design

*Plexus' world-class DesignCenters have hundreds of highly experienced engineers and technicians with more than two decades of experience designing products for some of the largest OEMs in the world. With hundreds of successfully introduced products and numerous award-winning designs, Plexus engineers understand how to overcome the technical challenges involved in converting innovative concepts into products.*



### Testing

*Early in the product development process, engineers develop test strategies to ensure that product quality, reliability and product cost requirements are met. Various test strategies are considered to select the most cost-effective technologies and equipment for each customer's application. Plexus then implements and supports the selected test strategy and related equipment throughout the product's life cycle.*



### Manufacturing

*Plexus ManufacturingCenters provide manufacturing services ranging from printed circuit board assembly and test to complete system assembly and custom configuration of complex systems. Plexus combines state-of-the-art equipment, our Focus Factory methodology, cross-functional customer teams, highly qualified engineers and technicians to produce a diverse array of products while maintaining a focus on cost, quality and flexibility.*





## **NPI PLUS<sup>SM</sup> (New Product Introduction)**

In order to offer customers transition support from engineering to volume manufacturing, Plexus implemented the NPI PLUS centers. Plexus NPI PLUS services provide a one-stop seamless solution to quickly move new products from concept into volume manufacturing. The NPI PLUS services redefine the conventional concept of NPI by providing prototype assembly and moderate volume manufacturing. NPI PLUS centers also offer materials management and logistics, process development, as well as test and manufacturing tooling debug. To widen the scope of NPI PLUS services, customers have access to product development, PCB layout and test development services through Plexus DesignCenters. As pictured to the left, the NPI PLUS methodology is built around customer-focused teams that have access to all required disciplines. NPI PLUS services provide customers the dedicated staff, facilities and equipment required for timely, successful product introduction and ramp-to-volume production.

***One of Plexus' dedicated NPI PLUS Teams, left to right: Mike Howlett, CAD/CAM Technician; Debby Siebers, Program Manager; Bruce Schmidt, PCB Designer; Bill Capen, SMT Technician; Linda Gruetzmacher, Materials Manager***



### ***Sustaining Services***

*Plexus continues its role as a full-service partner after a product is manufactured by providing sustaining services. These services include distribution, warranty repair and service, product upgrades, obsolescence management and end-of-life support.*

# Realizing GROWTH

Plexus continues to realize growth through strategic acquisitions and organic expansion. In fiscal 2000, Plexus acquired an NPI PLUS center in the Boston area and a ManufacturingCenter in Juarez, Mexico. A third acquisition marked Plexus' first expansion into Europe by adding a DesignCenter and ManufacturingCenter in Kelso, Scotland, and a ManufacturingCenter in Maldon, England. Plexus also expanded its Corporate Headquarters facility and purchased a new NPI PLUS center near its headquarters location. In addition, Plexus acquired e2E Corporation, a PCB design firm with multiple locations. Growth plans include near-term acquisition or greenfield expansion into California, Texas, Western Europe and ultimately Southeast Asia. In addition, ManufacturingCenter expansions are planned for Illinois and Kentucky in 2001.



## **Neenah DesignCenter**

*The Neenah DesignCenter completed its expansion to more than 100,000 square feet in October of 2000. This state-of-the-art engineering facility was designed to accommodate more than 200 product development engineers and support staff.*



**2 Plexus/Agility (April 2000)**

*Plexus acquired Agility, a privately held EMS provider, located in the Boston, Massachusetts, area. Agility establishes Plexus' presence in the New England area. With its expansion completed in September of 2000, the Boston NPI PLUS center totals 65,000 square feet.*



3

**Plexus/Mexico (May 2000)**

*Plexus acquired the turnkey electronic contract manufacturing operations of Elamex located in Juarez, Mexico. The acquisition was Plexus' first expansion outside of the United States and offers customers a low-cost-labor solution. With two facilities, the Juarez Manufacturing Center totals 250,000 square feet.*



4

**Plexus/Keltek (July 2000)**

*Plexus acquired Keltek, a privately held EMS provider with locations in Kelso, Scotland, and Maldon, England. The acquisition established Plexus' base in Western Europe, providing DesignCenter and ManufacturingCenter service solutions to customers on an international level. The Kelso operation opened its newly constructed 57,000-square-foot facility in September of 2000. The recently constructed Maldon operation comprises 40,000 square feet.*



**6 Plexus/e2E (December 2000)**

*Plexus acquired e2E, a privately held PCB design company with seven domestic and two international locations. The acquisition added approximately 100 PCB designers to the company's existing engineering staff.*



5

**Appleton NPI PLUS Center**

*Plexus purchased a 67,000-square-foot facility in Appleton, Wisconsin, to support the growth of its Wisconsin NPI PLUS center. The facility began operations in December of 2000.*

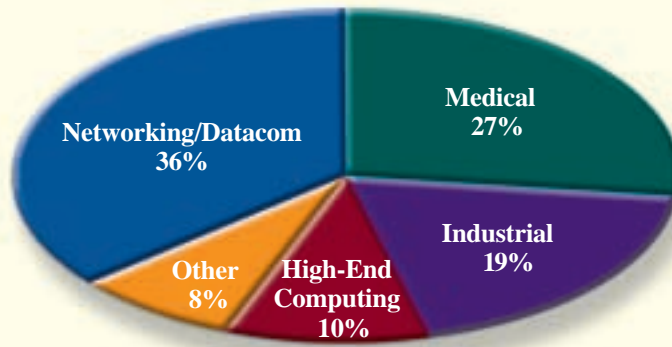
Realizing  
**PRODUCTS**  
 Realizing  
**GROWTH**

Plexus is a leader in designing and manufacturing Class I, Class II and Class III medical products through multiple FDA-registered facilities. In addition, Plexus provides support documentation for FDA Pre-Market Notification (PMA or 510(k)). Electronic and electromechanical product examples include:

- Digitally encoded ultrasound systems
- Real-time X-ray imaging systems
- Breast biopsy devices
- Therapeutic circulation devices
- Continuous cardiac output monitors
- Portable bedside patient monitors
- Pneumatic heart assist devices



**Based on Fiscal Year 2000 Sales**



Plexus' technology leadership across a broad range of product realization services has enabled it to serve a uniquely diverse portfolio of markets. Plexus' customers span the networking/ datacommunications, medical, industrial, computer and transportation markets. Customers select Plexus to satisfy their product design and manufacturing needs for complex, high-technology, high-reliability products. Each customer benefits from the cross-pollination of this portfolio and its tier-one EMS capabilities.

Plexus has the expertise to design, manufacture and test complex, mission-critical networking/datacom systems including those utilizing optical and wireless technologies. Product examples include:

- Carrier class routers and switches
- Fiber optic network backbone devices
- High-speed metro optical networks
- High-speed web switching platforms
- 5 GHz wireless multimedia transmission systems
- Network Quality of Service (QoS) platforms
- Enterprise multimedia softswitch platforms



## Board of Directors



*Left to right: **Agustin A. Ramirez**, Chairman and CEO, HUSCO International, Inc. **Jan K. VerHagen**, Senior Vice President of Corporate Projects, Emerson Electric Co. **David J. Drury**, President, Poblocki & Sons, LLC **Peter Strandwitz**, Chairman and Chief Executive Officer **John L. Nussbaum**, President and Chief Operating Officer **Dean A. Foate**, Executive Vice President; and President, Plexus Technology Group **Harold R. Miller**, Retired; previously Chairman of the Board, Marathon Engineers/Architects/Planners, Inc. **Thomas J. Prosser**, Chairman of the Board, Menasha Corporation*

## Executive Officers



*Left to right: **Paul A. Morris**, Vice President, New Business Information Systems Development **Lisa M. Kelley**, Vice President-Finance and Treasurer **J. Robert Kronser**, Vice President, Sales and Marketing **John L. Nussbaum**, President and Chief Operating Officer **Peter Strandwitz**, Chairman and Chief Executive Officer **Charles C. Williams**, Vice President **Thomas B. Sabol**, Senior Vice President and Chief Financial Officer **Dean A. Foate**, Executive Vice President; and President, Plexus Technology Group **Joseph D. Kaufman**, Vice President, Secretary and General Counsel*

## ***Shareholder Information***

### ***Investor Information***

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

#### *Investor Relations*

*Plexus Corp.*

*55 Jewelers Park Drive*

*Neenah, Wisconsin 54957-0156*

*920-722-3451*

*Email: [plexus\\_ir@plexus.com](mailto:plexus_ir@plexus.com)*

*Web site: [www.plexus.com](http://www.plexus.com)*

*For common stock market information, see Item 5 in the Form 10-K enclosed herein.*

### ***Transfer Agent and Registrar***

*Firstar Trust Company*

*Corporate Trust Services*

*1555 North River Center Drive*

*Suite 301*

*Milwaukee, Wisconsin 53212*

*1-800-637-7549*

### ***Auditors***

*PricewaterhouseCoopers LLP*

*Milwaukee, Wisconsin*

### ***Outside Legal Counsel***

*Quarles & Brady LLP*

*Milwaukee, Wisconsin*

### ***Annual Meeting***

*March 7, 2001: 10:00 a.m.*

*Park Plaza Valley Inn*

*Neenah, Wisconsin*



*The Product Realization Company*

Plexus Corp.  
55 Jewelers Park Drive  
Post Office Box 156  
Neenah, WI 54957-0156  
Phone: 920-722-3451  
[www.plexus.com](http://www.plexus.com)

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

FORM 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Commission file number 000-14824

**PLEXUS CORP.**

(Exact Name of Registrant as Specified in its Charter)

**Wisconsin**

(State or other jurisdiction of  
Incorporation or Organization)

**39-1344447**

(I.R.S. Employer Identification No.)

**55 Jewelers Park Drive  
Neenah, Wisconsin 54957-0156  
(920) 722-3451**

(Address, including zip code, of principal executive offices and Registrant's telephone number, including area code)

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

None

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

Common Stock, \$.01 par value  
Preferred Stock Purchase Rights  
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports(s)) and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of December 12, 2000, 40,600,189 shares of Common Stock were outstanding, and the aggregate market value of the shares of Common Stock (based upon the \$48.6875 closing sale price on that date, as reported on the NASDAQ National Market) held by non-affiliates (excludes shares reported as beneficially owned by directors and officers – does not constitute an admission as to affiliate status) was approximately \$1.9 billion.

**DOCUMENTS INCORPORATED BY REFERENCE**

Document  
Proxy Statement for 2001 Annual  
Meeting of Shareholders

Part of Form 10-K Into Which  
Portions of Document are Incorporated  
Part III

**“SAFE HARBOR” CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:**

The statements contained in the Form 10-K which are not historical facts (such as statements in the future tense and statements including “believe,” “expect,” “intend,” “plan,” “look forward to,” “anticipate” and similar terms) are forward-looking statements that involve risks and uncertainties, including, but not limited to, the level of overall growth in the electronics industry, the Company’s ability to integrate acquired operations, the Company’s ability to secure new customers and maintain its current customer base, the result of cost reduction efforts, material cost fluctuations and the adequate availability of components and related parts for production, the risk of customer delays or cancellations in both ongoing and new programs, the timing and mix of production, the effect of start-up costs of new programs and facilities, capacity utilization, the effect of economic conditions, the impact of technological changes and increased competition, design and manufacturing deficiencies and other risks detailed herein and in the Company’s other Securities and Exchange Commission filings. In addition, see the Management’s Discussion and Analysis of Financial Condition and Results of Operations in Item 7, particularly “General” and “Risk Factors” for a further discussion of factors which could affect future results.

Unless otherwise indicated, all share and per share information reported throughout this report has been restated to give effect to Plexus’ two-for-one stock splits effective August 31, 2000, and August 25, 1997.

**PART 1**

**ITEM 1. BUSINESS**

**Overview**

Plexus Corp. and its subsidiaries (together “Plexus,” the “Company,” or “we”) provide product realization services to original equipment manufacturers, or OEMs, in the networking/datacommunications/telecommunications, medical, industrial, computer and transportation industries. We provide advanced electronics design, manufacturing and testing services to our customers and focus on complex, high-end products. We offer our customers the ability to outsource all stages of product realization, including: development and design, materials procurement and management, prototyping and new product introduction, testing, manufacturing and after-market support.

We believe that our broad service offerings with respect to the design and realization of complex, high-end products within the electronics manufacturing services, or EMS, industry provide us with a significant competitive advantage. Through a staff of over 350 product development engineers, we offer a complete menu of engineering services, including digital and analog design, mechanical and industrial design, embedded software design, printed circuit board design, test equipment and software development, product verification and new product introduction services. Our manufacturing services include printed circuit board assembly, product configuration, testing, final product and system box build and after-market support. Throughout the production process, we offer logistics services, such as materials procurement, inventory management, packaging and distribution.

Our customers include both industry leading OEMs and emerging technology companies. Due to our focus on serving OEMs in high-growth technology and medical sectors, our business is influenced by major technological trends such as the level and rate of development of fiber optics infrastructure, the expansion of network computing and Internet use, and the expansion of outsourcing by OEMs generally.

Established in 1979, we have approximately 5,600 full-time employees and 18 facilities in 13 locations, totaling approximately 1.4 million square feet. Over the past few years, we have expanded our capacity and geographic reach through a series of strategic acquisitions. Through these transactions, we have enhanced our access to and ability to provide services within important technology corridors in Boston, Chicago and Seattle; established a base in Europe; significantly increased the size and capabilities of our medical services offerings; significantly expanded our capacity with respect to the assembly of configured-to-order wireless products; and acquired proven low-cost manufacturing operations in Mexico.

## Services

Plexus offers a broad range of integrated services that provide customers with a total design, new product introduction and manufacturing solution to take a product from initial design through production to after-market support. Our customers may utilize any or all of the following services and tend to use more of these services as their outsourcing strategies mature:

***Product development and design.*** We provide comprehensive product development and design and test engineering services. These services include project management, initial feasibility studies, product concept definition, specifications for product features and functions, product engineering specifications, microprocessor selection, circuit design, software design, application-specific integrated circuit design, printed circuit board layout, product housing design, development of test specifications and product validation testing. Through our product development and design services, we provide customers with a complete product design that can be manufactured efficiently.

***Prototyping and new product introduction services.*** We provide rapid assembly of prototype products within our dedicated, streamlined New Product Introduction Plus centers. We supplement our prototype assembly services with value-added services, including printed circuit board design, materials management, manufacturing defects analysis, analysis of the manufacturability and testability of a design, test implementation and pilot production runs leading to volume production. These services link our engineering organization, our customers' engineering organizations and our volume manufacturing organization. This link facilitates an efficient transition to manufacturing. We believe that these services provide significant value to our customers by accelerating their products' time-to-market schedule.

***Test development and product testing.*** Because product functionality has driven components and assembly techniques to become increasingly complex, there is a need to design and assemble increasingly complex in-circuit and functional test equipment for electronic products and assemblies. Our internal development of this test equipment allows us to rapidly implement test solutions and efficiently test printed circuit assemblies, subassemblies and product and system assemblies. We also develop and utilize specialized equipment that allows us to environmentally stress test products during functional testing to assure reliability. We believe that the design and production of test equipment is an important factor in our ability to provide technology-driven products of consistent and high quality.

***Manufacturing and assembly.*** We provide turnkey manufacturing services for a variety of electronic products to diverse industries. These services include developing and implementing a materials strategy that meets customers' demand and flexibility requirements, assembling printed circuit assemblies utilizing a wide range of assembly technologies, building and configuring final product and system boxes and testing assemblies to meet customers' requirements. We have the expertise to assemble very complex electronic products that utilize multiple printed circuit boards and subassemblies. These complex products are typically configured to fulfill unique customer requirements and many are shipped directly to our customers' end users. In addition, we have developed special processes and tools to meet industry-specific requirements. Among these are the tools and processes to assemble finished medical devices that meet U.S. Food and Drug Administration Quality Systems Regulation requirements and similar regulatory requirements of other countries.

***After-market support.*** We provide service support for manufactured products. In this context, supported products, which may or may not be under the customer's warranty, may be returned for repairs or upgrades at the customer's discretion.

## Recent Combinations and Acquisitions

Since fiscal 1998, we have completed six acquisitions that have added facilities totaling approximately 539,000 square feet and over 2,400 new employees. We have actively pursued combinations and acquisitions to expand our geographic reach, increase our design, engineering and manufacturing capability and breadth of service offerings and strengthen and broaden our customer relationships. Since fiscal 1998, we have completed the following acquisitions:

<b>Date</b>	<b>Acquired Company/ Operations</b>	<b>Facilities Square Footage</b>	<b>Employees</b>	<b>Location(s)</b>
July 2000	Keltek (Holdings) Limited	77,000	461	Kelso, Scotland Maldon, England
May 2000	Turnkey electronics manufacturing operations of Elamex, S.A. de C.V.	250,000	1,394	Juarez, Mexico
April 2000	Agility, Incorporated	25,000	98	Ayer, Massachusetts
December 1999	Printed circuit board operations of Intermec Technologies Corporation	—	45	Everett, Washington (1)
September 1999	Printed circuit board operations of Shure, Incorporated	25,000	125	Wheeling, Illinois
July 1999	SeaMED Corporation	162,000	301	Bothell, Washington

(1) Combined with our existing Bothell, Washington, operations.

In addition, Plexus has recently announced its pending acquisition of e2E Corporation (“e2E”), a privately held printed circuit board design and engineering service provider for electronic OEMs. This acquisition will expand Plexus’ industry leading product realization services by adding more than 100 engineers/designers in seven domestic design centers, including: Hillsboro, Oregon; Nashua, New Hampshire; San Diego, California; and Dallas, Texas; as well as international design centers in Melrose, Scotland, and Tel Aviv, Israel. Plexus will exchange approximately \$20.6 million of its common stock for all the outstanding capital stock of e2E. This merger will be accounted for as a pooling of interest. The transaction is expected to be completed in December 2000, but is subject to customary closing conditions. The debt of e2E is estimated to be approximately \$3.1 million at the time of the closing.

## Customers and Industries Served

We provide services to a wide variety of customers, ranging from large multi-national companies to smaller emerging technology companies, including start-ups. During fiscal 2000, we provided services to approximately 140 customers. Because of the variety of services we offer, our flexibility in design and manufacturing and our ability to respond to customer needs in a timely fashion, we believe that we are well positioned to offer our services to customers in most market segments. For many customers, we serve both a design and production function, thereby permitting customers to concentrate on concept development, distribution and marketing, while accelerating their time to market, reducing their investment in manufacturing capacity and optimizing total product cost.

Lucent Technologies Inc. (“Lucent”) and General Electric Company (“GE”) represented over 10 percent of our net sales for the periods set forth below:

<b>Customer</b>	<b>Percentage of Net Sales</b>		
	<b>Fiscal Year</b>		
	<b>2000</b>	<b>1999</b>	<b>1998</b>
Lucent Technologies	23%	16%	*
General Electric	*	12%	*

\*represents sales less than 10 percent

Many of our large customers, including Lucent and GE, contract independently through multiple divisions, subsidiaries, production facilities or locations. We believe that in most cases our sales to one such subsidiary, division, facility or location are not dependent on sales to others. Although the complete loss of any major customer could have a significant negative impact on us, we do not believe the loss of all divisions, subsidiaries, facilities or locations of a major customer to be likely.

We provided services within the following industries in the following proportions:

<b>Industry</b>	<b>Percentage of Net Sales</b>		
	<b>Fiscal Year</b>		
	<b>2000</b>	<b>1999</b>	<b>1998</b>
Networking/Datacommunications	36%	24%	15%
Medical	27%	31%	29%
Industrial	19%	23%	20%
Computer	10%	14%	23%
Transportation/Other	8%	8%	13%

### **Materials and Suppliers**

We purchase raw materials and electronic components from manufacturers and distribution companies. The key electronic components we purchase include printed circuit boards, specialized components such as application-specific integrated circuits, semi-conductors, interconnect products, electronic subassemblies (including memory modules, power supply modules and cable and wire harnesses), resistors and capacitors. Along with these electronic components, we also purchase components for use in higher-level assembly and manufacturing. These components include sheet metal fabrications, aluminum extrusions, die castings and various other hardware and fastener components. These components range from standard to highly customized and they vary widely in terms of market volatility and price.

From time to time, allocation of components becomes an integral part of the electronics industry, and component shortages can occur with respect to particular components. In response, we actively manage our business in a way that minimizes our exposure to materials and component shortages. We have developed a corporate procurement organization whose primary purpose is to create strong supplier alliances to ensure, as much as possible, a steady flow of components at competitive prices. Because we design products and can influence what components are used in some new products, components manufacturers often provide us with a greater amount of materials and components, even during shortages. We have also established and continue to expand strategic relationships with international purchasing offices, and we attempt to leverage our design position with suppliers. Beyond this, we have undertaken a series of flexibility initiatives, including the utilization of in-plant stores, point-of-use programs, assured supply programs and similar efforts. All of these undertakings seek to improve our overall supply chain flexibility and to accommodate our growth plans.

### **Sales and Marketing**

We market our services primarily through our sales and marketing organization of approximately 65 people, which includes salespeople, strategic customer managers, technology specialists and advertising and other corporate communications personnel. Our sales and marketing efforts focus on generating new customers and pursuing profitable opportunities. We use our ability to provide a full range of product realization services as a marketing tool, and our technology specialists participate in marketing through direct customer contact and participation in industry symposia and seminars. Our sales force is integrated with the rest of our business and is aligned geographically within important technology corridors. We support our sales and marketing efforts with in-depth industry research.

### **Competition**

The market for the products and services we provide is highly competitive. We compete primarily on the basis of engineering, testing and production capabilities, technological capabilities and the capacity for responsiveness, quality and price. There are many competitors in the electronics design and assembly industry. Larger and more geographically diverse competitors have substantially more resources than we do. Other, smaller competitors compete only in narrow, specific areas of our business. We also compete against companies that design or manufacture items in-house rather than by outsourcing. In addition, we compete against foreign, low-labor-cost manufacturers. This foreign, low-labor-cost competition tends to focus on commodity and consumer-related products, which is not our primary focus.

## **Patents and Trademarks**

The Company does not own any material patents or copyrights. The Company owns the servicemarks “Plexus,” “Plexus, The Product Realization Company,” and “SeaMED.” The Company has applied for (and is using) the servicemarks “ProtoCenter” and “NPI Plus.”

Plexus has arranged with another company to offer product development services relating to a 5GHz radio which Plexus developed for this company. The radio has potential use in a variety of products, particularly RF/wireless video products. Plexus made these arrangements in connection with the design services provided to the other company. While Plexus does not have exclusive rights to the 5GHz radio, Plexus could generate revenue through the design and manufacturing of products utilizing the radio. Production and sale of any such products utilizing this technology has not yet commenced. In addition, there can be no assurance that Plexus’ customers will be able to successfully commercialize products utilizing this technology.

Plexus (along with hundreds of other companies) has been sued by the Lemelson Medical, Education & Research Foundation Limited Partnership (“Lemelson”) related to the alleged possible infringement of certain Lemelson patents relating to machine vision and bar-code technology. Plexus and many other defendants have requested a stay of the action pending developments in other Lemelson litigation. If a judgment is rendered and/or a license fee is required in the future, that could affect the results for the period or periods in which payment is made or accrued. Additionally, Plexus believes that it may be contractually indemnified by the companies from which Plexus purchased the machine vision and bar-code technology equipment.

To augment its management information systems, in the first quarter of fiscal 2001, Plexus entered into a license agreement with JD Edwards for enterprise resource planning (“ERP”) software and systems to enhance and standardize Plexus’ ability to translate information from production facilities into financial and managerial reporting. Because of the very recent execution of the license, the conversion timetable has not yet been finalized (and will be subject to change); however, Plexus has begun developing its global model as well as a pilot conversion. The conversion process is expected to continue for approximately two to three years to convert all current sites and business units.

## **Environmental Compliance**

The Company is subject to a variety of environmental regulations relating to the use, storage, discharge and disposal of hazardous chemicals used during its manufacturing process. Although the Company believes that it is in compliance with all federal, state and local environmental laws, and does not anticipate any significant expenditures in maintaining its compliance, there can be no assurances that violations will not occur which could have a material adverse effect on the results of the Company.

## **Employees**

Our employees are one of our primary strengths, and we make considerable efforts to maintain a well-qualified staff. As we have grown, we have been able to offer enhanced career opportunities to many of our employees. Our human resources department identifies career objectives and monitors specific skill development for employees with management and technical potential for advancement. We invest heavily in training at all levels to ensure that employees are well trained. We operate a policy of involvement and consultation with employees in every facility and strive for continuous improvement at all levels.

As of December 1, 2000, we employed approximately 5,600 full-time employees. Given the growth of our business and the quick response time required by our customers, we seek to maintain flexibility to scale our operations as necessary to maximize efficiency. To do so, we use skilled temporary labor. In Europe, approximately 60 of our employees are covered by union agreements. These union agreements are typically renewed at the beginning of each year, although in a few cases they may last two or more years. None of our employees in the United States and Mexico is covered by union agreements. We have no history of labor disputes at any of our facilities. We believe that our employee relationships are good.

## ITEM 2. PROPERTIES

Our facilities comprise an integrated network of technology and manufacturing centers, with corporate headquarters located in our engineering facility in Neenah, Wisconsin. We own or lease facilities with approximately 1.4 million square feet of capacity. This includes approximately 1.0 million square feet in the United States, approximately 250,000 square feet in Mexico and approximately 102,000 square feet in Europe. We are also undertaking expansion projects to expand significantly several of our existing facilities. The geographic diversity of our technology and manufacturing centers allows us to offer services from locations near our customers and major electronics markets. We believe that this approach reduces material and transportation costs, simplifies logistics and communications and improves inventory management. This enables us to provide customers with a more complete, cost-effective solution.

Our facilities are described in the following table:

Location	Type	Size (sq. ft.)	Owned/Leased
Neenah, Wisconsin (1)	Manufacturing	223,000	Leased
Neenah, Wisconsin (1)	Manufacturing	110,000	Owned
Juarez, Mexico (1)	Manufacturing	250,000	Leased
Kelso, Scotland (2)	Manufacturing	57,000	Leased
Richmond, Kentucky (3)	Manufacturing	45,000	Owned
Maldon, England	Manufacturing	40,000	Owned
Wheeling, Illinois (4)	Manufacturing	25,000	Leased
Appleton, Wisconsin (5)	NPI Plus Center	67,000	Owned
Ayer, Massachusetts	NPI Plus Center	65,000	Leased
Bothell, Washington	NPI Plus Center	60,000	Leased
Redmond, Washington	NPI Plus Center	21,000	Leased
Blaine, Minnesota	NPI Plus Center	14,000	Owned
Milpitas, California	NPI Plus Center	5,000	Leased
Neenah, Wisconsin	Engineering	105,000	Owned
Bothell, Washington	Engineering	81,000	Leased
Louisville, Colorado	Engineering	16,000	Leased
Raleigh, North Carolina	Engineering	14,000	Leased
Kelso, Scotland	Engineering	5,000	Leased
Neenah, Wisconsin	Office/Warehouse	100,000	Leased
El Paso, Texas	Office/Warehouse	13,000	Leased
Blaine, Minnesota	Office/Warehouse	5,200	Leased
Redmond, Washington (6)	Other	60,000	Leased
Bothell, Washington (6)	Other	10,000	Leased
Kelso, Scotland (2)	Other	37,000	Owned

- (1) Includes more than one building.
- (2) The Kelso operations recently moved into a new 57,000-square-foot facility. We currently anticipate disposing of the 37,000-square-foot facility previously utilized for these operations.
- (3) We are expanding this facility by approximately 55,000 square feet, which is expected to be completed by November 2001.
- (4) These operations are moving to a new 135,000-square-foot leased facility, which is expected to be completed by October 2001.
- (5) We acquired this facility in July 2000 and expect operations to commence in December 2000.
- (6) These buildings are being subleased to an unrelated third party and not used in our business operations.

### ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings required to be disclosed herein to which the Company is a party of or which any of its property is the subject.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of fiscal 2000.

### EXECUTIVE OFFICERS OF THE REGISTRANT

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

<b>Name</b>	<b>Age</b>	<b>Position</b>
Peter Strandwitz	63	Chairman, Chief Executive Officer, Director
John L. Nussbaum	58	President, Chief Operating Officer, Director
Dean A. Foate	42	Executive Vice President, Director
Thomas B. Sabol	41	Senior Vice President, Chief Financial Officer
Joseph D. Kaufman	43	Vice President, Secretary and General Counsel
Lisa M. Kelley	34	Vice President-Finance, Treasurer and Chief Accounting Officer
J. Robert Kronser	41	Vice President-Sales and Marketing
Paul A. Morris	39	Vice President-Information Systems Development
Charles C. Williams	64	Vice President

*Peter Strandwitz* is a co-founder of Plexus and has served as Chairman of the Board, Chief Executive Officer and a director since 1979.

*John L. Nussbaum* is a co-founder of Plexus and has served as President and a director since 1980, and Chief Operating Officer since 1996.

*Dean A. Foate* joined Plexus in 1984 and has served as President of Plexus Technology Group since 1995, Executive Vice President of Plexus since 1999 and a director since March 2000.

*Thomas B. Sabol* joined Plexus in 1996 and has served as Senior Vice President since May 2000. Previously, Mr. Sabol served as Vice President and General Auditor for Kemper Corporation and before that as Business Assurance Manager for Coopers & Lybrand.

*Joseph D. Kaufman* joined Plexus in 1986 and has served as Vice President, Secretary and General Counsel of Plexus since 1990.

*Lisa M. Kelley* joined Plexus in 1992. Positions held within Plexus included Manager, Subsidiary Controller and Corporate Controller. Since 1998, Ms. Kelley has served as Treasurer. In May 2000, Ms. Kelley became Vice President - Finance.

*J. Robert Kronser* joined Plexus in 1981 serving in various engineering roles. From 1993 to 1999, Mr. Kronser managed the Advanced Manufacturing Center. Since May 1999, Mr. Kronser has served as Vice President of Sales and Marketing.

*Paul A. Morris* joined Plexus in 1984. Positions held within Plexus include Subsidiary Controller and Corporate Controller. Since May 2000, Mr. Morris has served as Vice President of Information Systems Development.

*Charles C. Williams* joined Plexus in 1982 and has been a Vice President since 1989.

## PART II

### ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

For the years ended September 30, 2000 and 1999, the Company's Common Stock has traded on the NASDAQ National Market System. The price information below represents high and low sale prices for each period.

<b>Fiscal Year Ended September 30, 2000</b>			<b>Fiscal Year Ended September 30, 1999</b>		
	High	Low		High	Low
First Quarter	\$24.50	\$12.22	First Quarter	\$17.38	\$ 8.50
Second Quarter	\$37.00	\$20.22	Second Quarter	\$20.13	\$12.81
Third Quarter	\$57.63	\$26.00	Third Quarter	\$17.38	\$13.38
Fourth Quarter	\$81.00	\$43.38	Fourth Quarter	\$17.19	\$13.94

As of December 12, 2000, there were approximately 528 shareholders of record.

The Company has not paid any cash dividends. We anticipate that all earnings in the foreseeable future will be retained to finance the development of our business. See also Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for a discussion of the Company's dividend intentions.

### ITEM 6. SELECTED FINANCIAL DATA

#### Financial Highlights (1)

(dollars in thousands, except per share amounts)

<b>Operating Statement Data</b>	<b>For the years ended September 30,</b>				
	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
Net sales	\$ 751,639	\$ 492,414	\$ 466,795	\$ 438,565	\$ 342,254
Gross profit	107,164	66,409 (3)	60,147	51,232	31,160
Gross margin	14.3%	13.5%	12.9%	11.7%	9.1%
Operating income	69,870 (2)	34,428 (3)	36,393	30,769	15,614
Operating margin	9.3%	7.0%	7.8%	7.0%	4.6%
Net income	40,196 (2)	20,311 (3)	22,937	18,893	8,350
Earnings per share (diluted)	\$ 1.04 (2)	\$ 0.55 (3)	\$ 0.63	\$ 0.54	\$ 0.26
<b>Cash Flow Statement Data</b>					
Cash flows provided by (used in) operations	\$ (51,392)	\$ 19,727	\$ 33,520	\$ 18,347	\$ 28,947
Capital equipment additions	44,228	18,196	11,997	13,488	5,636
<b>Balance Sheet Data</b>					
Working capital	\$ 213,596	\$ 110,411	\$ 91,159	\$ 70,544	\$ 55,683
Total assets	515,608	229,636	184,354	152,453	122,301
Long-term debt	141,409	142	2,587	3,516	16,658
Stockholders' equity	209,362	146,403	115,863	89,404	53,788
Return on average assets	10.8%	9.8%	13.6%	13.8%	6.8%
Return on average equity	22.6%	15.5%	22.3%	26.4%	16.8%
Inventory turnover ratio	4.4x	6.2x	7.1x	6.6x	5.6x

(1) As a result of the fiscal 1999 merger with SeaMED Corporation ("SeaMED"), prior historical results have been restated utilizing the pooling of interests method of accounting. Historical results have not been restated for the fiscal 2000 merger with Agility, Incorporated ("Agility") as they would not differ materially from reported results. See Notes 1 and 8 in the Notes to Consolidated Financial Statements.

- (2) In connection with the acquisitions of Agility, Keltek (Holdings) Limited (“Keltek”), and the turnkey electronics manufacturing services operations of Elamex, S.A. de C.V. (“Mexico turnkey operations”), the Company recorded one-time merger and acquisition-related charges of \$1.1 million (\$0.9 million after-tax). Excluding these charges, operating income would have been \$71 million (9.4% of sales), net income would have been \$41.1 million (5.5% of sales) and diluted earnings per share would have been \$1.06.
- (3) In connection with the acquisition of SeaMED, the Company recorded merger and other one-time related charges of \$7.7 million (\$6.0 million after-tax). Excluding these charges, gross profit would have been \$68.6 million (13.9% of sales), and operating income would have been \$42.1 million (8.6 % of sales). Net income excluding this charge would have been \$26.3 million (5.3% of sales), and diluted earnings per share would have been \$0.71.

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

### **Overview**

Plexus provides product realization services to original equipment manufacturers, or OEMs, in the networking/data-communications, medical, industrial, computer and transportation industries. We provide advanced electronics design, manufacturing and testing services to our customers and focus on complex, high-end products. We offer our customers the ability to outsource all stages of product realization, including: development and design, materials procurement and management, prototyping and new product introduction, testing, manufacturing and after-market support. The following information should be read in conjunction with our consolidated financial statements included herein and the “Risk Factors” section beginning on page 13.

We provide contract manufacturing services on either a turnkey basis, where we procure some or all of the materials required for product assembly, or on a consignment basis, where the customer supplies some, or occasionally all, materials necessary for product assembly. Turnkey services include materials procurement and warehousing in addition to manufacturing and involve greater resource investment and inventory risk management than consignment services. Turnkey manufacturing currently represents almost all of our net sales. Turnkey sales typically generate higher sales and higher gross profit dollars with lower gross margin percentages than consignment sales due to the inclusion of component costs, and related markup, in our net sales. However, turnkey manufacturing involves the risk of inventory management, and a change in component costs can directly impact average selling prices, gross margins and our net sales. Due to the nature of turnkey manufacturing, our quarterly and annual results are affected by the level and timing of customer orders, fluctuations in materials costs and the degree of automation used in the assembly process.

### **Mergers and Acquisitions**

On July 14, 2000, we acquired all of the outstanding capital stock of Keltek, headquartered in Kelso, Scotland, with an additional facility in Maldon, England. We accounted for the acquisition of Keltek using the purchase method of accounting. The results of Keltek’s operations have been included in our results from the date of acquisition. The acquisition of Keltek provides us with a presence in Western Europe to serve both current and new customers.

On May 23, 2000, we completed our acquisition of the Mexico turnkey operations located in Juarez, Mexico. We accounted for this acquisition using the purchase method of accounting, and the Mexico turnkey operations’ results are included in our results from the date of acquisition. We anticipate that the Mexico turnkey operations will provide our existing and potential customers with a proven low-cost-labor solution for many of our product realization services. In addition, the acquisition provides the existing customers of the Mexico turnkey operations with access to our engineering, test and technology capabilities.

On April 28, 2000, we acquired Agility, a privately held, Boston-based EMS provider. The transaction was accounted for as a pooling of interests. However, our prior results were not restated, as they would not differ materially from reported results. Agility’s results are included only for the last six months of fiscal 2000. The addition of Agility establishes a stronger presence with our current East Coast customers and increases our capacity to assemble complex printed circuit boards with complete final product and system box build.

On December 31, 1999, we acquired certain printed circuit board assembly manufacturing assets in the Seattle, Washington, area from an unrelated party. The acquisition was accounted for as a purchase transaction and the results from operations of the acquired assets are reflected only from the date of acquisition.

Plexus had recently announced its pending acquisition of e2E, a privately held printed circuit board design and engineering service provider for electronic OEMs. Plexus will exchange approximately \$20.6 million of its common stock for all the outstanding capital stock of e2E. This merger will be accounted for as a pooling of interest; however, prior results are not expected to be restated as they would not differ materially from reported results. The transaction is expected to be completed in December 2000, but is subject to customary closing conditions. The debt of e2E is estimated to be approximately \$3.1 million at the time of the closing.

## **Results of Operations**

### *Net sales*

Net sales for the year ended September 30, 2000, increased 53 percent to \$752 million from \$492 million for the year ended September 30, 1999. This increase was due primarily to growth in the networking/datacommunications and medical industries from both existing and new customers obtained through internal growth and through our acquisitions. Our acquisitions during fiscal 2000 accounted for slightly more than 9 percent of sales for the year ended September 30, 2000. The growth in the networking/datacommunications sector and medical industries was offset somewhat by a reduction in sales to the transportation industry and reduced sales volumes at our Seattle area manufacturing operations. We believe that our overall sales growth reflects the continuing trend toward outsourcing within the electronics industry.

Sales for the year ended September 30, 1999, increased 5 percent to \$492 million from \$467 million for the year ended September 30, 1998. Sales growth was impacted by industry-wide pressure on average selling prices, component prices and our continued focus to move toward higher-end technology business. In addition, sales by SeaMED decreased approximately \$8 million from fiscal 1998 levels.

Our largest customers for the year ended September 30, 2000, were Lucent Technologies and General Electric, which accounted for 23 percent and slightly less than 10 percent of sales, respectively, compared to the year ended September 30, 1999 when Lucent Technologies and General Electric accounted for 16 percent and 12 percent of sales, respectively. No customers accounted for more than 10 percent of our sales for the year ended September 30, 1998. Sales to our ten largest customers accounted for 63 percent of sales for the year ended September 30, 2000, compared to 61 percent for the years ended September 30, 1999 and 1998. As with sales to most of our customers, sales to our largest customers may vary from time to time depending on the size and timing of customer program commencement, termination, delays, modifications and transitions. For example, in reviewing anticipated future program changes over the next twelve months for Lucent Technologies, we believe that sales to Lucent Technologies may decrease somewhat, even though Lucent Technologies should remain a significant customer and represent approximately 10 percent of our sales. In addition, based on customer-forecasted demand, we currently anticipate that Cisco Systems will become our largest customer for fiscal 2001 and represent up to approximately 20 percent of our sales. We remain dependent on continued sales to Lucent Technologies, General Electric, Cisco Systems and our other significant customers, and we generally do not obtain firm, long-term purchase commitments from our customers. In addition, we expect an increasing percentage of our sales will come from emerging technology companies, including start-ups, mainly in the networking/datacommunications market sector. Customer forecasts can and do change as a result of their end-market demand and other factors. Although any material change in orders from these or other customers could materially affect our results of operations, we are dedicated to diversifying our customer base and decreasing our dependence on any particular customer or customers.

Our sales for the years ended September 30, 2000 and 1999, respectively, by industry were as follows: networking/datacommunications 36 percent (24 percent), medical 27 percent (31 percent), industrial 19 percent (23 percent), computer 10 percent (14 percent) and transportation/other 8 percent (8 percent). Based upon current forecasts from our customers, we expect the percentage of sales to the networking/datacommunications industry to continue to grow in fiscal 2001.

### ***Gross profit***

Gross profit for the year ended September 30, 2000, increased 61 percent to \$107.2 million from \$66.4 million for the year ended September 30, 1999. The gross margin for the year ended September 30, 2000, was 14.3 percent, compared to 13.5 percent for the year ended September 30, 1999. The gross margin increase was due primarily to the inclusion of \$2.2 million of one-time SeaMED merger-related charges from the write down of obsolete inventory and a loss on an engineering contract for the year ended September 30, 1999.

Gross profit for the year ended September 30, 1999, increased 10 percent to \$66.4 million from \$60.1 million for the year ended September 30, 1998. The gross margin for the year ended September 30, 1999, was 13.5 percent, compared to 12.9 percent for the year ended September 30, 1998. The improvement in gross margin in fiscal 1999 compared to fiscal 1998 reflects the Company's focus on business mix, leading-technology products and markets, and continued operating efficiencies which were partially offset by increased costs for expansion of engineering and technical manufacturing capabilities to meet customer demands and the one-time fiscal 1999 SeaMED merger-related charges.

Most of the research and development we conduct is paid for by our customers and is, therefore, included in the cost of sales. We conduct other research and development, but that research and development is not specifically identified and we believe such expenses are less than one percent of our net sales. Our gross margin reflects a number of factors that can vary from period to period, including product mix, the level of start-up costs and efficiencies of new programs, product life cycles, sales volumes, price erosion within the electronics industry, capacity utilization of surface mount and other equipment, labor costs and efficiencies, the management of inventories, component pricing and shortages, average sales prices, the mix of turnkey and consignment business, fluctuations and timing of customer orders, changing demand for customers' products and competition within the electronics industry. Overall gross margins continue to be affected by SeaMED's reduced sales volume, the effect of which may continue until synergies and efficiencies are realized and SeaMED's cost structure is aligned with its reduced sales volume, or until sales volumes increase. In addition, we expect gross margins resulting from the Mexico turnkey and Keltek operations to be below our historical gross margins. These and other factors can cause variations in our operating results. Although our focus is on maintaining and expanding gross margins, there can be no assurance that gross margins will not decrease in future periods. Gross margins are expected to decrease in the near-term due to our recent acquisitions.

### ***Operating expenses***

Selling and administrative (S&A) expenses for the year ended September 30, 2000, increased to \$35.0 million from \$26.3 million and \$23.6 million for the years ended September 30, 1999 and 1998, respectively. As a percentage of net sales, S&A expenses were 4.7 percent for the year ended September 30, 2000, compared to 5.3 percent and 5.1 percent for the years ended September 30, 1999 and 1998, respectively. The increase in dollar terms was due primarily to increases in our sales and marketing efforts and information systems support, while the decrease as a percentage of net sales was attributable to efficiencies associated with additional sales. We anticipate that future S&A expenses will increase in absolute dollars, but will remain at approximately five percent of net sales, as we continue to expand these support areas.

Acquisition costs of approximately \$1.1 million for the year ended September 30, 2000, related to costs associated with the Keltek, Agility and Mexico turnkey operations acquisitions. In fiscal 1999, we also had one-time merger costs of \$4.6 million and other one-time merger-related charges (primarily plant closings, relocations and severance) of \$1.0 million associated with the acquisition of SeaMED.

### ***Income taxes***

Income taxes increased to \$28.4 million for the year ended September 30, 2000, from \$15.8 million and \$14.3 million for the years ended September 30, 1999 and 1998, respectively. Our effective income tax rate has remained at approximately 40 percent excluding non-tax-deductible merger expenses. This rate approximates the blended federal and state statutory rate. The effective tax rate increased slightly upon the completion of the Mexico turnkey operations and Keltek acquisitions arising from the tax treatment of goodwill and is expected to slightly impact the first quarter of 2001. In fiscal 2001, we expect the annual effective tax rate to decrease slightly as foreign operations increase as a percentage of the Company's total operations.

## Liquidity and Capital Resources

Cash flows used in operating activities were \$51.4 million for the year ended September 30, 2000, compared to cash flows provided by operating activities of \$19.7 million and \$33.5 million for the years ended September 30, 1999 and 1998, respectively. During fiscal 2000, cash used in operating activities primarily related to increases in accounts receivable and inventories to support increased sales offset in part by increases in net income, accounts payable and accrued liabilities. The increase in our inventory levels was due to our decision to support anticipated future sales growth, and to maintain higher levels of components going forward in view of the tightening of certain component markets. The increase also reflected lower inventory turns at our new Mexico turnkey operations. As a result, annualized inventory turnover decreased to 4.4 turns for the year ended September 30, 2000, from 6.2 turns for the year ended September 30, 1999. Due primarily to the increase in sales for the year ended September 30, 2000, accounts receivable and accounts payable increased significantly.

Cash flows used in investing activities totaled \$100.3 million for the year ended September 30, 2000. The primary uses were for the acquisitions of Keltek and the Mexico turnkey operations, and payments for property, plant and equipment, partially offset by the sale and maturity of short-term investments.

We utilize available cash, debt and operating leases to fund our operating requirements. We utilize operating leases primarily in situations where technical obsolescence concerns are determined to outweigh the benefits of financing the equipment purchase. We currently estimate capital expenditures for fiscal 2001 will be approximately \$75 million to \$80 million. This includes planned expansions at our manufacturing facilities in Kentucky and Illinois and additional manufacturing equipment. This estimate does not include any acquisitions which Plexus may undertake.

Cash flows provided by financing activities totaled \$141.4 million for the year ended September 30, 2000, primarily representing net borrowings under our credit facility and proceeds from the exercise of stock options. The ratio of total debt to equity was 1.5 to 1 and 0.6 to 1 as of September 30, 2000 and 1999, respectively.

On October 25, 2000, Plexus entered into a new unsecured revolving credit facility (the "Credit Facility") with a group of banks. The Credit Facility allows us to borrow up to \$250 million. Borrowing capacity utilized under the Credit Facility will be either through revolving or other loans or through guarantees of commercial paper. Interest on borrowings is computed at the applicable Eurocurrency rate on the agreed currency, plus any commitment fees. The Credit Facility matures on October 25, 2003, and requires among other things maintenance of minimum interest expense coverage and maximum leverage ratios.

Pursuant to a public offering of shares of common stock on October 13, 2000, and the underwriters exercise of a related over-allotment option on November 7, 2000, Plexus issued 3.45 million shares of common stock for \$50 per share, with an underwriters discount of \$2.375 per share. The Company received net proceeds of approximately \$164.3 million, after discounts and commissions to the underwriters of approximately \$8.2 million. Additional expenses are estimated to be approximately \$0.6 million. The aggregate net proceeds from the offering are expected to refinance, in part, existing debt and finance, in part, capital expenditures, capacity expansion, potential future acquisitions and be used for general corporate purposes and working capital.

On October 6, 2000, Plexus entered into an agreement to sell up to \$50 million of trade accounts receivable without recourse to Plexus ABS Inc. ("ABS"), a wholly owned, limited purpose subsidiary of the Company. ABS is a separate corporate entity that sells participating interests in a pool of the Company's accounts receivable to financial institutions. The financial institutions then receive an ownership and security interest in the pool of receivables.

Our credit facilities, leasing capabilities, the proceeds of our October 13, 2000, offering, cash and short-term investments and projected cash from operations should be sufficient to meet our working capital and capital requirements through fiscal 2001 and the foreseeable future. We have not paid cash dividends in the past, and do not anticipate paying them in the foreseeable future. We anticipate using earnings to support our business.

## **New Accounting Pronouncements**

In October 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, a replacement of SFAS No. 125." The statement revises the standards for accounting for securitizations and other transfers of financial assets and collateral, and requires certain disclosures and it continues most of SFAS No. 125's provisions without reconsideration. The statement will be effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001, and is not expected to have a significant material effect on the Company's financial statements.

In December 1999, the Securities and Exchange Commission released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements." This bulletin summarizes certain views of the SEC staff for applying generally accepted accounting principles to revenue recognition in financial statements. SAB No. 101 will be effective for the Company's fourth quarter of fiscal 2001 and is not expected to have a significant material effect on the Company's financial statements.

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued and was effective for all fiscal years beginning after June 15, 1999. The effective date of SFAS No. 133 was deferred and will now be effective for fiscal years beginning after June 15, 2000, with early adoption permitted. SFAS No. 133, as amended, requires the Company to recognize all derivatives as either assets or liabilities and measure those instruments at fair value. Upon adoption, the Company will be required to report derivative and hedging instruments at fair value in the balance sheet and recognize changes in the fair value of derivatives in net earnings or other comprehensive income, as appropriate. This Statement will be effective for the Company's fiscal year 2001 first quarter financial statements and restatement of prior years will not be permitted. Given the Company's current derivative and hedging activities, management has determined that the Statement is not expected to have a significant material effect on its financial position or results of operations.

## **Risk Factors**

***Our customer requirements and operating results vary significantly from quarter to quarter, which could negatively impact the price of our common stock.***

Our quarterly and annual results may vary significantly depending on various factors, many of which are beyond our control. These factors include:

- the volume of customer orders relative to our capacity
- the timing of customer orders, particularly in light of the fact that some of our customers release a significant percentage of their orders during the last few weeks of a quarter
- the typical short life cycle of our customers' products
- market acceptance of and demand for our customers' products
- changes in our sales mix to our customers
- the timing of our expenditures in anticipation of future orders
- our effectiveness in managing manufacturing processes
- changes in cost and availability of labor and components
- changes in economic conditions
- local events that may affect our production volume, such as local holidays.

Due to the nature of turnkey manufacturing services, our quarterly and annual results are affected by the level and timing of customer orders, fluctuations in material costs and availability, and the degree of automation used in the manufacturing process.

***Our customers may cancel their orders, change production quantities or delay production.***

Electronics manufacturing service providers must provide increasingly rapid product turnaround for their customers. We generally do not obtain firm, long-term purchase commitments from our customers and we continue to experience reduced lead-times in customer orders. Customers may cancel their orders, change production quantities or delay production for a number of reasons. The success of our customers' products in the market affects our business. Cancellations, reductions or delays by a significant customer or by a group of customers could seriously harm our operating results.

In addition, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, component procurement commitments, personnel needs and other resource requirements, based on our estimates of customer requirements. The short-term nature of our customers' commitments and the possibility of rapid changes in demand for their products reduces our ability to estimate accurately the future requirements of those customers.

On occasion, customers may require rapid increases in production, which can stress our resources and reduce operating margins. Although we have increased our manufacturing capacity and plan further increases, we may not have sufficient capacity at any given time to meet all of our customers' demands. In addition, because many of our costs and operating expenses are relatively fixed, a reduction in customer demand can harm our gross margins and operating results.

***We may not be able to obtain raw materials or components for our assemblies on a timely basis or at all.***

We rely on a limited number of suppliers for many components used in the assembly process. We do not have any long-term supply agreements. At various times, there have been shortages of some of the electronic components that we use, and suppliers of some components have lacked sufficient capacity to meet the demand for these components. Over the past 12-plus months, component shortages have become more prevalent in our industry. In some cases, supply shortages and delays in deliveries of particular components have resulted in curtailed production, or delays in production, of assemblies using that component, which has contributed to an increase in our inventory levels. We expect that shortages and delays in deliveries of some components will continue. If we are unable to obtain sufficient components on a timely basis, we may experience manufacturing and shipping delays, which could harm our relationships with customers and reduce our sales.

A significant portion of our sales is derived from turnkey manufacturing in which we provide materials procurement. While most of our customer contracts permit quarterly or other periodic adjustments to pricing based on decreases and increases in component prices and other factors, we typically bear the risk of component price increases that occur between any such repricings or, if such repricing is not permitted, during the balance of the term of the particular customer contract. Accordingly, component price increases could adversely affect our operating results.

***The majority of our sales comes from a small number of customers and if we lose any of these customers, our sales and operating results could decline significantly.***

Sales to our ten largest customers have represented a majority of our sales in recent periods. Our ten largest customers accounted for approximately 63% and 61% of our net sales for the years ended September 30, 2000 and 1999, respectively. The identities of our principal customers have varied from year to year, and our principal customers may not continue to purchase services from us at current levels, if at all. Significant reductions in sales to any of these customers, or the loss of major customers, could seriously harm our business. If we are not able to timely replace expired, canceled or reduced contracts with new business, our sales will decrease.

***We may have increasing new customer relationships with emerging companies, which may present more risks than with established companies.***

We currently anticipate that an increasing percentage of our sales will be to emerging companies, including start-ups, particularly in the networking/datacommunications market. However, similar to our other customer relationships, there are no volume purchase commitments under these new programs, and the revenues we actually achieve may not meet our expectations. In anticipation of future activities under these programs, we incur substantial expenses as we add personnel and manufacturing capacity and procure materials. Because emerging companies do not have a history of operations, it will be harder for us to anticipate needs and requirements than with established customers. Our operating results will be harmed if sales do not develop to the extent and within the time frame we anticipate.

Customer relationships with emerging companies also present special risks. For example, because they do not have an extensive product history, there is less demonstration of market acceptance of their products. Additionally, the typical lack of prior earnings and the frequent dependence on financing of these companies increases their credit risks.

***We may fail to complete successfully future acquisitions and may not integrate successfully acquired businesses, which could adversely affect our operating results.***

We have pursued a strategy that has included growth through acquisitions. We cannot assure you that we will be able to complete successfully future acquisitions, due primarily to increased competition for the acquisition of electronics manufacturing service operations. If we are unable to acquire additional businesses, our growth could be inhibited. Similarly, we cannot assure you that we will be able to integrate successfully the operations and management of our recent acquisitions or future acquisitions. Acquisitions involve significant risks that could have a material adverse effect on us. These risks include:

***Operating risks, such as the:***

- inability to integrate successfully our acquired operations' businesses and personnel
- inability to realize anticipated synergies, economies of scale or other value
- difficulties in scaling up production and coordinating management of operations at new sites
- strain placed on our personnel, systems and resources
- possible modification or termination of an acquired business customer program, including cancellation of current or anticipated programs
- loss of key employees of acquired businesses.

***Financial risks, such as the:***

- dilutive effect of the issuance of additional equity securities
- incurrence of additional debt and related interest costs
- inability to achieve expected operating margins to offset the increased fixed costs associated with acquisitions
- incurrence of large write-offs or write-downs
- amortization of goodwill or other intangible assets
- unforeseen liabilities of the acquired businesses.

***Expansion of our business and operations may negatively impact our business.***

We may expand our operations by establishing or acquiring new facilities or by expanding capacity in our current facilities. We may expand both in geographical areas in which we currently operate and in new geographical areas within the United States and internationally. We may not be able to find suitable facilities on a timely basis or on terms satisfactory to us. Expansion of our business and operations involves numerous business risks, including the:

- inability to integrate successfully additional facilities or capacity and to realize anticipated synergies, economies of scale or other value
- additional fixed costs which may not be fully absorbed by the new business
- difficulties in the timing of expansions, including delays in the implementation of construction and manufacturing plans
- diversion of management's attention from other business areas during the planning and implementation of expansions
- strain placed on our operational, financial, management, technical and information systems and resources
- disruption in manufacturing operations
- incurrence of significant costs and expenses
- inability to locate enough customers or employees to support the expansion.

***Operating in foreign countries exposes us to increased risks.***

We recently acquired operations in Mexico and the United Kingdom as a result of purchasing the Mexico turnkey operations and the stock of Keltek. We may in the future expand into other international regions. We have limited experience in managing geographically dispersed operations and in operating in Mexico and the United Kingdom. We also purchase a significant number of components manufactured in foreign countries. Because of these international aspects of our operations, we are subject to the following risks that could materially impact our operating results:

- economic or political instability
- transportation delays or interruptions and other effects of less developed infrastructure in many countries
- foreign exchange rate fluctuations
- utilization of different systems and equipment
- difficulties in staffing and managing foreign personnel and diverse cultures.

In addition, changes in policies by the U.S. or foreign governments could negatively affect our operating results due to changes in duties, tariffs, taxes or limitations on currency or fund transfers. Also, our Mexico based operation utilizes the Maquiladora program, which provides reduced tariffs and eases import regulations, and we could be adversely affected by changes in that program.

***We may not be able to maintain our engineering, technological and manufacturing process expertise.***

The markets for our manufacturing and engineering services are characterized by rapidly changing technology and evolving process development. The continued success of our business will depend upon our ability to:

- hire, retain and expand our qualified engineering and technical personnel
- maintain and enhance our technological capabilities
- develop and market manufacturing services which meet changing customer needs
- successfully anticipate or respond to technological changes in manufacturing processes on a cost-effective and timely basis.

Although we believe that our operations utilize the assembly and testing technologies, equipment and processes that are currently required by our customers, we cannot be certain that we will develop the capabilities required by our customers in the future. The emergence of new technology industry standards or customer requirements may render our equipment, inventory or processes obsolete or noncompetitive. In addition, we may have to acquire new assembly and testing technologies and equipment to remain competitive. The acquisition and implementation of new technologies and equipment may require significant expense or capital investment which could reduce our operating margins and our operating results. Our failure to anticipate and adapt to our customers' changing technological needs and requirements could have an adverse effect on our business.

***Failure to manage our growth may seriously harm our business.***

We have experienced rapid growth, both internally and through acquisitions. This growth has placed, and will continue to place, significant strain on our operations. To manage our growth effectively, we must continue to improve and expand our financial, operational and management information systems; continue to develop the management skills of our managers and supervisors; and continue to train, manage and motivate our employees. If we are unable to manage our growth effectively, our operating results could be harmed.

Plexus has recently entered into a licensing arrangement for new ERP software and related information systems. Conversions to new software and systems are complicated processes, and can cause management and operational disruptions which may affect Plexus. Information flow and production could also be affected if the new software and systems do not perform as Plexus expects.

***Our turnkey manufacturing services involve inventory risk.***

Some of our contract manufacturing services are provided on a turnkey basis, where we purchase some or all of the materials required for designing, product assembling and manufacturing. These services involve greater resource investment and inventory risk management than consignment services, where the customer provides these materials. Accordingly, various component price increases and inventory obsolescence could adversely affect our selling price, gross margins and operating results.

***Start-up costs and inefficiencies related to new programs can adversely affect our operating results.***

Start-up costs, the management of labor and equipment resources in connection with the establishment of new programs and new customer relationships, and the need to estimate required resources in advance can adversely affect our gross margins and operating results. These factors are particularly evident in the early stages of the life cycle of new products and new programs. These factors also affect our ability to efficiently use labor and equipment. In addition, if any of these new programs or new customer relationships were terminated, our operating results could be harmed, particularly in the short term.

***We are subject to extensive government regulations.***

We are also subject to environmental regulations relating to the use, storage, discharge, recycling and disposal of hazardous chemicals used in our manufacturing process. If we fail to comply with present and future regulations, we could be subject to future liabilities or the suspension of business. These regulations could restrict our ability to expand our facilities or require us to acquire costly equipment or incur significant expense. While we are not currently aware of any material violations, we may have to spend funds to comply with present and future regulations or be required to perform site remediation.

In addition, our medical device business, which represented approximately 27% of our fiscal year 2000 sales, is subject to substantial government regulation, primarily from the FDA and similar regulatory bodies in other countries. We must comply with statutes and regulations covering the design, development, testing, manufacturing and labeling of medical devices and the reporting of certain information regarding their safety. Noncompliance with these rules can result in, among other things, us and our customers being subject to fines, injunctions, civil penalties, criminal prosecution, recall or seizure of devices, total or partial suspension of production, failure of the government to grant pre-market clearance or record approvals for projections or the withdrawal of marketing approvals. The FDA also has the authority to require repair or replacement of equipment, or refund of the cost of a device manufactured or distributed by our customers. In addition, the failure or noncompliance could have an adverse effect on our reputation.

***Our products are for the electronics industry, which produces technologically advanced products with short life cycles.***

Factors affecting the electronics industry, in particular the short life cycle of products, could seriously harm our customers and, as a result, us. These factors include:

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

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

The electronics manufacturing services industry is highly competitive. We compete against numerous U.S. and foreign electronics manufacturing services providers with global operations, as well as those who operate on a local or regional basis. In addition, current and prospective customers continually evaluate the merits of manufacturing products internally. Consolidation in the electronics manufacturing services industry results in a continually changing competitive landscape. The consolidation trend in the industry also results in larger and more geographically diverse competitors who have significant combined resources with which to compete against us.

Some of our competitors have substantially greater managerial, manufacturing, engineering, technical, financial, systems, sales and marketing resources than we do. These competitors may:

- respond more quickly to new or emerging technologies
- have greater name recognition, critical mass and geographic and market presence
- be better able to take advantage of acquisition opportunities
- adapt more quickly to changes in customer requirements
- devote greater resources to the development, promotion and sale of their services
- be better positioned to compete on price for their services.

We may be operating at a cost disadvantage compared to manufacturers who have greater direct buying power from component suppliers, distributors and raw material suppliers or who have lower cost structures. As a result, competitors may procure a competitive advantage and obtain business from our customers. Our manufacturing processes are generally not subject to significant proprietary protection, and companies with greater resources or a greater market presence may enter our market or increase their competition with us. Increased competition could result in price reductions, reduced sales and margins or loss of market share.

***We may fail to secure necessary additional financing.***

We have made and intend to continue to make substantial capital expenditures to expand our operations, acquire businesses and remain competitive in the rapidly changing electronics manufacturing services industry. Our future success may depend on our ability to obtain additional financing and capital to support our continued growth and operations, including our working capital needs. We may seek to raise capital by:

- issuing additional common stock or other equity securities
- issuing debt securities
- increasing available borrowings under our existing credit facility or obtaining new credit facilities
- obtaining off-balance-sheet financing.

We may not be able to obtain additional capital when we want or need it, and capital may not be available on satisfactory terms. If we issue additional equity securities or convertible debt to raise capital, it may be dilutive to your ownership interest. Furthermore, any additional financing and capital may have terms and conditions that adversely affect our business, such as restrictive financial or operating covenants.

***We depend on certain key personnel, and the loss of key personnel may harm our business.***

Our future success depends in large part on the continued service of our key technical and management personnel and on our ability to continue to attract and retain qualified employees, particularly those highly skilled design, process and test engineers involved in the manufacture of existing products and the development of new products and processes. The competition for these individuals is intense, and the loss of key employees, generally none of whom is subject to an employment agreement for a specified term or a post-employment non-competition agreement, could harm our business. We believe that we have a relatively small management group whose resources could be strained as a result of expansion of our business.

***Products we manufacture may contain design or manufacturing defects which could result in reduced demand for our services and liability claims against us.***

We manufacture products to our customers' specifications which are highly complex and may at times contain design or manufacturing errors or failures. Defects have been discovered in products we manufactured in the past and, despite our quality control and quality assurance efforts, defects may occur in the future. Defects in the products we manufacture, whether caused by a design, manufacturing or component failure or error, may result in delayed shipments to customers or reduced or cancelled customer orders. If these defects occur in large quantities or too frequently, our business reputation may also be impaired. In addition, these defects may result in liability claims against us. The FDA investigates and checks, occasionally on a random basis, compliance with statutory and regulatory requirements. Violations may lead to penalties or shutdowns of a program or a facility.

*The price of our common stock has been and may continue to be volatile.*

Our stock price has fluctuated significantly. The price of our common stock may fluctuate significantly in response to a number of events and factors relating to our company, our competitors and the market for our services, many of which are beyond our control.

In addition, the stock market in general, and especially the NASDAQ National Market along with market prices for technology companies, in particular, have experienced extreme volatility that has often been unrelated to the operating performance of these companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating results.

Among other things, volatility in Plexus' stock price could mean that investors will not be able to sell their shares at or above the prices which they pay. The volatility also could impair Plexus' ability in the future to offer common stock as a source of additional capital and/or as consideration in the acquisition of other businesses.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to market risk from changes in foreign exchange and interest rates. To reduce such risks, we selectively use financial instruments. A discussion of our accounting policy for derivative financial instruments is incorporated by reference from our Consolidated Financial Statements and Notes thereto, in this Form 10-K, within Note 1—"Description of Business and Significant Accounting Policies."

##### **Foreign Currency Risk**

We do not use derivative financial instruments for speculative purposes. Our policy is to hedge our foreign currency denominated transactions in a manner that substantially offsets the effects of changes in foreign currency exchange rates. Presently, we use foreign currency forward contracts to hedge only those currency exposures associated with certain assets and liabilities denominated in non-functional currencies. Corresponding gains and losses on the underlying transaction generally offset the gains and losses on these foreign currency hedges. As of September 30, 2000, the foreign currency forward contracts were scheduled to mature in less than three months and there were no material deferred gains or losses.

##### **Interest Rate Risk**

We have financial instruments, including cash equivalents, short-term investments and long-term debt, which are sensitive to changes in interest rates. We consider the use of interest-rate swaps based on existing market conditions. We currently do not use any interest-rate swaps or other types of derivative financial instruments.

The primary objective of our investment activities is to preserve principal, while maximizing yields without significantly increasing market risk. To achieve this, we maintain our portfolio of cash equivalents and short-term investments in a variety of securities such as money market funds and certificates of deposit and limit the amount of principal exposure to any one issuer.

Our only material interest rate risk is associated with our Credit Facility. Interest on borrowings is computed at the applicable Eurocurrency rate on the agreed currency. A 10 percent change in our weighted average interest rate on average long-term borrowings would have impacted net interest expense by approximately \$0.3 million for fiscal 2000. There were no material long-term borrowings during fiscal 1999. This risk was partially offset by our issuance of 3.45 million shares of common stock subsequent to September 30, 2000, which resulted in net proceeds of approximately \$164.3 million. A portion of these net proceeds was utilized to repay approximately \$68 million of outstanding indebtedness under our Credit Facility.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

See “List of Financial Statements and Financial Statement Schedules,” and accompanying reports, statements and schedules, which appear beginning on page [22] of the report on Form 10-K. Unaudited supplementary quarterly financial data for fiscal 2000 and 1999 appear below.

**Supplemental Quarterly Financial Data (Unaudited)**

Summarized quarterly financial data for fiscal 2000 and 1999 consists of (in thousands, except per share amounts):

<b>2000</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Total</b>
Net sales	\$147,094	\$161,994	\$193,187	\$249,364	\$751,639
Gross profit	20,549	23,103	28,019	35,493	107,164
Net income	8,254	9,352	10,418	12,172	40,196
Earnings per share					
Basic	\$ 0.23	\$ 0.26	\$ 0.28	\$ 0.33	\$ 1.12
Diluted	\$ 0.22	\$ 0.25	\$ 0.27	\$ 0.31	\$ 1.04

<b>1999</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Total</b>
Net sales	\$120,585	\$119,165	\$120,430	\$132,234	\$492,414
Gross profit	16,904	16,828	13,714	18,963	66,409
Net income	6,825	6,265	3,726	3,495	20,311
Earnings per share					
Basic	\$ 0.20	\$ 0.18	\$ 0.11	\$ 0.10	\$ 0.59
Diluted	\$ 0.19	\$ 0.17	\$ 0.10	\$ 0.09	\$ 0.55

Earnings per share is computed independently for each quarter. The annual per share amount may not equal the sum of the quarterly amounts due to rounding.

### PART III

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

None.

#### **ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

Information in response to this item is incorporated herein by reference to “Election of Directors” in the Registrant’s Proxy Statement for its 2001 Annual Meeting of Shareholders (“2001 Proxy Statement”) and from “Security Ownership of Certain Beneficial Owners and Management—Section 16(a) Beneficial Ownership Reporting Compliance” in the 2001 Proxy Statement and “Executive Officers of the Registrant” in Part I hereof.

#### **ITEM 11. EXECUTIVE COMPENSATION**

Incorporated herein by reference to “Election of Directors – Directors’ Compensation” and “Executive Compensation” in the 2001 Proxy Statement.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Incorporated herein by reference to “Security Ownership of Certain Beneficial Owners and Management” in the 2001 Proxy Statement.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTION**

Incorporated herein by reference to “Certain Transactions” in the 2001 Proxy Statement.

### PART IV

#### **ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K**

##### **(a) Documents filed**

1. and 2. Financial Statements and Financial Statement Schedules. See following list of Financial Statements and Financial Statement Schedules on page [22] which is incorporated herein by reference.
3. Exhibits. See Exhibit Index included as the last page of this report, which index is incorporated herein by reference.

##### **(b) Reports on Form 8-K.**

Plexus filed the following Reports on Form 8-K in the fourth quarter:

- Report dated July 14, 2000, reporting the acquisition of Keltek; and
- Report dated September 19, 2000, reporting:
  - restated financials for Plexus’ stock split;
  - Plexus’ shelf registration statement;
  - revisions to Plexus’ credit agreement; and
  - the agreement to acquire e2E.

In addition, during the quarter, Plexus filed amendments to its Report on Form 8-K dated May 23, 2000, filing financial statements of the acquired Mexico turnkey operations and related pro forma financial statements. (A list of those statements was included in Plexus’ 10-Q for the quarter ended June 30, 2000.) Subsequent to September 30, 2000, Plexus filed a Report on Form 8-K dated October 13, 2000, relating to its public offering of common stock.

**PLEXUS CORP. Form 10-K**  
**List of Financial Statements and**  
**Financial Statement Schedules**  
**September 30, 2000**

<u>Contents</u>	<u>Pages</u>
Report of Independent Accountants	[23]
Consolidated Financial Statements:	
Consolidated Statements of Operations for the three years ended September 30, 2000, 1999 and 1998	[24]
Consolidated Balance Sheets as of September 30, 2000 and 1999	[25]
Consolidated Statements of Shareholders' Equity and Comprehensive Income for the three years ended September 30, 2000, 1999 and 1998	[26]
Consolidated Statements of Cash Flows for the three years ended September 30, 2000, 1999 and 1998	[27]
Notes to Consolidated Financial Statements	[28-39]
Financial Statement Schedules:	
Report of Independent Accountants	[39]
Schedule II - Valuation and Qualifying Accounts	[40]
Report of Ernst & Young LLP, Independent Auditors for SeaMED	[41]

**Report of Independent Accountants**

To the Shareholders and  
Board of Directors  
Plexus Corp.:

In our opinion, based on our audits and the report of other auditors, the accompanying consolidated balance sheets and the related consolidated statements of operations, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Plexus Corp. and subsidiaries at September 30, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2000, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements give retroactive effect to the merger of SeaMED Corporation on July 23, 1999, in a transaction accounted for as a pooling of interests, as described in Notes 1 and 8 to the consolidated financial statements. We did not audit the financial statements of SeaMED Corporation, which statements reflect, after restatement for certain adjustments, total assets of \$42.9 million as of June 30, 1998, and total revenues of \$70.0 million for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for SeaMED Corporation is based solely on the report of the other auditors. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP  
Milwaukee, Wisconsin  
October 26, 2000, except for certain  
information in Note 6 for which  
the date is November 7, 2000

**Plexus Corp. and Subsidiaries**  
**Consolidated Statements of Operations**

for the years ended September 30, 2000, 1999 and 1998  
(in thousands, except per share data)

	<b>2000</b>	<b>1999</b>	<b>1998</b>
Net sales	\$ 751,639	\$ 492,414	\$ 466,795
Cost of sales	644,475	426,005	406,648
<b>Gross profit</b>	<b>107,164</b>	<b>66,409</b>	<b>60,147</b>
<b>Operating expenses:</b>			
Selling and administrative expenses	35,049	26,312	23,640
Amortization of goodwill	1,114	131	114
Merger and acquisition costs	1,131	4,557	-
Plant closing, relocation and severance	-	981	-
	37,294	31,981	23,754
<b>Operating income</b>	<b>69,870</b>	<b>34,428</b>	<b>36,393</b>
<b>Other income (expense):</b>			
Interest expense	(2,579)	(274)	(86)
Miscellaneous	1,338	1,995	975
<b>Income before income taxes</b>	<b>68,629</b>	<b>36,149</b>	<b>37,282</b>
<b>Income taxes</b>	<b>28,433</b>	<b>15,838</b>	<b>14,345</b>
<b>Net income</b>	<b>\$ 40,196</b>	<b>\$ 20,311</b>	<b>\$ 22,937</b>
<b>Earnings per share:</b>			
Basic	\$ 1.12	\$ 0.59	\$ 0.68
Diluted	\$ 1.04	\$ 0.55	\$ 0.63
<b>Weighted average shares outstanding:</b>			
Basic	36,026	34,646	33,688
Diluted	38,732	37,021	36,196

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

## Plexus Corp. and Subsidiaries

### Consolidated Balance Sheets

as of September 30, 2000 and 1999

(in thousands, except per share data)

<b>Assets</b>	<b>2000</b>	<b>1999</b>
Current assets:		
Cash and cash equivalents	\$ 5,293	\$ 15,906
Short-term investments	-	17,224
Accounts receivable, net of allowance of \$1,522 and \$773, respectively	140,048	69,318
Inventories	215,998	79,017
Deferred income taxes	9,109	6,370
Prepaid expenses and other	4,451	3,562
Total current assets	374,899	191,397
Property, plant and equipment, net	89,500	35,868
Goodwill, net	48,882	408
Other	2,327	1,963
Total assets	\$ 515,608	\$ 229,636
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 8,365	\$ 10
Accounts payable	106,257	55,928
Customer deposits	10,126	8,650
Accrued liabilities:		
Salaries and wages	19,039	9,820
Other	17,516	6,578
Total current liabilities	161,303	80,986
Long-term debt, net of current portion	141,409	142
Deferred income taxes	1,056	215
Other liabilities	2,478	1,890
Stockholders' equity:		
Preferred stock, \$.01 par value, 5,000 shares authorized, none issued or outstanding	-	-
Common stock, \$.01 par value, 60,000 shares authorized, 37,054 and 17,545 issued and outstanding, respectively	371	175
Additional paid-in capital	72,699	51,425
Retained earnings	136,577	94,803
Accumulated other comprehensive loss	(285)	-
Total liabilities and stockholders' equity	\$ 515,608	\$ 229,636

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

## Plexus Corp. and Subsidiaries

### Consolidated Statements of Shareholders' Equity and Comprehensive Income

for the years ended September 30, 2000, 1999 and 1998

(in thousands)

	Common Shares	Stock Amount	Additional Paid-In Capital	Note Receivable Officer	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock Shares	Treasury Stock Amount	Total
<b>Balances, October 1, 1997</b>	<b>16,845</b>	<b>\$ 168</b>	<b>\$37,377</b>	<b>\$ (75)</b>	<b>\$ 51,934</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 89,404</b>
Net income and									
comprehensive income	-	-	-	-	22,937	-	-	-	22,937
Treasury stock purchased	-	-	-	-	-	-	(214)	(3,442)	(3,442)
Exercise of stock options, including tax benefits	160	2	5,101	-	(1,024)	-	132	2,059	6,138
Common stock warrants exercised	11	-	-	-	-	-	-	-	-
Other treasury stock issuances	-	-	-	-	(52)	-	53	878	826
<b>Balances, September 30, 1998</b>	<b>17,016</b>	<b>170</b>	<b>42,478</b>	<b>(75)</b>	<b>73,795</b>	<b>-</b>	<b>(29)</b>	<b>(505)</b>	<b>115,863</b>
Net income and									
comprehensive income	-	-	-	-	20,311	-	-	-	20,311
Effect of SeaMED excluded period	-	-	16	-	1,271	-	-	-	1,287
Treasury stock purchased	-	-	-	-	-	-	(32)	(1,160)	(1,160)
Exercise of stock options, including tax benefits	529	5	8,931	-	(574)	-	61	1,665	10,027
Payment of note receivable officer	-	-	-	75	-	-	-	-	75
<b>Balances, September 30, 1999</b>	<b>17,545</b>	<b>175</b>	<b>51,425</b>	<b>-</b>	<b>94,803</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146,403</b>
Comprehensive income:									
Net income	-	-	-	-	40,196	-	-	-	40,196
Foreign currency translation adjustments	-	-	-	-	-	(285)	-	-	(285)
Total comprehensive income									39,911
Effect of Agility pooling	375	4	3	-	1,578	-	-	-	1,585
Exercise of stock options, including tax benefits	623	6	21,457	-	-	-	-	-	21,463
Two-for-one common stock split, August 31, 2000	18,511	186	(186)	-	-	-	-	-	-
<b>Balances, September 30, 2000</b>	<b>37,054</b>	<b>\$ 371</b>	<b>\$72,699</b>	<b>\$ -</b>	<b>\$136,577</b>	<b>\$ (285)</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 209,362</b>

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

**Plexus Corp. and Subsidiaries**  
**Consolidated Statements of Cash Flows**

for the years ended September 30, 2000, 1999 and 1998  
(in thousands)

<b>Cash flows from operating activities</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Net income	\$ 40,196	\$ 20,311	\$ 22,937
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	16,307	9,993	8,372
Income tax benefit of stock option exercises	13,123	4,570	3,677
Provision for inventories and accounts receivable allowances	6,849	3,330	4,092
Deferred income taxes	(1,924)	(1,778)	(1,609)
Changes in assets and liabilities:			
Accounts receivable	(51,204)	(8,842)	(5,547)
Inventories	(118,102)	(25,270)	(3,411)
Prepaid expenses and other	(61)	(1,089)	(1,283)
Accounts payable	27,623	15,569	3,690
Customer deposits	1,087	1,838	2,466
Accrued liabilities	14,351	869	1,207
Other	363	226	(1,071)
Cash flows provided by (used in) operating activities	(51,392)	19,727	33,520
<b>Cash flows from investing activities</b>			
Purchases of short-term investments	(48,042)	(244,449)	(6,632)
Sales and maturities of short-term investments	65,266	232,742	7,319
Payments for property, plant and equipment	(44,228)	(18,196)	(11,997)
Proceeds on sale of property, plant and equipment	52	213	114
Payments for business acquisitions, net of cash acquired	(73,388)	-	-
Cash flows used in investing activities	(100,340)	(29,690)	(11,196)
<b>Cash flows from financing activities</b>			
Proceeds from debt	265,268	-	3,125
Payments on debt	(132,204)	(4,561)	(4,664)
Proceeds from exercise of stock options	8,347	4,366	540
Issuances of common stock	-	-	671
Treasury stock purchased	-	(1,160)	(3,442)
Treasury stock reissued	-	1,091	1,861
Cash flows provided by (used in) financing activities	141,411	(264)	(1,909)
Effect of foreign currency translation on cash	(292)	-	-
Net increase (decrease) in cash and cash equivalents	(10,613)	(10,227)	20,415
Cash and cash equivalents, beginning of year	15,906	24,106	3,691
Effect of SeaMED excluded period	-	2,027	-
Cash and cash equivalents, end of year	\$ 5,293	\$ 15,906	\$ 24,106

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

**Plexus Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**1. Description of Business and Significant Accounting Policies**

*Description of Business:* Plexus Corp. provides product realization services to original equipment manufacturers (OEMs) in the networking/datacommunications, medical, industrial, computer and transportation industries. The Company offers a full range of services including product development and design services, material procurement and management, prototyping, manufacturing and assembly, functional and in-circuit testing, final system box build, distribution and after-market support.

The contract manufacturing services are provided on either a turnkey basis, where the Company procures certain or all of the materials required for product assembly, or on a consignment basis, where the customer supplies materials necessary for product assembly. Turnkey services include material procurement and warehousing, in addition to manufacturing, and involve greater resource investment than consignment services. Turnkey manufacturing currently represents almost all of the Company's sales.

*Consolidation Principles:* The consolidated financial statements include the accounts of Plexus Corp. and its subsidiaries (together "the Company"). All significant intercompany transactions have been eliminated.

On July 23, 1999, SeaMED Corporation ("SeaMED"), a public company, was merged into Plexus. The consolidated financial statements have been prepared following the pooling of interests method of accounting for the merger and therefore reflect the combined financial position, operating results and cash flows of the two companies for all periods presented. SeaMED had a June 30 fiscal year-end. Prior to fiscal 1999, the combined financial statements reflect Plexus' September 30 financial position and results and SeaMED's June 30 financial position and results. For fiscal 1999, the combined financial statements reflect the October 1, 1998, through September 30, 1999, period for both companies. SeaMED's results of operations and cash flows from July 1, 1998, to September 30, 1998, which have been excluded from these consolidated financial statements, are reflected as adjustments in the 1999 Consolidated Statements of Shareholders' Equity and Cash Flows. Net sales and net income for SeaMED for the excluded period from July 1, 1998, to September 30, 1998, were \$19.4 million and \$1.3 million, respectively.

*Cash Equivalents and Short-Term Investments:* Cash equivalents are highly liquid investments purchased with an original maturity of less than three months. Short-term investments include investment-grade short-term debt instruments with original maturities greater than three months. Short-term investments are generally comprised of securities with contractual maturities greater than one year but with optional or early redemption provisions within one year.

Investments in debt securities are classified as "available-for-sale." Such investments are recorded at fair value as determined from quoted market prices, and the cost of securities sold is determined on the specific identification method. If material, unrealized gains or losses are reported as a component of comprehensive income or loss, net of related tax effect. At September 30, 2000, 1999 and 1998, such unrealized gains and losses were not material. In addition, there were no realized gains or losses in fiscal 2000, 1999 and 1998.

Short-term investments as of September 30, 2000 and 1999, consist of (in thousands):

	<u>2000</u>	<u>1999</u>
State and municipal securities	\$ -	\$ 13,675
U.S. corporate and bank debt	-	8,932
Other	2,751	2,000
	<u>\$ 2,751</u>	<u>\$ 24,607</u>

All short-term investments as of September 30, 2000, are included in cash and cash equivalents and approximately \$7.4 million of the total short-term investments as of September 30, 1999, are included in cash and cash equivalents.

**Plexus Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements - Continued**

*Inventories:* Inventories are valued primarily at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

*Property, Plant and Equipment and Depreciation:* These assets are stated at cost. Depreciation, determined on the straight-line method, is based on lives assigned to the major classes of depreciable assets as follows:

Buildings and improvements	18-40 years
Machinery and equipment	3-10 years

*Goodwill, net:* Goodwill associated with acquisitions is amortized using the straight-line method for periods of up to 15 years. As of September 30, 2000 and 1999, goodwill included accumulated amortization of \$1.0 million and \$0.2 million, respectively.

*Impairment of Long-Lived Assets:* The Company reviews property, plant and equipment for impairment whenever events or changes in circumstances indicated that the carrying amount of an asset may not be recoverable. Recoverability of property, plant and equipment is measured by comparison of its carrying amount to future net cash flows which the property, plant and equipment are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the property, plant and equipment, if any, exceeds its fair market value. The Company assesses the recoverability of goodwill by determining whether the unamortized goodwill balance can be recovered through undiscounted future net cash flows of the acquired operation. The amount of goodwill impairment, if any, is measured based on projected discounted future net cash flows using a discounted rate reflecting the Company's average cost of funds. As of September 30, 2000, no adjustments to the carrying value of the Company's long-lived assets have been required.

*Revenue Recognition:* Revenue is recognized primarily when products are shipped. Revenue and profit relating to product design and development contracts, which are short-term in duration, usually nine months or less, are recognized as costs are incurred utilizing the percentage-of-completion method; any losses are recognized when anticipated. Revenue from design and development contracts is less than 10% of total revenue in fiscal 2000, 1999 and 1998. Progress towards completion of product design and development contracts is based on units of work for labor content and cost for component content.

*Income Taxes:* Deferred income taxes are provided for differences between the bases of assets and liabilities for financial and tax reporting purposes.

*Foreign Currency:* For foreign subsidiaries using the local currency as their functional currency, assets and liabilities are translated at exchange rates in effect at year-end, with revenues, expenses and cash flows translated at the average of the monthly exchange rates. Adjustments resulting from translation of the financial statements are recorded as a component of accumulated other comprehensive income. Exchange gains and losses arising from transactions denominated in a currency other than the functional currency of the entity involved and remeasurement adjustments for foreign operation where the U.S. dollar is the functional currency are included in the statement of operations. Exchange losses on foreign currency transactions aggregating approximately \$0.2 million for the year ended September 30, 2000, are included in miscellaneous expense, net, in the Consolidated Statement of Operations.

*Derivatives:* Gains and losses on foreign currency forward exchange contracts designated as hedges of assets and liabilities are recognized in the same period as the underlying transaction.

*Earnings Per Share:* The computation of basic earnings per common share is based upon the weighted average number of common shares outstanding and net income. The computation of diluted earnings per common share reflects additional dilution from stock options and warrants using the if-converted method.

**Plexus Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements - Continued**

*New Accounting Pronouncements:* In October 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, a replacement of SFAS No. 125." The statement revises the standards for accounting for securitizations and other transfers of financial assets and collateral, and requires certain disclosures and it continues most of SFAS No. 125's provisions without reconsideration. The statement will be effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001, and is not expected to have a significant material effect on the Company's financial statements.

In December 1999, the Securities and Exchange Commission released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements." This bulletin summarizes certain views of the SEC staff for applying generally accepted accounting principles to revenue recognition in financial statements. SAB No. 101 will be effective for the Company's fourth quarter of fiscal 2001 and is not expected to have a significant material effect on the Company's financial statements.

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued and was effective for all fiscal years beginning after June 15, 1999. The effective date of SFAS No. 133 was deferred and will now be effective for fiscal years beginning after June 15, 2000, with early adoption permitted. SFAS No. 133, as amended, requires the Company to recognize all derivatives as either assets or liabilities and measure those instruments at fair value. Upon adoption, the Company will be required to report derivative and hedging instruments at fair value in the balance sheet and recognize changes in the fair value of derivatives in net earnings or other comprehensive income, as appropriate. This Statement will be effective for the Company's fiscal year 2001 first quarter financial statements and restatement of prior years will not be permitted. Given the Company's current derivative and hedging activities, management has determined that the Statement is not expected to have a significant material effect on its financial position or results of operations.

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

*Fair Value of Financial Instruments:* Cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities are reflected in the consolidated financial statements at cost because of the short-term duration of these instruments. The fair value of long-term debt closely approximates its carrying value. The Company uses quoted market prices, when available, or discounted cash flows to calculate these fair values.

*Business and Credit Concentrations:* Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents, short-term investments and trade accounts receivable. The Company's cash, cash equivalents and short-term investments are managed by recognized financial institutions which follow the Company's investment policy. Such investment policy limits the amount of credit exposure in any one issue and the maturity date of the investment securities that typically comprise investment grade short-term debt instruments. Concentrations of credit risk in accounts receivable resulting from sales to major customers are discussed in Note 11. The Company, at times, requires advanced cash deposits for sales. The Company also closely monitors extensions of credit and has not experienced significant credit losses in the past.

*Reclassifications:* Certain amounts in prior years' consolidated financial statements have been reclassified to conform to the 2000 presentation.

**2. Inventories**

Inventories as of September 30, 2000 and 1999, consist of (in thousands):

	<u>2000</u>	<u>1999</u>
Assembly parts	\$ 139,674	\$ 40,616
Work-in-process	69,829	27,145
Finished goods	6,495	11,256
	<u>\$ 215,998</u>	<u>\$ 79,017</u>

**Plexus Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements - Continued**

**3. Property, Plant and Equipment**

Property, plant and equipment as of September 30, 2000 and 1999, consist of (in thousands):

	<u>2000</u>	<u>1999</u>
Land, buildings and improvements	\$ 21,763	\$ 12,009
Machinery and equipment	110,797	64,191
Construction in progress	17,485	3,830
	<u>150,045</u>	<u>80,030</u>
Less accumulated depreciation and amortization	60,545	44,162
	<u>\$ 89,500</u>	<u>\$ 35,868</u>

Assets held under capital leases as of September 30, 2000, are described below (in thousands). There were no assets held under capital leases as of September 30, 1999.

	<u>2000</u>
Land, buildings and improvements	\$ 3,981
Machinery and equipment	2,755
	<u>6,736</u>
Less accumulated amortization	174
	<u>\$ 6,562</u>

Amortization of assets held under capital leases totaled \$174,000 for fiscal 2000. Such capital leases for land, buildings and improvements have been treated as a non-cash transaction for purposes of the Consolidated Statements of Cash Flows.

**4. Debt**

Debt as of September 30, 2000 and 1999, consists of (in thousands):

	<u>2000</u>	<u>1999</u>
Unsecured revolving credit facility with a weighted average interest rate of 8.3%	\$ 117,450	\$ -
Note payable on demand with a weighted average interest rate of 9.5%	17,000	-
Notes payable on demand to the former shareholders of Keltex with a weighted average interest rate of 5.5%	6,937	-
Capital lease obligations	6,054	-
Other notes and obligations	2,333	152
	<u>149,774</u>	<u>152</u>
Less current portion	8,365	10
	<u>\$ 141,409</u>	<u>\$ 142</u>

On October 25, 2000, the Company entered into a new unsecured revolving credit facility (the "Credit Facility") with a group of banks. The Credit Facility allows the Company to borrow up to \$250 million. Borrowing capacity utilized under the Credit Facility will be either through revolving or other loans or through guarantees of commercial paper issued by the Company. Interest on borrowings is computed at the applicable Eurocurrency rate on the agreed currency, plus any commitment fee. The Credit Facility matures on October 25, 2003 and requires among other things maintenance of minimum interest expense coverage and maximum leverage ratios. The borrowings outstanding as of September 30, 2000, of \$117.5 million under the Company's previous revolving credit agreement (see below) have been classified in the Consolidated Balance Sheet as noncurrent based upon the terms of the Credit Facility because the borrowings under the Credit Facility were utilized to replace borrowings under the revolving credit agreement and the demand note due to banks.

## Plexus Corp. and Subsidiaries

### Notes to Consolidated Financial Statements - Continued

As of September 30, 2000, the Company had total borrowings available of \$190.0 million under the previous revolving credit agreement and a note payable on demand dated September 15, 2000. Borrowings under the revolving credit agreement and the note payable on demand were refinanced with borrowings under the Company's new Credit Facility.

On July 14, 2000, the Company acquired all the outstanding capital stock of Keltek (Holdings) Limited ("Keltek"). In connection with this acquisition, the Company issued a note payable on demand that matures July 14, 2001. Interest is computed at 1% below the rate offered in the LIBOR rate for three-month sterling borrowing (5.5% as of September 30, 2000).

The Company leases certain equipment and a manufacturing facility, located in Europe, which have been recorded as capital leases.

The aggregate scheduled maturities of the Company's debt and its obligations under capital leases as of September 30, 2000, are as follows (in thousands):

	<u>Debt</u>	<u>Capital leases</u>	<u>Total</u>
2001	\$ 7,512	\$ 853	\$ 8,365
2002	575	323	898
2003	207	304	511
2004	134,658	206	134,864
2005	209	29	238
Thereafter	<u>559</u>	<u>2,020</u>	<u>2,579</u>
	143,720	3,735	147,455
Interest portion of capital leases	-	2,319	2,319
Total	<u>\$ 143,720</u>	<u>\$ 6,054</u>	<u>\$ 149,774</u>

Cash paid for interest in fiscal 2000, 1999 and 1998 was \$1,095,000, \$274,000, and \$87,000, respectively.

On October 6, 2000, the Company entered into an agreement to sell up to \$50 million of trade accounts receivable without recourse to Plexus ABS Inc. ("ABS"), a wholly owned, limited purpose subsidiary of the Company. ABS is a separate corporate entity that sells participating interests in a pool of the Company's accounts receivable to financial institutions. The financial institutions then receive an ownership and security interest in the pool of receivables. Accounts receivable sold to financial institutions will be reflected as a reduction to accounts receivable in the Consolidated Balance Sheets beginning October 6, 2000. The Company has no risk of credit loss on such receivables as they are sold without recourse. The Company retains collection and administrative responsibilities on the participation interest sold as services for ABS and the financial institutions. The agreement expires in October 2003.

## 5. Income Taxes

Income tax expense for fiscal 2000, 1999 and 1998 consists of (in thousands):

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Currently payable:			
Federal	\$ 23,895	\$ 14,465	\$ 13,710
State	6,207	3,151	2,244
Foreign	<u>255</u>	<u>-</u>	<u>-</u>
	30,357	17,616	15,954
Deferred:			
Federal	(1,552)	(1,695)	(1,489)
State	<u>(372)</u>	<u>(83)</u>	<u>(120)</u>
	(1,924)	(1,778)	(1,609)
Total	<u>\$ 28,433</u>	<u>\$ 15,838</u>	<u>\$ 14,345</u>

**Plexus Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements - Continued**

Following is a reconciliation of the Federal statutory income tax rate to the effective tax rates reflected in the Consolidated Statements of Operations for fiscal 2000, 1999 and 1998:

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Federal statutory income tax rate	35.0%	35.0%	34.0%
Increase resulting from:			
State income taxes, net of Federal			
income tax benefit	5.4	5.7	3.9
Non-deductible merger and acquisition costs	0.3	3.1	-
Other, net	0.7	-	0.6
Effective income tax rate	<u>41.4%</u>	<u>43.8%</u>	<u>38.5%</u>

The components of the net deferred income tax asset as of September 30, 2000 and 1999, consist of (in thousands):

	<u>2000</u>	<u>1999</u>
Deferred tax assets:		
Inventories	\$ 5,757	\$ 3,455
Accrued benefits	1,387	1,331
Loss carryforwards	273	156
Other	2,610	2,044
	<u>10,027</u>	<u>6,986</u>
Less valuation allowance	-	(24)
	<u>10,027</u>	<u>6,962</u>
Deferred tax liabilities:		
Property, plant and equipment	1,974	807
Net deferred income tax asset	<u>\$ 8,053</u>	<u>\$ 6,155</u>

Cash paid for income taxes in fiscal 2000, 1999 and 1998 was \$15.1 million, \$16.3 million and \$13.0 million, respectively.

**6. Shareholders' Equity**

On October 18, 2000 the Company issued 3.0 million shares of common stock for \$50.00 per share. The Company received net proceeds of approximately \$142.9 million subsequent to discounts and commissions to the underwriters of approximately \$7.1 million. Additional expenses are estimated to be approximately \$0.6 million. On November 7, 2000, the underwriters exercised their over-allotment option for an additional 450,000 shares resulting in approximately an additional \$21.4 million of net proceeds. The aggregate net proceeds from the offering are expected to refinance, in part, existing debt; finance, in part, capital expenditures, capacity expansion and potential future acquisitions; and be used for general corporate purposes and working capital.

On August 1, 2000, the Company declared a two-for-one stock split payable in the form of a stock dividend of one share of common stock for every share of common stock outstanding. The new common stock was issued on August 31, 2000, to holders of record as of August 22, 2000. Share and per share amounts, where required, have been restated to reflect this stock split.

On December 19, 1997, the Company's Board of Directors authorized the repurchase of up to 2.0 million (pre-split) shares, or a maximum of \$25.0 million, of the Company's common stock on the open market. On March 16, 1999, the Plexus Corp. Board of Directors rescinded the Company's stock buyback program in contemplation of the merger with SeaMED.

**Plexus Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements - Continued**

SeaMED issued a warrant to purchase 15,626 (pre-split) shares of common stock. The warrant was exercised in March 1998 in a non-cash transaction which resulted in the issuance of 11,158 (pre-split) shares.

Income tax benefits attributable to stock options exercised are recorded as an increase in additional paid-in capital.

**7. Earnings Per Share**

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

	<b>Year ended September 30,</b>		
	<b>2000</b>	<b>1999</b>	<b>1998</b>
<b>Basic earnings per share:</b>			
Net income	<u>\$ 40,196</u>	<u>\$ 20,311</u>	<u>\$ 22,937</u>
Basic weighted average shares outstanding	<u>36,026</u>	<u>34,646</u>	<u>33,688</u>
<b>Basic earnings per share</b>	<u>\$ 1.12</u>	<u>\$ 0.59</u>	<u>\$ 0.68</u>
<b>Diluted earnings per share:</b>			
Net income	<u>\$ 40,196</u>	<u>\$ 20,311</u>	<u>\$ 22,937</u>
Weighted average shares outstanding	36,026	34,646	33,688
Effect of dilutive securities:			
Stock options	2,706	2,375	2,490
Stock warrants	-	-	18
Diluted weighted average shares outstanding	<u>38,732</u>	<u>37,021</u>	<u>36,196</u>
<b>Diluted earnings per share</b>	<u>\$ 1.04</u>	<u>\$ 0.55</u>	<u>\$ 0.63</u>

**8. Mergers and Acquisitions**

*Acquisitions:* On July 14, 2000, the Company acquired all of the outstanding capital stock of Keltek, headquartered in Kelso, Scotland, with an additional facility in Maldon, England. The purchase price of \$28.9 million consisted of a cash payment of \$19.1 million, the assumption of additional liabilities of \$2.7 million and the issuance of a \$7.1 million note payable. The Company is accounting for the acquisition of Keltek using the purchase method of accounting. The cost of the acquisition has been allocated on the basis of the estimated fair values of the assets acquired and the liabilities assumed. The excess of the net assets acquired has been recorded as goodwill and is being amortized over 15 years. The results of Keltek's operations have been included in the Consolidated Statement of Operations and of Cash Flows for the period subsequent to July 14, 2000.

On May 23, 2000, the Company acquired the turnkey electronics manufacturing services operations of Elamex, S.A. de C.V. ("EMS"), located in Juarez, Mexico for approximately \$54.3 million in cash subject to adjustment upon the final determination of the purchase price. The Company is accounting for the acquisition of EMS using the purchase method of accounting. The cost of the acquisition has been preliminarily allocated on the basis of the estimated fair values of the assets acquired and the liabilities assumed. The excess of the cost over fair value of the net assets acquired has been recorded as goodwill and is being amortized over 15 years. The results of EMS's operations have been included in the Consolidated Statement of Operations and of Cash Flows for the period subsequent to May 23, 2000.

**Plexus Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements - Continued**

Unaudited pro forma revenue, net income and earnings per share for fiscal 2000 and 1999 as if Keltek and EMS had been acquired on October 1, 1999 or 1998, respectively, are as follows (in thousands, except per share data):

	<u>2000</u>	<u>1999</u>
Net sales	\$ <u>821,805</u>	\$ <u>625,575</u>
Net income	\$ <u>38,512</u>	\$ <u>16,843</u>
Earnings per share:		
Basic	\$ <u>1.06</u>	\$ <u>0.49</u>
Diluted	\$ <u>0.99</u>	\$ <u>0.45</u>

On December 31, 1999, the Company acquired certain printed circuit board assembly manufacturing assets in the Seattle, Washington, area from an unrelated party. The total purchase price of the net assets acquired was not material to the assets, shareholders' equity or the operations of the Company. The acquisition was accounted for as a purchase transaction and the results from operations of the acquired assets are reflected only from the date of acquisition. Pro forma statements of operations reflecting this acquisition are not shown as they would not differ materially from reported results.

On September 1, 1999, the Company acquired certain printed circuit board assembly manufacturing assets in Chicago, Illinois. The total purchase price of the net assets acquired was not material to the assets, shareholders' equity or the operations of the Company. The acquisition was accounted for as a purchase transaction and the results of operations of the acquired assets are reflected only from the date of acquisition. Pro forma statements of operations reflecting this acquisition are not shown, as they would not differ materially from reported results.

*Mergers:* On September 29, 2000, the Company agreed to merge with e2E Corporation (e2E), a privately held printed circuit board design and engineering service provider for electronic OEMs. Under the terms of the merger agreement, the Company will issue its common stock in an amount equal in value of approximately \$20.6 million at the closing date in exchange for all the outstanding capital stock of e2E. The transaction is expected to be accounted for as a pooling of interests. Pro forma statements of operations reflecting this transaction are not shown and prior results are not expected to be restated, as they would not differ materially from reported results.

On April 28, 2000, the Company acquired Agility, Incorporated, located in Boston, Massachusetts, through the issuance of 374,997 (pre-split) shares of its common stock. The transaction is being accounted for as a pooling of interests. Costs associated with this merger in the amount of \$0.7 million (\$0.6 million net of income tax benefit) have been expensed as required. Pro forma statements of operations reflecting this transaction are not shown and prior results are not restated, as they would not differ materially from reported results.

In July 1999, Plexus acquired SeaMED. Plexus issued approximately 2.27 million (pre-split) shares of its common stock in exchange for all outstanding common stock of SeaMED. SeaMED stock options outstanding, as of the merger date, were exchanged for options to acquire approximately 171,764 (pre-split) shares of Plexus common stock at the same time. All merger costs and other one-time expenses related to the SeaMED merger were expensed as required under the pooling of interests method of accounting. Certain merger-related costs, which included charges related to obsolete inventories and a loss on an engineering contract, have been included in cost of sales in the Consolidated Statement of Operations. All such costs and expenses amounted to \$6.0 million after income taxes in fiscal 1999 and are reflected in the financial statements as follows (in thousands):

Cost of sales	\$ 2,177
Merger costs	4,557
Plant closing, relocation and severance	<u>981</u>
	7,715
Less income tax benefit	<u>1,684</u>
Net merger and other one-time charges	<u>\$ 6,031</u>

**Plexus Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements - Continued**

**9. Lease Commitments**

The Company has a number of operating lease agreements primarily involving manufacturing facilities, manufacturing equipment and computerized design equipment. These leases are non-cancelable and expire on various dates through 2014. Rent expense under all operating leases for fiscal 2000, 1999 and 1998 was approximately \$12.1 million, \$11.3 million and \$10.2 million, respectively. Renewal and purchase options are available on certain of these leases. Rental income from subleases amounted to \$0.9 million in fiscal 2000.

Future minimum annual payments on operating leases are as follows (in thousands):

2001	\$	8,268
2002		7,372
2003		7,124
2004		6,866
2005		6,037
Thereafter		21,033
	\$	<u>56,700</u>

**10. Benefit Plans**

*Employee Stock Purchase Plan:* On March 1, 2000, the Company established a qualified Employee Stock Purchase Plan, the terms of which allow for qualified employees to participate in the purchase of the Company's common stock at a price equal to the lower of 85% of the average high and low stock price at the beginning or end of each semi-annual stock purchase period. The Company may issue up to 2.0 million shares of its common stock under the plan.

*401(k) Savings Plans:* The Company's 401(k) savings plans cover substantially all eligible employees. The Company matches employee contributions, after one year of service, up to 2.5% of eligible earnings. The Company's contributions for fiscal 2000, 1999 and 1998 totaled \$1.8 million, \$1.6 million and \$1.4 million, respectively.

*Stock Option Plans:* The Company has reserved 12.0 million shares of common stock for grant to officers and key employees under an employee stock option plan, of which 9.2 million shares have been granted. The exercise price of each option granted shall not be less than the fair market value on the date of grant and options vest over a three-year period from date of grant. The plan also authorizes the Company to grant 600,000 stock appreciation rights, none of which have been granted.

In connection with the SeaMED merger occurring in fiscal 1999, all of the options outstanding under the former SeaMED stock option plans were assumed by the Company and converted into options to purchase shares of the Company's common stock on terms adjusted to reflect the merger exchange ratio. Options to acquire a total of 429,410 SeaMED shares were converted into options to acquire a total of 171,764 (pre-split) Plexus shares. The SeaMED stock option plans are similar to the Plexus plans above and options vest over a four-year period from date of grant. These plans have been terminated; however, the outstanding options, as so adjusted, retain all of the rights, terms and conditions of the respective plans under which they were originally granted until their expiration.

Under a separate stock option plan, each independent outside director of the Company is granted 1,500 stock options each December 1, with the option pricing similar to the employee plans. These options are fully vested upon grant and can be exercised after a minimum six-month holding period. The 400,000 shares of common stock authorized under this plan may come from any combination of authorized but unissued shares, treasury stock or the open market.

**Plexus Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements - Continued**

A summary of the stock option activity follows:

	<b>Shares (in thousands)</b>	<b>Weighted Average Exercise Price</b>
Options outstanding as of October 1, 1997	4,472	\$ 4.38
Granted	812	11.80
Canceled	(86)	6.13
Exercised	<u>(562)</u>	3.08
Options outstanding as of September 30, 1998	4,636	5.81
Effect of SeaMED excluded period	62	23.35
Granted	980	15.29
Canceled	(164)	16.21
Exercised	<u>(1,092)</u>	3.81
Options outstanding as of September 30, 1999	4,422	8.26
Granted	974	36.13
Canceled	(126)	18.18
Exercised	<u>(1,220)</u>	6.93
Options outstanding as of September 30, 2000	<u>4,050</u>	\$ 15.03
Options exercisable as of:		
September 30, 1998	<u>2,500</u>	<u>\$ 3.70</u>
September 30, 1999	<u>2,518</u>	<u>\$ 5.21</u>
September 30, 2000	<u>2,259</u>	<u>\$ 6.49</u>

The following table summarizes outstanding stock option information as of September 30, 2000 (shares in thousands):

<b>Range of Exercise Prices</b>	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Life</b>	<b>Number Exercisable</b>	<b>Weighted Average Exercise Price</b>
\$ 0.63 - \$ 6.25	1,700	\$ 4.30	4.9 years	1,692	\$ 4.30
\$ 9.31 - \$21.57	1,387	\$ 13.59	7.8 years	546	\$ 12.70
\$21.88 - \$42.17	934	\$ 35.29	9.2 years	21	\$ 22.06
\$48.88 - \$78.57	29	\$ 61.34	9.8 years	-	\$ -
<b>\$ 0.63 - \$78.57</b>	<b>4,050</b>	<b>\$ 15.03</b>	<b>6.9 years</b>	<b>2,259</b>	<b>\$ 6.49</b>

The Company has elected to account for its stock option plans under the guidelines of Accounting Principles Board Opinion No. 25. Accordingly, no compensation cost related to the stock option plans has been recognized in the Consolidated Statements of Operations. Had the Company recognized compensation expense based on the fair value at the grant date for awards under the plans, the Company's net income for fiscal 2000, 1999 and 1998 would have been reduced by approximately \$8.0 million, \$2.8 million and \$2.9 million, respectively. Diluted earnings per share would have been reduced by \$0.21, \$0.08 and \$0.08 in fiscal 2000, 1999 and 1998, respectively. These pro forma results will not be representative of the impact in future years because only grants made since October 1, 1995, were considered.

The weighted average fair value of options granted per share during fiscal 2000, 1999 and 1998 is \$20.30, \$8.41 and \$6.61, respectively. The fair value of each option grant is estimated at the date of grant using the Black-Scholes prorated straight-line option-pricing method with the following assumption ranges: 60% to 68% volatility, risk-free interest rates ranging from 4.1% to 6.8%, expected option life of 4.2 to 6.0 years, and no expected dividends.

## Plexus Corp. and Subsidiaries

### Notes to Consolidated Financial Statements - Continued

*Deferred Compensation Plan:* In September 1996, the Company entered into agreements with certain of its officers under a nonqualified deferred compensation plan. Under the plan, the Company has agreed to pay certain amounts annually for the first 15 years subsequent to retirement or to a designated beneficiary upon death. It is management's intent that life insurance contracts owned by the Company will fund this plan. Expense for this plan totaled \$532,000, \$361,000 and \$343,000 in fiscal 2000, 1999 and 1998, respectively.

*Other:* The Company is not obligated to provide any post-retirement medical or life insurance benefits to employees.

#### 11. Contingency

The Company (along with hundreds of other companies) has been sued by the Lemelson Medical, Education & Research Foundation Limited Partnership ("Lemelson") related to alleged possible infringement of certain Lemelson patents. The Company has requested a stay of action pending developments in other related litigation. The Company believes the vendors from whom the patent equipment was purchased may contractually indemnify the Company. If a judgement is rendered and/or a license fee required, it is the opinion of management of the Company that such judgement would not be material to the consolidated financial position of the company or the results of its operations.

#### 12. Business Segment, Geographic Information and Major Customers

The Company operates in one business segment. The Company provides product realization services to electronic OEMs. The Company has two reportable geographic regions: North America and Europe. The Company has 18 manufacturing and engineering facilities in North America and Europe to serve these OEMs. The Company uses an internal management reporting system, which provides important financial data, to evaluate performance and allocate the Company's resources on a geographic basis. Interregion transactions are generally recorded at amounts that approximate arm's length transactions. Certain corporate expenses are allocated to these regions and are included for performance evaluation. The accounting policies for the regions are the same as for the Company taken as a whole. The following enterprise-wide information is provided in accordance with SFAS No. 131. Geographic net sales information reflects the origin of the product shipped. Assets information is based on the physical location of the asset.

	Year ended September 30,		
	2000	1999	1998
Net sales:		(in thousands)	
North America	\$ 734,485	\$ 492,414	\$ 466,765
Europe	17,154	-	-
	<u>\$ 751,639</u>	<u>\$ 492,414</u>	<u>\$ 466,765</u>
Net income:			
North America	\$ 40,589	\$ 20,311	\$ 22,937
Europe	(652)	-	-
Interregion adjustments	259	-	-
	<u>\$ 40,196</u>	<u>\$ 20,311</u>	<u>\$ 22,937</u>
Total assets:			
North America	\$ 462,355	\$ 229,636	
Europe	53,253	-	
	<u>\$ 515,608</u>	<u>\$ 229,636</u>	

**Plexus Corp. and Subsidiaries**  
**Notes to Consolidated Financial Statements - Continued**

The following table summarizes the percentage of net sales to customers that account for more than 10% of net sales in fiscal 2000, 1999 and 1998:

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Lucent Technologies Inc.	23%	16%	*
General Electric Company	*	12%	*
(* represents less than 10%)			

Accounts receivable related to Lucent and General Electric represent the following percentages of the Company's total trade accounts receivable as of September 30:

	<u>2000</u>	<u>1999</u>
Lucent Technologies Inc.	19%	14%
General Electric Company	*	*
(* represents less than 10%)		

\* \* \* \* \*

**Report of Independent Accountants**

To the Shareholders and  
Board of Directors  
Plexus Corp.:

Our audits of the consolidated financial statements of Plexus Corp. and subsidiaries referred to in our report dated October 26, 2000, except for certain information in Note 6 for which the date is November 7, 2000, also included an audit of the financial schedules listed in the index of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP  
Milwaukee, Wisconsin  
October 26, 2000, except for certain  
information in Note 6 for which  
the date is November 7, 2000

**Plexus Corp. and Subsidiaries**  
**Schedule II – Valuation and Qualifying Accounts**

For the years ended September 30, 2000, 1999 and 1998  
(in thousands)

Descriptions	Balance at beginning of period	Additions charged to costs and expenses	Deductions	Balance at end of period
<b>2000:</b>				
Allowance for losses on accounts receivable (deducted from the asset to which it relates)	\$ 773	\$ 777 (1)	\$ 28	\$ 1,522
Allowance for inventory obsolescence (deducted from the asset to which it relates)	6,860	6,492 (1)	3,946	9,406
	<u>\$ 7,633</u>	<u>\$ 7,269</u>	<u>\$ 3,974</u>	<u>\$ 10,928</u>
<b>1999:</b>				
Allowance for losses on accounts receivable (deducted from the asset to which it relates)	\$ 993 (2)	\$ 319	\$ 539	\$ 773
Allowance for inventory obsolescence (deducted from the asset to which it relates)	5,685 (2)	3,011	1,836	6,860
	<u>\$ 6,678</u>	<u>\$ 3,330</u>	<u>\$ 2,375</u>	<u>\$ 7,633</u>
<b>1998:</b>				
Allowance for losses on accounts receivable (deducted from the asset to which it relates)	\$ 738	\$ 454	\$ 181	\$ 1,011
Allowance for inventory obsolescence (deducted from the asset to which it relates)	4,495	3,638	2,567	5,566
	<u>\$ 5,233</u>	<u>\$ 4,092</u>	<u>\$ 2,748</u>	<u>\$ 6,577</u>

(1) These amounts do not agree to the amounts appearing in the Consolidated Statements of Cash Flows as the amounts include beginning balances related to companies acquired during fiscal 2000.

(2) These balances do not agree to the prior year-end balances as they include the effects of the SeaMED Corporation excluded period (see Note 1 to Notes to Consolidated Financial Statements). The net effect of the SeaMED excluded period on the allowance for losses on accounts receivable and inventory obsolescence was (\$18,000) and \$119,000, respectively.

## **REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS**

Board of Directors SeaMED Corporation

We have audited the statements of income, shareholders' equity, and cash flows for the year ended June 30, 1998 of SeaMED Corporation (not presented separately herein). These financial statements and related schedule are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and schedule referred to above present fairly, in all material respects the results of operations of SeaMED Corporation and its cash flows for the year ended June 30, 1998, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Seattle, Washington  
August 13, 1998

## SIGNATURES

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

By: PLEXUS CORP. (Registrant)

/s/ Peter Strandwitz  
Peter Strandwitz, Chairman

December 18, 2000

## POWER OF ATTORNEY

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

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

### SIGNATURE AND TITLE

/s/ Peter Strandwitz  
Peter Strandwitz, Chairman and  
Chief Executive Officer, and Director

/s/ John L. Nussbaum  
John L. Nussbaum, President and  
Chief Operating Officer, and Director

/s/ Dean A. Foate  
Dean A. Foate, Executive Vice President, and  
President of Plexus Technology Group

/s/ Thomas B. Sabol  
Thomas B. Sabol, Senior Vice President and  
Chief Financial Officer

/s/ Lisa M. Kelley  
Lisa M. Kelley, Vice President-Finance, Treasurer and  
Chief Accounting Officer

/s/ David J. Drury  
David J. Drury, Director

/s/ Harold R. Miller  
Harold R. Miller, Director

/s/ Thomas J. Prosser  
Thomas J. Prosser, Director

/s/ Agustin A. Ramirez  
Agustin A. Ramirez, Director

/s/ Jan Ver Hagen  
Jan Ver Hagen, Director

\* Each of the above signatures is affixed as of December 18, 2000.



<b>Exhibit No.</b>	<b>Exhibit</b>	<b>Incorporated By Reference To</b>	<b>Filed Herewith</b>
10.3	Employee Savings Plan and Trust**:		
	(a) Plan Document	Exhibit 10.3(a) to 1996 10-K	
	(b) Non-Standardized Form Adoption Agreement	Exhibit 10.3(b) to 1996 10-K	
10.4	Plexus Corp. 1998 Option Plan**	Exhibit A to the Registrant's definitive proxy statement for its 1998 Annual Meeting of Shareholders	
10.5	(a) Credit Agreement dated as of March 20, 1997, among Firststar Bank Milwaukee, National Association, Harris Trust and Savings Bank, and Bank One, Wisconsin (the "Credit Agreement")***	Exhibit 10.5(a) to 1997 10-K	
	(b) Corporate Guarantee Agreements related thereto dated as of March 20, 1997, by Electronic Assembly Corporation ("EAC") and Technology Group, Inc.***	Exhibits 10.5(b)(i) and (ii) to 1997 10-K	
	(c) Amended and Restated Credit Agreement dated as of June 15, 2000, among Plexus, Firststar Bank, NA, Harris Trust and Savings Bank, and Bank One, NA ***	Exhibit 10.1 to Plexus' Report on Form 8-K dated July 14, 2000 ("7/14/00 8-K")	
	(d) Demand Note dated July 24, 2000***	Exhibit 10.1 to Plexus' Report on Form 10Q for the quarter ended June 30, 2000	
	(e) Amendment to Amended and Restated Credit Agreement dates as of August 15, 2000 ***	Exhibit 10.1 to Plexus' Report on Form 8-K dated September 19, 2000 ("9/1//00 8-K")	
	(f) Waiver and Related Demand Note, dated September 15, 2000 ***	Exhibit 10.2 to 9/19/00 8-K	
10.6	10.6 (a) Credit Agreement dates as of October 25, 2000, among Plexus, certain Plexus subsidiaries and various signatory lending institutions whose agents are ABN Amro Bank N.V., Firststar Bank, N.A. and Bank One, N.A.		<b>X</b>
	(b) Exhibits thereto		<b>X</b>

<b>Exhibit No.</b>	<b>Exhibit</b>	<b>Incorporated By Reference To</b>	<b>Filed Herewith</b>
10.7	(a) Lease Agreement between Neenah (WI) QRS 11-31, Inc. (“QRS: 11-31”) and EAC, dated August 11, 1994*	Exhibit 10.8(a) to Plexus’ Report on Form 10-K for the year ended September 30, 1994 (“1994 10-K”)	
	(b) Guaranty and Suretyship Agreement between Plexus Corp. and QRS: 11-31 dated August 11, 1994, together with related Guarantor’s Certificate of Plexus Corp.	Exhibit 10.8(c) to 1994 10-K	
10.8	Plexus Corp. 1995 Directors’ Stock Option Plan**	Exhibit 10.10 to 1994 10-K	
10.9	Plexus Corp. 1998 Management Incentive Compensation Plan **	Exhibit 10.10 to 1997 10-K	
10.10	Lease Agreement dated February 12, 1996, between Plexus and Oneida Nation Electronics***	Exhibit 10.16 to Plexus’ Quarterly Report on Form 10-Q for the quarter ended March 31, 1996	
10.11	Agreement and Plan of Merger between Plexus Corp. and SeaMED Corporation and PS Acquisition Corp. dated as of March 16, 1999*	Exhibit 2.1 to Plexus’ Quarterly Report on Form 10-Q for the quarter ended March 31, 1999	
10.12	Agreement and Plan of Merger dated as of March 3, 2000, by and among Plexus, PPatriot Corp. and Agility, Incorporated *	Exhibit 2.1 to Plexus’ Report on Form 8-K dated April 28, 2000	
10.13	Stock Purchase Agreement dated March 13, 2000, among Plexus, Elamex, SA de CV and Servicios Administrativos Elamex, SA de CV*	Exhibit 2.1 to Plexus’ Report on Form 10-Q for the quarter ended March 31, 2000 (“3/31/00 10-Q”)	
10.14	Promissory Note from Thomas Sabol dated March 13, 2000	Exhibit 10.1 to 3/31/00 10-Q	
10.15	(a) Share Purchase Agreement dated as of June 26, 2000, among Plexus Corp. Limited (f/k/a “Lycidas (323) Limited”), Plexus and the shareholders of Keltek (Holding) Limited *	Exhibit 2.1 to 7/14/00 8-K	
	(b) Related form of Loan Notes of Plexus Corp. Limited	Exhibit 2.2 to 7/14/00 8-K	

<b>Exhibit No.</b>	<b>Exhibit</b>	<b>Incorporated By Reference To</b>	<b>Filed Herewith</b>
10.16	(a) Receivables Purchase Agreement dated as of October 6, 2000, among Plexus, Preferred Receivables Funding Corporation and Bank One, NA		<b>X</b>
	(b) Receivables Sale Agreement dated as of October 6, 2000, among Electronic Assembly Corporation, Technology Group, Inc., SeaMED Corporation and Plexus ABS, Inc.		<b>X</b>
10.17	Plexus Corp. Executive Deferred Compensation Plan**		<b>X</b>
10.18	Form of Split Dollar Life Insurance Agreements between Plexus and each of:** Thomas B. Sabol Dean A. Foate J. Robert Kronser Joseph D. Kaufman		<b>X</b>
10.19	Underwriting Agreement dated October 13, 2000, among Plexus, Robertson Stephens, Inc. and the other Underwriters named therein	Exhibit 1.1 Plexus' Report on Form 8-K dated October 13, 2000	
21	List of Subsidiaries		<b>X</b>
23.1	Consent of PricewaterhouseCoopers LLP		<b>X</b>
23.2	Consent of Ernst & Young LLP		<b>X</b>
24	Power of Attorney		(Signature Page Hereto)
27	Financial Data Schedules		<b>X</b>

\* Excludes certain schedules and/or exhibits, which will be furnished to the Commission upon request.

\*\* Designates management compensatory plans or agreements.

\*\*\*Superceded or terminated.

**PLEXUS CORP.  
List of Facilities**

**Corporate Headquarters**

Neenah, Wisconsin

Toll-free 877-733-7260

Email: [plexus\\_marketing@plexus.com](mailto:plexus_marketing@plexus.com)

Web site: [www.plexus.com](http://www.plexus.com)

**Plexus DesignCenters**

Boulder DesignCenter  
Louisville, Colorado

Dallas DesignCenter  
Plano, Texas

Nashua DesignCenter  
Nashua, New Hampshire

Neenah DesignCenter  
Neenah, Wisconsin

Portland DesignCenter  
Hillsboro, Oregon

Raleigh DesignCenter  
Raleigh, North Carolina

San Diego DesignCenter  
San Diego, California

Scotland DesignCenters  
Kelso, Scotland  
Melrose, Scotland

Seattle DesignCenter  
Bothell, Washington

Tel Aviv DesignCenter  
Petach-Tikva, Israel

**Plexus NPI PLUS Centers**

Appleton NPI PLUS Center  
Appleton, Wisconsin

Milpitas NPI PLUS Center  
Milpitas, California

Minneapolis NPI PLUS Center  
Minneapolis, Minnesota

New England NPI PLUS Center  
Ayer, Massachusetts

Seattle NPI PLUS Center  
Bothell, Washington

**Plexus ManufacturingCenters**

Juarez ManufacturingCenter  
Juarez, Mexico

Kelso ManufacturingCenter  
Kelso, Scotland

Maldon ManufacturingCenter  
Maldon, England

Neenah ManufacturingCenter  
Neenah, Wisconsin

Richmond ManufacturingCenter  
Richmond, Kentucky

Wheeling ManufacturingCenter  
Wheeling, Illinois