

BENCHMARK ELECTRONICS INC  
Form DEF 14A  
April 01, 2005

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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- Soliciting Material Pursuant to §240.14a-12

**Benchmark Electronics, Inc.**

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(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.  
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**BENCHMARK ELECTRONICS, INC.**

**3000 Technology Drive  
Angleton, Texas 77515**

**NOTICE OF 2005 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON WEDNESDAY, MAY 11, 2005**

Shareholders of Benchmark Electronics, Inc.:

The 2005 Annual Meeting of Shareholders of Benchmark Electronics, Inc. ("the Company") will be held at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas, on Wednesday, May 11, 2005, beginning at 10:00 a.m. (local time), for the following purposes:

1. to elect eight directors to serve on the Board of Directors until the 2006 annual meeting of shareholders and until their successors are duly elected and qualified;
2. to ratify the appointment of KPMG LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2005; and
3. to transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders of record at the close of business on March 31, 2005 are entitled to notice of and to vote at the meeting and any adjournment thereof.

You are cordially invited to attend the meeting. Regardless of whether you plan to attend the meeting, you are urged to complete, date, sign and return the enclosed proxy in the accompanying envelope at your earliest convenience.

By order of the Board of Directors,

Lenora A. Gurton  
Secretary

Angleton, Texas  
April 1, 2005

**YOUR VOTE IS IMPORTANT.**

**To ensure your shares are represented at the meeting, please complete, date, sign and return the enclosed proxy in the accompanying envelope at your earliest convenience, whether or not you plan to attend the meeting. No additional postage is necessary if the proxy is mailed in the United States. The proxy is revocable at any time before it is voted at the meeting.**

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**BENCHMARK ELECTRONICS, INC.**  
**3000 Technology Drive**  
**Angleton, Texas 77515**  
**(979) 849-6550**

**April 1, 2005**

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**PROXY STATEMENT**  
**FOR**  
**2005 ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON WEDNESDAY, MAY 11, 2005**

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**INTRODUCTION**

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Benchmark Electronics, Inc. ("the Company") for use at the 2005 Annual Meeting of Shareholders of the Company to be held on Wednesday, May 11, 2005, beginning at 10:00 a.m. (local time), and any adjournment thereof ("the Meeting") for the purposes set forth in this Proxy Statement and the accompanying Notice. It is anticipated that this Proxy Statement, the Notice and the enclosed form of proxy will be sent to shareholders on or about April 5, 2005.

**Proxies**

Proxies in the enclosed form that are properly executed and received by the Company before or at the Meeting and which are not revoked will be voted in accordance with the directions set forth therein. If no direction is made, a proxy that is properly signed and received by the Company and which is not revoked will be voted *FOR* the election of all nominees for director named herein to serve on the Board of Directors until the 2006 annual meeting of shareholders and until their successors are duly elected and qualified, and *FOR* the ratification of the appointment of KPMG LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2005. If any other matter, not known or determined at the time of the solicitation of proxies, properly comes before the Meeting, the proxies will be voted in accordance with the discretion of the person or persons voting the proxies. The proxy also confers on the persons named therein discretionary authority to vote with respect to any matters presented at the Meeting for which advance notice was not received by the Company prior to January 31, 2005. Proxies may be revoked by written notice received by the Secretary of the Company at any time before they are voted by delivering to the Secretary of the Company a signed notice of revocation, or a later dated signed proxy, or by attending the Meeting and voting in person by ballot.

**Voting Securities**

Shareholders of record at the close of business on March 31, 2005 are entitled to notice of and to vote at the Meeting. As of March 31, 2005, there were 41,667,694 common shares, \$0.10 par value per share ("Common Shares"), issued, outstanding and entitled to vote at the Meeting. Each Common Share is entitled to one vote on all matters that may properly come before the Meeting.

**Quorum and Other Matters**

The presence at the Meeting, in person or by proxy, of the holders of a majority of the outstanding Common Shares is necessary to constitute a quorum. Common Shares represented by a properly completed, signed and returned proxy will be counted as present at the Meeting for purposes of determining a quorum, without regard to whether the proxy is marked as casting a vote or abstaining. Common Shares held by nominees which are voted on at least one matter coming before the Meeting will

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also be counted as present for purposes of determining a quorum, even if the beneficial owner's discretion has been withheld (a "non-vote") for voting on some or all other matters.

All matters specified in the notice of the Meeting require the approval of the affirmative vote of a majority of the outstanding Common Shares entitled to vote and present, in person or represented by proxy, at the Meeting. An abstention, a broker non-vote or a withholding of authority to vote with respect to the election of directors or the ratification of the appointment of the Company's independent registered public accountants will have the effect of a vote against the proposal.

An Inspector of Election appointed by the Company will tabulate votes at the Meeting.

The Board of Directors is not aware of any matters that are expected to come before the Meeting other than those referred to in this Proxy Statement. If any other matter properly comes before the Meeting, the proxies will be voted in accordance with the discretion of the person or persons voting the proxies.

## PROPOSAL 1

## ELECTION OF DIRECTORS

## Nominees for Election

The following table sets forth certain information with respect to each nominee for election as a director of the Company. Each nominee was proposed for reelection or election by the Nominating/Governance Committee for consideration by the Board and proposal to the Shareholders. The information as to age, principal occupation, and directorships has been furnished by each such nominee.

Name	Age	Principal Occupation	Director Since
Donald E. Nigbor	57	Chairman of the Board	1986
Cary T. Fu	56	President and Chief Executive Officer of the Company	1990(1)
Steven A. Barton	56	Executive Vice President of the Company	1990(1)
John W. Cox	46	Former Chief Financial Officer of BMC Software, Inc.	2003
John C. Custer	74	Retired Former Chairman of the Board of Mason & Hanger-Silas Mason Co., Inc.	1988
Peter G. Dorflinger	53	General Partner of MAD Capital Partners	1990
Laura W. Lang	49	President of Digitas, Inc.	
Berne D.L. Strom	57	President and Chief Executive Officer of The Strom Group, Inc.	2004

(1)

Also served as a director of the Company from 1986 to 1988.

Mr. Nigbor has been a director of the Company since 1986, Chairman of the Board since May 2001, Chief Executive Officer from May 2001 to September 2004, President from 1986 to May 2001 and General Manager from 1984 to 1990. Before joining the Company, he was employed by Intermedics, Inc. ("Intermedics"), a medical implant manufacturer, serving as a Manufacturing Analyst for its Pacemaker Division from 1980 to 1984. Mr. Nigbor holds B.S. and M.S. degrees in engineering from Rensselaer Polytechnic Institute and received an M.B.A. from the Amos Tuck School of Business at Dartmouth College.

Mr. Fu has been a director of the Company since 1990 and President and Chief Executive Officer since September 2004. He served as President and Chief Operating Officer of the Company from May 2001 to September 2004, Executive Vice President from 1990 to May 2001 and Executive Vice President Financial Administration from 1990 to April 1992. He also has served the Company as Treasurer from 1986 to January 1996, Secretary from 1990 to January 1996 and from 1986 to 1988 and Assistant Secretary from 1988 to 1990. In addition, Mr. Fu also served as a director of the Company from 1986 to 1988. From 1983 to 1986, Mr. Fu was employed by Intermedics as Controller of the Company and another subsidiary of Intermedics. Mr. Fu holds an M.S. degree in accounting from the University of Houston and is a Certified Public Accountant.

Mr. Barton has been a director and Executive Vice President of the Company since 1990 and a member of the Nominating/Governance Committee from 2000 to February 12, 2003. He served as Executive Vice President Marketing and Sales of the Company from 1990 to April 1992. Since June 1, 1993 he has worked part-time for the Company. He also has served the Company as Executive Vice President from 1988 to 1990, Vice President from 1986 to 1988, and President from 1979 to 1983. In addition, Mr. Barton also served as a director of the Company from 1986 to 1988. From 1977 to 1986, Mr. Barton was employed by Intermedics in various management positions. Mr. Barton holds B.S. and M.S. degrees in electrical engineering from the University of South Florida and received a M.B.A. from the Harvard Business School.

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Mr. Cox has been a director of the Company since 2003 and is a member of the Audit Committee and Nominating/Governance Committee of the Board of Directors. He has served as Chairman of the Audit Committee since his election in May 2003. He has also served as a member of the Compensation Committee from 2003 to May 2004. Mr. Cox served as Vice President, Chief Accounting Officer of BMC Software, Inc. from December 1999 to September 2004. He served as Chief Financial Officer from January 2002 to March 2004. He was employed by BMC Software, Inc. from 1989 to 2004 and served in various senior taxation and finance positions, including Vice President of Taxation and Investor Relations. Mr. Cox holds a B.B.A. degree from Texas A&M University and is a Certified Public Accountant. Mr. Cox qualifies as an "independent director" under the rules of the New York Stock Exchange and as defined in Schedule 14A promulgated under Securities Exchange Act of 1934 and as an "audit committee financial expert" under the rules of the Securities and Exchange Commission.

Mr. Custer has been a director of the Company since 1988, a member of the Compensation Committee of the Board of Directors since 1990 and a member of the Audit Committee and Nominating/Governance Committees of the Board of Directors since 2000. He served as Chairman of the Board of Directors of the Company from 1991 to May 2001 and Chairman of the Nominating/Governance Committee from 2000 to May 2004. Mr. Custer was employed by Mason & Hanger-Silas Mason Co., Inc. ("Mason & Hanger"), a technical services contracting and engineering firm, from 1951 until his retirement in February 1996. Mr. Custer became a member of the board of directors of Mason & Hanger in 1983, serving as Chairman of the Board of Mason & Hanger from 1994 until his retirement, and served in various other management and operations positions prior to 1994. Mr. Custer qualifies as an "independent director" under the rules of the New York Stock Exchange.

Mr. Dorflinger has been a director of the Company and a member of the Audit Committee and Compensation Committee since 1990. He has also served as a member of the Nominating/Governance Committee from 2000 to May 2004. He has served as Chairman of the Compensation Committee since December 2003. Mr. Dorflinger is a general partner of MAD Capital Partners focusing on private investments in oil and gas exploration, commercial property development, and early stage medical product companies. Mr. Dorflinger is the former President of GlasTech, Inc., a dental products manufacturer, a position he held from November 1998 through May 2002. From January 1998 through October 1998, he served as President and Chief Operating Officer of Physicians Resource Group, Inc., a physicians' practice management company. From January 1997 through January 1998, he served as Vice President and General Counsel of Advanced Medical Instruments, Inc., a manufacturer of medical monitoring equipment. From March 1987 through October 1996, he served as Vice President, General Counsel and Secretary of Intermedics. From June 1990 through October 1996, he also served as Group Vice President and General Counsel of SULZERmedica, a division of Sulzer Limited of Switzerland, composed of eight operating medical companies, including Intermedics. Mr. Dorflinger received a J.D. degree from the University of Houston and is also a director of several privately held companies. Mr. Dorflinger qualifies as an "independent director" under the rules of the New York Stock Exchange.

Ms. Lang has served as President of Digitas, Inc. since 2004. Digitas is a leading integrated strategy, technology and marketing consulting firm that has been publicly traded on NASDAQ since 2000. Prior to joining Digitas as Executive Vice President in 1999, Ms. Lang was President of Marketing Corporation of America which provided strategic consulting services to Fortune 100 clients in the telecommunications, technology and information, entertainment, travel, and gaming industries. She joined the firm in 1995 as a Partner and developed a practice around technology and utilization of information with a significant amount of B2B consulting to include repositioning of corporate markets. She was promoted to President in 1996. From 1989 to 1995, Ms. Lang was Senior Vice President at Yankelovich Clancy Shulman and ran their consulting group. From 1986 to 1989, Ms. Lang was a Product Director with Bristol Myers. She was Director of Internal Consulting for Pfizer Pharmaceuticals from 1983 to 1985. She began her career with Quaker Oats in brand management in 1980. Ms. Lang graduated from Tufts University with a Bachelor's degree (summa cum laude) in 1977. She earned a M.B.A. in Finance and Marketing from the University of

Pennsylvania Wharton School of Business in 1980. If elected, Ms. Lang will qualify as an "independent director" under the rules of the New York Stock Exchange.

Ms. Strom was elected to the Board of Directors in May 2004 and is a member of the Compensation Committee and Nominating/Governance Committee of the Board of Directors. She has served as chair of the Nominating/Governance Committee since May 2004. Ms. Strom has served as President and Chief Executive Officer of The Strom Group, an investment and business advisory firm, since 1990. From July 2000 to February 2001 she was Chairman and Chief Executive Officer of iCopyright.com, a provider of Internet content services. From January to June 2000 she was President of InfoSpace.com Ventures, LLC, the venture capital arm of InfoSpace.com, Inc., a global provider of information and commerce infrastructure services for wireless devices and web sites. From 1998 to 1999 she was President and Chief Operating Officer of InfoSpace.com, Inc. From 1995 to 1997 she was President and Chief Executive Officer of USA Digital Radio Partners, LP, a communication and technology company. Ms. Strom received her B.S. in mathematics and history, her M.A. and her Ph.D. (ABD) in mathematics and mathematics education from New York University and her M.B.A. from the Anderson School at the University of California, Los Angeles. Ms. Strom qualifies as an "independent director" under the rules of the New York Stock Exchange.

The officers of the Company are elected by, and serve at the discretion of, the Board of Directors.

#### **Election Procedures; Term**

The directors will be elected by the affirmative vote of the holders of a majority of the outstanding Common Shares present in person or represented by proxy at the Meeting. Unless the authority to vote for the election of directors is withheld as to any or all of the nominees, all Common Shares represented by proxy will be voted for the election of the nominees. If the authority to vote for the election of directors is withheld as to any but not all of the nominees, all Common Shares represented by any such proxy will be voted for the election of the nominees as to whom such authority is not withheld. If a nominee becomes unavailable to serve as a director for any reason before the election, the shares represented by proxy will be voted for such other person, if any, as may be designated by the Board of Directors. The Board of Directors, however, has no reason to believe that any nominee will be unavailable to serve as a director.

Any vacancy on the Board of Directors occurring after the election may be filled (1) by election at any annual or special meeting of the shareholders called for that purpose, or (2) by a majority of the remaining directors though less than a quorum of the Board of Directors, provided that the remaining directors may not fill more than two such director vacancies during the period between any two successive annual meetings of shareholders. A director elected to fill a vacancy will be elected for the unexpired portion of the term of his or her predecessor in office.

All directors will be elected to serve until the 2006 annual meeting of shareholders and until their successors are duly elected and qualified.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* THE ELECTION OF EACH OF THE NOMINEES TO THE BOARD OF DIRECTORS.**



## Corporate Governance

The Company has been built on a culture where integrity is the first and most important value, and this value has long been a part of the Company's corporate identity. We support the initiatives by the United States Congress, the Securities and Exchange Commission and the New York Stock Exchange to restore investor confidence and to ensure the credibility and transparency of financial reporting.

The Company's practices generally reflect corporate governance initiatives that are compliant with existing standards of the NYSE and the corporate governance requirements of the Sarbanes-Oxley Act of 2002, including:

A majority of our Board members are independent of the Company and its management as defined by the SEC and the NYSE;

The independent members of the Board meet regularly without the presence of management;

The Audit Committee, the Compensation Committee and the Nominating/Governance Committee each operate under charters that clearly establish their respective roles and responsibilities;

All members of the Audit Committee, the Compensation Committee and the Nominating/Governance Committee meet the appropriate tests for independence;

The Chairman of the Audit Committee is an "audit committee financial expert";

The Audit Committee meets with management and the auditors to receive information concerning the design and operation of internal controls;

KPMG LLP, our independent registered public accounting firm, reports directly to the Audit Committee;

The Company's internal audit group reports periodically throughout the year directly to the Audit Committee;

The Company has, consistent with the requirements of the Sarbanes-Oxley Act of 2002, adopted a policy prohibiting personal loans or extension of credit to any executive officer or director;

The Company has a code of conduct that applies to all employees, officers and directors and a reporting policy to allow for confidential and anonymous reporting to the Audit Committee; and

The Board operates under a set of corporate governance guidelines.

The Board of Directors will continue to enhance the Company's governance practices as new ideas and best practices emerge. You can access our current committee charters for our Audit Committee, Compensation Committee and Nominating/Governance Committee, as well as our Code of Conduct applicable to all of the Company's employees, officers and directors, and our Corporate Governance Guidelines, on our website at [www.bench.com](http://www.bench.com) under "Investor Governance," or you may obtain print copies of these materials by writing to the Corporate Secretary at Benchmark Electronics, Inc., 3000 Technology Drive, Angleton, Texas 77515, phone 979-849-6550.

Shareholders and other interested parties may send communications to the Board of Directors, the non-employee directors as a group or individual directors, in each case in care of Benchmark Electronics, Inc., 3000 Technology Drive, Angleton, Texas 77515.

## Operation of Board of Directors

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The Board of Directors has responsibility for establishing broad corporate policies and reviewing our overall performance rather than day-to-day operations. The Board's primary responsibility is to oversee the management of the Company and, in so doing, serve the best interests of the Company and its shareholders. The Board selects, evaluates and provides for the succession of executive officers and,

subject to shareholder election, directors. It reviews and approves corporate objectives and strategies, and evaluates significant policies and proposed major commitments of corporate resources. It participates in decisions that have a potential major economic impact on the Company. Management keeps the directors informed of Company activity through regular written reports and presentations at Board and committee meetings.

The directors are elected annually by the shareholders and hold office until their successors are elected and qualified. The Amended and Restated Bylaws of the Company provide for a Board of Directors consisting of not less than five, nor more than nine, members, as set from time to time by resolution of the Board of Directors. The Board of Directors presently consists of seven members. If all of the nominees for election as director are elected at the Meeting, there will be eight directors.

The New York Stock Exchange rules require that the Company have a majority of independent directors. The rules provide that no director will qualify as "independent" unless the Board of Directors affirmatively determines that the director has no material relationship with the Company and its subsidiaries, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. The Board has determined that each independent director or nominee had no relationship with the Company other than as a director or shareholder or management, and that none of the express disqualifications contained in the New York Stock Exchange rules applied to any of them. Accordingly, as of the date of this Proxy Statement, the Board has determined that the following nominees meet the categorical standards set by the Board and are "independent": John W. Cox, John C. Custer, Peter G. Dorflinger, Laura W. Lang and Bernee D.L. Strom.

The Board of Directors held five meetings and took action by written consent two times during 2004. Each of the directors attended at least 75% of such meetings during the period in which he or she was director. Messrs. Nigbor, Fu and Barton are also employees of the Company. They do not participate in any meeting at which their compensation is evaluated. All members of all committees are non-employee directors. In addition to committee meetings, the non-employee directors regularly meet outside the presence of the employee-directors. These executive sessions are currently held either before, after or otherwise in conjunction with the Board's regularly scheduled meetings. Additional executive sessions can be scheduled at the request of the non-employee directors. The director who presides over the executive sessions is chosen by independent directors at the executive session.

The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating/ Governance Committee. Each committee has a charter that has been approved by the Board. Each committee must review the appropriateness of its charter at least annually. Each member of each committee meets the independence requirements of the New York Stock Exchange.

The Audit Committee, consisting of Messrs. Cox, Custer and Dorflinger, met seven times during 2004 and each member attended at least 75% of the meetings during the period in which he was a member of such committee. Mr. Cox qualifies as an "audit committee financial expert" under the rules of the Securities and Exchange Commission. An "audit committee financial expert" is defined as a person who has the following attributes: (i) an understanding of generally accepted accounting principles and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities; (iv) an understanding of internal controls and procedures for financial reporting; and (v) an understanding of audit committee functions. The Board of Directors, in its business judgment, has determined that Messrs. Cox, Custer and Dorflinger are "independent," as required by applicable listing standards of the New York Stock Exchange governing the qualifications of the members of audit committees, including the requirements of the Securities Exchange Act of 1934. The function of the Audit

Committee is to assist the Board in fulfilling its responsibility to oversee (i) management's conduct of the Company's financial reporting process (including management's development and maintenance of systems of internal accounting and financial controls), (ii) the integrity of the Company's financial statements, (iii) the Company's compliance with legal and regulatory requirements and ethical standards, (iv) the qualifications and independence of the Company's outside auditors and (v) the performance of the Company's internal audit function and the outside auditors; and to prepare the audit committee report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement. Additional information regarding the functions performed by the committee is set forth below in the "Report of the Audit Committee."

The Compensation Committee, consisting of Messrs. Custer and Dorflinger and Ms. Strom, met six times during 2004 and each member attended at least 75% of the meetings during the period in which he or she was a member of such committee. The functions of the Compensation Committee are to (i) oversee the administration of the compensation plans, in particular the incentive compensation and equity-based plans, of the Company (and, to the extent appropriate, the subsidiaries of the Company), (ii) discharge the Board's responsibilities relating to the compensation of the Company's executives, (iii) review and make recommendations on director compensation and (iv) prepare the annual report on executive compensation required by the rules and regulations of the Securities and Exchange Commission to be included in the Company's annual proxy statement. Additional information regarding the functions performed by the committee is set forth below in the "Report of the Compensation Committee."

The Nominating/Governance Committee, consisting of Messrs. Cox and Custer and Ms. Strom, met four times during 2004 and each member attended all of the meetings during the period in which he or she was a member of such committee. The functions of the Nominating/Governance Committee are to (i) identify individuals qualified to become Board members and recommend such individuals to the Board for nomination for election to the Board, (ii) make recommendations to the Board concerning committee appointments, (iii) develop, recommend and annually review corporate governance guidelines for the Company and (iv) oversee corporate governance matters and coordinate an annual evaluation of the Board.

Ms. Lang was recommended to the Nominating/Governance Committee by The Lapham Group, a search firm that was hired to help identify and facilitate the screening and interview process of director nominees. To be considered by the Nominating/Governance Committee, a director nominee should have experience as a board member or senior executive of a public company or nationally recognized private company. In addition to these minimum requirements, the Committee will also evaluate whether the nominee's skills are complementary to the existing Board members' skills, and the Board's needs for operational, management, financial, international, technological or other expertise. The search firm identifies and screens the candidates, does reference checks, prepares a biography for each candidate for the Nominating/Governance Committee to review and coordinates interviews. The Nominating/Governance Committee, the Chairman of the Board and executive officers interview candidates that meet the criteria, and the Nominating/Governance Committee selects nominees who best suit the Board's needs. The Company paid The Lapham Group a fee of \$75,000 plus expenses for performing these services in connection with the nomination of Ms. Lang. The Nominating/Governance Committee will consider for nomination to the Board of Directors candidates suggested by the shareholders, provided that such recommendations are submitted and received by us at our principal executive offices at 3000 Technology Drive, Angleton, Texas 77515, with an appropriate biographical summary, in accordance with the requirements described under "Date of Submission of Shareholder Proposals."

All members of the Board of Directors attended the Annual Meeting of Shareholders in 2004. The Board does not have a formal written policy requiring members to attend the Shareholders' Meeting, although all members have traditionally attended.

**Audit Committee Report to Shareholders**

The Audit Committee of the Board is responsible for providing independent, objective oversight of the Company's accounting functions and internal controls. The Audit Committee currently is composed of three non-employee directors, Messrs. Cox, Custer and Dorflinger, each of whom is an "independent director" under the rules of the New York Stock Exchange governing the qualifications of the members of audit committees and the Securities Exchange Act of 1934. Mr. Cox qualifies as an "audit committee financial expert" under the new rules of the Securities and Exchange Commission. The Audit Committee operates under a written charter previously approved by the Board of Directors. The Audit Committee met seven times during 2004 and each member attended at least 75% of the meetings during the period in which he was a member of such committee. The meetings were designed to facilitate and encourage communication between members of the Audit Committee and management as well as private communication between the members of the Audit Committee and our internal auditors, and our independent registered public accounting firm, KPMG LLP.

Management is responsible for the Company's internal controls and financial reporting process. The independent accountants are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In connection with these responsibilities, the Audit Committee met with management and KPMG LLP to review and discuss the December 31, 2004 audited financial statements and matters related to Section 404 of the Sarbanes-Oxley Act of 2002. The Audit Committee also discussed with the independent accountants the matters required by Statement on Auditing Standards No. 61, *Communication with Audit Committee*. The Audit Committee also received written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and the Audit Committee discussed with the independent accountants that firm's independence.

Based upon the Audit Committee's review of the audited consolidated financial statements, discussions with management and the independent accountants, and the Audit Committee's review of the representations of management and discussions with the independent accountants as set forth above, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2004, filed with the Securities and Exchange Commission on March 16, 2005.

The following table presents fees for professional services provided by KPMG LLP for 2004 and 2003.

	2004	2003
Audit Fees (1)	\$ 1,832,198	\$ 563,576
Audit-Related Fees (2)	7,270	
Tax Fees (3)	405,428	364,539
All other fees (4)		
<b>Total fees</b>	<b>\$ 2,244,896</b>	<b>\$ 928,115</b>

- (1) Includes fees billed for professional services rendered by KPMG LLP for the audit of our annual financial statements for the years ended December 31, 2004 and 2003, the reviews of the condensed financial statements included in our quarterly reports on Forms 10-Q for the years ended December 31, 2004 and 2003, and statutory audits required internationally. Included in Audit Fees for 2004 are fees totaling \$1,157,025 for services related to the certification of the Company's internal controls, as required by Section 404 of the Sarbanes-Oxley Act of 2002.
- (2) Includes fees billed for professional services rendered by KPMG LLP for implementation advice in connection with the Company's documentation of internal controls in 2004. There were no audit-related fees in 2003.

- (3) Includes fees billed for professional services rendered by KPMG LLP for domestic and international income tax planning, compliance, expatriate and executive tax work, and tax work related to foreign entity statutory audits.
- (4) There were no other fees billed by KPMG LLP in 2004 or 2003 for other professional services.

#### **Audit Committee Pre-Approval Policy**

The Audit Committee has adopted a specific policy for pre-approval of services to be provided by the Company's independent registered public accounting firm. Under the policy, in addition to the annual audit engagement terms and fees, the Audit Committee pre-approves specific types of audit, audit-related, tax and non-audit services to be performed by the independent registered public accounting firm throughout the year, as well as fee ranges for each specific service, based on the Audit Committee's determination that the provision of the services would not be likely to impair the accounting firm's independence. Unless a type of service to be provided by the independent registered public accountant has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed services exceeding pre-approved cost levels will require specific pre-approval by the Audit Committee. The pre-approval is effective for 12 months from the date of pre-approval, unless the Audit Committee specifically approves for a different period. The policy permits the Audit Committee to delegate pre-approval authority to one or more of its members to ensure prompt handling of unexpected matters, with such delegated pre-approvals to be reported to the Audit Committee at its next meeting. The policy also contains a list of prohibited non-audit services and requires that the independent registered public accounting firm ensure that all audit and non-audit services provided to the Company have been pre-approved by the Audit Committee.

The Audit Committee of the Company's Board of Directors has considered whether the services provided by KPMG LLP as they related to other non-audit services are compatible with maintaining the accounting firm's independence. The Audit Committee has determined that provision of those services is compatible with maintaining the independence of KPMG LLP as the Company's registered public accounting firm.

SUBMITTED BY THE AUDIT COMMITTEE OF  
THE COMPANY'S BOARD OF DIRECTORS

John W. Cox, Chairman      John C. Custer      Peter G. Dorflinger

#### **PROPOSAL 2**

##### **RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors has appointed KPMG LLP as the independent public accounting firm of the Company for the year ending December 31, 2005. The shareholders will be asked to ratify the appointment of KPMG LLP at the Meeting. The ratification of such appointment will require the affirmative vote of the holders of a majority of the outstanding Common Shares entitled to vote and present, in person or represented by proxy, at the Meeting. Representatives of KPMG LLP will be present at the Meeting, will be given an opportunity to make a statement (if they desire to do so) and will be available to respond to appropriate questions.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* THE PROPOSAL TO RATIFY THE APPOINTMENT OF THE INDEPENDENT PUBLIC ACCOUNTING FIRM.**

## EXECUTIVE COMPENSATION AND OTHER MATTERS

## Summary Compensation Table

The following table summarizes the compensation paid by the Company for the three fiscal years ended December 31, 2004 to its Chief Executive Officer and the other executive officers of the Company whose salary and bonus received from the Company for services rendered during the fiscal year ended December 31, 2004 exceeded \$100,000.

Name and Principal Positionw	Year	Annual Compensation			Long Term Compensation Awards	All Other Compensation\$(3)
		Salary(\$)	Bonus\$(1)	Other Annual Compensation\$(2)	Securities Underlying Options(#)	
Donald E. Nigbor Chairman and Chief Executive Officer (4)	2004	\$ 577,904	\$ 693,485		35,000	\$ 6,812
	2003	540,294	337,684		50,000	4,844
	2002	511,539	447,596		75,000	5,812
Cary T. Fu President and Chief Executive Officer; President and Chief Operating Officer (4)	2004	577,904	693,485		50,000	6,812
	2003	540,294	337,684		50,000	4,844
	2002	511,539	447,593		75,000	5,812
Steven A. Barton Executive Vice President	2004	185,523	139,142		10,000	6,812
	2003	124,062	77,539		7,000	4,844
	2002	120,000	105,000		15,000	2,712
Gayla J. Delly Executive Vice President, Chief Financial Officer and Treasurer	2004	389,409	350,468		25,000	6,812
	2003	357,404	223,377		50,000	4,844
	2002	328,462	287,404		22,500	5,812

(1) The amounts shown in this column reflect cash bonuses paid to Messrs. Nigbor, Barton and Fu and Ms. Delly pursuant to the Company's incentive bonus plans discussed below under the caption "Executive Compensation and Other Matters Board Compensation Committee Report on Executive Compensation Cash Bonus."

(2) Messrs. Nigbor and Fu are each reimbursed for financial planning services, up to \$5,000 annually, and biannual physical examinations. The Company pays premiums for medical insurance on behalf of Messrs. Nigbor, Fu and Barton and Ms. Delly. However, the value of such perquisites does not exceed the lesser of \$50,000 or 10% of such officer's annual cash compensation and are therefore not included in the table.

(3) For fiscal year ended December 31, 2004, the "All Other Compensation" column includes (a) \$6,500 paid by the Company pursuant to the Company's Qualified 401(k) Employee Savings Plan ("Savings Plan") to each of Messrs. Nigbor, Fu and Barton, and Ms. Delly, and (b) payments by the Company of premiums of \$312 for term life insurance on behalf of each of Messrs. Nigbor, Fu and Barton, and Ms. Delly. Under the Savings Plan, the Company is obligated to make matching contributions to the Savings Plan in an amount equal to 100% of each participant's elective contributions, to the extent that such elective contributions do not exceed 4% of such participant's compensation. The Company also may make discretionary contributions to the Savings Plan based on each participant's compensation compared to the total compensation of all participants.

(4) In September 2004, Mr. Nigbor resigned as Chief Executive Officer and Mr. Fu was appointed President and Chief Executive Officer. Prior to September 2004, Mr. Fu served as President and Chief Operating Officer.

**Option Grants in Last Fiscal Year**

The following table provides certain information concerning options to purchase Common Shares granted during the fiscal year ended December 31, 2004 to the four executive officers named in the Summary Compensation Table.

Name	Number of Securities Underlying Options Granted(1)	Percent of Total Options Granted to Employees in 2004	Per Share Exercise Price	Expiration Date	Potential Realized Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
					5%	10%
Donald E. Nigbor	35,000	6.11%	\$ 33.97	12/28/2014	\$ 747,724	\$ 1,894,880
Cary T. Fu	50,000	8.72%	\$ 35.05	11/30/2014	\$ 1,102,138	\$ 2,793,033
Steven A. Barton	10,000	1.74%	\$ 35.05	11/30/2014	\$ 220,428	\$ 558,607
Gayla J. Delly	25,000	4.36%	\$ 35.05	11/30/2014	\$ 551,069	\$ 1,396,516

(1)

All options were granted under the 2000 Plan at an exercise price equal to the fair market value of the Common Shares on the date of the grant. Each option granted and reported in this table vests over a four year period, with 20% of the shares becoming exercisable at the end of the second year following the date of grant, 30% becoming exercisable at the end of the third year following the date of grant and the entire option becoming exercisable at the end of the fourth year. The options expire three months after termination of employment, and are fully vested in the event of a change of control of the Company.

**Aggregate Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values**

The following table provides certain information concerning exercises of options to purchase Common Shares during the fiscal year ended December 31, 2004 by the four executive officers named in the Summary Compensation Table and the value of such officers' unexercised options at December 31, 2004.

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Fiscal Year-End		Value of Unexercised In-the-Money Options at Fiscal Year-End	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Donald E. Nigbor	100,000	\$ 2,472,869	477,500	182,500	\$ 9,438,308	\$ 1,788,375
Cary T. Fu	75,000	\$ 1,962,803	502,500	197,500	\$ 10,058,475	\$ 1,783,825
Steven A. Barton	10,200	\$ 113,872	300	33,500	\$ 6,176	\$ 295,840
Gayla J. Delly	22,500	\$ 521,500	124,500	100,500	\$ 2,347,393	\$ 851,033

**Compensation of Non-Employee Directors**

During the May 2003 to May 2004 twelve-month period, non-employee directors received the following annual compensation: \$20,000 for serving as a member of the Board of Directors, \$1,000 for each meeting of the Board of Directors attended in person and a \$1,000 fee for committee meetings of the Board of Directors attended.

During the May 2004 to May 2005 twelve-month period, non-employee directors received the following compensation, payable quarterly: \$35,000 for serving as a member of the Board of Directors, \$5,000 for serving as a chair of a committee of the Board of Directors, \$1,000 for serving as chair of a committee meeting of the Board of Directors and a \$1,000 fee for committee meetings of the Board of Directors attended.

Effective May 2005, the non-employee directors' compensation for the twelve-month period ended May 2006 for serving on the Board of Directors will be \$60,000, payable quarterly, and all other fees will remain the same.



The Company also reimburses its non-employee directors for their reasonable travel expenses in attending such meetings.

In December 1994, the Board of Directors of the Company adopted the Benchmark Electronics, Inc. 1994 Stock Option Plan for Non-Employee Directors (the "1994 Plan") for the benefit of members of the Board of Directors of the Company or its Affiliates who are not employees of the Company or its Affiliates (as defined in the 1994 Plan). The purpose of the 1994 Plan was to encourage ownership of the Company's Common Shares by eligible non-employee directors of the Company, to provide increased incentive for such directors to render services and to exert maximum effort for the business success of the Company and to further strengthen the identification of directors with the shareholders of the Company. The 1994 Plan terminated in December 2004. The 1994 Plan was replaced in 2002 by the Benchmark Electronics, Inc. 2002 Stock Option Plan for Non-Employee Directors (the "2002 Plan"), and no additional grants may be made under the 1994 Plan. The Company has outstanding options with respect to 101,775 Common Shares under the 1994 Plan.

After giving effect to the Company's stock split in 2003, the 2002 Plan provides for the granting of a stock option to purchase up to 10,500 Common Shares upon the occurrence of the non-employee director's election or reelection to the Board. After giving effect to the Company's stock split in 2003, the maximum number of Common Shares for which options may be granted under the 2002 Plan is 450,000. No awards may be granted under the 2002 Plan after the expiration of ten years from February 26, 2002, the date of its adoption by the Board of Directors. The 2002 Plan remains in effect as to awards made prior to the expiration of ten years until such awards have been satisfied or have expired. All awards under the 2002 Plan are fully vested upon the date of grant. The exercise price per common share of options granted under the 2002 Plan will be the fair market value of a Common Share on the date such option is granted.

Upon their election as directors in May 2004, each of Messrs. Cox, Custer and Dorflinger received a grant under the 2002 Plan of an option to purchase 7,000 Common Shares, and upon her election as a new director Ms. Strom received a grant to purchase 10,000 Common Shares, at an exercise price of \$25.70 per share, which was the market price of the Common Shares on the date of the grant. The Company has outstanding options with respect to 104,500 Common Shares under the 2002 Plan.

#### **Board Compensation Committee Report on Executive Compensation**

The Company's executive compensation program is administered by the Compensation Committee, a committee of the Board of Directors composed of non-employee directors listed below this report. The Compensation Committee is responsible for recommending to the full Board of Directors the compensation of the Chief Executive Officer of the Company, determining the compensation of the other executive officers of the Company, and administering the Company's employee benefit plans. None of the members of the Compensation Committee has any interlocking or other relationships with the Company that would call into question their independence as Compensation Committee members. The Compensation Committee operates under a written charter previously approved by the Board of Directors.

*Compensation Policies and Programs.* The Compensation Committee believes that the goals of the executive compensation program should be to align executive compensation with the Company's long-term business objectives and performance and to enable the Company to attract, retain and reward executive officers who contribute to the long-term success of the Company. The Compensation Committee believes that the best way to achieve these goals is by aligning the financial interests of the Company's executive officers closely to the interests of the Company's shareholders through a combination of annual cash incentives and stock-based incentive compensation, while providing the executive officers with base salary compensation at levels that are competitive with, but which do not exceed, prevailing standards. The compensation of the Company's executive officers is reviewed and approved annually by the Compensation

Committee. The Company's executive compensation program is based on three elements, each of which is determined in part by corporate performance:

Base salary compensation

Annual incentive compensation

Stock-based incentive compensation

Corporate performance is evaluated by reviewing the extent to which strategic and business plan goals are met, including the relationship between the Company's net income and sales. The Compensation Committee believes that total executive compensation opportunities are competitive and at the median with those offered by employers in the peer group of companies with which the Company compares its performance in the Performance Graph following this report, but with less emphasis on base salary compensation than such other employers.

*Cash Base Salary.* The Company has employment agreements with Messrs. Nigbor, Fu and Barton. The agreements provide for annual base salaries, subject to adjustment for subsequent twelve-month periods as determined by the Compensation Committee, based on its review of base salaries provided to executive officers of other employers in the Company's industry and certain corporate performance factors such as the Company's net income and sales and historical salary progression. The employment agreements with Messrs. Nigbor, Fu and Barton automatically renew each August 31 for successive one-year terms (each such renewal term, a Renewal Term), unless either party gives to the other written notice of termination no fewer than ninety days prior to the expiration of any such Renewal term. Messrs. Nigbor's and Fu's current annual base salary through August 1, 2005 under their respective employment agreements is \$556,500. Mr. Barton's current annual base salary is \$250,000 through August 1, 2005. The employment agreements also provide for payment of severance. If employment is terminated by the Company without cause prior to the end of the then current Renewal Term, severance will be paid for a period of one year beginning on the date of termination.

The Company has a severance agreement with Ms. Delly that automatically renews each December 31 for successive one-year terms unless terminated by the Company at least 30 days prior to the expiration date. The severance agreement provides that the Company will pay severance to Ms. Delly in the event that her employment is terminated (a) at any time within two years following a change of control (as such term is defined in the severance agreement) by the Company or its subsidiaries for reasons other than for "cause" (as such term is defined in the severance agreement) or other than as a consequence of Ms. Delly's death, permanent disability or retirement at or after the normal retirement date; or (b) at any time within two years following a change of control (as such term is defined in the severance agreement), by Ms. Delly following the (i) the reduction of Ms. Delly's annual salary (including any deferred portions thereof), annual or long-term cash or stock bonus opportunities, or level of benefits or supplemental compensation; or (ii) the transfer of Ms. Delly to a location requiring a change in her residence or a material increase in the amount of travel normally required of Ms. Delly in connection with her employment. The amount of severance to be paid will be equal to two times the sum of Ms. Delly's annual base pay and recent cash bonus (as such terms are defined in the severance agreement). Ms. Delly's current annual base salary is \$385,875 through August 1, 2005.

*Cash Bonus.* The Company has incentive bonus plans for the benefit of its employees, including executive officers. The total amount of cash bonus awards to be made under these incentive bonus plans for any period depends primarily on the Company's earnings before income tax for that period.

For any plan period, the earnings before income tax must meet or exceed, or in combination with other factors satisfy, levels targeted by the Company in its business plan, as established at the beginning of each fiscal year, for any bonus awards to be made. The Compensation Committee has the authority to determine the total amount of bonus awards, if any, to be made to the Company's corporate employees for any plan year based on its evaluation of the Company's financial condition and results of operations, the

Company's business and prospects, and such other criteria as it may determine to be relevant or appropriate. The Compensation Committee has the authority to determine the specific amounts of bonus awards to be made to the Company's executive officers and other key employees based on its evaluation of each such employee's position, performance, service and such other criteria as it may determine to be relevant or appropriate.

In 2004, the Company's sales, net income and return on invested capital exceeded the levels targeted by the Company in its 2004 business plan. The Compensation Committee elected to award bonuses of \$693,485 to Messrs. Nigbor and Fu, \$350,468 to Ms. Delly and \$139,142 to Mr. Barton.

*Stock Purchase Plan.* In April, 1999, the Company adopted the Benchmark Electronics, Inc. Employee Stock Purchase Plan (the "Purchase Plan"). Under the Purchase Plan, employees meeting specific employment qualifications are eligible to participate and can purchase shares semi-annually through payroll deductions at the lower of 85% of the fair market value of the Common Shares at the commencement or end of the offering period. The Purchase Plan permits eligible employees to purchase Common Shares through payroll deductions for up to the lesser of 17% of qualified compensation or \$25,000. The executive officers, including the Chief Executive Officer, are eligible to participate in the Purchase Plan on the same basis as all other employees.

*Stock Awards Plan.* The Compensation Committee believes that stock options and other methods of equity-based incentive compensation are of increasing importance in attracting and retaining employees and executives and are critical in motivating the long-term creation of shareholder value because methods of equity-based incentive compensation focus executive attention on share price as the primary measure of performance. In 2000, the Company adopted, and its shareholders approved, the Benchmark Electronics, Inc. 2000 Stock Awards Plan (the "2000 Plan") for the benefit of its officers and employees, its affiliates, and consultants to the Company and its affiliates (the "Eligible Participants"). The 2000 Plan replaced the 1990 Stock Option Plan that expired in May 2000. The 2000 Plan is administered by the Compensation Committee. The purpose of the 2000 Plan is to encourage ownership of Common Shares by the Eligible Participants to provide increased incentive for such Eligible Participants to render services and to exert maximum effort for the business success of the Company and to strengthen identification of such Eligible Participants with the shareholders for the purpose of maximizing shareholder value. The 2000 Plan utilizes vesting periods to encourage its executive officers and eligible employees to continue in the employ of the Company. The Compensation Committee subjectively determines the number of shares to be covered by options granted to its employees and executive officers, including the Chief Executive Officer. Stock option grants to the Company's Chief Executive Officer and other executive officers are not made automatically each year and are not considered to be a part of normal annual compensation. The amount and terms of options already held by an executive officer generally are not significant factors in the Compensation Committee's determination of whether and how many options should be granted to the executive officer.

Stock option grants provide an incentive that focuses the executives' attention on managing the Company from the perspective of an owner with an equity stake in the business. Accordingly, these stock options are tied to the future performance of the Company's Common Shares and provide value to the recipient only when the price of the Company's Common Shares increase above the option grant price.

SUBMITTED BY THE COMPENSATION COMMITTEE OF  
THE COMPANY'S BOARD OF DIRECTORS.

Peter G. Dorflinger, Chairman

John C. Custer

Berne D.L. Strom

**Performance Graph**

The following Performance Graph compares the Company's cumulative total shareholder return on its Common Shares for the five-year period commencing December 31, 1999 and ending December 31, 2004, with the cumulative total return of the Standard & Poor's 500 Stock Index (which does not include the Company), and Peer Group, which is composed of Celestica Inc., Suntron Corp (formerly EFTC Corp), Flextronics International, Ltd., Jabil Circuit, Inc., Plexus Corp, Sanmina-SCI Corp, and Solectron Corporation. The Peer Group is the same as in the 2004 Proxy Statement. Dividend reinvestment has been assumed.

**COMPARISON OF CUMULATIVE TOTAL SHAREHOLDER RETURN  
Benchmark Electronics, S&P 500, and Peer Group Index**

NOTES: Assumes \$100 invested on December 31, 1999 in Benchmark Electronics, Inc. Common Shares, in the S&P 500, and in the Peer Group Index. Reflects month-end dividend reinvestment, and annual reweighting of the Peer Group Index portfolios.

**COMMON SHARE OWNERSHIP OF  
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information with respect to the beneficial ownership, as defined in Rule 13d-3 under the Exchange Act, of Common Shares as of March 31, 2005, by each person known to the Company to be the beneficial owner of more than 5% of the outstanding Common Shares, each director and nominee for director of the Company, each executive officer of the Company and all directors and executive officers of the Company as a group.

Beneficial Owners	Common Shares Beneficially Owned Owned(1)	Percentage of Outstanding Common Shares
Donald E. Nigbor 3000 Technology Drive Angleton, Texas 77515	698,948(2)	1.7%
Cary T. Fu 3000 Technology Drive Angleton, Texas 77515	810,862(3)	1.9%
Steven A. Barton 3000 Technology Drive Angleton, Texas 77515	300(4)	(5)
Gayla J. Delly 3000 Technology Drive Angleton, Texas 77515	150,210(6)	(5)
John W. Cox 4030 Swarthmore St. Houston, Texas 77005	17,500(7)	(5)
John C. Custer 1126 Fearrington Post Pittsboro, North Carolina 27312	102,775(8)	(5)
Peter G. Dorflinger One Carolane Trail Houston, Texas 77024	83,000(9)	(5)
Laura W. Lang 800 Boylston Street Boston, Massachusetts 02199		
Berne D.L. Strom 5505 Lake Washington Blvd., N.E. #3B Kirkland, Washington 98033	10,000(10)	(5)
Directors and executive officers as a group (9 persons)	1,873,595(11)	4.5%
FleetBoston Financial Corporation 100 Federal Street Boston, Massachusetts 02110	2,168,063(12)(13)	5.2%
Barclays Global Investors, NA 45 Fremont Street San Francisco, California 94105	2,836,604(12)(14)	6.8%
Wellington Management Company, LLP 75 State Street Boston, Massachusetts 02109	2,752,659(12)(15)	6.6%

(table continued on following page)

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MMI Investments, L.P. 152 West 57 <sup>th</sup> Street New York, New York 10019	2,740,100(12)(16)	6.6%
Westcap Investors, LLC 1111 Santa Monica Blvd., Ste. 820 Los Angeles, California 90025	2,386,293(12)(17)	5.7%

- (1) Unless otherwise noted, each person identified possesses sole voting and dispositive power with respect to the Common Shares listed, subject to community property laws.
- (2) Includes 492,500 Common Shares that may be acquired upon the exercise of options that are currently exercisable or will become exercisable within 60 days of March 31, 2005.
- (3) Includes 517,500 Common Shares that may be acquired upon the exercise of options that are currently exercisable or will become exercisable within 60 days of March 31, 2005.
- (4) Represents 300 Common Shares that may be acquired upon the exercise of options that are currently exercisable or will become exercisable within 60 days of March 31, 2005.
- (5) Less than 1%.
- (6) Includes 144,750 Common Shares that may be acquired upon the exercise of options that are currently exercisable or will become exercisable within 60 days of March 31, 2005.
- (7) Represents 17,500 Common Shares that may be acquired upon the exercise of options that are currently exercisable.
- (8) Includes 57,775 Common Shares that may be acquired upon the exercise of options that are currently exercisable.
- (9) Includes 55,000 Common Shares that may be acquired upon the exercise of options that are currently exercisable.
- (10) Represents 10,000 Common Shares that may be acquired upon the exercise of options that are currently exercisable.
- (11) Includes 1,295,325 Common Shares that may be acquired upon the exercise of options that are currently exercisable or will become exercisable within 60 days of March 31, 2005.
- (12) Based solely on information filed with the Securities and Exchange Commission.
- (13) The Company has been advised in a Schedule 13G filing dated as of February 13, 2004 as follows with respect to these shares: (i) FleetBoston Financial Corporation is the parent holding company of Fleet National Bank and Columbia Management Advisors, Inc., which acquired the shares, and (ii) FleetBoston Financial Corporation has the sole power to vote or direct the vote with respect to 1,917,039 shares, has the sole power to dispose or to direct the disposition of 2,167,113 shares and shared power to dispose or direct the disposition of 950 shares.
- (14) The Company has been advised in a Schedule 13G filing dated as of February 14, 2005 as follows with respect to these shares: (i) Barclays Global Investors, NA. has the sole voting power with respect to 1,574,962 shares and sole dispositive power with respect to 1,777,554 shares, (ii) Barclays Global Fund Advisors has the sole voting power with respect to 1,056,635 shares and sole dispositive power with respect to 1,059,050 shares, (iii) the shares are held in trust accounts for the economic benefit of the beneficiaries of those accounts and (iv) the following entities may form a group with the entities listed in clauses (i) and (ii) above (a) Barclays Global Investors, Ltd, (b) Barclays Global Investors Japan Trust and Banking Company Limited, (c) Barclays Life Assurance Company Limited, (d) Barclays Bank PLC, (e) Barclays Capital Securities Limited, (f) Barclays Capital Inc, (g) Barclays Private Bank & Trust (Isle of Man) Limited, (h) Barclays Private Bank and Trust (Jersey) Limited, (i) Barclays Bank Trust Company Limited, (j) Barclays Bank (Suisse) SA, (k) Barclays Private Bank Limited, (l) Bronco (Barclays Cayman) Limited, (m) Palomino Limited and (n) HYMF Limited.
- (15)

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The Company has been advised in a Schedule 13G filing dated as of February 14, 2005 as follows with respect to these shares: (i) Wellington Management Company, LLP ("WMC") has the shared power to vote or direct the vote with respect to 1,707,759 shares and shared power to dispose or direct the disposition of 2,717,759 shares, (ii) WMC holds such shares in its capacity as investor advisor and (iii) such shares are owned of record by its clients.

(16)

The Company has been advised in a Schedule 13D filing dated as of March 31, 2005 as follows with respect to these shares: (i) MMI Investments, L.P. has the sole voting and dispositive power with respect to 2,740,100 shares and (ii) by virtue of being the general partner of MMI Investments, L.P., MCM Management, LLC may be deemed to be the beneficial owner of such shares.

(17)

The Company has been advised in a Schedule 13G filing dated as of February 7, 2005 as follows with respect to these shares: Westcap Investors, LLC has the sole voting with respect to 1,773,215 shares and sole dispositive power with respect to 2,386,293 shares.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the SEC and the New York Stock Exchange initial reports of beneficial ownership and reports of changes in beneficial ownership of Common Shares and other equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and certain written representations provided to the Company by such persons, for the fiscal year beginning January 1, 2004 and ending December 31, 2004 all Section 16(a) filing requirements applicable to the Company's officers, directors and greater than ten-percent beneficial owners were satisfied in a timely manner.

**EXECUTIVE OFFICERS**

The executive officers of the Company are Donald E. Nigbor, Cary T. Fu, Steven A. Barton and Gayla J. Delly. See "Election of Directors Nominees for Election" for certain information with respect to the age, positions and length of service with the Company, and business experience of Messrs. Nigbor, Barton and Fu.

Ms. Delly is 45 years old and has been Chief Financial Officer of the Company since May 2001. She has served as Executive Vice President of the Company from September 2004, as Vice President Finance of the Company from November 2000 to September 2004, as Treasurer from January 1996 and as Controller of the Company from January 1996 to January 2002. From 1984 to 1995, Ms. Delly was employed by KPMG LLP and was a Senior Audit Manager when she left the Firm. Ms. Delly holds a B.S. degree in accounting from Samford University and is a Certified Public Accountant.

**EXPENSES OF SOLICITATION**

The cost of soliciting proxies on behalf of the Board of Directors will be borne by the Company. Solicitations of proxies are being made by the Company through the mail and may also be made in person or by telephone. Directors and employees of the Company may be utilized in connection with such solicitations. In addition, management has retained Regan & Associates, Inc. to assist in soliciting proxies for a fee of approximately \$4,000, plus reasonable out-of-pocket expenses. The Company also will request brokers and nominees to forward soliciting materials to the beneficial owners of the Common Shares held of record by such persons and will reimburse them for their reasonable forwarding expenses.

**DATE OF SUBMISSION OF SHAREHOLDER PROPOSALS**

In order for proposals submitted to by the shareholders of the Company pursuant to Rule 14a-8 of the General Rules and Regulations under the Exchange Act to be included in the Company's proxy statement and form of proxy relating to the 2006 Annual Meeting of the Shareholders, such proposals must be received at the Company's principal executive offices no later than December 2, 2005. A shareholder choosing not to use the procedures established in Rule 14a-8 but wishing to submit a proposal at the Company's 2006 Annual Meeting of the Shareholders must deliver the proposal at the Company's principal executive offices no later than January 31, 2006.



**FORM 10-K**

A copy of our 2004 Annual Report to Shareholders, which includes our financial statements for fiscal year 2004, is enclosed with this Proxy Statement. The Company's Annual Report on Form 10-K, including all exhibits, has been filed with the Securities and Exchange Commission. Upon payment of the Company's reasonable expenses, the Company will furnish a copy of any exhibit to the Form 10-K to any shareholder who makes a written request therefore to the Corporate Secretary, Benchmark Electronics, Inc., 3000 Technology Drive, Angleton, Texas 77515.

**OTHER MATTERS**

The Board of Directors does not intend to bring any other matter before the Meeting and has not been informed that any other matter is to be presented by others. If any other matter properly comes before the Meeting, the proxies will be voted in accordance with the discretion of the person or persons voting the proxies.

You are cordially invited to attend the Meeting. Regardless of whether you plan to attend the Meeting, you are urged to complete, date, sign and return the enclosed proxy in the accompanying envelope at your earliest convenience.

By order of the Board of Directors,

Lenora A. Gurton  
Secretary

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PROXY

BENCHMARK ELECTRONICS, INC.

PROXY

2005 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON WEDNESDAY, MAY 11, 2005  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The 2005 Annual Meeting of Shareholders of Benchmark Electronics, Inc. (the "Company") will be held at the Four Seasons Hotel, 1300 Lamar Street, Houston, Texas on Wednesday, May 11, 2005, beginning at 10:00 a.m. (local time). The undersigned hereby acknowledges receipt of the related Notice and Proxy Statement dated April 1, 2005, accompanying this proxy.

The undersigned hereby appoints Donald E. Nigbor, Steven A. Barton, and Cary T. Fu, and each of them, attorneys and agents, with full power of substitution, to vote as proxy all common shares, par value \$0.10 per share, of the Company owned of record by the undersigned and otherwise to act on behalf of the undersigned at the 2005 Annual Meeting of Shareholders and any adjournment thereof in accordance with the directions set forth herein and with discretionary authority with respect to such other matters, not known or determined at the time of the solicitation of this proxy, as may properly come before such meeting or any adjournment thereof.

This proxy is solicited by the Board of Directors and will be voted in accordance with the undersigned's directions set forth herein. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES FOR DIRECTOR NAMED HEREIN TO SERVE ON THE BOARD OF DIRECTORS UNTIL THE 2006 ANNUAL MEETING OF SHAREHOLDERS AND UNTIL THEIR SUCCESSORS ARE DULY ELECTED AND QUALIFIED AND FOR THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR THE YEAR ENDING DECEMBER 31, 2005.

PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE PROXY CARD USING THE  
ENCLOSED ENVELOPE.

NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

IMPORTANT -- This Proxy must be signed and dated on the reverse side.

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1. to elect eight directors to serve on the Board of Directors until the 2006 annual meeting of shareholders and until their successors are duly elected and qualified;

Donald E. Nigbor	// For	// Withhold
Cary T. Fu	// For	// Withhold
Steven A. Barton	// For	// Withhold
John W. Cox	// For	// Withhold
John C. Custer	// For	// Withhold
Peter G. Dorflinger	// For	// Withhold
Laura W. Lang	// For	// Withhold
Berne D. L. Strom	// For	// Withhold

2. to ratify the appointment of KPMG LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2005

// FOR // AGAINST // ABSTAIN

Please sign your name exactly as it appears above. If shares are held jointly, all joint owners should sign. If shares are held by a corporation, please sign the full corporate name by the president or any other authorized corporate officer. If shares are held by a partnership, please sign the full partnership name by an authorized person. If you are signing as attorney, executor, administrator, trustee or guardian, please set forth your full title as such.

Dated \_\_\_\_\_, 2005

\_\_\_\_\_

\_\_\_\_\_

Signature of Shareholder

\_\_\_\_\_

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