

BENCHMARK ELECTRONICS INC
Form 11-K
June 25, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 11-K

(Mark One)

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

For the fiscal year ended December 30, 2003.

OR

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

For the transition period from _____ to _____

Commission File Number 1-10560

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

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

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

BENCHMARK ELECTRONICS, INC.

3000 TECHNOLOGY DRIVE

ANGLETON, TEXAS 77515

REQUIRED INFORMATION

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

1. Statements of Net Assets Available for Benefits as of December 30, 2003 and 2002
2. Statement of Changes in Net Assets Available for Benefits for the year ended December 30, 2003
3. Schedule H, line 4i - Schedule of Assets (Held at End of Year) - December 30, 2003*

EXHIBITS

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

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

SIGNATURES

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

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

By: /s/ Gayla J. Delly

Gayla J. Delly
*Chief Financial Officer of
Benchmark Electronics, Inc.*

Date: June 24, 2004

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

Financial Statements and Supplemental Schedule

December 30, 2003 and 2002

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

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

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Report of Independent Registered Public Accounting Firm

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Report of Independent Registered Public Accounting Firm

The Board of Directors

Benchmark Electronics, Inc.:

We have audited the accompanying statements of net assets available for benefits of the Benchmark Electronics, Inc. 401(k) Employee Savings Plan (the Plan) as of December 30, 2003 and 2002 and the related statement of changes in net assets available for benefits for the year ended December 30, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits as of December 30, 2003 and 2002, and the changes in net assets available for benefits for the year ended December 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 30, 2003 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. This supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hein & Associates LLP

Houston, Texas

June 10, 2004

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

Statements of Net Assets Available for Benefits

December 30, 2003 and 2002

	2003	2002
Assets:		
Cash	\$	50,054
Investments, at fair value	81,620,623	64,553,932
Receivables:		
Employer contributions	81,888	61,733
Participant contributions	190,666	168,053
Due from Trustee	61,978	60,574
Securities sold	64,978	
Accrued interest	74,133	93,961
Total receivables	473,643	384,321
Total assets	82,094,266	64,988,307
Liabilities:		
Due to broker for securities purchased	64,978	51,231
Excess contributions due to participants	96,958	150,959
Total liabilities	161,936	202,190
Net assets available for benefits	\$ 81,932,330	64,786,117

See accompanying notes to financial statements.

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 30, 2003

Investment income:	
Interest	\$ 1,199,582
Dividends	421,131
Net gain on investments in common / collective trust funds	28,307
Net gain on investments in mutual funds	7,429,551
Net appreciation in fair value of common stock	5,508,731
	14,587,302
Contributions:	
Employer	1,800,021
Participant	5,308,498
Rollovers	136,964
	7,245,483
Benefits paid to participants	(4,589,614)
Excess contributions refunds	(96,958)
Net increase	17,146,213
Net assets available for benefits:	
Beginning of year	64,786,117
End of year	\$ 81,932,330

See accompanying notes to financial statements.

BENCHMARK ELECTRONICS, INC.

401(k) EMPLOYEE SAVINGS PLAN

Notes to Financial Statements

December 30, 2003 and 2002

(1) Description of Plan

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

(a) General

The Plan is a defined contribution plan covering all employees of Benchmark Electronics, Inc. (the Company) and employees of the Company's affiliates, Benchmark Electronics Delaware Corp., Benchmark Electronics Company, Benchmark Electronics California Incorporated and Benchmark Electronics Huntsville, Inc. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan has adopted the Dreyfus Non Standardized Prototype Profit Sharing Plan and Trust (the Prototype Plan).

The Plan is administered by the Company and advised by the board of directors of the Company. Boston Safe Deposit and Trust Company is trustee of the Plan and Mellon Employee Benefit Solutions, formerly Dreyfus Service Corporation, is the record keeper.

(b) Contributions and Investment Options

The Plan states that participants may elect to make pre-tax contributions from 1% to 17% (in 0.5% increments) of their compensation, as defined. Participant contributions will be matched by the Company on a 50% basis, not to exceed 3.75% of a participant's compensation (referred to as employer contributions) upon one year of service. The Company may also elect to make an employer discretionary contribution to all employees employed at the end of the Plan year who have completed 1,000 hours of service during such year. The Company did not make a discretionary contribution during the 2003 Plan year. Certain Internal Revenue Service (IRS) limits may apply to both the participants contributions and the employers' contributions. Eligible participants may also elect to roll over distributions from a former employer's qualified retirement plan.

Participants may direct all contributions to any of the following investment options.

Dreyfus-Standish Stable Value, (formerly Dreyfus-Certus Stable Value) Series I - Funds are invested primarily in investment contracts, including Guaranteed Investment Contracts (GICs), synthetic investment contracts and short-term money market instruments to achieve high current income and stability of principal.

Dreyfus Disciplined Stock Fund - Funds are invested at least 65% in securities, primarily dividend-paying stocks, and seeks investment returns that are consistently superior to the Standard & Poor's 500 Composite Stock Index.

Dreyfus Appreciation Fund, Inc. - Funds are invested in common stock of domestic and foreign issuers, common stock with warrants attached and debt securities of foreign governments. The fund seeks long-term capital growth consistent with the preservation of capital. Current income is a secondary investment objective.

Dreyfus Premier Balance Fund, Class R - Funds are invested normally 60% in common stock and 40% in investment-grade bonds and seeks to outperform an unmanaged hybrid index, 60% of which is the Standard & Poor's 500 Composite Stock Price Index and 40% of which is the Lehman Brothers Intermediate Government/Corporate Bond Index.

Dreyfus Premier Core Bond Fund, Class R - Funds are invested at least 65% in debt securities such as bonds, debentures, notes, mortgage-related securities, convertible debt obligations and convertible preferred stock of domestic and foreign issuers. At least 80% of assets are investment-grade debt. The fund may not purchase securities rated lower than C. Up to 30% of assets may be foreign debt securities.

Federated International Equity Fund, Class A - Funds are invested primarily in stocks of companies based outside the United States.

MSIF Trust Mid Cap Value Fund: Advisors Shares - Funds are invested primarily in common stocks of companies included in the Standard & Poor's MidCap 400 Index.

Dreyfus Premier Future Leaders Fund, Class R - Funds are invested in small companies characterized by new or innovative products, services or processes having the potential to enhance earnings or revenue growth. The fund invests at least 65% of its total assets in companies with total market value of less than \$1.5 billion at time of purchase. The fund's investments may include common stock, preferred stock and convertible securities, including those purchased in initial public offerings. The fund's sector weightings typically approximate those of the Russell 2000 Index.

Benchmark Electronics, Inc. Common Stock Fund - Funds are invested in common stock of the Company.

(c) Participant Accounts

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

(d) Vesting

Participants are immediately vested in their contributions to the Plan plus actual earnings thereon. The Plan provides for a 50% vesting in employer contributions plus actual earnings thereon after two years of employment and 100% vesting after three years.

(e) Participants' Notes Receivable

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

(f) Administrative Expenses

Administrative expenses of the Plan are paid by the Company.

(g) Payment of Benefits

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

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

(h) Termination of the Plan

Although the Company has not expressed any intent to terminate the Plan, it may do so as provided by the Plan agreement. Following termination of the Plan, participants shall become fully vested in their participant account.

(i) Forfeitures

Nonvested employer contributions are forfeited upon the participant's receipt of a distribution of his/her vested balance. If the participant is subsequently reemployed before incurring five consecutive one-year breaks in service and such participant had received a distribution of his entire vested interest prior to his reemployment, amounts forfeited may be reinstated if the rehired participant repays to the Plan the amounts previously distributed upon his/her prior termination. At December 30, 2003 and 2002, forfeited nonvested accounts totaled \$207,963 and \$248,237, respectively. These accounts will be used to reduce future employer contributions.

(2) Summary of Accounting Policies

(a) Basis of Financial Statements

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

(b) Investment Valuation

The Plan's investments are stated at fair value. The common stock of the Company and mutual funds are valued at their quoted market price. The investments in common / collective trust funds are valued based upon the quoted market values of the underlying assets. Participants' notes receivable are recorded at cost which approximates their fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividends are recorded as earned. Net investment gain (loss) from mutual funds and common/collective trust funds includes interest, dividends, realized gains (losses) on sale of investments and unrealized appreciation (depreciation) in fair value of investments. Net appreciation in fair value of common stock includes realized gains (losses) on sale of common stock and unrealized appreciation (depreciation) in fair value of common stock.

(c) Dreyfus-Standish Stable Value, Series I

The Dreyfus-Standish Stable Value, Series I, (the Standish Fund) which is a common/collective trust fund, is valued at \$1 per unit. The Standish Fund invests a substantial portion of its assets in GICs, bank investment contracts, and synthetic investment contracts. The contracts are fully benefit-responsive and therefore are recorded at contract value, which approximates fair value. For the year ended December 30, 2003, the annual rate of return for the Standish Fund was 4.23%.

(d) Concentration of Investments

The Plan's investment in shares of the Company's common stock represents 13.1% and 9.8% of the Plan's net assets as of December 30, 2003 and 2002, respectively. The Company has been in operation since 1981 and is listed on the New York Stock Exchange.

(e) Use of Estimates

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

(f) Payment of Benefits

Benefits are recorded when paid.

(3) Benchmark Electronics, Inc. Common Stock

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

(4) Federal Income Tax Exemption

The IRS has determined and informed the Company by a letter dated September 1, 1994, that the Prototype Plan and related trust are designed in accordance with Section 401(a) of the Internal Revenue Code of 1986 (IRC) and, accordingly, are entitled to an exemption from federal income taxes under the provisions of Section 501(a). The Plan administrator believes that the Plan is designed, and is currently being operated in compliance with the appropriate IRC sections.

(5) Reconciliation of Financial Statements to Form 5500

Reconciliation of the net assets available for benefits reported in the accompanying statements to the net assets available for benefits reported per the Form 5500 as of December 30, 2003 and 2002 is as follows:

	2003	2002
Net assets available for benefits reported per the Form 5500	\$ 81,694,756	64,646,716
Adjustment in employer contributions receivable	81,888	61,733
Adjustment in participants contributions receivable	190,666	168,053
Adjustment in due from Trustee	61,978	60,574
Adjustment in excess contribution due to participants	(96,958)	(150,959)
Net assets available for benefits reported in the accompanying statement	\$ 81,932,330	64,786,117

Reconciliation of the changes in net assets available for benefits reported in the accompanying statement to the net changes in net assets available for benefits reported per the Form 5500 for the year ended December 30, 2003 is as follows:

Net changes in net assets available for benefits reported per the Form 5500	\$ 17,048,040
Adjustment in contributions from employer	20,155
Adjustment in contributions from participants	22,613
Adjustment in benefits paid to participants	1,404
Adjustment in excess contribution refunds	54,001
Net changes in net assets available for benefits reported in the accompanying statement	\$ 17,146,213

(6) Investments

The following table presents investments that represent 5 percent or more of the Plan's net assets as of December 30, 2003 and 2002:

2003	
Dreyfus-Standish Stable Value, Series I	\$ 23,825,682
Dreyfus Disciplined Stock Fund	18,054,590
Benchmark Electronics, Inc. Common Stock Fund	10,736,840
Dreyfus Appreciation Fund, Inc.	8,620,165
2002	
Dreyfus-Standish Stable Value, Series I	\$ 23,882,596
Dreyfus Disciplined Stock Fund	13,917,724
Dreyfus Appreciation Fund, Inc.	6,434,790
Benchmark Electronics, Inc. Common Stock Fund	6,379,072
Dreyfus Premier Core Bond Fund, Class R	3,452,216

(7) Party-in-Interest Transactions

The Plan engages in investment transactions with Funds managed by Dreyfus Corporation. Dreyfus Corporation is affiliated with Mellon Financial Corporation who is the parent company for both Dreyfus Corporation and Boston Safe Deposit and Trust Company, the Trustee. These transactions are covered by an exemption from the prohibited transaction provisions of ERISA and IRC.

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

(8) Subsequent Events

On December 31, 2003, the Plan was amended to adopt the Safe Harbor 401(k) provisions. The matching contributions will be 100% of the participant's elective deferrals that do not exceed 4% of the participant's compensation.

On December 31, 2003, the Plan was amended to include a leave of absence provision permitting loan repayments to be suspended for a participant on a bona fide leave of absence for up to one year, and a military service provision permitting loan repayments to be suspended while a participant is in military service.

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

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

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

December 30, 2003

(a) (b) Identity of issuer	(c) Description of investment	(e) Current value
*	Dreyfus Funds Dreyfus-Standish Stable Value - Series I	\$ 23,825,682
*	Dreyfus Funds Dreyfus Disciplined Stock Fund	18,054,590
*	Dreyfus Funds Dreyfus Appreciation Fund, Inc.	8,620,165
*	Dreyfus Funds Dreyfus Premier Balanced Fund, Class R	4,035,908
*	Dreyfus Funds Dreyfus Premier Core Bond Fund, Class R	4,020,431
	Federated Investors Federated International Equity Fund, Class A	3,249,582
	Morgan Stanley Institutional Funds/Trust MSIF Trust Mid Cap Value Fund: Advisors Shares	3,128,244
*	Dreyfus Funds Dreyfus Premier Future Leaders Fund, Class R	3,061,575
*	Benchmark Electronics, Inc. Benchmark Electronics, Inc. Common Stock Fund	10,736,840
*	Participants Participants notes receivable (rates range from 5% to 11% at December 30, 2003)	2,887,606
		\$ 81,620,623

See accompanying report of independent registered public accounting firm.

* Represents party-in-interest transactions.