

BENCHMARK ELECTRONICS INC
Form 11-K
June 25, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

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

For the fiscal year ended December 30, 2014.

OR

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

For the transition period from to

Commission File Number 1 10560

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

BENCHMARK ELECTRONICS, INC. 401(K) EMPLOYEE SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

BENCHMARK ELECTRONICS, INC.

3000 TECHNOLOGY DRIVE

ANGLETON, TEXAS 77515

REQUIRED INFORMATION

The following financial statements and schedules have been prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974, as amended:

1. Statements of Net Assets Available for Benefits as of December 30, 2014 and 2013
2. Statement of Changes in Net Assets Available for Benefits for the year ended December 30, 2014
3. Schedule H, line 4i - Schedule of Assets (Held at End of Year) - December 30, 2014*

EXHIBITS

23 **Consent of Independent Registered Public** **Accounting Firm**

* Other schedules required by section 2520.103-10 are omitted because they are not applicable.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed by the undersigned hereunto duly authorized.

	BENCHMARK ELECTRONICS, INC.
	401(K) EMPLOYEE SAVINGS PLAN
	By: <u>/s/ Donald F. Adam</u>
	Donald F. Adam
	<i>Chief Financial Officer of</i>
	<i>Benchmark Electronics, Inc.</i>
	Date: June 25, 2015

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

Financial Statements and Supplemental Schedule

December 30, 2014 and 2013

(With Independent Registered Public Accounting Firm's Report Thereon)

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

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Report of Independent Registered Public Accounting Firm

The Board of Directors

Benchmark Electronics, Inc.:

We have audited the accompanying statements of net assets available for benefits of the Benchmark Electronics, Inc. 401(k) Employee Savings Plan (the Plan) as of December 30, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 30, 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards 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. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 30, 2014 and 2013, and the changes in net assets available for benefits for the year ended December 30, 2014, in conformity with U.S. generally accepted accounting principles.

The supplemental information in the accompanying Schedule of Assets (Held at End of Year) as of December 30, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but includes supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented

in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Hein & Associates LLP

Houston, Texas

June 25, 2015

BENCHMARK ELECTRONICS, INC.**401(k) EMPLOYEE SAVINGS PLAN**

Statements of Net Assets Available for Benefits

December 30, 2014 and 2013

	2014	2013
Assets:		
Investments, at fair value	\$ 205,732,524	\$ 178,668,533
Receivables:		
Employer contributions	260,930	260,440
Participant contributions	493,959	450,343
Notes receivable from participants	5,073,850	4,338,497
Total receivables	5,828,739	5,049,280
Net assets available for benefits at fair value	\$ 211,561,263	\$ 183,717,813

See accompanying notes to financial statements.

BENCHMARK ELECTRONICS, INC.**401(k) EMPLOYEE SAVINGS PLAN**

Statement of Changes in Net Assets Available for Benefits

Year ended December 30, 2014

Investment income:		
Interest	\$	1,154,858
Dividends		1,220,168
Net gain on investments in pooled separate accounts		2,387,828
Net gain on investments in mutual funds		4,302,012
Net appreciation in fair value of common stock		1,117,622
		10,182,488
Interest income on notes from participants		210,562
Contributions:		
Employer		4,754,897
Participant		10,199,942
Rollovers		388,683
		15,343,522
Benefits paid to participants		(10,953,724)
Administrative fees		(19,900)
Transfer of assets from CTS Corporation Retirement Savings Plan		13,080,502
Net increase		27,843,450
Net assets available for benefits:		
Beginning of year		183,717,813
End of year	\$	211,561,263

See accompanying notes to financial statements.

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

(1) Description of Plan

The following description of the Benchmark Electronics, Inc. 401(k) Employee Savings Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for more complete information.

(a) General

The Plan is a defined contribution plan covering all employees of Benchmark Electronics, Inc. (the Company) and the following affiliates of the Company: Benchmark Electronics Huntsville Inc.; Benchmark Electronics California, Incorporated; Benchmark Electronics Manufacturing Solutions, Inc.; and Benchmark Electronics Manufacturing Solutions (Moorpark), Inc. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Effective December 1, 2009, the Plan adopted the Prudential Retirement Prototype Plan (the Prototype Plan).

The Plan is administered by the Company and advised by the board of directors of the Company and the investment committee. Prudential Bank & Trust, FSB is trustee of the Plan, and Prudential Retirement Insurance and Annuity Company is the record keeper.

(b) Contributions and Investment Options

Participants may elect to make pre-tax contributions of up to 100% (in 1.0% increments) of their compensation, as defined. Participant contributions will be matched by the Company on a 100% basis, not to exceed 4.0% of a participant's compensation (referred to as employer contributions) upon completion of one year of service. The Company may also elect to make an employer discretionary contribution to all employees employed at the end of the Plan year who have completed 1,000 hours of service during such year. The Company did not make a discretionary contribution during the 2014 Plan year. Certain Internal Revenue Service (IRS) limits may apply to both the participants' contributions and the employers' contributions. Eligible participants may also elect to roll over distributions from a former employer's qualified retirement plan.

Participants direct the investment of all contributions into various investment options offered by the Plan. The Plan currently offers 14 mutual funds, Company common stock and an insurance investment contract as investment options for participants.

(c) Participant Accounts

Each participant's account is credited with the participant's contribution and employer matching contributions and an allocation of discretionary employer contributions, if any, and plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

(d) Vesting

Participants are immediately vested in their contributions, employer matching contributions and the actual earnings thereon.

(e) Notes Receivable from Participants

Upon application by a participant, the Plan administrator may make loans to participants not to exceed 50% of their 401(k) vested balance, with a minimum of \$1,000 and a maximum of \$50,000 less the participant's highest outstanding loan balance during the preceding 12 months. Participants' loans are to be repaid by level monthly payroll deductions of principal plus interest or may be prepaid in full or in part without penalty at any time. The interest rate is set at the prime rate plus 1%. Loan proceeds are reduced by a \$75 loan processing fee.

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent loans are treated as distributions based upon the terms of the Plan document.

(f) Administrative Expenses

Administrative expenses of the Plan are paid partly by the Company and partly by the Plan. Mutual fund redemption fees and investment advisory fees paid by participants are reported in administrative fees in the accompanying statement of changes in net assets available for benefits. Expenses related to the asset management of the investment funds and recordkeeping services are paid via the expense ratios charged on the investments, which reduce the investment return reported and credited to participant accounts. Consequently, these management fees and operating expenses are reflected as a reduction of investment return for such investments. In addition, the Company incurs certain expenses administering the Plan, which are not included in the Plan's financial statements.

(g) Payment of Benefits

On termination of service, a participant may elect to receive either a lump-sum amount equal to the vested value of his/her account, an annuity with various terms and rates or roll the vested balance over to another qualified plan.

While employed, a participant may make withdrawals from his or her account balance (as allowed under IRS regulations) subject to certain restrictions as described in the Plan. Certain restrictions associated with withdrawals may be waived in the event a participant demonstrates financial hardship.

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

(h) *Termination of the Plan*

Although the Company has not expressed any intent to terminate the Plan, it may do so as provided by the Plan agreement.

(i) *Forfeited Accounts*

At December 30, 2014 and 2013, forfeited participants' accounts totaled \$3,050 and \$5,736. These accounts will be used to reduce future employer contributions.

(2) *Summary of Accounting Policies*

(a) *Basis of Financial Statements*

The financial statements of the Plan are prepared under the accrual method of accounting.

(b) *Investment Valuation*

The Plan's investments are stated at fair value. The common stock of the Company and mutual funds are valued at their quoted market price. The investments in common/collective trust funds are valued based upon the quoted market values of the underlying assets. The Guaranteed Income Fund (GIF) is an evergreen group annuity contract and is valued at contract value as estimated by Prudential Retirement Insurance and Annuity Company. The GIF's interest rates are adjusted to market semi-annually. Accordingly, the GIF contract value, which represents net contributions plus interest at the contract rate, approximates fair value. The GIF is a fully benefit-responsive annuity contract.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividends are recorded as earned. Net investment gain (loss) from mutual funds and common/collective trust funds includes interest, dividends, realized

gains (losses) on sale of investments and unrealized appreciation (depreciation) in fair value of investments. Net appreciation in fair value of common stock includes realized gains (losses) on sale of common stock and unrealized appreciation (depreciation) in fair value of common stock.

(c) Concentration of Investments

The Plan's investment in shares of the Company's common stock represented 5.3% and 5.5% of the Plan's net assets as of December 30, 2014 and 2013, respectively. The Company has been in operation since 1981 and is listed on the New York Stock Exchange.

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from net assets during the reporting period. Actual results could differ from those estimates.

(e) Payment of Benefits

Benefits are recorded when paid.

(f) Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through the date the Plan financial statements were issued.

(g) New Accounting Pronouncements

The Financial Accounting Standards Board recently issued Accounting Standards Update (ASU) 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 removes the requirement to categorize these investments within the fair value hierarchy and also removes the requirements to make certain disclosures. It is effective for fiscal years beginning after December 15, 2015. Plan management is currently evaluating the impact of the pending adoption of ASU 2015-07 on the Plan's financial statements.

(3) Benchmark Electronics, Inc. Common Stock

Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the trustee prior to the time that such rights are to be exercised.

(4) Federal Income Tax Exemption

The IRS has determined and informed the Company by a letter dated March 31, 2008, that the Prototype Plan and related trust are designed in accordance with Section 401(a) of the Internal Revenue Code of 1986, as amended (IRC), and, accordingly, are entitled to an exemption from federal income taxes under the provisions of Section 501(a) of the IRC. The Plan administrator believes that the Plan is designed, and is currently being operated, in compliance with the appropriate IRC sections. Management has evaluated the Plan's tax positions, and has concluded that as of December 30, 2014, the Plan had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2010.

BENCHMARK ELECTRONICS, INC.**401(k) EMPLOYEE SAVINGS PLAN****Notes to Financial Statements****(5) Reconciliation of Financial Statements to Form 5500**

Reconciliation of the net assets available for benefits reported in the accompanying statements to the net assets available for benefits reported per the Form 5500 as of December 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Net assets available for benefits reported per the Form 5500	\$ 210,806,374	\$ 183,007,030
Adjustment in employer contributions receivable	260,930	260,440
Adjustment in participants contributions receivable	493,959	450,343
Net assets available for benefits reported in the accompanying statement	\$ 211,561,263	\$ 183,717,813

Reconciliation of the changes in net assets available for benefits reported in the accompanying statement to the net changes in net assets available for benefits reported per the Form 5500 for the year ended December 30, 2014 is as follows:

Net changes in net assets available for benefits reported per the Form 5500	\$ 27,799,344
Adjustment in contributions from employer	490
Adjustment in contributions from participants	43,616
Net changes in net assets available for benefits reported in the accompanying statement	\$ 27,843,450

(6) Investments

The following table presents investments that represent 5% or more of the Plan's net assets as of December 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Guaranteed Income Fund	\$ 58,331,545	\$ 54,110,086
Dryden S&P 500® Index Fund	17,535,302	13,877,796
American Funds Europacific Growth Fund®, Class R-4	16,991,511	14,720,839

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Prudential Total Return Bond Fund, Class Z	16,692,009	*
Artisan Mid Cap Value Fund, Institutional Class	15,373,482	15,131,082
Prudential Jennison 20/20 Focus Fund, Class Z	11,745,996	9,286,517
Benchmark Electronics, Inc. Common Stock Fund	11,278,213	10,095,713
JPMorgan Small Cap Equity Fund, Select Class	11,209,221	10,582,946
Dreyfus Appreciation Fund, Inc., Investor Class	10,721,073	10,902,682
PIMCO Total Return Fund, Class D	*	13,164,070

* Investment not greater than 5%.

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

(7) Party-in-Interest Transactions

The Plan engages in investment transactions with funds managed by Prudential Retirement Insurance and Annuity Company and Prudential Investments LLC. These companies are all affiliated with Prudential Financial Inc., which is the parent company for Prudential Bank & Trust, FSB, the trustee. These transactions are covered by an exemption from the prohibited transaction provisions of ERISA and IRC.

The Plan invests in shares of the Company's common stock. As the Company is the sponsor of the Plan, these transactions qualify as party-in-interest transactions, which are also exempt under ERISA.

(8) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

The GIF earned an average yield and credited an interest rate to participants of 2.30% and 2.50%, respectively, for the year ended December 30, 2014. The minimum crediting rate under the GIF contract is 1.50%. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The guarantee is based on Prudential's ability to meet its financial obligations from its general assets.

(9) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A three-tier fair value hierarchy of inputs is employed to determine fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical

assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). An asset or liability's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

BENCHMARK ELECTRONICS, INC.**401(k) EMPLOYEE SAVINGS PLAN****Notes to Financial Statements**

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of December 30, 2014, the Plan's investments measured at fair value on a recurring basis were as follows:

		<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds	\$	114,725,142	-	114,725,142
Common stocks		11,278,213	-	11,278,213
Guaranteed income fund		-	58,331,545	58,331,545
Pooled separate accounts		17,535,302	3,862,322	21,397,624
Total investments at fair value	\$	143,538,657	62,193,867	205,732,524

As of December 30, 2013, the Plan's investments measured at fair value on a recurring basis were as follows:

		<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds	\$	98,794,238	-	98,794,238
Common stocks		10,095,713	-	10,095,713
Guaranteed income fund		-	54,110,086	54,110,086
Pooled separate accounts		13,877,796	1,790,700	15,668,496
Total investments at fair value	\$	122,767,747	55,900,786	178,668,533

(10) Transfer of Assets from CTS Corporation Retirement Savings Plan

On October 2, 2013, the Company purchased the CTS Electronics Manufacturing Solutions, Inc. (CTS EMS) business unit of CTS Corporation. As part of the purchase agreement, assets associated with the employees that transferred from CTS EMS to the Company that were with the CTS Corporation Retirement Savings Plan totaling \$13.1 million were transferred into the Plan on March 13, 2014.

**BENCHMARK ELECTRONICS, INC.
401(k) EMPLOYEE SAVINGS PLAN**

Employer Identification Number (74-2211011) - Plan Number (001)

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 30, 2014

(a) (b) Identity of issuer	(c) Description of investment	C
Capital Research and Management Company	American Funds Europacific Growth Fund®, Class R-4	\$ 1
*Prudential Investments LLC	Prudential Total Return Bond Fund, Class Z	1
Artisan Partners Holdings LP	Artisan Mid Cap Value Fund, Institutional Class	1
*Prudential Investments LLC	Prudential Jennison 20/20 Focus Fund, Class Z	1
JPMorgan Investment Advisors, Inc.	JPMorgan Small Cap Equity Fund, Select Class	1
The Dreyfus Corporation	Dreyfus Appreciation Fund, Inc., Investor Class	1
Massachusetts Financial Services Company	MFS® Value Fund, Class R-4	3
Hartford Funds Management Company, LLC	Hartford Balanced Income Fund, Class R-5	7
J.P. Morgan Investment Management Inc.	JPMorgan Growth Advantage Fund, Class R5	0
American Century Capital Portfolios, Inc.	American Century Small Cap Value Fund, Institutional Class	3
OppenheimerFunds, Inc.	Oppenheimer Developing Markets Fund, Class Y	3
Pioneer Investment Management, Inc.	Pioneer Oak Ridge Small Cap Growth Fund, Class Y	3
	Total Mutual Funds	11
*Prudential Retirement Insurance and Annuity Company	Dryden S&P 500® Index Fund	1
*Prudential Retirement Insurance and Annuity Company	Prudential Day One IncomeFlex® Target Balanced Fund	3
	Total Pooled Separate Accounts	2
*Prudential Retirement Insurance and Annuity Company	Guaranteed Income Fund	5
*Benchmark Electronics, Inc.	Benchmark Electronics, Inc. Common Stock Fund	1
*Participants	Notes receivable from participants (rates range from	

4.25% to 9.5% at December 30, 2014)

Total investments and notes receivable
from participants (Held at End of Year)

\$21

Cost information omitted as all investments are participant directed.

*Represents party-in-interest transactions.

See accompanying report of independent registered public accounting firm.