

BENCHMARK ELECTRONICS INC
Form DFAN14A
March 01, 2016

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

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 Rule 14a-12

BENCHMARK ELECTRONICS, INC.
(Name of Registrant as Specified in Its Charter)

ENGAGED CAPITAL MASTER FEEDER I, LP
ENGAGED CAPITAL MASTER FEEDER II, LP
ENGAGED CAPITAL CO-INVEST II L.P.
ENGAGED CAPITAL I, LP
ENGAGED CAPITAL I OFFSHORE, LTD.
ENGAGED CAPITAL II, LP
ENGAGED CAPITAL II OFFSHORE LTD.
ENGAGED CAPITAL, LLC
ENGAGED CAPITAL HOLDINGS, LLC
GLENN W. WELLING
ROBERT K. GIFFORD
JEFFREY S. MCCREARY
BRENDAN B. SPRINGSTUBB

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials:

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Engaged Capital, LLC, together with the other participants named herein (collectively, “Engaged Capital”), intends to make a preliminary filing with the Securities and Exchange Commission of a proxy statement and an accompanying proxy card to be used to solicit votes for the election of its slate of three director nominees at the 2016 annual meeting of stockholders of Benchmark Electronics, Inc., a Texas corporation.

On March 1, 2016, Engaged Capital issued the following press releases:

**ENGAGED CAPITAL NOMINATES HERBERT K. PARKER FOR ELECTION TO THE BOARD OF
BENCHMARK ELECTRONICS**

Newport Beach, CA, March 1, 2016 - Engaged Capital, LLC (together with its affiliates, “Engaged Capital”), an investment firm specializing in enhancing the value of small and mid-cap North American equities and a 4.8% shareholder of Benchmark Electronics, Inc. (“Benchmark” or the “Company”) (NYSE: BHE), announced today that it has nominated Herbert K. Parker for election to the Benchmark Board of Directors (the “Board”) at the Company’s upcoming 2016 Annual Meeting of Stockholders (the “2016 Annual Meeting”) to replace Lisa M. Kelley, who withdrew as Engaged Capital’s nominee.

Mr. Parker is currently Executive Vice President, Operational Excellence of Harman International Industries, Inc. Mr. Parker previously served in various senior financial positions with global power and technology company ABB Group (NYSE:ABB) for 28 years, including Chief Financial Officer of the \$6 billion Americas region from 2006 to 2008 and Chief Financial Officer of the \$12 billion global automation division from 2002 to 2005. Mr. Parker is also a director of TriMas Corporation (NASDAQ: TRS). He has significant financial, operational and capital allocation experience. Mr. Parker, together with Engaged Capital’s three other nominees, Robert K. Gifford, Jeffrey S. McCreary, and Brendan B. Springstubb, represent a substantial improvement from the current composition of the Board.

The nomination of Mr. Parker follows the withdrawal of nominee Lisa M. Kelley’s candidacy as one of Engaged Capital’s four nominees. Engaged Capital believes that the Company contacted Ms. Kelley’s employer to pressure her to withdraw, thereby frustrating Engaged Capital’s efforts to reconstitute the Board to include individuals with significant industry experience.

Engaged Capital believes that the upcoming 2016 Annual Meeting is a pivotal moment for stockholders. If Benchmark truly wants to demonstrate that it is committed to good corporate governance, then we urge the Board to immediately amend the Company’s Bylaws to eliminate the majority vote standard in contested elections. Under the majority vote standard, Engaged Capital’s nominees could receive more votes than the incumbent directors they are running against but if Engaged Capital’s nominees do not receive the vote of a majority of the Company’s outstanding shares, the incumbent directors would remain in office. We believe that the will of a majority of Benchmark stockholders who vote at the 2016 Annual Meeting must be respected.

“Benchmark claims to have offered Engaged Capital an opportunity to nominate an alternative candidate to Ms. Kelley for election to the Board. We will gladly accept the Board’s belated suggestion and offer Mr. Parker as one of our four nominees for election to the Board. We look forward to receiving the Board’s confirmation of its acceptance of Mr. Parker’s candidacy. Should the Company refuse to accept our nomination of Mr. Parker, it will only further solidify our belief that the Board is only interested in maintaining the troubling status quo at the expense of Benchmark stockholders,” said Glenn W. Welling, Chief Investment Officer.

Mr. Parker’s full biography follows below:

Herbert Parker has served as Executive Vice President, Operational Excellence of Harman International Industries, Inc. since January 2015. In this role, Mr. Parker is responsible for Information Technology, Internal Audit and

Mergers & Acquisitions. Mr. Parker joined Harman in June 2008 as Executive Vice President and Chief Financial Officer until assuming his current position as EVP of Operational Excellence. During this time, Mr. Parker oversaw a turnaround effort at the company which included the reduction of fixed costs, significant margin improvement, sales growth, and the initiation of a shareholder-friendly capital allocation strategy, in addition to completing several acquisitions. In 2014, The Wall Street Journal ranked Mr. Parker number 10 amongst the top 20 performing CFO's in the S&P 500.

Mr. Parker has also served as a director of TriMas Corporation (NASDAQ: TRS) – a diversified global manufacturer of engineered and applied products, since February 2015. Previously, he served in various senior financial positions with global power and technology company ABB Group for 28 years, from 1980 to 2008, including Chief Financial Officer of the \$6 billion Americas region from 2006 to 2008, when he was based in Norwalk, Conn. From 2002 to 2005 he was the Chief Financial Officer of the \$12 billion global automation division, based initially in Zurich, Switzerland and later in Norwalk, Conn.

Mr. Parker has lived in five countries and has performed business reviews in more than 30 countries. He began his career as a staff accountant with C-E Systems in Chattanooga, Tenn., and progressed through numerous accounting / finance positions including senior auditor and audit supervisor, internal audit manager, segment controller, vice president and business controller, senior vice president controller, industries division, and chief financial officer automation technologies division.

Mr. Parker earned his Bachelor of Science Degree in Accounting from Lee University, Cleveland, Tenn.

About Engaged Capital:

Engaged Capital, LLC (“Engaged Capital”) was established in 2012 by a group of professionals with significant experience in activist investing in North America and was seeded by Grosvenor Capital Management, L.P., one of the oldest and largest global alternative investment managers. Engaged Capital is a limited liability company owned by its principals and formed to create long-term shareholder value by bringing an owner’s perspective to the managements and boards of undervalued public companies. Engaged Capital manages both a long-only and long/short North American equity fund. Engaged Capital’s efforts and resources are dedicated to a single investment style, “Constructive Activism” with a focus on delivering superior, long-term, risk-adjusted returns for investors. Engaged Capital is based in Newport Beach, California.

Investor Contact:

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John Ferguson, 203-658-9400
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Media Contact:

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SOURCE: Engaged Capital, LLC

CERTAIN INFORMATION CONCERNING THE PARTICIPANTS

Engaged Capital, LLC (“Engaged Capital”), together with the other participants named herein, intends to file a preliminary proxy statement and accompanying proxy card with the Securities and Exchange Commission (“SEC”) to be used to solicit votes for the election of its slate of highly-qualified director nominees at the 2016 annual meeting of stockholders of Benchmark Electronics, Inc., a Texas corporation (the “Company”).

ENGAGED CAPITAL STRONGLY ADVISES ALL STOCKHOLDERS OF THE COMPANY TO READ THE PROXY STATEMENT AND OTHER PROXY MATERIALS AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. SUCH PROXY MATERIALS WILL BE AVAILABLE AT NO CHARGE ON THE SEC’S WEB SITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). IN ADDITION, THE PARTICIPANTS IN THIS PROXY SOLICITATION WILL PROVIDE COPIES OF THE PROXY STATEMENT WITHOUT CHARGE, WHEN AVAILABLE, UPON REQUEST. REQUESTS FOR COPIES SHOULD BE DIRECTED TO THE PARTICIPANTS’ PROXY SOLICITOR.

The participants in the proxy solicitation are Engaged Capital, Engaged Capital Master Feeder I, LP (“Engaged Capital Master I”), Engaged Capital Master Feeder II, LP (“Engaged Capital Master II”), Engaged Capital Co-Invest II L.P. (“Engaged Capital Co-Invest II”), Engaged Capital I, LP (“Engaged Capital I”), Engaged Capital I Offshore, Ltd. (“Engaged Capital Offshore”), Engaged Capital II, LP (“Engaged Capital II”), Engaged Capital II Offshore Ltd. (“Engaged

Capital Offshore II”), Engaged Capital Holdings, LLC (“Engaged Holdings”), Glenn W. Welling, Jeffrey S. McCreary, Robert K. Gifford, and Brendan B. Springstubb (collectively, the “Participants”).

As of the date hereof, Engaged Capital Master I beneficially owned 297,924 shares of Common Stock. As of the date hereof, Engaged Capital Master II beneficially owned 741,298 shares of Common Stock. As of the date hereof, Engaged Capital Co-Invest II beneficially owned 1,271,450 shares of Common Stock. As of the date hereof, 117,549 shares of Common Stock were held in an account managed by Engaged Capital (the "Engaged Capital Account"). Engaged Capital I, as a feeder fund of Engaged Capital Master I, may be deemed the beneficial owner of the 297,924 shares of Common Stock beneficially owned by Engaged Capital Master I. Engaged Capital Offshore, as a feeder fund of Engaged Capital Master I, may be deemed the beneficial owner of the 297,924 shares of Common Stock beneficially owned by Engaged Capital Master I. Engaged Capital II, as a feeder fund of Engaged Capital Master II, may be deemed the beneficial owner of the 741,298 shares of Common Stock beneficially owned by Engaged Capital Master II. Engaged Capital Offshore II, as a feeder fund of Engaged Capital Master II, may be deemed the beneficial owner of the 741,298 shares of Common Stock beneficially owned by Engaged Capital Master II. Engaged Capital, as the general partner and investment adviser to each of Engaged Capital Master I, Engaged Capital Master II, and Engaged Capital Co-Invest II and the investment adviser of the Engaged Capital Account, may be deemed to beneficially own the 2,428,221 shares of Common Stock owned in the aggregate by Engaged Capital Master I, Engaged Capital Master II, and Engaged Capital Co-Invest II and held in the Engaged Capital Account. Engaged Holdings, as the managing member of Engaged Capital, may be deemed to beneficially own the 2,428,221 shares of Common Stock owned in the aggregate by Engaged Capital Master I, Engaged Capital Master II, and Engaged Capital Co-Invest II and held in the Engaged Capital Account. Mr. Welling, as the founder and chief investment officer of Engaged Capital and the sole member of Engaged Holdings, may be deemed to beneficially own the 2,428,221 shares of Common Stock owned in the aggregate by Engaged Capital Master I, Engaged Capital Master II, and Engaged Capital Co-Invest II and held in the Engaged Capital Account. As of the date hereof, Mr. McCreary directly owns 10,000 shares of Common Stock. As of the date hereof, Messrs. Gifford and Springstubb do not beneficially own any shares of Common Stock.

ENGAGED CAPITAL RESPONDS TO RETIREMENT OF BENCHMARK ELECTRONICS CHAIRMAN

Newport Beach, CA, March 1, 2016 - Engaged Capital, LLC (together with its affiliates, “Engaged Capital”), an investment firm specializing in enhancing the value of small and mid-cap North American equities and a 4.8% shareholder of Benchmark Electronics, Inc. (“Benchmark” or the “Company”) (NYSE: BHE), responded today to the announced retirement of Chairman Peter G. Dorflinger from the Benchmark Board of Directors (the “Board”) and the subsequent appointment of Paul Tufano in the resulting vacancy on the Board.

Engaged Capital is pleased that the Board has begun to publicly acknowledge its desperate need for directors with financial, operational and capital allocation expertise and for fresh perspective on the Board.

Engaged Capital wants to set the record straight regarding interviewing Mr. Tufano. Contrary to the Company’s latest mischaracterization, Engaged Capital was interested in interviewing Mr. Tufano as part of a settlement process that would have also considered Engaged Capital’s four nominees in connection with the Company’s upcoming 2016 Annual Meeting of Stockholders (the “2016 Annual Meeting”). The Board refused to enter into settlement discussions.

“The retirement of Mr. Dorflinger after 26 years on the Company’s Board, and the appointment of Mr. Tufano are positive initial steps. However, these changes only materialized after significant pressure from shareholders. We continue to be frustrated by the Board’s apparent misrepresentation of our discussions and their continuing refusal to engage in meaningful settlement discussions that would avoid a costly and distracting proxy contest,” said Glenn W. Welling, Chief Investment Officer.

About Engaged Capital:

Engaged Capital, LLC (“Engaged Capital”) was established in 2012 by a group of professionals with significant experience in activist investing in North America and was seeded by Grosvenor Capital Management, L.P., one of the oldest and largest global alternative investment managers. Engaged Capital is a limited liability company owned by its principals and formed to create long-term shareholder value by bringing an owner’s perspective to the managements and boards of undervalued public companies. Engaged Capital manages both a long-only and long/short North American equity fund. Engaged Capital’s efforts and resources are dedicated to a single investment style, “Constructive Activism” with a focus on delivering superior, long-term, risk-adjusted returns for investors. Engaged Capital is based in Newport Beach, California.

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