BENCHMARK ELECTRONICS INC
Form DEFA14A
April 22, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

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
Definitive Additional Materials
Soliciting Material under § 240.14a-12

BENCHMARK ELECTRONICS, INC.

(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

S No fee required.
£ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(3) Filing Party:
(4) Date Filed:

Benchmark Electronics, Inc. (the "Company") used the following materials in connection with the Company's 2016 Annual Meeting of Shareholders beginning on April 22, 2016.

design develop deliver advanced technology Strategy and Leadership Delivering Sustainable Value to All Shareholders April 2016

Forward-Looking StatementsThis document contains forward-looking statements within the scope of the Securities Act of 1933 and the Securities Exchange Act of 1934. The words “expect,” “estimate,” “anticipate,” “predict” and similar expressions, and the negatives thereof, often identify forward- looking statements, which are not limited to historical facts. Our forward-looking statements include, among other things: guidance for 2016, statements, express or implied, concerning future operating results or margins, the ability to generate sales, income or cash flow, the benefits of the Secure acquisition and our ability to continue share repurchases, and Benchmark’s business and growth strategies and expected growth and performance. Although Benchmark believes these statements are based upon reasonable assumptions, they involve risks and uncertainties relating to our operations, markets and business environment generally. If one or more of these risks or uncertainties materialize, or underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. All forward-looking statements included in this document are based upon information available to Benchmark as of the date of this document, and the Company assumes no obligation to update them. Readers are advised to consult further disclosures on related subjects, particularly in Item 1A, “Risk Factors” of the Company’s annual report on Form 10-K for the year ended December 31, 2015, in its other filings with the Securities and Exchange Commission and in its press releases.Non-GAAP Financial InformationThis document includes certain financial measures, such as operating margin, that have been presented to exclude certain items required to be included by generally accepted accounting principles (“GAAP”) and therefore are not in accordance with GAAP (“Non- GAAP”). A detailed reconciliation between GAAP results and Non-GAAP results is included in the Appendix of this document.Additional Information and Where to Find ItBenchmark filed a definitive proxy statement on March 29, 2016, with the U.S. Securities and Exchange Commission (the “SEC”) with respect to the 2016 Annual Meeting and has mailed the definitive proxy statement and accompanying white proxy card to itsshareholders. Benchmark shareholders are strongly encouraged to read the definitive proxy statement, the accompanying white proxy card and other documents filed with the SEC carefully in their entirety when they become available because theycontain (or will contain) important information. Benchmark, its directors, executive officers and other employees may be deemed to be participants in the solicitation of proxies from Benchmark shareholders in connection with the matters to be considered atBenchmark’s 2016 Annual Meeting. Information about Benchmark’s directors and executive officers is available in Benchmark’s definitive proxy statement for its 2016 Annual Meeting. Shareholders may obtain a free copy of the definitive proxy statement and any other documents filed by Benchmark with the SEC free of charge at the SEC’s website at www.sec.gov. Copies also are available free of charge at Benchmark’s website at www.bench.com under “Investor Relations – Annual Reports” or by contacting Benchmark Investor Relations at (979) 849-6550.Certain information contained in this document was sourced from third-party publications or other third-party sources. Permission to use such information was not sought or granted in connection with the preparation of this document. design develop deliver advanced technology 2

Agenda Agenda Engaged Capital's Claims are Without Merit Best-in-Class Corporate Governance The Benchmark Story Executive Summary design develop deliver advanced technology 3

Executive Summary design develop deliver advanced technology 4 Executive Summary Strategic plan has delivered strong financial performance, premium valuation and positioned company ahead of future trends Secure adds capabilities to core portfolio, consistent with strategy, and strong positive financial impact Best-in-class corporate governance Demonstrated commitment to refresh Board of Directors Engaged Capital’s claims lack merit, and its slate is less qualified

The Benchmark Story design develop deliver advanced technology 5

Continuously Evolving Our Platform ahead of Future Trends – Powering the Next Industrial Revolution Continuously Evolving Our Platform ahead of Future Trends – Powering the Next Industrial Revolution Commoditization of legacy markets necessitates continuous evolution in EMS IoE, Cloud, and Analytics will drive future of industry Significant opportunity for EMS leaders given core expertise Benchmark forward thinking well ahead of industry evolution Networking / Computing 2007 Target mix 70% 30% 2015 32% 68% 55% 45% Traditional markets Higher-value markets Internet of Everything (IoE) design develop deliver advanced technology 6

Portfolio Management >10% Annual Growth in Higher-Value Markets Focus on Expansion in Key End MarketsIndustrials (including aerospace and defense)Medical TechnologiesTest & Instrumentation (including semi-capital equipment) Margin Expansion >5% Long-Term Non-GAAP Operating Margin Advancing Engineering-led Solutions Driving LEAN and Operational Excellence Initiatives Optimizing Cost Structure and Working Capital Balanced Capital Deployment ~50% Free Cash Flow Return to Shareholders Targeted Strategic Organic Investments Close-to-Core (Higher-Value) and Highly Adjacent M&A Share Repurchases design develop deliver advanced technology 7 Advancing Our Long-term Strategy To Drive Shareholder Returns into the Future, Consistent with Industry Evolution Advancing Our Long-term Strategy To Drive Shareholder Returns into the Future, Consistent with Industry Evolution

Shift to Higher-value Mix has Driven Superior Performance Shift to Higher-value Mix has Driven Superior Performance Benchmark Peer median 2011 – 2015Higher-value markets Top 10 customer concentration change1 TSR2 Revenue CAGR %1 Gross margin change1 Non-GAAP operating margin change1,3 FCF margin change1,3 Cash conversion cycle1 NTM P/E multiple2Source: Company filings, FactSet as of 04/20/16Note: Peers are Celestica, Flextronics, Jabil, Plexus, and Sanmina1 From FY11 through FY15, Jabil only reports top 5 customer concentration2 As of 04/20/16; TSR since 12/31/11 Focus on higher-value markets = stronger financial performance Focus on higher-value markets = stronger financial performance 67% +5.1% +2.0% +3.1% +2.4% 55% 43% (0.9%) (0.2%) (0.8%) +0.2% (6.0%) 40% (1.6 day +8 days 3 Please refer to the appendix for a reconciliation of non-GAAP operating margin and free cash flow margin to their most directly comparable GAAP financial measures 12.2x 9.5x design develop deliver advanced technology 8

Strong Track Record and Proven Execution Strong Track Record and Proven Execution 6.3% 8.9% 9.6% 10.1% 9.8% 2011 2012 2013 2014 2015 2011 2012 2013Return on Invested Capital Sources: Company filings, FactSet as of 04/20/16ROIC = [(Non-GAAP income from operations1 plus stock compensation)*(1-Tax Rate)] ÷ [Average Invested Capital, less Average Cash for last 5 quarters]1 Please refer to the appendix for a reconciliation of non-GAAP operating margin and non-GAAP income from operations to their most directly comparable GAAP financial measures2 Represents TSR since Gayla Delly became CEO $2.3 $2.5 $2.5 $2.8 $2.5 2014 2015 Revenue ($bn) Non-GAAP Operating Margin1 2.2% 3.5% 3.5% 3.9% 4.2% 2011 2012 2013TSR since 01/01/122136% 2014 2015 116% 67% 43% Peer median: 43%41% (1%) JBL SANM FLEX BHE CLS PLXS design develop deliver advanced technology 9

Balanced Capital Deployment Track Record Balanced Capital Deployment Track Record Capex 29% M&A 40% Repurchases 31% Cumulative capital allocation FY11– FY15 Continue investing to drive growth and extendbusiness model with Voice-of-Customer inputs aligned for organic growth Disciplined, shareholder-friendly and balanced approach to capital allocation Disciplined, shareholder-friendly and balanced approach to capital allocation Capex Continue to evaluate and pursue strategic, higher-value, complementary businesses that are accretive to margins and drive growth M&A Consistently returned capital to shareholders through share repurchases for last 34 consecutive quarters Cumulative $257mm+ (73% of FCF1) spent through 5 years ended Dec 2015 on share repurchases Share repurchases 1 Free cash flow (FCF) defined as net cash provided by operations (GAAP) less capex (see Appendix for reconciliation) design develop deliver advanced technology 10

Traditional markets Higher-value markets Organic Growth: 2015 New business wins Significant new business wins in higher-value markets Expanding revenue streams towards longer lifecycle products and increasing engineering-led solutions Significant remaining opportunity for existing and new customers M&A Growth: Market and Engineering Focused 2.2% 4.2% >5.0% 2011 2015 Target Operating margin1 (%) Industrial & Defense Markets Manufacturing Solutions West Coast and Mexico locations Industrial & Defense Markets Engineering Solutions Complex and Ruggedized Mfg. Building Our Higher-value Market Platforms Organically and Through M&A design develop deliver advanced technology 11 Building Our Higher-value Market Platforms Organically and Through M&A 1 Refers to non-GAAP operating margin (see Appendix for reconciliation)

Secure Acquisition = Significant Growth Potential Secure Acquisition = Significant Growth Potential Secure expands our engineering solutions for industrial and defense customers Secure expands our engineering solutions for industrial and defense customers The Markets The Applications The Value The Products Expands Benchmark's Higher- Value Market LeadershipSecure Focus: Industrials, including Aerospace and Defense Complements Benchmark's ruggedized manufacturing focus Secure Focus: Complex, rugged encrypted connectivity and surveillance solutions Adds engineering catalog of sub-systems and modulesSecure Focus: Proven IP building blocks for reduced time-to-market Increases Operating Margins and Boosts Revenue Secure Focus: Double-digit marginsand >10% annual growth design develop deliver advanced technology 12

Best-in-Class Corporate Governance design develop deliver advanced technology 13

Diverse Board with robust independent oversight Shareholder-friendly corporate governance Executive compensation aligned with shareholder interests Culture of transparency and accountability Continued commitment to governance best practices design develop deliver advanced technology 14 Benchmark Has Best-in-Class Corporate Governance Benchmark Has Best-in-Class Corporate Governance

Company Quickscore Board StructureScore Compensationscore Shareholder Rights Score Audit score 1 2 3 1 2 1 4 1 1 1 4 6 1 7 2 1 3 3 1 2 1 2 1 4 2 4 2 4 6 1 Source: ISS 10 - Most governance risk 1 - Least governance risk ISS Governance Analysis Indicates Benchmark Has the Best Governance Profile Among Its Peers design develop deliver advanced technology 15 ISS Governance Analysis Indicates Benchmark Has the Best Governance Profile Among Its Peers With a Quickscore of 1, Benchmark falls within the top decile of companies covered by ISS With a Quickscore of 1, Benchmark falls within the top decile of companies covered by ISS

Name / Title Background David Scheible Chairman of the Board IndependentAge 59 Chairman and former CEO of Graphic Packaging (NYSE: GPK), a leading global paper and packaging company Other Board experience: Graphic Packaging, Flint Group, Cancer Treatment Centers of America Michael Dawson Director IndependentAge 62 Extensive executive experience, former CFO of GlobalSantaFe Corporation (NYSE: GSF), a large cap offshore oil and gas drilling contractor Other Board experience: Northern Offshore Gayla Delly President and Chief Executive Officer Age 56 CEO since December 2011, over 15 years of executive experience at Benchmark (NYSE: BHE) Other Board experience: Flowserve (NYSE: FLS), Power- One (NASDAQ: PWER) Douglas Duncan Director IndependentAge 65 Former President and CEO of FedEx Freight Corporation, a subsidiary of FedEx (NYSE: FDX), from 2001 to 2010 Other Board experience: J.B. Hunt Transport Services (NASDAQ: JBHT), Brambles (ASX: BXB) Kenneth Lamneck Director IndependentAge 61 President and CEO of Insight Enterprises (NASDAQ: NSIT) since 2010, a leading global provider of information technology solutions Other Board experience: Insight Enterprises Bernee Strom Director Independent Age 68 President and CEO of The Strom Group since 1990, extensive experience as an investor and serial entrepreneur, founder and/or CEO of Gemstar (NASDAQ: GMST) and Priceline (NASDAQ: PCLN) Other Board experience: Hughes Electronics / DirecTV (NASDAQ: DTV), Polaroid (NYSE: PRD), InfoSpace (NASDAQ: INSP), Imagex (NASDAQ: IMGX) Paul Tufano Director Independent Age 62 Former CFO and COO of Alcatel-Lucent (NYSE: ALU), a large cap telecommunications equipment company, has served on multiple public Boards Other Board experience: EnerSys (NYSE: ENS), Teradyne (NYSE: TER), Maxtor (NYSE: MXO) Clay Williams Director Independent Age 53 Chairman, President, and CEO of National Oilwell Varco (NYSE: NOV) since 2014, a global oil and gas equipment and services provider Other Board experience: National Oilwell Varco 8 design develop deliver advanced technology 16 8 7 7 7 8 6 Corporate Development and M&A Public Board Experience Operations Governance and Compliance Accounting CEO, CFO, or COOExperience Manufacturing / Industrial / Electronics Number of Directors with key attributes Benchmark's Current Directors Bring a Strong and Diverse Mix of Skills and Experience to the Board Benchmark's Current Directors Bring a Strong and Diverse Mix of Skills and Experience to the Board Note: Ticker symbols represent former designations if the company is no longer publicly listed

"At Risk" 70% 30% Base salaries and target short-term incentive award opportunities reviewed and approved annually Robust stock ownership requirements All Directors and executives are in compliance with stock ownership guidelines Practice of making all Board-level compensation decisions on a single day to reinforce performance feedback to executives Executive compensation clawback policy for restatement of earnings due to SEC reporting requirements Over 90% voted FOR say on pay from 2011 – 2015 CEO TARGET COMPENSATION OTHER NEO AVERAGE COMPENSATION "At Risk" 58% 42% VAST majority of 2015 named executive officer (NEO) pay "at risk"Performance-Based Base Salary1 design develop deliver advanced technology 17 Selected compensation features Executive compensation framework designed to create a "pay for performance" culture that rewards Benchmark's leadership for delivering results and creating sustainable, long-term shareholder value 1 Base salary includes savings plan contributions, elective matching contributions and term life insurance premium payments made by Benchmark on behalf of its executive officers Performance Focused Compensation Policies Aligned with Shareholder Interests Performance Focused Compensation Policies Aligned with Shareholder Interests

Engaged Capital's Claims are Without Merit design develop deliver advanced technology 18

Reality ROIC can be misleading because several of our peers have significant accumulated deficits, which reduce their Invested Capital and artificially inflate ROIC Since ROIC is difficult to compare across our peers, it is not used to establish public market valuations— there is poor correlation between ROIC and valuation multiples for EMS peers Benchmark's valuation multiple is either at a premium or in line with peers on a P/E and a EV/EBITDA basisP/TB, a book value metric, is similarly thrown off by accumulated deficits Benchmark uses ROIC to measure long-term performance and to set compensation, but not as a short- term metric Cash is an important part of shareholders' capital and it is wrong to exclude it for the ROIC calculation Engaged Capital's Claims Are Without MeritValuation and ROIC Engaged Capital's Claims Are Without MeritValuation and ROIC Source: Engaged Capital's definitive proxy filed 03/29/16, FactSet, Wall Street research, company filings Note: Claims are from Engaged Capital's definitive proxy filed 03/29/16 1 Engaged Capital's Claim design develop deliver advanced technology 19 Investors are penalizing worst-in-class ROIC with worst-in-class valuation multiples design develop deliver advanced technology 20 ROIC is a Challenging Metric to Compare EMS Companies ROIC is a Challenging Metric to Compare EMS Companies Source: Company filings, FactSet as of 04/20/161 Net operating profit after tax (NOPAT) is calculated as non-GAAP operating income after tax post stock-based compensation and post amortization for comparability purposes among peers2 Calculated as NOPAT divided by invested capital (including cash) 3 Calculated as NOPAT divided by invested capital (excluding cash) 4 Calculated as NOPAT divided by Adjusted invested capital5 P/E ratios are expressed on a pre-SBC and pre-amortization basis6 EBITDA ratios are expressed on a post-SBC basis 1 $mm BHE PLXS JBL FLEX SANM CLS Q4 2015 annua lizedNOPAT 1 $95 $81 $660 $776 $190 $91 Average of Q3 and Q4 2015 Shareholders' equity 1,310 847 2,368 2,517 1,524 1,089 Long-term debt 122 262 1,919 2,737 525 282 Less: Cash (464) (356) (1,022) (1,651) (405) (521) Plus: Accumulated deficit 0 0 0 4,028 4,294 1,774 Invested capital (including cash) 1,432 1,109 4,287 5,254 2,049 1,371 Invested capital (excluding cash) 968 753 3,265 3,602 1,644 850 Adjusted invested capital $968 $753 $3,265 $7,630 $5,938 $2,624 ROIC, including cash2 6.6% 7.3% 15.4% 14.8% 9.3% 6.6% 3ROIC, excluding cash 9.8% 10.8% 20.2% 21.5% 11.6% 10.7% ROIC, adjusted for accumulated deficit 4 9.8% 10.8% 20.2% 10.2% 3.2% 3.5% 2016 P / E 5 12.6x 13.2x 7.9x 10.3x 8.9x 9.7x 2016 EV / EBITDA6 5.6x 7.7x 4.0x 6.8x 5.7x 6.1x

7.9x 2016 P / E113.2x 12.6x 10.3x 9.7x 8.9x PLXS BHESource: Wall Street research, FactSet as of 04/20/161 P/E ratios are expressed on a pre-SBC and pre-amortization basis FLEX CLS SANM JBL Benchmark Trades at a Premium to Its Peers on the Relevant Metrics Benchmark Trades at a Premium to Its Peers on the Relevant Metrics Last update Feb 2016 Feb 2016 Mar 2016 Feb 2016 Feb 2016 Primary valuation metric P / E P / E FV / EBITDA P / E (ex. cash) P / E Peer median: 9.7x 1 design develop deliver advanced technology 21

A substantial portion of any cash generated would only be trapped overseas – Benchmark’s current approach drives more shareholder value Benchmark has been effective at optimizing working capital for higher-value customers, which traditionally have longer CCCsAnnounced working capital improvements for current year largely driven by moving these customers to Benchmark’s best practicesSource: Engaged Capital's definitive proxy filed 03/29/16, FactSet, Wall Street research, company filings Note: Claims are from Engaged Capital's definitive proxy filed 03/29/16 Reality Cash conversion cycle (CCC) and working capital metrics driven by end-market mix Benchmark continuously optimizes working capital Hired external consultant recommended by Engaged – final report validated existing Benchmark initiatives $300mm cited by Engaged is a flawed analysisLooking at A/R days is only part of the picture – Benchmark outperforms when inventory days are includedBenchmark’s current A/P strategy is weighted towards obtaining trade discounts, which drives approximately 112% more value to shareholders, relative to delaying payments and “normalizing” A/P days (per Engaged) Engaged spreadsheet-level work ignores operational realities – duration of supplier and customer contracts means that working capital improvements are a continual work-in-progress versus a one-time change Engaged Capital's Claim Working capital management is woefully inefficient compared to peers Benchmark can free up $300mm of cash by achieving Plexus’ levels of A/P and A/R efficiency Improving working capital would substantially increase cash position as well as ROIC Engaged Capital’s Claims Are Without MeritWorking Capital Engaged Capital’s Claims Are Without MeritWorking Capital 2 design develop deliver advanced technology 22

BHE 1Source: Company filingsNote: Metrics as of Q4'15CY for Benchmark and Q4'15CY for Plexus; A/R days calculated as Q4'15CY accounts receivable divided by Q4'15CY annualized sales times 360 days; Inventory days calculated as Q4'15CY inventory divided by Q4'15CY annualized COGS times 360 days; A/P days calculated as Q4'15CY accounts payable balance divided by Q4'15CY annualized COGS times 360 days1 Note that Benchmark's Q4'15CY figures are pro forma for the Secure transaction 68 53 Engaged Capital's Thesis for Working Capital is Flawed BHE1 PLXS To exclude Inventory when reviewing Accounts Receivable in the EMS sector means only showing part of the story Combining Accounts Receivable and Inventory Days is more reflective of an apples-to-apples comparison Looking at it holistically, it is clear that Benchmark outperforms, and "spreadsheet-level" savings cited by Engaged misses a critical part of the picture 68 53 64 87 132 Inventory days140 PLXS A/R days Reality < A/R daysSavings? 2 Engaged Capital's Thesis for Working Capital is Flawed Engaged's claim End-market mix and shipping terms drive discrepancies between Accounts Receivable and Inventory across peers design develop deliver advanced technology 23

Source: Benchmark management; Market data as of 04/20/16Note: BHE PF adjustment of ~7 days from foregoing trade discounts1 Based on common shares outstanding of 49.8mm as of 02/25/16 per Benchmark's 2015 10-K2 P/E-base equity value determined by multiplying PF NOPAT impact of forgoing discounts ($6.7mm) by Benchmark's CY16E multiple (12.6x) Benchmark has historically taken advantage of supplier discounting on its A/P Makes its A/P days look less efficient than peers By taking trade discounts, Benchmark drives ~112% more value for its shareholders versus alternative approach of normalizing A/P days Observations Taking discounts leads to greater shareholder value ($mm) $40 $85 Cash value released by foregoing trade discounts P/E-based value of taking discounts 2 < $0.80 per share1 $1.70 per share1 +112% Benchmark Takes Advantage of Discounts, which Drives Greater Shareholder Value Benchmark Takes Advantage of Discounts, which Drives Greater Shareholder Value 2 design develop deliver advanced technology 24

Engaged Capital's Claims Are Without Merit Engaged Capital's Claims Are Without Merit $22.73 $33.46 $5.97 $4.42 $1.89 ($1.55) $35.01 Engaged calculation flawed:$2.42 upside from management's announced initiatives Already factored into current stock price Speculative Risk to value Benchmark pro-forma valuation according to Engaged Capital Source: Engaged Capital's presentation dated 04/15/16, FactSet as of 04/13/16 2 design develop deliver advanced technology 25 Current share price Cash from working Cash from operating Multiple rerating to Potential margin Year-end 2017 value capital free cash flow peers impact

Reality EMS industry must invest continually to strategically position for the future Market has rewarded Benchmark with a premium valuation relative to peers Engaged's logic about the Secure transaction is flawedMultiple paid at low end of Secure's peer group at the time, and reflected the inherent quality of the Secure business Secure acquisition is consistent with Benchmark's long-term strategic objective of targeting higher-value markets to optimize for future trends Secure transaction was the best use of capital amongst all alternatives reviewed at the timeAcquisition met strict financial criteria as determined by Board, including risk-adjusted NPV and returns analysesMore growth, margin and long-term ROIC accretive than alternate uses of capital considered, including a one-time levered share repurchase that Engaged was advocating Benchmark has prioritized a shareholder-friendly capital allocation strategy while investing for the Industrial Revolution of tomorrow 91% of Benchmark's cash is held offshore, reducing flexibilityFunding Engaged's large one-time share repurchase with repatriated cash would be immediately value-destructiveEngaged's simplistic analysis is disingenuous and conveniently ignores losses to shareholders from tax leakageSource: Engaged Capital's definitive proxy filed 03/29/16, FactSet, Wall Street research, company filings Engaged Capital's Claim Overcapitalized balance sheet Even if analysts are overstating the multiple paid, we struggle to see how the Secure acquisition can generate returns for shareholders that are greater than repurchasing Benchmark's highly undervalued sharesThe Secure acquisition was value destructive as the multiple paid was higher than Benchmark's own trading multiple To create shareholder value, acquisitions must be:Consummated at a price that allows the company to earn a return well in excess of its cost of capital; andExceed the risk-adjusted return offered by alternative uses of capital, including dividends and share repurchases Engaged Capital's Claims Are Without MeritCapital Allocation Engaged Capital's Claims Are Without Merit Capital Allocation 3 Note: Claims are from Engaged Capital's definitive proxy filed 03/29/16 design develop deliver advanced technology 26

Setting the Record Straight on Secure Setting the Record Straight on Secure 3 "In our view, … we believe Mercury Computer, which has adjusted EBITDA margins of 19% and EBIT margins of 6%, may be a good comp for Secure Technology. Although 6X EBITDA may be appropriate for an EMS company, MRCY is currently trading at 14X LTM EBITDA. We believe Secure Technology's margins are higher than the industrial controls margins for Benchmark, and within Benchmark, we believe industrial controls margins are above the corporate average."– B. Riley, 10/23/15Market recognizes the fallacy of comparing Secure's multiple with EMS multiples design develop deliver advanced technology 27 Source: Company filings, Wall Street research We paid 8.5x EV/16E EBITDA, below Secure's two closest peers Engaged was provided this information on November 7th, 2015 Essential building block of transformation strategy – added stability to Q1'16 Already generating additional cross-sell/new wins from Secure

Investors reward companies for shifting product mix towards higher-value / low volume end markets EMS companies with more exposure to industrials, medical, automotive, aerospace and defense end markets typically have higher valuations Portfolio repositioning towards diversified business helps companies to hedge against broader industry headwinds Longer program lifecycles help offset volatility in traditional tech-facing end markets R^2 =
0.5817
10% 20% 30% 40% 50% 60% 70% 80% 90% 100%%
higher-value 7.0x 8.0x 9.0x 10.0x 11.0x 12.0x 13.0x 14.0x 15.0x 16.0x 17.0x 50% higher-value impliesP/E of 11.0x % higher-value vs. '16E P/E multiple Observations18.0x CY16E P/E multiple Source: Company filings, Wall Street research; FactSet; Market data as of 04/20/16Note: Higher-value / low volume end markets primarily represent healthcare, defense, automotive and industrial end markets Investors Award Premium Multiples Based on Increasing Exposure to Higher-Value Markets Investors Award Premium Multiples Based on Increasing Exposure to Higher-Value Markets 3 design develop deliver advanced technology 28

Most of Benchmark's Cash is Located Offshore Most of Benchmark's Cash is Located Offshore 3 JBL CLS BHE SANM PLXS $1,63472% of cash held abroad design develop deliver advanced technology 29 $883 $545 $466 $398 $355 FLEX Based in the U.S. Based overseas Tax leakage and loss of shareholder value is a significant disincentive to repatriating offshore cash Even foreign domiciled peers maintain significant cash balancesGross cash as of latest quarter ($mm) 87% of cash held abroad 91% of cash held abroad 47% of cash held abroad T/ ESource: Company filings otal DebtBITDA: 2.3x 1.9x 1.3x 1.5x 1.6x 1.7x

Share repurchases over time 34
13 9 2 Source: Company filings Unwavering Tr
Repurchases Unwavering Track Record of Consistent Share Repurchases 3 design develop deliver advanced technology 30 CY 2007 CY 2008 CY 2009 CY 2010 CY 2011 CY 2012 CY 2013 CY 2014 CY 2015 Consecutive quarters of sharerepurchases Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3

Reality From 2011 – 2015, shareholders have consistently demonstrated strong support of Benchmark's executive compensation policy with say-on-pay vote results in excess of 90% ROIC is a poor short-term compensation metric: it risks discouraging smart long-term investments, and it is difficult to meaningfully impact ROIC in the short termInclusion of cash in calculation of ROIC in the long term encourages active deployment or return of capital Management is NOT incentivized to pursue value destructive M&A – ROIC is just one metricEngaged's assertion that ROIC is the only factor in evaluating M&A is entirely unsophisticated~60% of Board compensation is in equity and the CEO has 70% of her pay "at risk" Recent enhancements by the Board target working capital specifically:CCC replaced inventory turns in short-term compensation structure as a more holistic measurement of working capital efficiencyCCC targets added to the short-term incentive compensation structure for 2016 Engaged Capital has the wrong numbers for measuring management's performance against ROIC targets Benchmark has been publicly traded and widely owned for over 25 years and Board ownership reflects the maturity of the Company and industry – ownership in line with peers Post-2009 employment contracts, including Gayla Delly's, do not contain the change-in-control or tax gross-ups attacked by Engaged Capital; there are two legacy agreements with these features The Board remains open to shareholder suggestions on management compensationIncorporated recent investor feedback and instituted executive compensation clawback policy for restatement of earnings Source: Engaged Capital's definitive proxy statement filed 03/29/16, Engaged Capital's letter to shareholders filed 03/30/16, FactSet, Wall Street research, company filings Note: Claims are from Engaged Capital's definitive proxy statement filed 03/29/16 Engaged Capital's Claim Claims about the company's executive compensation practices Absence of ROIC in short-term compensation targetsCash should not be included in the calculation of ROICRemoval of inventory turns from short-term compensation structureReduction of management's long-term ROIC targets despite increase in Benchmark's reported ROIC Inappropriate change-in-control and tax gross-ups in employment arrangements Board lacks sufficient stock ownership Engaged Capital's Claims Are Without MeritCompensation and Stock Ownership Engaged Capital's Claims Are Without Merit Compensation and Stock Ownership 4 design develop deliver advanced technology 31

Benchmark Has Sought to Work in Good Faith with Engaged Capital over the Past Year design develop deliver advanced technology 32 Benchmark Has Sought to Work in Good Faith with Engaged Capital over the Past Year As part of Benchmark's commitment to constructive dialogue with its shareholders, the Company has encouraged open and candid communication with Engaged Capital since its initial outreach Benchmark met with Engaged Capital in June 2015 to discuss its investment thesis, sought to provide management insight, and indicated it welcomed continued input from Engaged Capital In the past year, Engaged Capital presented to Benchmark a number of poorly developed theses that were later abandoned by Engaged Capital, including an ill-conceived Dutch auction share repurchase funded by debt and the notion that Benchmark would increase research coverage by raising more debt In October 2015, when the Secure transaction was announced, Engaged Capital threatened to call a special meeting to replace the entire Board In February 2016, the Board's Nominating/Governance Committee informed Engaged Capital it was willing to carefully consider Engaged Capital nominees in identifying candidates for Board service Members of the Benchmark Board, management team and its financial advisors have had at least 9 in- person meetings or phone calls with Engaged Capital over the past year (in addition to numerous written exchanges) Despite the Board’s best efforts to work constructively, Engaged Capital has publicly stated that any settlement or other compromise must include the appointment of Brendan Springstubb, an employee of Engaged Capital with no industry expertise or public company board experience

Engaged Capital's Proposed Board Candidates Do Not Meet Benchmark's Rigorous Criteria Engaged Capital's Proposed Board Candidates Do Not Meet Benchmark's Rigorous Criteria Paul TufanoFormer CFO and COO, Alcatel- Lucent Yes Michael DawsonFormer CFO, GlobalSantaFe Yes Bernee S & CEO, The Strom GroupClay WilliamsChairman, President, and CEO, National Oilwell Varco Yes Yes Robert GiffordFormer President of Supply Chain Solutions, In Micro No Jeffrey McCreary Independent Management Consultant Limited Brendan Springstubb Senior Analyst, Engaged Capital No Lisa Kelley2 VP - Finance, Avnet No Benchmark Engaged Capital Candidate comparison to required industry, functional responsibility and business experience = Non-negotiable according to Engaged CapitalSource: G. Fleck / Board Services; Information relating to Engaged Capital's candidates sourced from its definitive proxy filed 03/29/16 and its other public filings relating to these candidates Note: Benchmark reviewed several other candidates at the direction of the Nominating/Governance committee in addition to the ones shown above prior to selecting Paul Tufano[1] C-Score (Yes / No / Maybe) answers the question: Is the candidate comparable in experience to the CEO, CFO and or Board Members?2 Has since withdrawn as nominee C O N F L I C T E D design develop deliver advanced technology 33 Global Global Technology Industrial Outside Board Investor Public Capital C- Manufacturer Manufacturer CFO Experience Relations M&A Strategy Markets Debt Structure Score[1]

Engaged Capital's Record of Creating Shareholder Value is Weak design develop deliver advanced technology 34 Engaged Capital's Record of Creating Shareholder Value is Weak Source: FactSet as of 04/20/16, SEC filings1 Includes all campaigns in which Engaged Capital secured the appointment of a dissident member of a slate or mutually agreeable director by way of a settlement agreement to the board as of 04/20/16. Appointment date reflects date on which a public announcement was made that an Engaged representative or mutually agreeable director was appointed to the Board. Excludes Engaged Capital's settlement with Outerwall announced on 4/12/16 given limited timeframe to evaluate returns Share price performance since Engaged Capital secured board change In 4 of 6 instances, after Engaged Capital secured a change in public board composition, the companies suffered sharp declines in share priceAverage (11%) share price decline from time of director appointment Target company New director appointment date1 Share price at appointment1 Closing price as of 04/20/16 Returns Returns againstS&P 500 Abercrombie & Fitch & Co 19-Jun-14 $42.60 $29.23 (31.4%) (38.7%) HeartWare International 14-Mar-16 31.06 33.98 9.4% 5.3% Jamba Inc 13-Jan-15 16.12 13.17 (18.3%) (22.2%) Medifast Inc 22-Jun-15 32.69 30.62 (6.3%) (5.4%) Rovi Corp 19-May-15 16.49 17.90 8.6% 9.7% TriMas Corp 25-Feb-15 24.51 18.31 (25.3%) (24.8%) Average (10.6%) (12.7%)

In Closing design develop deliver advanced technology 35 In Closing Vote the White Proxy Card to support the Benchmark leadership team's continued strategy to deliver shareholder value Vote the White Proxy Card to support the Benchmark leadership team's continued strategy to deliver shareholder value Strategic plan has delivered strong financial performance, premium valuation and positioned company ahead of future trends Secure adds capabilities to core portfolio, consistent with strategy, and strong positive financial impact Best-in-class corporate governance Ongoing commitment to refresh Board of Directors Engaged Capital's claims lack merit, and its slate is less qualified

Appendix design develop deliver advanced technology 36

GAAP to Non-GAAP Reconciliations design develop deliver advanced technology 37 GAAP to Non-GAAP Reconciliations ($mm) 2011 2012 2013 2014 2015 Revenue
(GAAP) $2,253.0 $2,468.2 $2,506.5 $2,797.1 $2,540.9 Income from operations
(GAAP) $41.3 $75.6 $116.5 $100.1 $93.0 Operating margin
(GAAP)1 1.8% 3.1% 4.6% 3.6% 3.7% Restructuring charges and integration and acquisition
costs 4.5 2.2 9.3 7.1 13.8 Asset impairment charge and other - - 2.6 (1.5) - Thailand flood-related items, net of insurance 3.4 9.0 (41.3) (1.6) - Customer bankruptcy - - - 5.0 - Non-GAAP income from
operations $49.2 $86.8 $87.2 $109.2 $106.8 Non-GAAP operating margin1 2.2% 3.5% 3.5% 3.9% 4.2% Net income (GAAP) $52.0 $56.6 $110.9 $81.2 $95.4 Restructuring charges and integration costs, net of
tax 4.4 1.8 8.3 4.9 9.9 Asset impairment charge and other, net of tax - - 2.8 (1.5) - Thailand flood-related items, net of insurance and tax 3.2 9.9 (35.6) (1.3) - Customer bankruptcy, net of tax - - - 4.8 - Discrete tax benefits - - (17.5) - (21.2) Non-GAAP net income $59.6 $68.3 $69.0 $88.1 $84.1 Net cash provided by operations (GAAP) $54.8 $151.1 $98.9 $135.4 $146.8 Additions to property, plant & equipment and
software 72.0 49.0 28.8 45.4 38.1 Free Cash Flow ($17.2) $102.1 $70.1 $90.0 $108.7 Free cash flow
margin1 (0.8%) 4.1% 2.8% 3.2% 4.3% 1 Equals line item immediately above divided by revenue (GAAP)