UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10 Q

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

For the quarterly period ended September 30, 2015

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

For the transition period from ________________ to________________

Commission File Number: 1 10560

BENCHMARK ELECTRONICS, INC.

(Exact name of registrant as specified in its charter)

	Texas	**74 2211011**
	(State or other jurisdiction	(I.R.S. Employer
	of incorporation or organization)	Identification No.)
3000 Technology Drive		**77515**
Angleton, Texas		(Zip Code)
(Address of principal executive offices)		

(979) 849 6550

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [√] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [√] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b–2 of the Act.

Large accelerated filer [√]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b–2 of the Act). Yes [ ] No [√]

As of November 5, 2015, there were 50,530,968 Common Shares of Benchmark Electronics, Inc., par value $0.10 per share, outstanding.

TABLE OF CONTENTS

PART I

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(in thousands, except par value)	September 30, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 462,094	$ 427,376
Accounts receivable, net of allowance for doubtful accounts of $3,394 and $2,943, respectively	467,241	520,389
Inventories	421,532	401,261
Prepaid expenses and other assets	37,313	29,018
Income taxes receivable	30	572
Deferred income taxes	3,951	8,502
Total current assets	1,392,161	1,387,118
Long-term investments	935	1,008
Property, plant and equipment, net of accumulated depreciation of $375,149 and $350,563 respectively	181,187	190,180
Goodwill, net	45,970	45,970
Deferred income taxes	22,078	25,017
Other, net	24,773	28,161
	$ 1,667,104	$ 1,677,454
Liabilities and Shareholders' Equity		
Current liabilities:		
Current installments of capital lease obligations	$ 751	$ 676
Accounts payable	272,274	289,786
Income taxes payable	4,152	5,450
Accrued liabilities	63,982	63,166
Total current liabilities	341,159	359,078
Capital lease obligations, less current installments	8,270	8,845
Other long-term liabilities	17,266	17,800
Deferred income taxes	2,106	2,106
Shareholders' equity:		
Preferred shares, $0.10 par value; 5,000 shares authorized, none issued	—	—
Common shares, $0.10 par value; 145,000 shares authorized; issued and outstanding – 50,918 and 52,994, respectively	5,092	5,300

Additional paid-in capital	632,065	649,715
Retained earnings	673,040	644,085
Accumulated other comprehensive loss	(11,894)	(9,475)
Total shareholders’ equity	1,298,303	1,289,625
Commitments and contingencies		
	$ 1,667,104	$ 1,677,454

See accompanying notes to condensed consolidated financial statements.

BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Income

(unaudited)

(in thousands, except per share data)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Sales	$ 630,191	$ 731,302	$ 1,915,154	$ 2,087,514
Cost of sales	575,907	676,008	1,753,375	1,923,346
Gross profit	54,284	55,294	161,779	164,168
Selling, general and administrative expenses	27,040	31,219	83,162	88,072
Restructuring charges and integration costs	1,096	2,160	7,553	6,176
Thailand flood related items, net of insurance	-	-	-	(1,571)
Income from operations	26,148	21,915	71,064	71,491
Interest expense	(495)	(494)	(1,427)	(1,443)
Interest income	246	535	971	1,718
Other expense	(1,121)	(1,359)	(1,582)	(1,517)
Income before income taxes	24,778	20,597	69,026	70,249
Income tax expense	4,213	3,691	13,046	12,346
Net income	$ 20,565	$ 16,906	$ 55,980	$ 57,903
Earnings per share:				
Basic	$ 0.40	$ 0.32	$ 1.08	$ 1.08
Diluted	$ 0.40	$ 0.31	$ 1.07	$ 1.06
Weighted-average number of shares outstanding:				
Basic	51,192	53,660	51,940	53,712
Diluted	51,588	54,265	52,448	54,387

See accompanying notes to condensed consolidated financial statements.

BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income

(unaudited)

(in thousands)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Net income	$ 20,565	$ 16,906	$ 55,980	$ 57,903
Other comprehensive income (loss):				
Foreign currency translation adjustments	378	(2,712)	(2,386)	(2,945)
Unrealized gain (loss) on investments, net of tax	10	1,496	(23)	1,342
Other	(3)	(8)	(10)	(23)
Other comprehensive income (loss)	385	(1,224)	(2,419)	(1,626)
Comprehensive income	$ 20,950	$ 15,682	$ 53,561	$ 56,277

See accompanying notes to condensed consolidated financial statements.

BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Shareholders' Equity

(unaudited)

(in thousands)	Common Shares Shares Outstanding	Common Shares Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balances, December 31, 2014	52,994	$ 5,300	$ 649,715	$ 644,085	$ (9,475)	$ 1,289,625
Stock-based compensation expense	-	-	6,021	-	-	6,021
Shares repurchased and retired	(2,296)	(230)	(25,068)	(27,025)	-	(52,323)
Stock options exercised	94	9	1,674	-	-	1,683
Vesting of restricted stock units, net of restricted share forfeitures	150	15	(15)	-	-	-
Shares withheld for taxes	(24)	(2)	(569)	-	-	(571)
Excess tax benefit of stock-based compensation	-	-	307	-	-	307
Comprehensive income	-	-	-	55,980	(2,419)	53,561
Balances, September 30, 2015	50,918	$ 5,092	$ 632,065	$ 673,040	$ (11,894)	$ 1,298,303

See accompanying notes to condensed consolidated financial statements.

BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(unaudited)

(in thousands)	Nine Months Ended September 30, 2015	2014
Cash flows from operating activities:		
Net income	$ 55,980	$ 57,903
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	32,298	30,384
Amortization	4,192	3,601
Deferred income taxes	7,481	10,649
Gain on the sale of property, plant and equipment	(56)	(22)
Asset impairments	84	794
Thailand flood insurance recovery	-	(550)
Stock-based compensation expense	6,021	5,626
Excess tax benefit from stock-based compensation	(345)	(558)
Changes in operating assets and liabilities, net of effects from business acquisition:		
Accounts receivable	52,217	24,691
Inventories	(21,059)	(38,603)
Prepaid expenses and other assets	(9,015)	(3,088)
Accounts payable	(9,222)	17,545
Accrued liabilities	529	7,643
Income taxes	(383)	(2,647)
Net cash provided by operations	118,722	113,368
Cash flows from investing activities:		
Proceeds from sales and redemptions of investments	50	10,056
Additions to property, plant and equipment	(31,980)	(35,743)
Proceeds from the sale of property, plant and equipment	477	289
Additions to purchased software	(902)	(871)
Business acquisition, net of cash acquired	-	750
Thailand flood property insurance proceeds	-	550
Other	187	363
Net cash used in investing activities	(32,168)	(24,606)
Cash flows from financing activities:		
Proceeds from stock options exercised	1,683	11,748
Excess tax benefit from stock-based compensation	345	558
Principal payments on capital lease obligations	(500)	(431)
Share repurchases	(52,323)	(25,045)
	(50,795)	(13,170)

Net cash used in financing activities		
Effect of exchange rate changes	(1,041)	(911)
Net increase in cash and cash equivalents	34,718	74,681
Cash and cash equivalents at beginning of year	427,376	345,555
Cash and cash equivalents at end of period	$ 462,094	$ 420,236

See accompanying notes to condensed consolidated financial statements.

BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(amounts in thousands, except per share data, unless otherwise noted)

(unaudited)

Note 1 – Basis of Presentation

Benchmark Electronics, Inc. (the Company) is a Texas corporation. The Company provides integrated manufacturing, design and engineering services to original equipment manufacturers (OEMs) of industrial equipment (including equipment for the aerospace and defense industries), telecommunication equipment, computers & related products for business enterprises, medical devices, and test & instrumentation products. The Company has manufacturing operations located in the Americas, Asia and Europe.

The condensed consolidated financial statements included herein have been prepared by the Company without an audit pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). The financial statements reflect all normal and recurring adjustments necessary in the opinion of management for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and notes included in the Company's annual report on Form 10 K for the year ended December 31, 2014 (the 2014 10-K).

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). Actual results could differ from those estimates.

Certain reclassifications of prior period amounts have been made to conform to the current presentation.

Note 2 – Stock-Based Compensation

The Benchmark Electronics, Inc. 2000 Stock Awards Plan (the 2000 Plan) authorized, and the Benchmark Electronics, Inc. 2010 Omnibus Incentive Compensation Plan (the 2010 Plan) authorizes, the Company, upon approval of the compensation committee of the Board of Directors, to grant a variety of awards, including stock options, restricted shares, restricted stock units, stock appreciation rights, performance compensation awards, phantom stock awards and deferred share units, or any combination thereof, to any director, officer, employee or consultant (including any prospective director, officer, employee or consultant) of the Company. Stock options are granted to employees with an exercise price equal to the market price of the Company's common shares on the date of grant, generally vest over a four-year period from the date of grant and have a term of ten years. Restricted shares and restricted stock units granted to employees generally vest over a four-year period from the date of grant, subject to the continued employment of the employee by the Company. The 2000 Plan expired in 2010, and no additional grants can be made under that plan. The 2010 Plan was approved by the Company's shareholders in 2010 and amended in 2014. Members of the Board of Directors who are not employees of the Company hold awards under the Benchmark Electronics, Inc. 2002 Stock Option Plan for Non-Employee Directors (the 2002 Plan) or the 2010 Plan. Stock options were granted pursuant to the 2002 Plan upon the occurrence of the non-employee director's election or re-election to the Board of Directors. All awards under the 2002 Plan were fully vested upon the date of grant and have a term of ten years. The 2002 Plan was approved by the Company's shareholders in 2002 and expired in 2012. No additional grants may be made under the 2002 Plan. Since 2011, awards under the 2010 Plan to non-employee directors have been in the form of restricted stock units, which vest in equal quarterly installments over a one-year period, starting on the grant date. As of September 30, 2015, 3.8 million additional common shares were available for issuance under the Company's 2010 Plan.

All share-based payments to employees, including grants of employee stock options, are recognized in the financial statements based on their grant date fair values. The total compensation cost recognized for stock-based awards was \$2.0 million and \$6.0 million for the three and nine months ended September 30, 2015, respectively, and \$1.9 million and \$5.6 million for the three and nine months ended September 30, 2014, respectively. The total income tax benefit recognized in the condensed income statement for stock-based awards was \$0.8 million and \$2.4 million for the three and nine months ended September 30, 2015, respectively, and \$0.7 million and \$2.4 million for the three and nine months ended September 30, 2014, respectively. The compensation expense for stock-based awards includes an estimate for forfeitures and is recognized over the vesting period of the awards using the straight-line method. Cash flows from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for stock-based awards (excess tax benefits) are classified as cash flows from financing activities. Awards of restricted shares, restricted stock units and performance-based restricted stock units are valued at the closing market price of the Company’s common shares on the date of grant. For performance-based restricted stock units, compensation expense is based on the probability that the performance goals will be achieved, which is monitored by management throughout the requisite service period. When it becomes probable, based on the Company’s expectation of performance during the measurement period, that more or less than the previous estimate of the awarded shares will vest, an adjustment to stock-based compensation expense is recognized as a change in accounting estimate.

As of September 30, 2015, the unrecognized compensation cost and remaining weighted-average amortization related to stock-based awards were as follows:

(in thousands)	Stock Options	Restricted Shares	Restricted Stock Units	Performance-based Restricted Stock Units[1]
Unrecognized compensation cost	\$ 4,823	\$ 239	\$ 7,853	\$ 2,795
Remaining weighted-average amortization period	1.8 years	0.4 years	2.4 years	2.1 years

[1] Based on the probable achievement of the performance goals identified in each award.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model. The weighted-average assumptions used to value the options granted during the three and nine months ended September 30, 2015 and 2014, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2015	2014	2015	2014
Options granted	-	-	289	378
Expected term of options	N/A	N/A	6.4 years	7.0 years
Expected volatility	N/A	N/A	35%	39%
Risk-free interest rate	N/A	N/A	1.886%	2.081%
Dividend yield	N/A	N/A	zero	zero

The expected term of the options represents the estimated period of time until exercise and is based on historical experience, giving consideration to the contractual terms, vesting schedules and expectations of future plan participant behavior. Separate groups of plan participants that have similar historical exercise behavior are considered separately for valuation purposes. Expected stock price volatility is based on the historical volatility of the Company’s common shares. The risk-free interest rate is based on the U.S. Treasury zero-coupon rates in effect at the time of grant with an equivalent remaining term. The dividend yield reflects that the Company has not paid any cash dividends since inception and does not anticipate paying cash dividends in the foreseeable future.

The weighted-average fair value per option granted during the nine months ended September 30, 2015 was $8.76. The total cash received as a result of stock option exercises for the nine months ended September 30, 2015 and 2014 was approximately $1.7 million and $11.7 million, respectively. The tax benefit realized as a result of stock option exercises and the vesting of other share-based awards during the nine months ended September 30, 2015 and 2014 was $2.0 million and $2.5 million, respectively. For the nine months ended September 30, 2015 and 2014, the total intrinsic value of stock options exercised was $0.5 million and $2.9 million, respectively.

The Company awarded performance-based restricted stock units to employees during the nine months ended September 30, 2015 and 2014. The number of performance-based restricted stock units that will ultimately be earned will not be determined until the end of the corresponding performance periods, and may vary from as low as zero to as high as three times the target number depending on the level of achievement of certain performance goals. The level of achievement of these goals is based upon the audited financial results of the Company for the last full calendar year within the performance period. The performance goals consist of certain levels of achievement using the following financial metrics: revenue growth, operating margin expansion, and return on invested capital. If the performance goals are not met based on the Company’s financial results, the applicable performance-based restricted stock units will not vest and will be forfeited. Shares subject to forfeited performance-based restricted stock units will be available for issuance under the 2010 Plan.

The following table summarizes activities relating to the Company’s stock options:

(in thousands, except per share data)	Number of Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)		Aggregate Intrinsic Value
Outstanding as of December 31, 2014	2,437	$	20.07			
Granted	289	$	23.14			
Exercised	(94)	$	17.89			
Forfeited or expired	(21)	$	22.91			
Outstanding as of September 30, 2015	2,611	$	20.47	4.88	$	6,498
Exercisable as of September 30, 2015	1,832	$	20.16	3.05	$	5,353

The aggregate intrinsic value in the table above is before income taxes and is calculated as the difference between the exercise price of the underlying options and the Company’s closing stock price as of the last business day of the period ended September 30, 2015 for options that had exercise prices that were below the closing price.

The following table summarizes activities related to the Company's restricted shares:

(in thousands, except per share data)	Number of Shares		Weighted-Average Grant Date Fair Value
Non-vested shares outstanding as of December 31, 2014	109	$	16.33
Vested	(70)	$	16.84
Forfeited	(1)	$	16.57
Non-vested shares outstanding as of September 30, 2015	38	$	15.38

The following table summarizes the activities related to the Company’s time-based restricted stock units:

(in thousands, except per share data)	Number of Units		Weighted-Average Grant Date Fair Value
Non-vested awards outstanding as of December 31, 2014	412	$	20.33
Granted	210	$	23.22
Vested	(151)	$	20.29
Forfeited	(9)	$	21.24
Non-vested awards outstanding as of September 30, 2015	462	$	21.64

The following table summarizes the activities related to the Company’s performance-based restricted stock units:

(in thousands, except per share data)	Number of Units		Weighted-Average Grant Date Fair Value
Non-vested units outstanding as of December 31, 2014	274	$	18.56
Granted[(1)]	85	$	22.93
Forfeited or expired	(53)	$	18.57
Non-vested units outstanding as of September 30, 2015	306	$	19.77

[(1)] Represents target number of units that can vest based on the achievement of the performance goals.

Note 3 – Earnings Per Share

Basic earnings per share is computed using the weighted-average number of shares outstanding. Diluted earnings per share is computed using the weighted-average number of shares outstanding adjusted for the incremental shares attributed to outstanding stock equivalents. Stock equivalents include common shares issuable upon the exercise of stock options and other equity instruments, and are computed using the treasury stock method. Under the treasury stock method, the exercise price of a share, the amount of compensation cost, if any, for future service that the Company has not yet recognized, and the amount of estimated excess tax benefits that would be recorded in paid-in-capital, if any, when the share is exercised are assumed to be used to repurchase shares in the current period.

The following table sets forth the calculation of basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share data)	2015	2014	2015	2014
Net income	$ 20,565	$ 16,906	$ 55,980	$ 57,903
Denominator for basic earnings per share -				

weighted-average number of common shares outstanding during the period	51,192	53,660	51,940	53,712
Incremental common shares attributable to exercise of dilutive options	292	445	326	460
Incremental common shares attributable to outstanding restricted shares and restricted stock units	104	160	182	215
Denominator for diluted earnings per share	51,588	54,265	52,448	54,387
Basic earnings per share	$ 0.40	$ 0.32	$ 1.08	$ 1.08
Diluted earnings per share	$ 0.40	$ 0.31	$ 1.07	$ 1.06

Options to purchase 1.3 million common shares for both the three- and nine-month periods ended September 30, 2015 were not included in the computation of diluted earnings per share because their effect would have been anti-dilutive. Options to purchase 0.8 million and 0.7 million common shares for the three- and nine-month periods ended September 30, 2014, respectively, were not included in the computation of diluted earnings per share because their effect would also have been anti-dilutive.

Note 4 – Goodwill and Other Intangible Assets

Goodwill allocated to the Company's reportable segments was as follows:

(in thousands)	Americas	Asia	Total
Goodwill at December 31, 2014 and September 30, 2015	$ 7,868	$ 38,102	$ 45,970

Other assets consist primarily of acquired identifiable intangible assets and capitalized purchased software costs. Other intangible assets as of September 30, 2015 and December 31, 2014 were as follows:

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 33,095	$ (18,499)	$ 14,596
Technology licenses	11,300	(9,982)	1,318
Other	868	(207)	661
Other intangible assets, September 30, 2015	$ 45,263	$ (28,688)	$ 16,575

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 33,188	$ (16,099)	$ 17,089
Technology licenses	11,300	(9,434)	1,866
Other	868	(190)	678
Other intangible assets, December 31, 2014	$ 45,356	$ (25,723)	$ 19,633

Customer relationships are amortized on a straight-line basis over a period of ten years. Technology licenses are amortized over their estimated useful lives in proportion to the economic benefits consumed. Amortization of other intangible assets for the nine months ended September 30, 2015 and 2014 was $3.0 million and $2.5 million, respectively.

The estimated future amortization expense of other intangible assets for each of the next five years is as follows (in thousands):

Year ending December 31,	Amount
2015 (remaining three months)	$ 948
2016	3,996
2017	2,099
2018	1,574
2019	1,574

Note 5 – Borrowing Facilities

Under the terms of a credit agreement (the Credit Agreement), the Company has a $200 million five-year revolving credit facility for general corporate purposes with a maturity date of July 30, 2017. The Credit Agreement includes an accordion feature under which total commitments under the facility may be increased by an additional $100 million, subject to satisfaction of certain conditions and lender approval.

Interest on outstanding borrowings under the Credit Agreement is payable quarterly, at the Company's option, at either LIBOR plus 1.75% to 2.75% or a prime rate plus 0.75% to 1.75%, based upon the Company's leverage ratio as specified in the Credit Agreement. A commitment fee of 0.30% to 0.40% per annum (based upon the Company's liquidity ratio as specified in the Credit Agreement) on the unused portion of the revolving credit line is payable quarterly in arrears. As of September 30, 2015 and December 31, 2014, the Company had no borrowings outstanding under the Credit Agreement, $1.6 million and $1.2 million, respectively, in outstanding letters of credit and $198.4 million and $198.8 million, respectively, was available for future borrowings under the revolving credit facility.

The Credit Agreement is secured by the Company's domestic inventory and accounts receivable, 100% of the stock of the Company's domestic subsidiaries, 65% of the voting capital stock of each direct foreign subsidiary and substantially all of the other tangible and intangible assets of the Company and its domestic subsidiaries. The Credit Agreement contains customary financial covenants as to debt leverage and fixed charges, and restricts the Company's ability to incur additional debt, pay dividends, repurchase shares, sell assets and merge or consolidate with other persons. As of both September 30, 2015 and December 31, 2014, the Company was in compliance with all of these covenants and restrictions.

The Company's Thailand subsidiary has a multi-purpose credit facility with Kasikornbank Public Company Limited (the Thai Credit Facility) that provides for 350 million Thai baht working capital availability. The Thai Credit Facility is secured by land and buildings in Thailand owned by the Company's Thailand subsidiary. Availability of funds under the Thai Credit Facility is reviewed annually and is currently accessible through October 2016. As of both September 30, 2015 and December 31, 2014, there were no working capital borrowings outstanding under the facility.

Note 6 – Inventories

Inventory costs are summarized as follows:

(in thousands)		September 30, 2015		December 31, 2014
Raw materials	$	291,763	$	266,556
Work in process		79,803		84,673
Finished goods		49,966		50,032
	$	421,532	$	401,261

Note 7 – Income Taxes

Income tax expense consists of the following:

	Nine Months Ended September 30,	
(in thousands)	2015	2014
Federal – Current	$ 483	$ 617
Foreign – Current	4,786	626
State – Current	296	454
Deferred	7,481	10,649
	$ 13,046	$ 12,346

Income tax expense differs from the amount computed by applying the U.S. federal statutory income tax rate to income before income tax primarily due to the mix of taxable income by taxing jurisdiction, the impact of tax incentives and tax holidays in foreign locations, and state income taxes (net of federal benefit).

The Company considers earnings from foreign subsidiaries to be indefinitely reinvested and, accordingly, no provision for U.S. federal and state income taxes has been made for these earnings. Upon distribution of foreign subsidiary earnings in the form of dividends or otherwise, such distributed earnings would be reportable for U.S. income tax purposes (subject to adjustment for foreign tax credits). Determination of the amount of any unrecognized deferred tax liability on these undistributed earnings is not practicable.

The Company has been granted certain tax incentives, including tax holidays, for its subsidiaries in China, Malaysia and Thailand that will expire at various dates, unless extended or otherwise renegotiated, through December 2015 in China, 2016 in Malaysia and 2026 in Thailand, and are subject to certain conditions with which the Company expects to comply. The net impact of these tax incentives was to lower income tax expense for the nine months ended September 30, 2015 and 2014 by approximately $7.1 million (approximately $0.13 per diluted share) and $10.0 million (approximately $0.18 per diluted share), respectively, as follows:

	Nine Months Ended September 30,	
(in thousands)	2015	2014
China	$ 1,573	$ 2,321
Malaysia	1,565	1,731
Thailand	3,936	5,913
	$ 7,074	$ 9,965

As of September 30, 2015, the total amount of the reserve for uncertain tax benefits including interest and penalties was $17.2 million. The reserve is classified as a current or long-term liability in the condensed consolidated balance sheets based on the Company’s expectation of when the items will be settled. The amount of accrued potential interest and penalties, respectively, on unrecognized tax benefits included in the reserve as of September 30, 2015, was $1.7 million and $1.6 million. No material changes affected the reserve during the nine months ended September 30, 2015.

The Company and its subsidiaries in Brazil, China, Ireland, Luxembourg, Malaysia, Mexico, the Netherlands, Romania, Singapore, Thailand and the United States remain open to examination by the various local taxing authorities, in total or in part, for fiscal years 2004 to 2014. During the course of such examinations, disputes may occur as to matters of fact or law. Also, in most tax jurisdictions, the passage of time without examination will result in the expiration of applicable statutes of limitations thereby precluding examination of the tax period(s) for which such statute of limitation has expired. The Company believes that it has adequately provided for its tax liabilities.

Note 8 – Segment and Geographic Information

The Company currently has manufacturing facilities in the United States, Mexico, Asia and Europe, and is operated and managed geographically. Management evaluates performance and allocates the Company's resources on a geographic basis. Intersegment sales are generally recorded at prices that approximate arm's length transactions. Operating segments' measure of profitability is based on income from operations. The accounting policies for the reportable operating segments are the same as for the Company taken as a whole. The Company has three reportable operating segments: the Americas, Asia and Europe. Information about operating segments was as follows:

(in thousands)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Net sales:				
Americas	$ 398,570	$ 426,060	$ 1,193,194	$ 1,278,430
Asia	219,400	288,962	692,609	796,356
Europe	35,399	39,613	106,647	110,296
Elimination of intersegment sales	(23,178)	(23,333)	(77,296)	(97,568)
	$ 630,191	$ 731,302	$ 1,915,154	$ 2,087,514
Depreciation and amortization:				
Americas	$ 5,965	$ 5,593	$ 18,094	$ 15,542
Asia	4,126	4,385	12,928	12,796
Europe	683	738	1,929	2,216
Corporate	1,236	1,070	3,539	3,431
	$ 12,010	$ 11,786	$ 36,490	$ 33,985
Income from operations:				
Americas	$ 21,153	$ 9,186	$ 53,165	$ 44,272
Asia	16,216	21,449	50,143	57,771
Europe	973	2,739	4,273	4,985
Corporate and intersegment eliminations	(12,194)	(11,459)	(36,517)	(35,537)
	$ 26,148	$ 21,915	$ 71,064	$ 71,491
Capital expenditures:				
Americas	$ 4,391	$ 4,771	$ 14,731	$ 28,139
Asia	1,526	607	10,922	4,313
Europe	577	807	3,873	3,375
Corporate	1,382	132	3,356	787
	$ 7,876	$ 6,317	$ 32,882	$ 36,614

	September 30, 2015	December 31, 2014
Total assets:		
Americas	$ 677,547	$ 711,153
Asia	669,424	666,717
Europe	262,383	239,274
Corporate and other	57,750	60,310

	$	1,667,104	$	1,677,454

13

Geographic net sales information reflects the destination of the product shipped. Long-lived assets information is based upon the physical location of the asset.

(in thousands)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Geographic net sales:				
United States	$ 452,255	$ 535,786	$ 1,391,414	$ 1,520,192
Asia	75,479	98,432	237,490	282,873
Europe	58,307	64,493	159,781	201,344
Other Foreign	44,150	32,591	126,469	83,105
	$ 630,191	$ 731,302	$ 1,915,154	$ 2,087,514

	September 30, 2015	December 31, 2014
Long-lived assets:		
United States	$ 86,692	$ 93,679
Asia	78,635	88,375
Europe	10,123	8,114
Other	30,510	28,173
	$ 205,960	$ 218,341

Note 9 – Supplemental Cash Flow Information

The following information concerns supplemental disclosures of cash payments.

(in thousands)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Income taxes paid (refunded), net	$ 2,288	$ (751)	$ 6,144	$ 4,342
Interest paid	448	447	1,298	1,313

Note 10 – Contingencies

The Company is involved in various legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations.

Note 11 – Impact of Recently Enacted Accounting Standards

In September 2015, the Financial Accounting Standards Board (FASB) issued an accounting standards update to simplify the accounting for measurement-period adjustments for an acquirer in a business combination. The update will require an acquirer to recognize any adjustments to provisional amounts of the initial accounting for a business combination with a corresponding adjustment to goodwill in the reporting period in which the adjustments are determined, as opposed to revising prior periods presented in financial statements. Thus, an acquirer shall adjust its financial statements as needed, including recognizing in its current-period earnings the full effect of changes in depreciation, amortization, or other income effects, by line item, if any, as a result of the change to the provisional amounts calculated as if the accounting had been completed at the acquisition date. This update is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted, and the update must be applied prospectively. The Company is currently evaluating the impact of this update and the timing of adoption.

In July 2015, the FASB issued an accounting standards update, which applies to inventory that is measured using first-in, first-out or average cost, with new guidance on simplifying the measurement of inventory. Inventory within the scope of this update is required to be measured at the lower of its cost or net realizable value, with net realizable value being the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The standards update is effective prospectively for fiscal years and interim periods beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

In May 2014, the FASB issued a new standard that will supersede most of the existing revenue recognition requirements in current U.S. GAAP. The new standard will require companies to recognize revenue in an amount reflecting the consideration to which they expect to be entitled in exchange for transferring goods or services to a customer. The new standard will also require significantly expanded disclosures regarding the qualitative and quantitative information of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The new standard will permit the use of either the retrospective or cumulative effect transition method, with early application not permitted. In July 2015, the FASB deferred the effective date of the new revenue standard. As a result, the Company will be required to adopt the new standard as of January 1, 2018. Early adoption is permitted to the original effective date of January 1, 2017. The Company is currently evaluating the impact the pronouncement will have on its consolidated financial statements and related disclosures and has not yet selected a transition method. As the new standard will supersede all existing revenue guidance affecting the Company under U.S. GAAP, it could impact revenue and cost recognition on contracts across all its business segments, in addition to its business processes and information technology systems. As a result, the Company’s evaluation of the effect of the new standard will likely extend over several future periods.

The Company has determined that no other recently issued accounting standards will have a material impact on its consolidated financial position, results of operations or cash flows, or apply to its operations.

Note 12 – Restructuring Charges

The Company has undertaken initiatives to restructure its business operations to improve utilization and realize cost savings. These initiatives have included changing the number and location of production facilities, largely to align capacity and infrastructure with current and anticipated customer demand. This alignment includes transferring programs from higher cost geographies to lower cost geographies. The process of restructuring entails moving production between facilities, reducing staff levels, realigning our business processes, reorganizing our management and other activities.