

BENCHMARK ELECTRONICS INC

Form S-4/A

November 20, 2006

As filed with the Securities and Exchange Commission on as filed on November 20, 2006

Registration No. 333-138446

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to FORM S-4

REGISTRATION STATEMENT

Under
THE SECURITIES ACT OF 1933

Benchmark Electronics, Inc.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

3672
(Primary Standard Industrial
Classification Code Number)

74-2211011
(I.R.S. Employer
Identification No.)

3000 Technology Drive
Angleton, Texas 77515
Telephone: (979) 849-6550

(Address, including Zip code, and telephone number, including
area code, of registrant's principal executive offices)

Cary T. Fu
3000 Technology Drive
Angleton, Texas 77515
Telephone: (979) 849-6550

(Name, address, including Zip code, and telephone number,
including area code, of agent for service)

Copies to:

Mark I. Greene, Esq.
Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019

Allen J. Berning
Pemstar Inc.
3535 Technology Drive, N.W.
Rochester, Minnesota 55901
Telephone: (507) 280-2385

Timothy S. Hearn, Esq.
Dorsey & Whitney LLP
50 South Sixth Street
Suite 1500
Minneapolis, Minnesota 55402

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Telephone: (212) 474-1000

Telephone: (612) 340-2600

Approximate date of commencement of proposed sale of the securities to the public: Upon consummation of the merger.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

3535 Technology Drive, N.W.
Rochester, Minnesota 55901

November 20, 2006

Dear Shareholder:

You are cordially invited to attend a special meeting of the shareholders of Pemstar Inc. to be held at 3535 Technology Drive, N.W., Rochester, Minnesota, on December 20, 2006, at 10:00 a.m., Central Time.

As described in the enclosed proxy statement/prospectus, at the special meeting you will be asked to consider and vote upon a proposal to adopt an Agreement and Plan of Merger that Pemstar entered into on October 16, 2006, with Benchmark Electronics, Inc. and Autobahn Acquisition Corp., a wholly-owned subsidiary of Benchmark. Autobahn is a corporation that was incorporated solely to facilitate the merger. If holders of record of a majority of Pemstar outstanding common stock, as of November 15, 2006, vote to adopt the merger agreement, and the other conditions in the merger agreement are satisfied or waived, Autobahn will be merged with and into Pemstar and Pemstar will become a wholly-owned subsidiary of Benchmark.

As further described in this proxy statement/prospectus, in the merger each Pemstar shareholder will receive the right to 0.160 of a share of Benchmark common stock, plus cash for any fractional shares, in exchange for each outstanding share of Pemstar common stock immediately prior to the completion of the merger.

Benchmark common stock is listed on the New York Stock Exchange under the trading symbol BHE. On October 16, 2006, the closing sale price of Benchmark common stock was \$28.93. Based on that closing price, the value of the per share consideration to be received by Pemstar shareholders would be \$4.63.

Pemstar's board of directors and a special committee have determined that the merger is fair to and in the best interests of the Pemstar shareholders, and have unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. Accordingly, the Pemstar board of directors and the special committee recommend that the Pemstar shareholders vote **FOR** adoption of the merger agreement.

Your vote is very important, regardless of the number of shares you own. Pemstar cannot complete the merger unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the outstanding shares of Pemstar's common stock. **Because the affirmative vote required to adopt the merger agreement is based upon the total number of outstanding shares of Pemstar common stock, the failure to submit a proxy card or to vote online via the Internet, by telephone or in person, or the abstention from voting by a shareholder will have the same effect as a vote AGAINST adoption of the merger agreement.**

The accompanying notice of special meeting, proxy statement/prospectus and proxy card explain the proposed merger and provide specific information concerning the special meeting. Please read these materials carefully. **In particular, please read Risk Factors beginning on page 10.**

Allen J. Berning
Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the merger described in this proxy statement/prospectus or the Benchmark common stock to be issued in connection with the merger or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

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This proxy statement/prospectus is dated November 20, 2006
and is first being mailed to shareholders of Pemstar on or about November 20, 2006

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about Benchmark and Pemstar from documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

BENCHMARK ELECTRONICS, INC.

3000 Technology Drive
Angleton, Texas 77515
Attention: Secretary
Telephone: (979) 849-6550

PEMSTAR INC.

3535 Technology Drive, N.W.
Rochester, Minnesota 55901
Attention: Secretary
Telephone: (507) 535-4104

If you would like to request documents, please do so by December 6, 2006 in order to receive them before the special meeting.

See **Where You Can Find More Information** on page 71.

PEMSTAR INC.
3535 TECHNOLOGY DRIVE N.W.
ROCHESTER, MN 55901

NOTICE OF SPECIAL MEETING
OF SHAREHOLDERS
TO BE HELD ON December 20, 2006

TO THE SHAREHOLDERS OF PEMSTAR INC.:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of PEMSTAR Inc. (Pemstar) will be held at 3535 Technology Drive N.W., Rochester, Minnesota on December 20, 2006, at 10:00 a.m. Central Time, to consider and vote upon a proposal to adopt an Agreement and Plan of Merger dated as of October 16, 2006, by and among Benchmark Electronics, Inc., a Texas corporation (Benchmark), Autobahn Acquisition Corp., a Minnesota corporation and wholly-owned subsidiary of Benchmark (Merger Sub), and Pemstar. Pursuant to the terms of the merger agreement, Merger Sub will be merged with and into Pemstar, Pemstar will become a wholly-owned subsidiary of Benchmark and all outstanding shares of common stock of Pemstar will be converted into the right to receive shares of Benchmark common stock.

The merger is more fully described in, and the merger agreement is attached in its entirety to, the proxy statement/prospectus which accompanies this notice.

Pemstar shareholders of record at the close of business on November 15, 2006 are the only persons entitled to notice of and to vote at the special meeting or any postponement or adjournment thereof.

Your attention is directed to the accompanying proxy statement/prospectus. **Whether or not you plan to be personally present at the special meeting, please complete, sign, date and mail the enclosed proxy card as promptly as possible in order to save us further solicitation expense.** If you later desire to revoke your proxy, you may do so at any time before it is exercised. Please return your proxy card in the enclosed envelope for which no postage is required if mailed in the United States.

BY ORDER OF THE BOARD OF DIRECTORS

Allen J. Berning
Chief Executive Officer

November 20, 2006

TABLE OF CONTENTS

	Page
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	Q-1
<u>SUMMARY</u>	1
<u>General</u>	1
<u>The Special Meeting</u>	3
<u>The Merger</u>	3
<u>The Companies</u>	5
<u>Market Prices and Dividend Information</u>	6
<u>Comparative Per Share Information</u>	6
<u>Selected Historical Consolidated Financial Data of Benchmark</u>	8
<u>Selected Historical Consolidated Financial Data of Pemstar</u>	8
<u>Selected Unaudited Pro Forma Condensed Consolidated Financial Information</u>	9
<u>RISK FACTORS RELATING TO THE MERGER</u>	10
<u>THE SPECIAL MEETING</u>	12
<u>Date, Time and Place</u>	12
<u>Purpose of the Special Meeting</u>	12
<u>Record Date; Required Vote; Quorum</u>	12
<u>Shares Owned by Pemstar Directors and Executive Officers</u>	12
<u>Voting of Proxies</u>	12
<u>Revocability of Proxies</u>	13
<u>Solicitation of Proxies</u>	13
<u>THE COMPANIES</u>	14
<u>Benchmark</u>	14
<u>Pemstar</u>	14
<u>THE MERGER</u>	15
<u>Background to the Merger</u>	15
<u>Reasons for the Merger and Recommendation of the Pemstar Board of Directors</u>	18
<u>Opinion of Pemstar's Financial Advisor</u>	20
<u>Interests of Pemstar Directors and Executive Officers in the Merger</u>	29
<u>Form of the Merger</u>	31
<u>Merger Consideration</u>	31
<u>Ownership of Benchmark Following the Merger</u>	32
<u>Conversion of Shares; Procedures for Exchange of Certificates; Fractional Shares</u>	32
<u>Effective Time of the Merger</u>	33
<u>Stock Exchange Listing of Benchmark Common Stock</u>	33
<u>Delisting and Deregistration of Pemstar Common Stock</u>	33
<u>Material United States Federal Income Tax Consequences of the Merger</u>	33
<u>Regulatory Matters</u>	35
<u>Dissenters' Rights</u>	35
<u>Pemstar Employee Benefits and Other Employee Matters</u>	36
<u>Treatment of Stock Options</u>	36
<u>Indemnification and Insurance</u>	36
<u>Resale of Benchmark Common Stock</u>	37
<u>THE MERGER AGREEMENT</u>	38
<u>Conditions to the Completion of the Merger</u>	38
<u>Important Definitions</u>	39
<u>No Solicitation</u>	40
<u>Termination of the Merger Agreement</u>	42

<u>Fees and Expenses</u>	43
<u>Conduct of Business Pending the Merger</u>	44
<u>Representations and Warranties</u>	47
<u>Benchmark's Right to Require Pemstar to Hold the Pemstar Shareholders' Meeting</u>	48
<u>Commercially Reasonable Efforts</u>	48
<u>Articles of Incorporation and By-laws of the Surviving Corporation</u>	48
<u>Amendment</u>	49
<u>Extension: Waiver</u>	49
<u>Specific Enforcement</u>	49
<u>UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	50
<u>COMPARATIVE STOCK PRICES AND DIVIDENDS</u>	56
<u>DESCRIPTION OF BENCHMARK CAPITAL STOCK</u>	57
<u>COMPARISON OF RIGHTS OF COMMON SHAREHOLDERS OF BENCHMARK AND COMMON SHAREHOLDERS OF PEMSTAR</u>	58
<u>LEGAL MATTERS</u>	70
<u>EXPERTS</u>	70
<u>OTHER MATTERS</u>	70
<u>FUTURE SHAREHOLDER PROPOSALS</u>	70
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	71
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	73

Annexes

Annex I Agreement and Plan of Merger

Annex II Opinion of Piper Jaffray

QUESTIONS AND ANSWERS ABOUT THE MERGER

The following are some questions that you, as a shareholder of Pemstar, may have regarding the merger and the answers to those questions. Pemstar shareholders are urged to read carefully the remainder of this proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the issuance of Benchmark common stock to Pemstar shareholders pursuant to the merger. Additional important information is also contained in the annexes to and the documents incorporated by reference in this proxy statement/prospectus.

Q: What am I being asked to vote on?

A: You are being asked to vote to adopt the merger agreement entered into among Pemstar, Benchmark and Merger Sub, a wholly owned subsidiary of Benchmark. In the merger, Merger Sub will be merged with and into Pemstar.

Q: What will happen to Pemstar as a result of the merger?

A: If the merger is completed, Pemstar will become a wholly owned subsidiary of Benchmark.

Q: What will I receive in the merger?

A: Upon completion of the merger, you will receive for each share of Pemstar common stock 0.160 of a share of Benchmark common stock.

Q: Does the Pemstar board of directors support the merger?

A: Yes. The Pemstar board of directors and a special committee of the Pemstar board of directors formed in accordance with Section 302A.673 of the Minnesota Business Corporation Act (the Special Committee) have determined that the merger is fair to and in the best interests of the Pemstar shareholders, and have unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. Accordingly, the Pemstar board of directors and the Special Committee recommend that Pemstar shareholders vote **FOR** adoption of the merger agreement.

Q: Where and when is the special meeting of shareholders?

A: The special meeting is scheduled to take place at 3535 Technology Drive, N.W., Rochester, Minnesota, on December 20, 2006 at 10:00 a.m. Central Time.

Q: Who can vote at the special meeting?

A: You can vote at the special meeting if you owned shares of Pemstar common stock at the close of business on November 15, 2006, the record date for the special meeting. As of the close of business on that day, 45,526,599 shares of Pemstar common stock were outstanding.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, please complete, sign and date your proxy and return it in the enclosed postage-paid return envelope or submit your proxy by telephone or on the Internet as soon as possible, so that your shares may be represented at the special meeting. If you sign and send in your proxy and do not indicate how you want to vote, we will count your proxy as a vote in favor of adoption of the merger agreement. The failure by the holder of any such shares to submit a proxy or to vote in person at the special meeting, including abstentions and broker non-votes, will have the same effect as if you voted **AGAINST** the adoption of the merger agreement.

Q-1

Q: Can I change my vote after I have mailed my signed proxy?

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting. You can do this in one of three ways. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can complete and submit a new valid proxy bearing a later date by Internet, telephone or mail. If you choose to send a written notice or to mail your new proxy, you must submit your notice of revocation or your new proxy to Pemstar at 3535 Technology Drive, N.W., Rochester, Minnesota 55901, Attention: Secretary. Third, you can attend the special meeting and vote in person. Attendance at the special meeting will not in and of itself constitute revocation of a proxy.

Q: If my Pemstar shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will vote your Pemstar shares only if you provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without instructions, your shares will not be voted and will have the same effect as if you voted **AGAINST** the adoption of the merger agreement.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, you will receive a transmittal form with instructions for the surrender of Pemstar common stock certificates. Please do not send in your stock certificates with your proxy.

Q: Is the merger expected to be taxable to me?

A: The merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code), and it is a closing condition to the merger that Benchmark and Pemstar receive opinions of their respective counsel regarding such qualification. As a result of the merger's qualification as a reorganization, Pemstar shareholders will not recognize gain or loss for United States federal income tax purposes upon the exchange of shares of Pemstar common stock for shares of Benchmark common stock, except with respect to cash received in lieu of fractional shares of Benchmark common stock.

You should read *The Merger Material United States Federal Income Tax Consequences of the Merger* beginning on page 33 for a more complete discussion of United States federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. **You should consult your tax advisor to determine the tax consequences of the merger to you.**

Q: When do you expect the merger to be completed?

A: We are working to complete the merger as quickly as possible. If adopted by Pemstar shareholders, it is anticipated that the merger will be completed in the first calendar quarter of 2007. However, it is possible that factors outside our control could require us to complete the merger at a later time or not complete it at all.

Q: Can I dissent and require appraisal of my shares?

A: No. Pemstar shareholders do not have dissenters' rights under Minnesota law in connection with the merger.

Q: Who can help answer my questions?

A: If you have any questions about the merger or if you need additional copies of this proxy statement/prospectus or the enclosed proxy, you should contact:

Morrow & Co., Inc.

470 West Avenue

3rd Floor

Stamford, CT 06902

800-607-0088

Q-2

SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should carefully read this entire proxy statement/prospectus and the other documents to which we refer you, including, in particular, the copies of the merger agreement and the opinion of Piper Jaffray that are attached to this proxy statement/prospectus as Annexes I and II, respectively. See also "Where You Can Find More Information" on page 71. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary.

General

What Pemstar Shareholders Will Receive in the Merger (page 31)

In the merger, holders of Pemstar common stock will receive, for each share of common stock they own, 0.160 of a share of Benchmark common stock. The Benchmark common stock to be received in the merger is referred to as the merger consideration in this proxy statement/prospectus.

Treatment of Stock Options (page 36)

The vesting of each option to acquire Pemstar common stock held by employees, including officers, and non-employee directors of Pemstar will be accelerated as a result of the transaction.

Each stock option held by a Pemstar employee immediately prior to the effective time of the merger will be converted into an option to acquire, on the same terms and conditions as were applicable under such Pemstar stock option (taking into account the acceleration of vesting occurring as a result of the transaction), the number of shares of Benchmark common stock determined by multiplying the number of shares of Pemstar common stock subject to such Pemstar option immediately prior to the effective time of the merger by the exchange ratio in the merger, at an exercise price per share equal to the per share exercise price of the Pemstar stock option divided by the exchange ratio in the merger. The number of shares will be rounded down to the nearest whole share, the exercise price will be rounded up to the nearest whole cent, and any options intended to qualify as incentive stock options (as defined in Section 422 of the Code) (ISOs) will be adjusted in a manner intended to preserve their qualification as ISOs.

Each stock option held by a Pemstar non-employee director immediately prior to the effective time of the merger will be canceled in exchange for a single lump sum cash payment equal to the product of (1) the number of shares of Pemstar common stock subject to such Pemstar stock option immediately prior to the effective time of the merger and (2) the excess, if any, of (i) the product of (A) the exchange ratio in the merger and (B) the per share closing price of Benchmark common stock, as such price is reported on the New York Stock Exchange Composite Transactions Tape on the date that is two days prior to the closing date of the merger over (ii) the per share exercise price of such stock option.

Ownership of Benchmark Following the Merger (page 32)

Based on the number of outstanding shares of Pemstar common stock on the record date and the number of outstanding shares of Benchmark common stock on November 15, 2006, we anticipate that Pemstar shareholders will own approximately 11% of the outstanding shares of Benchmark common stock following the merger.

Material United States Federal Income Tax Consequences of the Merger (page 33)

Benchmark and Pemstar have structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to completion of the merger that Benchmark

receive an opinion from Cravath, Swaine & Moore LLP and Pemstar receive an opinion from Dorsey & Whitney LLP, in each case dated as of the closing date of the merger, that the merger will qualify as such a reorganization, and that Benchmark, Merger Sub and Pemstar will each be a party to that reorganization within the meaning of Section 368(b) of the Code. If the merger qualifies as a reorganization, a Pemstar shareholder generally will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of its shares of Pemstar common stock for shares of Benchmark common stock. However, any cash received in lieu of a fractional share of Benchmark common stock will result in the recognition of gain or loss as if such shareholder sold its fractional share. A Pemstar shareholder's aggregate adjusted tax basis in the shares of Benchmark common stock that it receives in the merger generally will equal its current aggregate adjusted tax basis in its Pemstar common stock (excluding the portion of such adjusted tax basis allocable to any Benchmark fractional share interest for which it receives cash). **Shareholders are urged to consult their own tax advisor to determine the particular U.S. federal, state or local or foreign income or other tax consequences to them of the merger.**

Recommendation of the Pemstar Board of Directors (page 18)

After careful consideration, Pemstar's board of directors and the Special Committee have determined that the merger is fair to and in the best interests of the Pemstar shareholders, and have unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. Accordingly, the Pemstar board of directors and the Special Committee recommend that the Pemstar shareholders vote **FOR** adoption of the merger agreement.

Opinion of Piper Jaffray (page 20 and Annex II)

Piper Jaffray & Co (Piper Jaffray) delivered its opinion to the Pemstar board of directors that, as of the date of its opinion and based upon and subject to the assumptions made, matters considered and limits of the review undertaken by it, the merger consideration to be received by the holders of Pemstar shares (other than Benchmark and its affiliates) pursuant to the proposed merger agreement was fair, from a financial point of view, to such shareholders.

The full text of Piper Jaffray's written opinion, dated October 16, 2006, is attached as Annex II to this proxy statement/prospectus. Pemstar shareholders are encouraged to read Piper Jaffray's opinion carefully in its entirety, including the description of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Piper Jaffray in rendering its opinion. The opinion addresses only the fairness of the merger consideration to Pemstar shareholders from a financial point of view, does not address the merits of the underlying decision by Pemstar to engage in the merger and does not constitute a recommendation to any Pemstar shareholder as to how to vote on the proposal to adopt the merger agreement.

Interests of Pemstar Directors and Executive Officers in the Merger (page 29)

In considering the recommendation of the Pemstar board of directors with respect to the merger agreement and the merger, you should be aware that some of Pemstar's directors and executive officers have interests in the merger and may have arrangements that are different from, or in addition to, those of the Pemstar shareholders generally. The Pemstar board of directors was aware of these interests and considered them, among other matters, in reaching its decision to approve the merger agreement and the merger and to recommend that the Pemstar shareholders vote in favor of adoption of the merger agreement.

Comparison of Rights of Common Shareholders of Benchmark and Common Shareholders of Pemstar (page 58)

Pemstar shareholders, whose rights are currently governed by the Pemstar articles of incorporation, as amended (the Pemstar articles of incorporation), the Pemstar amended and restated by-laws (the Pemstar by-laws) and Minnesota law, will, upon completion of the merger, become shareholders of Benchmark and their rights will be governed by the Benchmark amended and restated articles of incorporation, as amended (the Benchmark articles of incorporation), the Benchmark amended and restated by-laws (the Benchmark by-laws) and Texas law.

The Special Meeting (page 12)

The special meeting of Pemstar shareholders will be held at 3535 Technology Drive N.W., Rochester, Minnesota on December 20, 2006, at 10:00 a.m. Central Time. At the special meeting, Pemstar shareholders will be asked to adopt the merger agreement and to transact such other business as may properly come before the meeting.

Record Date; Voting Power (page 12)

Pemstar shareholders are entitled to vote at the special meeting if they owned shares of Pemstar as of the close of business on November 15, 2006, the record date.

On the record date, there were 45,526,599 shares of Pemstar common stock entitled to vote at the special meeting. Shareholders will have one vote at the special meeting for each share of Pemstar common stock that they owned on the record date.

Vote Required (page 12)

Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the voting power of all shares entitled to vote.

Shares Owned by Pemstar Directors and Executive Officers (page 12)

On the record date, directors and executive officers of Pemstar beneficially owned and were entitled to vote approximately 5,983,002 shares of Pemstar common stock, which represented approximately 13% of the shares of Pemstar common stock outstanding on that date.

The Merger (page 38)

The merger agreement is attached as Annex I to this proxy statement/prospectus. We encourage you to read the merger agreement because it is the principal document governing the merger.

Conditions to the Completion of the Merger (page 38)

Pemstar and Benchmark are obligated to complete the merger only if they satisfy several conditions, including the following:

- the merger agreement has been adopted by the affirmative vote of a majority of the voting power of the shares of Pemstar common stock issued and outstanding on the record date;
- the shares of Benchmark common stock to be issued in the merger have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;
- the waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), has expired or has been terminated;

- no temporary restraining order, preliminary or permanent injunction or other judgment or order issued by any court of competent jurisdiction or statute, law, rule, other legal restraint or prohibition is in effect preventing the consummation of the merger;
- the registration statement, of which this proxy statement/prospectus forms a part, has been declared effective and is not the subject of any stop order or pending or threatened proceedings seeking a stop order;
- the receipt of a written opinion from Benchmark's and Pemstar's counsel to the effect that the merger will be treated for U.S. Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and that Benchmark, Merger Sub and Pemstar will each be a party to that reorganization within the meaning of Section 368(b) of the Code; and
- other contractual conditions set forth in the merger agreement.

In addition, Benchmark is obligated to complete the merger only if:

- there is no pending or overtly threatened suit, action or proceeding by any governmental entity (or by any other person having a reasonable likelihood of prevailing in a manner contemplated in the three sub-bullets below):

challenging the acquisition by Benchmark or Merger Sub of any shares of Pemstar common stock, seeking to restrain or prohibit the consummation of the merger or any other transaction contemplated by the merger agreement, or seeking to place limitations on the ownership of shares of Pemstar common stock (or shares of common stock of the surviving corporation) by Benchmark, Merger Sub or any other affiliate of Benchmark or seeking to obtain from Pemstar, Benchmark, Merger Sub or any other affiliate of Benchmark any damages that are material in relation to Pemstar;

seeking to prohibit or materially limit the ownership or operation by Pemstar, Benchmark or any of their respective subsidiaries of any portion of any business or of any assets of Pemstar, Benchmark or any of their respective subsidiaries, or to compel Pemstar, Benchmark or any of their respective subsidiaries to divest or hold separate any portion of any business or of any assets of Pemstar, Benchmark or any of their respective subsidiaries, in each case, as a result of the merger; or

seeking to prohibit Benchmark or any of its affiliates from effectively controlling in any material respect the business or operations of Pemstar or any of its subsidiaries;

- no restraint is in effect that could reasonably be expected to result, directly or indirectly, in any of the effects referred to in the three preceding sub-bullets; and
- Pemstar has obtained all consents, approvals and waivers set forth in the Pemstar disclosure schedule, and these consents, approvals and waivers are in full force and effect on the closing date.

For a more complete description of the conditions to completion of the merger, see [The Merger Agreement](#) [Conditions to the Completion of the Merger](#).

Termination of the Merger Agreement; Termination Fee (pages 42 and 43)

The merger agreement contains provisions addressing the circumstances under which Benchmark or Pemstar may terminate the merger agreement. In addition, the merger agreement provides that, in several circumstances, Pemstar may be required to pay Benchmark a termination fee of \$12 million. For a more complete description, see [The Merger Agreement](#) [Termination of the Merger Agreement](#) and [Fees and Expenses](#).

Commercially Reasonable Efforts (pages 48)

Under the merger agreement, Benchmark and Pemstar have agreed to use commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, and to assist and cooperate with the other parties in doing all things necessary, proper or advisable to consummate and make effective the merger and the other transactions contemplated by the merger agreement in the most expeditious manner practicable.

Regulatory Matters (page 35)

United States antitrust laws prohibit Benchmark and Pemstar from completing the merger until they have furnished certain information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission, and a required waiting period has ended. Benchmark and Pemstar filed the required notification and report forms with the Antitrust Division of the Department of Justice and the Federal Trade Commission on October 26, 2006.

Fees and Expenses (page 43)

Each of Benchmark and Pemstar will pay its own fees and expenses in connection with the merger. However, Benchmark and Pemstar will share equally all fees and expenses, other than attorneys' and accounting fees and expenses, incurred in relation to the filing, printing and mailing of this proxy statement/prospectus. In addition, each party will reimburse the other party if the merger agreement is terminated because of the other party's failure to perform any of its representations, warranties, covenant or agreements set forth in the merger agreement that would give rise to a failure of a condition and is incapable of being cured (or is not cured).

The Companies (page 14)

Benchmark Electronics, Inc.
3000 Technology Drive
Angleton, Texas 77515
Telephone: (979) 849-6550

Benchmark, incorporated in Texas in 1981, is in the business of manufacturing electronics and provides services to original equipment manufacturers (OEMs) of computers and related products for business enterprises, medical devices, industrial control equipment, testing and instrumentation products, and telecommunication equipment. These services are commonly referred to as electronics manufacturing services (EMS). Benchmark offers its customers comprehensive and integrated design and manufacturing services, from initial product design to volume production and direct order fulfillment. Benchmark also provides specialized engineering services, including product design, printed circuit board layout, prototyping and test development.

Pemstar Inc.
3535 Technology Drive, N.W.
Rochester, Minnesota 55901
Telephone: (507) 535-4104

Pemstar, incorporated in Minnesota in 1994, provides a comprehensive range of global engineering, product design, automation and test, manufacturing and fulfillment services to its customers in the industrial equipment, medical, computing and data storage, and communications industries. Pemstar provides these services on a global basis through eleven strategic locations in the Americas, Asia, and Europe. These integrated service offerings support its customers' needs from initial product development and design through manufacturing to worldwide distribution and aftermarket support.

Market Prices and Dividend Information (page 56)

Shares of Benchmark common stock are listed on the New York Stock Exchange. Shares of Pemstar common stock are listed on the Nasdaq Global Market. The following table presents:

- the last reported sale price of a share of Benchmark common stock, as reported by the New York Stock Exchange Composite Transactions Tape,
- the last reported sale price of a share of Pemstar common stock, as reported by the Nasdaq Global Market, and
- the market value of Pemstar common stock on an equivalent price per share basis, as determined by reference to the value of the merger consideration to be received in respect of each share of Pemstar common stock in the merger,

in each case on October 16, 2006, the last full trading day prior to the public announcement of the merger, and on November 17, 2006, the latest practicable date before the date of this proxy statement/prospectus.

Date	Benchmark Common Stock		Pemstar Common Stock		Equivalent Price per Share of Pemstar Common Stock	
October 16, 2006	\$	28.93	\$	3.65	\$	4.63
November 17, 2006	\$	26.33	\$	4.12	\$	4.21

These prices will fluctuate prior to the special meeting and the consummation of the merger, and shareholders are urged to obtain current market quotations prior to making any decision with respect to the merger.

Neither Benchmark nor Pemstar has declared or paid any dividends on its respective shares of common stock. See Comparative Stock Prices and Dividends.

Comparative Per Share Information

The following tables set forth for the periods presented certain per share data of Benchmark and Pemstar on a historical basis and on an unaudited pro forma basis after giving effect to the merger under the purchase method of accounting. The historical per share data of Benchmark and Pemstar has been derived from, and should be read in conjunction with, the historical financial statements of Benchmark and Pemstar incorporated by reference in this proxy statement/prospectus. See Where You Can Find More Information. The unaudited pro forma per share data has been derived from, and should be read in conjunction with, the unaudited pro forma condensed consolidated financial statements included elsewhere in this proxy statement/prospectus. See Unaudited Pro Forma Condensed Consolidated Financial Statements.

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The Pemstar unaudited pro forma equivalent data was calculated by multiplying the corresponding Benchmark unaudited pro forma consolidated data by the exchange ratio of 0.160. This data shows how each share of Pemstar common stock would have participated in net income and book value of Benchmark if the companies had always been consolidated for accounting and financial reporting purposes for all periods presented. These amounts, however, are not intended to reflect future per share levels of net income and book value of Benchmark.

	Nine Months Ended September 30, 2006	Year Ended December 31, 2005
BENCHMARK HISTORICAL		
Net income from continuing operations per share basic	\$ 1.30	\$ 1.29
Net income from continuing operations per share diluted	\$ 1.28	\$ 1.25
Book value at end of period per common share outstanding	\$ 14.76	\$ 13.38

	Nine Months Ended September 30, 2006	Year Ended March 31, 2006
PEMSTAR HISTORICAL		
Net income (loss) from continuing operations per share basic	\$ 0.20	\$ (0.46)
Net income (loss) from continuing operations per share diluted	\$ 0.20	\$ (0.46)
Book value at end of period per common share outstanding	\$ 2.30	\$ 2.09

	Nine Months Ended September 30, 2006	Year Ended December 31, 2005
UNAUDITED BENCHMARK PRO FORMA COMBINED		
Net income from continuing operations per share basic	\$ 1.31	\$ 0.91
Net income from continuing operations per share diluted	\$ 1.29	\$ 0.90
Book value at end of period per common share outstanding	\$ 16.26	
UNAUDITED PRO FORMA PEMSTAR EQUIVALENTS		
Net income from continuing operations per share basic	\$ 0.21	\$ 0.15
Net income from continuing operations per share diluted	\$ 0.21	\$ 0.14
Book value at end of period per common share outstanding	\$ 2.60	

Selected Historical Consolidated Financial Data of Benchmark

The following selected consolidated financial information of Benchmark, as of and for each of the five fiscal years in the period ended December 31, 2005, has been derived from Benchmark's audited historical financial statements incorporated by reference in this proxy statement/prospectus. The financial statements for those periods were audited by KPMG LLP, an independent registered public accounting firm. The selected financial information as of and for the nine-month periods ended September 30, 2006 and 2005, has been derived from Benchmark's unaudited consolidated financial statements. This information is only a summary and should be read in conjunction with management's discussion and analysis of results of operations and financial condition of Benchmark and the consolidated financial statements and notes thereto of Benchmark incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#).

	Nine Months Ended September 30,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
	(in thousands, except per share data)						
Revenue	\$ 2,169,964	\$ 1,631,851	\$ 2,257,225	\$ 2,001,340	\$ 1,839,821	\$ 1,630,020	\$ 1,276,950
Income (loss) from operations	93,460	70,228	99,280	92,659	90,590	59,055	(42,381)
Net income (loss)	83,382	55,934	80,589	70,991	55,436	35,893	(54,312)
Net income (loss) per share basic	1.30	0.89	1.29	1.15	0.97	0.69	(1.23)
Net income (loss) per share diluted	1.28	0.87	1.25	1.11	0.93	0.67	(1.23)
Total assets	1,519,861	1,184,774	1,298,408	1,092,001	1,038,038	932,251	686,105
Long-term debt					21,028	137,167	147,262
Shareholders' equity	\$ 953,929	\$ 817,131	\$ 846,119	\$ 751,517	\$ 664,325	\$ 499,030	\$ 351,682

Selected Historical Consolidated Financial Data of Pemstar

The following selected consolidated financial information of Pemstar, as of and for each of the five fiscal years in the period ended March 31, 2006, has been derived from Pemstar's audited historical financial statements incorporated by reference in this proxy statement/prospectus. The consolidated financial statements for annual periods ended March 31, 2005 and following were audited by Grant Thornton LLP, an independent registered public accounting firm. The consolidated financial statements for periods ended March 31, 2004 and prior were audited by Ernst & Young LLP, an independent registered public accounting firm. The selected financial information as of and for the six-month periods ended September 30, 2006 and 2005, has been derived from Pemstar's unaudited consolidated financial statements. This information is only a summary and should be read in conjunction with management's discussion and analysis of results of operations and financial condition of Pemstar and the consolidated financial statements and notes thereto of Pemstar incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#).

	Six Months Ended September 30,		Year Ended March 31,				
	2006	2005	2006	2005	2004	2003	2002
	(in thousands, except per share data)						
Net Sales	\$ 424,763	\$ 420,917	\$ 871,018	\$ 659,651	\$ 629,830	\$ 621,137	\$ 617,826
Net Income (loss)	7,996	(31,078)	(28,153)	(33,737)	(25,284)	(38,764)	(54,017)
Net income (loss) per share basic	0.18	(0.69)	(0.62)	(0.75)	(0.60)	(1.04)	(1.56)
Net income (loss) per share diluted	0.17	(0.69)	(0.62)	(0.75)	(0.60)	(1.04)	(1.56)
Total assets	383,048	371,345	334,232	343,994	394,133	372,062	395,724
Long-term debt	106,046	117,642	100,072	98,054	91,110	96,704	99,326
Shareholders' equity	104,388	92,842	94,742	125,171	158,309	159,867	193,397
Book value per common share	\$ 2.30	\$ 2.05	\$ 2.09	\$ 2.77	\$ 3.51	\$ 4.26	\$ 5.27

Selected Unaudited Pro Forma Condensed Consolidated Financial Information

The following selected unaudited pro forma condensed consolidated financial information is based upon Benchmark's and Pemstar's historical consolidated financial information incorporated by reference in this proxy statement/prospectus, and has been prepared to reflect the proposed merger based on the purchase method of accounting. The historical consolidated financial information has been adjusted to give effect to pro forma events that are directly attributable to the merger or considered intercompany transactions and factually supportable. The selected unaudited pro forma condensed consolidated financial information is derived from the unaudited pro forma condensed consolidated financial statements contained elsewhere in this proxy statement/prospectus. See Unaudited Pro Forma Condensed Consolidated Financial Statements. The unaudited pro forma condensed consolidated statements of income, which have been prepared for the nine months ended September 30, 2006 and for the year ended December 31, 2005, give effect to the merger as if it had occurred on January 1, 2005. The unaudited pro forma condensed consolidated balance sheet has been prepared as of September 30, 2006 and gives effect to the merger as if it had occurred on that date.

The unaudited pro forma condensed consolidated financial information is presented for informational purposes only. The pro forma information is not necessarily indicative of what the financial position or results of operations actually would have been had the merger been completed at the dates indicated. In addition, the unaudited pro forma condensed consolidated financial information does not purport to project the future financial position or operating results of Benchmark after completion of the merger.

The unaudited pro forma condensed consolidated financial information was prepared using the purchase method of accounting with Benchmark treated as the acquiror. The unaudited pro forma condensed consolidated financial information does not give effect to any potential cost savings or other operating efficiencies that could result from the merger. In addition, Benchmark's cost to acquire Pemstar will be allocated to the assets acquired and liabilities assumed based upon their estimated fair values as of the date of acquisition. The allocation is dependent upon valuations and other studies that have not progressed to a stage where there is sufficient information to make a definitive allocation. Accordingly, the purchase price allocation pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed consolidated financial information in this proxy statement/prospectus.

	Nine Months Ended September 30, 2006	Year Ended December 31, 2005
	(in thousands, except per share data)	
Statement of Income Data:		
Revenue	\$ 2,790,943	\$ 3,128,243
Net Income from continuing operations	\$ 93,870	\$ 63,514
Net income from continuing operations per share - basic	\$ 1.31	\$ 0.91
Net income from continuing operation per share - diluted	\$ 1.29	\$ 0.90

	As of September 30, 2006
Balance Sheet Data:	
Total assets	\$ 2,032,223
Long-term debt	\$ 106,046
Shareholders' equity	\$ 1,169,574

RISK FACTORS RELATING TO THE MERGER

In addition to the other information included and incorporated by reference in this proxy statement/prospectus, Pemstar shareholders should consider carefully the matters described below in determining whether to adopt the merger agreement.

The exchange ratio will not be adjusted in the event that the value of Benchmark common stock declines before the merger is completed. As a result, the value of the shares of Benchmark common stock at the time that Pemstar shareholders receive them could be less than the value of those shares today. In the merger, Pemstar shareholders will be entitled to receive for each of their shares of Pemstar common stock 0.160 of a share of Benchmark common stock. Benchmark and Pemstar will not adjust the exchange ratio as a result of any change in the market price of Benchmark common stock between the date of this proxy statement/prospectus and the date that Pemstar shareholders receive shares of Benchmark common stock in exchange for their shares of Pemstar common stock. The market price of Benchmark common stock will likely be different, and may be lower, on the date Pemstar shareholders receive their shares of Benchmark common stock than the market price of shares of Benchmark common stock as of the date of this proxy statement/prospectus. Differences in Benchmark's stock price may be the result of changes in the business, operations or prospects of Benchmark, market reactions to the proposed merger, regulatory considerations, general market and economic conditions or other factors. If the market price of Benchmark common stock declines after Pemstar shareholders vote, Pemstar shareholders will receive less value than expected at the time of the vote.

The price of Benchmark common stock may be affected by factors different from those affecting the price of Pemstar common stock. Upon completion of the merger, holders of Pemstar common stock will become holders of Benchmark common stock. Benchmark's business, results of operations and prospects and the price of Benchmark common stock may be affected by factors different than those affecting Pemstar's business, results of operations and prospects and the price of Pemstar common stock. For a discussion of Benchmark's and Pemstar's businesses and factors to consider in connection with such businesses, see Benchmark's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, and Pemstar's Annual Report on Form 10-K for the fiscal year ended March 31, 2006, each of which is incorporated by reference in this proxy statement/prospectus.

The integration of Benchmark and Pemstar following the merger may present significant challenges. Benchmark and Pemstar may face significant challenges in combining their operations in a timely and efficient manner and retaining key Pemstar personnel and customers. The failure to integrate Benchmark and Pemstar successfully and to manage successfully the challenges presented by the integration process may result in Benchmark not achieving the anticipated potential benefits of the merger.

Obtaining required approvals and satisfying closing conditions may delay or prevent completion of the merger. Completion of the merger is conditioned upon the receipt of all material governmental authorizations, consents, orders and approvals, including, without limitation, the expiration or termination of the applicable waiting periods, and any extension of the waiting periods, under the HSR Act and other required approvals. Benchmark and Pemstar intend to pursue all required approvals in accordance with the merger agreement. These consents, orders and approvals may impose conditions on or require divestitures relating to the divisions, operations or assets of Benchmark or Pemstar. Such conditions or divestitures may jeopardize or delay completion of the merger or may reduce the anticipated benefits of the merger. Further, no assurance can be given that the required consents and approvals will be obtained or that the required conditions to closing will be satisfied, and, if all such consents and approvals are obtained and the conditions are satisfied, no assurance can be given as to the terms, conditions and timing of the approvals or that they will satisfy the terms of the merger agreement. See "The Merger Agreement - Conditions to the Completion of the Merger" for a discussion of the conditions to the

completion of the merger and The Merger Regulatory Matters for a description of the regulatory approvals necessary in connection with the merger.

Benchmark will incur transaction, integration and restructuring costs in connection with the merger. Benchmark and Pemstar expect to incur costs associated with transaction fees and other costs related to the merger. Specifically, Benchmark expects to incur approximately \$5 million for transaction costs related to the merger, which costs are expected to be recorded as a component of the purchase price. In addition, Benchmark will incur integration and restructuring costs following the completion of the merger as Benchmark integrates the businesses of Pemstar with those of Benchmark. Although Benchmark and Pemstar expect that the realization of efficiencies related to the integration of the businesses will offset incremental transaction, merger-related and restructuring costs over time, Benchmark cannot give any assurance that this net benefit will be achieved in the near term.

11

THE SPECIAL MEETING

Date, Time and Place

This proxy statement/prospectus is being mailed to Pemstar shareholders on or about November 20, 2006 in connection with the solicitation of proxies by the board of directors of Pemstar for use at the special meeting of shareholders to be held at 3535 Technology Drive N.W., Rochester, Minnesota on December 20, 2006 at 10:00 a.m. Central Time, and at any adjournment or postponement thereof.

Purpose of the Special Meeting

Shareholders of Pemstar will consider and vote upon the proposal to adopt the merger agreement and to transact such other business as may properly come before the meeting or any properly reconvened meeting following an adjournment or postponement thereof.

The Pemstar board of directors and the Special Committee have determined that the merger is fair to and in the best interests of the Pemstar shareholders, and have unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. Accordingly, the Pemstar board of directors and the Special Committee recommend that the Pemstar shareholders vote FOR the adoption of the merger agreement.

Record Date; Required Vote; Quorum

The close of business on November 15, 2006 has been fixed as the record date for the determination of shareholders entitled to notice of, and to vote at, the special meeting and at any adjournment or postponement thereof. As of the record date, there were outstanding 45,526,599 shares of Pemstar common stock.

The adoption of the merger agreement requires the affirmative vote of a majority of the voting power of the shares of Pemstar common stock issued and outstanding on the record date. Shareholders will be entitled to one (1) vote per share of Pemstar common stock on all matters submitted for a vote at the special meeting.

The presence at the special meeting, in person or by proxy, of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast at the special meeting will constitute a quorum. Abstentions and broker non-votes (described below) are counted in determining whether a quorum is present. A broker non-vote occurs when a broker or other nominee holding shares for a beneficial owner does not receive voting instructions from the beneficial owner. Abstentions and broker non-votes, because they are not treated as votes cast, will have the same effect as votes **AGAINST** the proposal to adopt the merger agreement.

Shares Owned by Pemstar Directors and Executive Officers

On the record date, directors and executive officers of Pemstar beneficially owned and were entitled to vote approximately 5,983,002 shares of Pemstar common stock, which represented approximately 13% of the shares of Pemstar common stock outstanding on that date. Pemstar currently expects that Pemstar's directors and officers will vote their shares in favor of the adoption of the merger agreement at the special meeting, although none of them has entered into any agreement obligating them to do so.

For information regarding the beneficial ownership of Pemstar common stock by certain beneficial owners and each current Pemstar director and executive officer, see Pemstar's proxy statement used in connection with its 2006 annual meeting of shareholders, which is incorporated by reference in this proxy statement/prospectus.

Voting of Proxies

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This proxy statement/prospectus is being sent to Pemstar shareholders on behalf of the board of directors of Pemstar for the purpose of requesting that you allow your shares of Pemstar common stock to be represented by the persons named in the enclosed proxy card. All shares of Pemstar common stock

12

represented at the meeting by properly executed proxy cards will be voted in accordance with the instructions indicated on that proxy. If you sign and return a proxy card without giving voting instructions, your shares will be voted as recommended by the board of directors of Pemstar. **The board of directors of Pemstar recommends a vote FOR the adoption of the merger agreement.**

If you hold shares of record as a registered shareholder, please follow the voting instructions included on the enclosed proxy card. If your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, you will need to obtain instructions from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker, bank or other nominee to vote your shares. Many such firms make telephone and/or Internet voting available, but the specific processes available will depend on those firms' individual arrangements.

Even if you plan to attend the special meeting, Pemstar recommends that you submit your proxy so that your vote will be counted even if you later decide not to attend the meeting. In addition, please note that if your shares are held in street name, and you wish to vote at the special meeting, you must bring to the special meeting a proxy from the record holder of the shares authorizing you to vote at the special meeting.

Pemstar does not expect that any matter other than the proposal to adopt the merger agreement will be brought before the special meeting. If, however, any other matter is properly presented at the special meeting or any properly reconvened meeting following an adjournment or postponement of the special meeting, the persons named as proxies in the proxy card will use their own judgment to determine how to vote your shares.

Revocability of Proxies

You may revoke your proxies at any time prior to the time the vote is taken at the special meeting. To revoke your proxy, you must either submit a signed notice of revocation to Pemstar's Secretary at the address set forth on page 73, submit a later-dated proxy or attend the special meeting and vote your shares in person. Attendance at the special meeting does not by itself constitute the revocation of a proxy. If your shares are held in street name, you may change your vote by submitting new voting instructions to your broker, bank or other nominee in accordance with the procedures established by them. Please contact your broker, bank or other nominee and follow its directions in order to change your vote or revoke your proxy.

Solicitation of Proxies

The board of directors of Pemstar is soliciting proxies from its shareholders. Pemstar and Benchmark will each pay one-half of the fees and expenses, other than attorneys' and accounting fees and expenses, incurred in relation to the printing, filing and distribution of this proxy statement/prospectus and the proxy cards to shareholders of Pemstar. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of Pemstar common stock beneficially owned by others to forward to such beneficial owners. Persons representing beneficial owners of Pemstar common stock may be reimbursed for their costs of forwarding solicitation materials to such beneficial owners. In addition to soliciting proxies by mail, directors, officers or employees of Pemstar and Benchmark may solicit proxies personally and by telephone, email or otherwise. None of these persons will receive additional or special compensation for soliciting proxies.

Pemstar has retained Morrow & Co., Inc. (Morrow) to assist in the solicitation of proxies for the special meeting and to verify the records relating to the solicitations. Morrow will be paid a fee of approximately \$12,000, plus reimbursement of its out-of-pocket expenses. Morrow's address and telephone numbers are as follows:

Morrow & Co., Inc.
470 West Avenue
3rd Floor
Stamford, CT 06902
800-607-0088

THE COMPANIES

Benchmark

Benchmark is in the business of manufacturing electronics and provides services to OEMs of computers and related products for business enterprises, medical devices, industrial control equipment, testing and instrumentation products, and telecommunication equipment. Benchmark offers its customers comprehensive and integrated design and manufacturing services, from initial product design to volume production and direct order fulfillment. Benchmark also provides specialized engineering services, including product design, printed circuit board layout, prototyping and test development.

Benchmark currently operates a total of 54 surface mount production lines (where electrical components are soldered directly onto printed circuit boards) at its domestic facilities and 61 surface mount production lines at its international facilities. Its worldwide facilities include 2.1 million square feet in its domestic facilities in Alabama, Colorado, Minnesota, New Hampshire, Oregon, Texas and Washington; and 0.8 million square feet in its international facilities in Brazil, China, Ireland, Mexico, Singapore and Thailand. Its facility in Loveland, Colorado will cease significant operations at the end of the fourth quarter of 2006.

Benchmark is a Texas corporation with its executive offices at 3000 Technology Drive, Angleton, Texas 77515. Its telephone number is (979) 849-6550.

Pemstar

Pemstar, incorporated in Minnesota in 1994, provides a comprehensive range of global engineering, product design, automation and test, manufacturing and fulfillment services to its customers in the industrial equipment, medical, computing and data storage, and communications industries. Pemstar provides these services on a global basis through eleven strategic locations in the Americas, Asia, and Europe. These integrated service offerings support its customers' needs from initial product development and design through manufacturing to worldwide distribution and aftermarket support.

Pemstar is a Minnesota corporation with its executive offices at 3535 Technology Drive, N.W., Rochester, Minnesota 55901. Its telephone number is (507) 288-6720.

THE MERGER

Background to the Merger

As participants in the electronics manufacturing services industry, the management of Benchmark and Pemstar are generally familiar with each other's business. On an ongoing basis, each of Benchmark and Pemstar evaluates alternatives for achieving their long-term strategic goals of enhancing shareholder value.

During 2005 and 2006, Cary T. Fu, President and Chief Executive Officer of Benchmark, and Allen J. Berning, Chairman and Chief Executive Officer of Pemstar, had various discussions regarding the strategic fit between the two companies and the benefits of a potential merger. From these meetings the CEOs acknowledged that a strategic merger had merit. Also during 2005 and 2006, Pemstar engaged in a restructuring effort to address the issues caused by the continued challenges that Pemstar and much of the electronics manufacturing services industry had been experiencing since 2001. The positive results of this restructuring effort began to fully emerge in the summer of 2005, which set the stage for a further evaluation of the merits of a merger.

On April 25, 2005, Mr. Fu, Gayla J. Delly, Executive Vice President and Chief Financial Officer of Benchmark, Mr. Berning, Gregory S. Lea, Executive Vice President, Finance and Chief Financial Officer of Pemstar, and representatives of Needham & Company (Needham) met to discuss the potential for a business combination between Benchmark and Pemstar. Prior to these discussions, on April 19, 2005, Pemstar and Benchmark had entered into a confidentiality agreement. Also in April 2005, Credit Suisse Securities (USA) LLC (Credit Suisse) began working with Benchmark as its financial advisor in connection with a potential transaction with Pemstar.

On May 13, 2005, representatives of Needham met with Mr. Berning, Roy Bauer, President and Chief Operating Officer of Pemstar, and Shayn Carlson, Executive Director of Financial Planning and Investor Relations of Pemstar, to continue discussions regarding the potential for a business combination between Benchmark and Pemstar. Throughout June and July of 2005, members of Pemstar management held continued discussions with members of Benchmark management regarding the potential for a business combination between Benchmark and Pemstar.

On July 21, 2005, Pemstar engaged Needham as its exclusive financial advisor in connection with a potential transaction involving Benchmark or a similar party.

On July 28, 2005, Mr. Berning, Mr. Lea, Mr. Fu, and Ms. Delly and representatives of Needham met in Houston to continue discussions regarding the potential for a business combination between Benchmark and Pemstar. In connection with these discussions, representatives from Benchmark visited Pemstar's facilities in Tianjin, China during August 2005. On August 4, 2005 at a regular meeting of the Pemstar board of directors, a pricing committee was re-established and Al Berning, Bruce Jaffe, Greg Lea and Ken Hendrickson were elected to the pricing committee, with Michael Odrich to serve as advisor to the committee (on May 4, 2006 Steve Snyder replaced Ken Hendrickson, in anticipation of Mr. Hendrickson's retirement from the Pemstar board of directors). On August 18, 2005, the pricing committee, together with Mr. Bauer and Bruce Borgerding, General Counsel of Pemstar, met to discuss a potential transaction with Benchmark.

On September 16, 2005, Mr. Berning, Mr. Lea, Mr. Fu and Ms. Delly held a conference call to continue discussions. Several weeks later, on October 28, 2005, Pemstar received a verbal, non-binding indication of interest from Benchmark to acquire Pemstar. A few days later, on October 31 and again on November 3, 2005, the pricing committee of the Pemstar board of directors held a special meeting with representatives of Needham to discuss the Benchmark verbal proposal. The pricing committee reported to the Pemstar board of directors during a special meeting on November 28, 2005, with representatives of Needham in attendance. At that meeting, the Pemstar board of directors authorized Needham to share with Benchmark and its financial advisor selected financial information relating to Pemstar. Also in the weeks following these meetings, the management of Pemstar studied potential transactions with other

electronics manufacturing services companies. In particular, on December 8, 2005, Mr. Berning and Mr. Lea began meeting with and contacting other potential acquirers.

In the meantime, Benchmark continued to assess alternative acquisition transactions. These investigations eventually resulted in another meeting between officers of Pemstar and Benchmark on April 4, 2006. On May 13, 2006, Benchmark submitted a non-binding, verbal indication of interest to acquire Pemstar for \$2.85 per share of Pemstar common stock on a fully-diluted basis. Pemstar countered with \$3.65 per share on the same basis, and on June 1, 2006, members of Benchmark's management confirmed receipt of Pemstar's counter proposal and agreed to meet in person to discuss the counter proposal in further detail. Throughout June and July 2006, representatives of Pemstar and Benchmark met in various locations to perform due diligence and to discuss Benchmark's most recent proposal and a potential transaction. During this period, on June 19, 2006, Benchmark submitted a non-binding, written indication of interest in acquiring Pemstar in a 100% cash tender offer, with no specific price per share or total enterprise value stated in the proposal. Similar to prior proposals, the proposed acquisition included conditions that would need to occur prior to the closing of the transaction, including completion of Benchmark due diligence.

On July 28, 2006, Benchmark submitted a further non-binding proposal in which Benchmark would acquire Pemstar in a 100% stock for stock transaction at a 10% premium per share of Pemstar common stock. The premium was proposed to be based on the average of the daily closing prices of Pemstar's and Benchmark's common stock in each of the 15 consecutive trading days immediately preceding the date that is three days prior to signing a definitive agreement.

On August 2, 2006, during a regular meeting of the board of directors of Pemstar, representatives from Needham discussed the Benchmark proposal with the Pemstar board of directors and reviewed discussions held to date with Benchmark. After being advised by legal counsel of their fiduciary duties under applicable law, the Pemstar board of directors unanimously approved submitting a counter-proposal to Benchmark for a 100% stock for stock transaction at an exchange ratio valued such that Pemstar would have 12% ownership and Benchmark would have 88% ownership of the combined company on a fully-diluted basis. On August 4, 2006, Pemstar submitted its non-binding counter-proposal to Benchmark's July 28th proposal.

On August 9, 2006, Mr. Lea, Ms. Delly and representatives of Needham and Credit Suisse met in Houston to discuss Benchmark's most recent proposal and Pemstar's most recent counter-proposal. At the meeting, Mr. Lea and representatives of Needham indicated that any proposal that indicated a range of value would not be suitable, and that only a specific price per share or a specific exchange ratio would be suitable to present to Pemstar's board of directors and to proceed with further discussions. After conferring with representatives of Credit Suisse, who were present at the meeting, and Mr. Fu, who was not present but available telephonically, Ms. Delly verbally offered a proposed exchange ratio of 0.160 of a share of Benchmark common stock for each share of Pemstar common stock on a fully-diluted basis. Mr. Lea and representatives of Needham agreed to present this proposal to the Pemstar board of directors. On August 11, 2006, Benchmark confirmed Ms. Delly's verbal proposal in a letter to Pemstar.

On August 15th, 18th and 22nd, the pricing committee of the Pemstar board of directors discussed Benchmark's proposal and reviewed discussions held at the August 9th meeting. After being advised by legal counsel of their fiduciary duties under applicable law, the Pemstar board of directors authorized Pemstar management to accept an exchange ratio between 0.160 and 0.170, and recommended that the parties negotiate a definitive agreement and complete due diligence within a 60-day exclusivity period. On August 22, 2006, Pemstar proposed in a letter to Benchmark to move forward with due diligence and the negotiation of a definitive agreement if there was agreement to potentially adjust upwards the exchange ratio to as much as 0.170 per share depending on the fluctuations in the relative stock prices of the companies prior to entering into a definitive agreement.

On September 27, 2006, Pemstar engaged Piper Jaffray & Co. to provide an opinion in connection with the possible business combination transaction with Benchmark.

Over the next several weeks, representatives of Benchmark and Pemstar met at various locations including Rochester, Minnesota, and Tianjin, China, in order to continue due diligence activities. During this time, and in particular on September 22 and 26, and October 5, 2006, the Pemstar board of directors met with Needham, and at times with Piper Jaffray and representatives of Dorsey & Whitney LLP, Pemstar's legal advisors on the transaction, to discuss the Benchmark proposal and the terms of the draft merger agreement between the parties. Also, between October 1 and October 16, 2006, Mr. Berning, Mr. Lea, Mr. Fu and Ms. Delly, and the legal and financial advisors to Pemstar as well as Benchmark's legal advisors, Cravath, Swaine & Moore LLP, and its financial advisors, continued negotiations on the proposed transaction and the merger agreement.

On October 11, 2006, Mr. Fu, Ms. Delly, Mr. Berning, Mr. Lea, Mr. Bauer and a representative of Needham met in Dallas, Texas. The management teams discussed details of integration planning related to the merger. Needham presented updated financial information relevant to setting an exchange ratio for the transaction. The two parties then negotiated an exchange ratio of 0.160 of a share of Benchmark common stock for each share of Pemstar common stock and agreed to present this exchange ratio to their respective boards of directors for approval.

On October 16, 2006, the Pemstar board of directors held a special meeting and formed the Special Committee. Prior to the meeting, the directors were provided with the draft merger agreement between Benchmark and Pemstar, a Needham presentation on the merger, a fairness opinion presentation by Piper Jaffray, and other materials relevant to the proposed combination. At the meeting, among other things:

- executive management of Pemstar described the events that had occurred since the most recent board of directors meeting;
- executive management of Pemstar described the strategic rationale for the merger, including a review of Pemstar's previous discussions about potential strategic partners, and the advantages and potential risks of a business combination with Benchmark;
- executive management of Pemstar summarized the history of the negotiations and described the financial terms of the acquisition and the analysis on which those terms were based. They also discussed other principal business terms of the proposed transaction;
- Needham reviewed the structure of the proposed transaction, the terms of the merger agreement and described the financial terms of the acquisition and the analysis on which those terms were based;
- legal counsel to Pemstar reviewed legal matters, including the structure of the proposed transaction, terms of the merger agreement and the fiduciary duties the directors had to shareholders under applicable law; and
- Piper Jaffray opined, as of October 16, 2006, and based upon and subject to the assumptions made, matters considered and limits of the review undertaken by it, that the consideration to be received by the common stockholders of Pemstar was fair to the common stockholders (other than Benchmark and its affiliates) from a financial point of view and provided the Pemstar board of directors with the analyses underlying its opinion and provided the Pemstar board of directors with a written opinion to that effect.

Following the discussion, the Pemstar board of directors and Special Committee determined that the merger was fair to and in the best interest of the Pemstar shareholders and unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and resolved to recommend that Pemstar's common stockholders vote in favor of the approval of the merger agreement.

On October 17, 2006, Benchmark and Pemstar issued press releases announcing the execution of the merger agreement.

Reasons for the Merger and Recommendation of the Pemstar Board of Directors

In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement and to unanimously recommend that Pemstar shareholders adopt the merger agreement, each of the Pemstar board of directors and the Special Committee considered the information provided to it, analyzed the terms of the merger agreement, considered a variety of factors, a number of which are summarized below, consulted with members of Pemstar's executive management and its financial and other advisors regarding the strategic and operational aspects of the merger and the results of the due diligence efforts undertaken by Pemstar and consulted with Pemstar's legal advisors regarding the duties of the members of the Pemstar board of directors and the terms of the merger agreement. The Pemstar board of directors and Special Committee also considered that Pemstar's directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of the Pemstar's shareholders generally, as described under "Interests of Pemstar Directors and Executive Officers in the Merger." Potential benefits to Pemstar and its shareholders, employees, partners and customers identified by the Pemstar board of directors and Special Committee include the following:

- the opportunity for Pemstar shareholders to receive a premium for their shares based upon the market prices of Pemstar common stock and Benchmark common stock immediately prior to the public announcement of the merger. Specifically, the exchange ratio in the merger represented a 26.8% premium over the closing price for Pemstar common stock on October 16, 2006, the last trading day before Pemstar and Benchmark announced the merger;
- the ability of Pemstar shareholders to continue to participate in the growth of the business conducted by Benchmark and Pemstar following the merger and to benefit from the potential future appreciation in value of shares of Benchmark common stock;
- the enhanced ability of Pemstar to execute its business plan by using the combined resources of Pemstar and Benchmark; and
- the potential for increased opportunities for Pemstar employees and partners, and the potential for even better solutions for Pemstar current and future customers.

In the course of deliberations, Pemstar's board of directors and Special Committee also reviewed with Pemstar executive management and its legal and financial advisors a number of additional factors relevant to the merger, including:

- the terms and conditions of the merger agreement, including the termination fee, the closing conditions and the provisions regarding the compensation and benefits to be provided to Pemstar employees following the merger;
- the likelihood that the merger will be completed;
- the intended treatment of the merger as a tax-free reorganization;
- the opinion of Piper Jaffray to the effect that, as of the date of the merger agreement and subject to the considerations set forth in the opinion, the merger consideration was fair to shareholders of Pemstar (other than Benchmark and its affiliates) from a financial point of view. See "Opinion of Piper Jaffray";
- information relating to the business, assets, management, competitive position, operating performance, trading performance and prospects of each of Pemstar and Benchmark, including the prospects of Pemstar if it were to continue as an independent company;
- then current economic and financial market conditions and historical market prices, volatility and trading information for Pemstar common stock and Benchmark common stock;

- the belief, based on presentations by Pemstar's legal and financial advisors, that the terms and conditions of the merger agreement, including the limited conditions of Benchmark's obligation to close the merger and the ability of Pemstar to consider proposed alternative business combinations under certain circumstances, are generally customary for transactions such as the merger;
- the fact that the Pemstar shareholders would hold approximately 10.6% of the outstanding shares of Benchmark common stock following the merger;
- the experience and strength of Benchmark's management team;
- whether strategic alternatives to the merger would enhance long-term shareholder value; and
- the results of due diligence investigations of Benchmark by management and legal and other advisers.

Pemstar's board of directors and the Special Committee also considered and balanced against the potential benefits of the merger a number of potentially negative factors, including the following:

- the risk that the merger would not be consummated and the effect of the public announcement of the merger on Pemstar's sales and operating results, suppliers, creditors and customers and Pemstar's ability to attract and retain key management, marketing, technical, sales and other personnel;
- the possibility that the market value of Benchmark common stock might decrease prior to the closing of the merger, resulting in less aggregate value to the Pemstar shareholders;
- the fact that shareholders of Pemstar will not receive the full benefit of any future growth in the value of their equity that Pemstar may have achieved as an independent company, and the potential disadvantage to Pemstar shareholders who receive Benchmark common stock in the event that Benchmark does not perform as well in the future as Pemstar may have performed as an independent company;
- the possibility that some provisions of the merger agreement, including the no-solicitation and termination fee payment provisions, might have the effect of discouraging other persons potentially interested in merging with or acquiring Pemstar from pursuing such an opportunity;
- the restrictions on the conduct of Pemstar's business during the period between signing of the merger agreement and the completion of the merger or the termination of the merger agreement, which could delay or prevent Pemstar from pursuing business opportunities that may arise prior to the completion of the merger;
- the business, financial, operational and other risks associated with the Benchmark common stock that Pemstar stockholders will receive as consideration in the merger; and
- the other risks described in the section entitled "Risk Factors Relating to the Merger".

Pemstar's board of directors and the Special Committee concluded that overall these risks were outweighed by the potential benefits of the merger, and determined that the merger was fair to and in the best interests of the Pemstar shareholders.

The above discussion does not include all of the information and factors considered by Pemstar's board of directors and the Special Committee. In view of the variety of factors considered in connection with its evaluation of the merger agreement, Pemstar's board of directors and the Special Committee did not find it practicable to and did not quantify or otherwise assign relative weight to the specific factors considered in reaching its determination. In addition, individual members of Pemstar's board of directors or the Special Committee may have given different weight to different factors.

Opinion of Pemstar's Financial Advisor

Pemstar retained Piper Jaffray to render to the Pemstar board of directors an opinion as to the fairness, from a financial point of view, of the merger consideration.

Piper Jaffray delivered its written opinion dated October 16, 2006 that as of that date and based upon and subject to the assumptions, factors and limitations set forth in the written opinion and described below, the merger consideration of 0.160 of a share of Benchmark common stock for each issued and outstanding share of Pemstar common stock was fair, from a financial point of view, to the holders of Pemstar common stock (other than Benchmark and its affiliates).

A copy of Piper Jaffray's written opinion is attached to this proxy statement/prospectus as Appendix II and is incorporated into this document by reference.

While Piper Jaffray rendered its opinion and provided certain analyses to the board of directors of Pemstar, Piper Jaffray was not requested to, and did not make, any recommendation to the board of directors as to the specific form or amount of the consideration to be received by Pemstar shareholders in the proposed merger, which was determined through negotiations between Pemstar and Benchmark. Piper Jaffray's written opinion, which was addressed to the Pemstar board of directors, addressed only the fairness, from a financial point of view, of the proposed consideration to be received by the holders of Pemstar common stock in the proposed merger, and did not address any other terms or agreement relating to the merger, did not address Pemstar's underlying business decision to proceed with, or effect, the merger or structure thereof, or the relative merits of the merger compared to any alternative business strategy or transaction in which Pemstar might have engaged and does not constitute a recommendation to any Pemstar stockholder as to how to vote with respect to the merger. Piper Jaffray did not act as financial advisor to Pemstar and was not requested to solicit, and did not solicit, any expressions of interest from any other parties with respect to the merger of all or a part of Pemstar, any business combination of Pemstar or any other alternative transaction.

In arriving at its opinion, Piper Jaffray's review included:

- financial terms of the draft of the merger agreement dated October 16, 2006;
- certain publicly available financial, market, securities and other data with respect to Pemstar and Benchmark;
- due diligence materials prepared by Pemstar management and furnished to Benchmark;
- certain internal financial projections for Pemstar on a stand alone basis and furnished to Piper Jaffray by the management of Pemstar;
- discussions with members of the senior management of Pemstar and Benchmark with respect to the business and prospects of Pemstar and Benchmark on a stand alone basis and on a combined basis following the merger;
- historical prices and trading volumes for certain other companies deemed comparable to Pemstar and Benchmark by Piper Jaffray;
- financial performance and equity market capitalization of Pemstar and Benchmark with that of certain other publicly traded companies deemed comparable to Pemstar and Benchmark by Piper Jaffray;
- financial terms, to the extent publicly available, of certain selected merger transactions;
- discounted cash flow analysis for Pemstar and Benchmark on a stand-alone basis; and

- the relative contributions of Pemstar and Benchmark to the combined company and the anticipated effect of the merger on the earnings per share of Benchmark.

The following is a summary of the material analyses and other information that Piper Jaffray prepared and relied on in delivering its opinion to the board of directors of Pemstar. This summary includes information presented in tabular format. In order to understand fully the financial analyses used by Piper Jaffray, these tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Except as otherwise noted, the quantitative information which follows, to the extent it is based on market data, is based on market data as it existed on or before October 13, 2006, and is not necessarily indicative of current market conditions.

Implied Consideration

Giving effect to the exchange ratio of 0.160 of a share of Benchmark common stock for outstanding shares of Pemstar common stock and common stock equivalents, Piper Jaffray calculated the aggregate implied value of the consideration payable in the merger for Pemstar common stock to be approximately \$225.9 million, or \$4.64 per share. Piper Jaffray also calculated the implied enterprise value (equity value plus debt less cash) of Pemstar to be approximately \$298.9 million. Piper Jaffray also calculated that the fully diluted shares to be issued to the stockholders and option holders of Pemstar would be an aggregate of 10.6% of the total Benchmark common stock and common stock equivalents following the merger based on share information furnished by management of Benchmark.

Pemstar Historical Trading Analysis

Piper Jaffray reviewed general trading information concerning Pemstar including the stock price and volume over selected periods, the price performance of Pemstar over the previous 12 months relative to the comparable companies identified below for Pemstar, the S&P 500 and the Nasdaq Global Market and the stock trading history of Pemstar common stock. Piper Jaffray presented the recent common stock trading information for Pemstar contained in the following table:

Closing price on October 13, 2006	\$ 3.52
Five day prior	3.54
Twenty day prior	3.85
Six month average	3.26
One year average	2.70
52 week high	3.97
52 week low	1.06

Piper Jaffray also compared the exchange ratio for the merger to the implied average exchange ratio calculated based on historical closing stock prices for Pemstar and Benchmark. Piper Jaffray examined the 5-day, 20-day, 60-day, 180-day and 365-day average exchange ratios for Pemstar and Benchmark, prior to an assumed announcement date of October 16, 2006. The analysis produced the following implied average historical exchange ratios and implied premiums to such implied average historical exchange ratio based on the exchange ratio of 0.160 of a share of Benchmark common stock for each share of Pemstar common stock.

	Average Ratios	Implied Premiums
5-day prior	0.1245x	28.5 %
20-day prior	0.1332x	20.1 %
60-day prior	0.1421x	12.6 %
180-day prior	0.1316x	21.6 %
365-day prior	0.1036x	54.4 %

Pemstar Selected Public Company Analysis

Piper Jaffray analyzed financial information and valuation ratios of Pemstar compared to corresponding data and ratios from a group of eight publicly traded companies deemed comparable by Piper Jaffray to aspects of Pemstar's business. This group comprised Benchmark, Celestica Inc., Flextronics International Ltd., Jabil Circuit Inc., Plexus Corp., Sanmina-SCI Corp., Solectron Corp. and Ultra Clean Holdings Inc. This group was selected from publicly traded companies that are engaged in providing electronic manufacturing services and contract manufacturing solutions and have SIC codes of 3672, 3577, 3571 or 3674. Piper Jaffray used publicly available Wall Street research estimates for the selected public company group and management estimates for Pemstar. This analysis produced multiples of selected valuation data which Piper Jaffray compared to multiples for Pemstar derived from the merger consideration.

	Pemstar(1)	Selected Public Companies			
		Low	Mean	Median	High
Enterprise value to latest twelve months revenue	0.3x	0.3x	0.5x	0.6x	0.7x
Enterprise value to estimated calendar year 2006 revenue	0.4x	0.2x	0.5x	0.5x	0.9x
Enterprise value to estimated calendar year 2007 revenue	0.5x	0.2x	0.4x	0.4x	0.7x
Enterprise value to latest twelve months earnings before interest, taxes, depreciation and amortization (EBITDA)	9.1x	7.1x	9.9x	10.7x	11.5x
Enterprise value to estimated calendar year 2006 EBITDA	8.8x	6.8x	9.2x	9.5x	11.2x
Enterprise value to estimated calendar year 2007 EBITDA	6.9x	5.9x	7.5x	7.6x	9.1x
Share price to latest twelve months earnings per share	25.8x	16.6x	19.6x	18.3x	26.6x
Share price to estimated calendar year 2006 earnings per share	21.1x	13.0x	17.1x	17.3x	20.5x
Share price to estimated calendar year 2007 earnings per share	10.8x	10.0x	13.5x	14.2x	15.9x

(1) Based on value of implied merger consideration of \$4.64 per share of Pemstar common stock.

Pemstar Premiums Paid Analysis

Piper Jaffray reviewed 99 transactions in the broad technology sector. These transactions were selected by searching SEC filings, public company disclosures, press releases, industry and popular press reports, databases and other sources and by applying the following criteria:

- transactions in the technology industry;
- transactions announced between January 1, 2005 and the present in the technology industry;
- transactions with a minimum equity value of \$50 million;
- transactions with U.S. publicly traded targets;
- transactions with publicly available information on terms; and
- transactions, that were not share repurchases, acquisitions of a minority interest and acquisitions of a division.

In examining the selected transactions, Piper Jaffray analyzed the premium (or discount) payable in the transactions over trading prices for the target company one day, five days and twenty days prior to the announcement of the transaction. Piper Jaffray also analyzed the premium (or discount) of the exchange ratio offered in the selected transactions over the average historical exchange ratio of the companies for five days, twenty days and sixty days prior to the announcement of the transaction. Piper Jaffray calculated implied price premiums for Pemstar based upon the value of the merger consideration of \$4.64 per share of Pemstar common stock and an assumed announcement date of October 16, 2006. In addition, Piper Jaffray calculated the average exchange ratio premium for Pemstar in the merger based on the merger exchange ratio of 0.160 of a share of Benchmark common stock for each share of Pemstar common stock and an assumed announcement date of October 16, 2006. The following table sets forth information concerning the stock price and exchange ratio premiums implied by the merger and the stock price and exchange ratio premiums in the selected transactions.

	Implied Pemstar Premium	Technology Premiums (Discounts) Paid			High
		Low	Mean	Median	
<i>Spot Premiums</i>					
One day before announcement	31.7 %	(16.5)%	24.5 %	20.6 %	101.0 %
Five days before announcement	30.9 %	(4.7)%	26.2 %	23.2 %	97.6 %
Twenty days before announcement	20.4 %	(16.3)%	31.3 %	27.9 %	140.9 %
<i>Exchange Ratio Premiums</i>					
Five days before announcement	28.5 %	(37.7)%	24.3 %	24.0 %	104.7 %
Twenty days before announcement	20.1 %	(33.7)%	28.1 %	26.0 %	86.7 %
Sixty days before announcement	12.6 %	(32.1)%	31.2 %	28.9 %	119.8 %

Pemstar M&A Transaction Analysis

Piper Jaffray reviewed 10 acquisition transactions involving companies operating in similar businesses and having SIC code classifications similar to Pemstar s. Piper Jaffray selected these transactions by searching SEC filings, public company disclosures, press releases, industry and popular press reports, databases and other sources and by applying the following criteria:

- transactions with targets in the contract manufacturing sector;
- transactions that were announced between January 1, 2003 and October 13, 2006;
- transactions with an offer value between \$25 million and \$500 million;

- transactions with publicly available information on terms; and
- transactions that were not share repurchases or acquisitions of a minority interest.

Piper Jaffray performed its analysis on the following transactions:

- Acquisition of Tyco Electronics Printed Circuit Group by TTM Technologies;
- Acquisition of Sieger Engineering, Inc. by Ultra Clean Holdings Inc.;
- Acquisition of Celetronix India Private Ltd. by Jabil Circuit Inc.;
- Acquisition of Parlex Corp. by Johnson Electric Holdings Ltd.;
- Acquisition of Varian Inc-Electronics Manufacturing Business by Jabil Circuit Inc.;
- Acquisition of SMTEK International Inc by CTS Corp.;
- Acquisition of Agilent-Camera Module Business by Flextronics International Ltd.;
- Acquisition of Pentex-Schweizer Circuits by Sanmina-SCI Corp.;
- Acquisition of Coorstek-Metal Assembly Division by Sanmina-SCI Corp.;
- Acquisition of Manufacturers Services Ltd by Celestica Inc.

Piper Jaffray analyzed financial information of the targets in these transactions. Piper Jaffray used publicly available Wall Street research estimates for the selected transaction group and management estimates for Pemstar. This analysis produced multiples of selected valuation data which Piper Jaffray compared to multiples for Pemstar derived from the merger consideration. The following table sets forth such comparisons.

	Pemstar	Selected M&A Transactions			High
		Low	Mean	Median	
Enterprise value to latest twelve months revenue	0.3x	0.3x	0.7x	0.7x	1.2x
Enterprise value to next twelve months revenue	0.4x	0.2x	0.3x	0.3x	0.4x
Enterprise value to latest twelve months EBITDA	9.1x	6.1x	8.4x	8.0x	10.3x
Enterprise value to next twelve months EBITDA	7.6x	4.0x	5.2x	4.2x	7.5x
Equity value to latest twelve months net income	25.8x	15.2x	18.8x	16.4x	27.2x

Pemstar Discounted Cash Flow Analysis

Piper Jaffray performed a discounted cash flow analysis for Pemstar in which it calculated the present value of the projected hypothetical future cash flows of Pemstar using management estimates for the fiscal years ending December 31, 2006 and 2007. While Pemstar management has not previously provided projections for the fiscal years ending December 31, 2008 through 2011, such information necessary for purposes of Piper Jaffray's discounted cash flow analysis was developed with guidance from Pemstar management for such periods on which Piper Jaffray relied. Piper Jaffray estimated a range of theoretical values for Pemstar based on the net present value of its implied annual cash flows, its net operating losses and a terminal value for Pemstar in 2011 calculated based upon a multiple of EBITDA. For purposes of this analysis, Piper Jaffray used discount rates ranging from 15% to 25% based upon an analysis of the weighted average cost of capital of Pemstar, and terminal values based on multiples of projected 2011 EBITDA ranging from 6.0x to 8.0x. Piper Jaffray's calculation of the present value of Pemstar's net operating losses and the utilization of the net operating losses subject to the limitations under Section 382 of the Code was based upon estimates of Pemstar management. The discounted cash flow analysis resulted in implied equity values per share of Pemstar common stock ranging from a low of \$2.75 per share to a high of \$5.68 per share.

Contribution Analysis

Piper Jaffray analyzed the respective contributions of Pemstar and Benchmark to revenues, gross profit, EBITDA and net income of the combined company for the latest twelve months, next twelve months and projected calendar years 2006 and 2007. This analysis was based upon the actual results for Pemstar and Benchmark for the latest twelve months as represented in each company's respective public filings applicable to such period, management estimates for Pemstar for the next twelve months and calendar years 2006 and 2007, and publicly available research estimates and Institutional Brokers' Estimate System (IBES) estimates for Benchmark for the next twelve months and calendar years 2006 and 2007.

In both the actual results and estimates, possible transaction related effects were excluded, including, any possible synergies and transaction related costs and adjustments. Piper Jaffray also computed Pemstar's implied share of equity of the combined entity as adjusted for the debt and cash positions of Pemstar and Benchmark (as of June 30, 2006), and based on Benchmark's share price on October 13, 2006. This analysis indicated the following contributions of Pemstar and Benchmark, and Pemstar's implied share of equity of the combined entity:

	Pemstar Contribution	Benchmark Contribution	Implied Pemstar Equity of Combined Entity
Revenue			
Latest Twelve Months Revenue	24.1 %	75.9 %	18.8 %
Estimated Calendar Year 2006 Revenue	22.9 %	77.1 %	17.7 %
Next Twelve Months Revenue	19.7 %	80.3 %	14.5 %
Estimated Calendar Year 2007 Revenue	17.7 %	82.3 %	12.7 %
Gross Profit			
Latest Twelve Months Revenue	23.3 %	76.7 %	18.1 %
Estimated Calendar Year 2006 Revenue	23.0 %	77.0 %	17.7 %
Next Twelve Months Revenue	23.4 %	76.6 %	18.1 %
Estimated Calendar Year 2007 Revenue	23.2 %	76.8 %	18.0 %
EBITDA			
Latest Twelve Months Revenue	17.8 %	82.2 %	12.7 %
Estimated Calendar Year 2006 Revenue	17.9 %	82.1 %	12.9 %
Next Twelve Months Revenue	19.1 %	80.9 %	14.0 %
Estimated Calendar Year 2007 Revenue	19.6 %	80.4 %	14.5 %
Net Income			
Latest Twelve Months Revenue	7.6 %	92.4 %	7.6 %
Estimated Calendar Year 2006 Revenue	9.0 %	91.0 %	9.0 %
Next Twelve Months Revenue	12.8 %	87.2 %	12.8 %
Estimated Calendar Year 2007 Revenue	14.7 %	85.3 %	14.7 %

Benchmark Historical Trading Analysis

Piper Jaffray reviewed general trading information concerning Benchmark including the stock price and volume over selected periods, the price performance of Benchmark over the previous 12 months relative to the comparable companies identified below for Benchmark, the S&P 500 and the Nasdaq Global Market and the stock trading history of Benchmark common stock. Piper Jaffray presented the recent common stock trading information for Benchmark contained in the following table:

Closing price on October 13, 2006	\$ 28.97
Five day prior	28.41
Twenty day prior	25.59
Six month average	25.02
One year average	23.71
52 week high	28.97
52 week low	18.27

Piper Jaffray also analyzed the relative performance of Benchmark to Wall Street estimates for the past twelve quarters. Piper Jaffray observed that Benchmark has exceeded Wall Street revenue estimates by an average of 1.3% over these past twelve quarters, and has exceeded the Wall Street net income estimates by an average of 5.8% over the same period.

Benchmark Selected Public Company Analysis

Piper Jaffray analyzed financial information and valuation ratios of Benchmark compared to corresponding data and ratios from a group of seven publicly traded companies deemed comparable by Piper Jaffray to aspects of Benchmark's business. This group comprised Celestica Inc., Flextronics International Ltd., Jabil Circuit Inc., Pemstar, Plexus Corp., Sanmina-SCI Corp. and Solectron Corp. This group was selected from publicly traded companies that are engaged in providing electronic manufacturing services and contract manufacturing solutions and have SIC codes of 3672, 3577 or 3571. Piper Jaffray used publicly available Wall Street research estimates for the selected public company group and Benchmark. This analysis produced multiples of selected valuation data which Piper Jaffray compared to multiples for Benchmark derived from Benchmark's closing price of \$28.97 on October 13, 2006.

	Benchmark	Selected Public Companies			High
		Low	Mean	Median	
Enterprise value to latest twelve months revenue	0.6x	0.3x	0.4x	0.3x	0.7x
Enterprise value to estimated calendar year 2006 revenue	0.6x	0.2x	0.4x	0.3x	0.6x
Enterprise value to estimated calendar year 2007 revenue	0.5x	0.2x	0.4x	0.4x	0.6x
Enterprise value to latest twelve months EBITDA	10.7x	7.1x	9.4x	9.5x	11.5x
Enterprise value to estimated calendar year 2006 EBITDA	10.5x	6.8x	8.5x	8.2x	10.3x
Enterprise value to estimated calendar year 2007 EBITDA	9.1x	5.6x	7.0x	6.4x	8.7x
Share price to latest twelve months earnings per share	17.8x	16.6x	19.8x	19.6x	26.6x
Share price to estimated calendar year 2006 earnings per share	17.6x	13.0x	17.2x	17.1x	20.5x
Share price to estimated calendar year 2007 earnings per share	15.9x	8.2x	12.8x	14.1x	14.9x

Benchmark M&A Transaction Analysis

Piper Jaffray reviewed the same 10 acquisition transactions described above under Pemstar M&A Transaction Analysis .

Piper Jaffray analyzed financial information of the targets in these transactions. Piper Jaffray used publicly available Wall Street research estimates for the selected transaction group and Benchmark. This analysis produced multiples of selected valuation data which Piper Jaffray compared to multiples for Benchmark derived from the closing price of \$28.97 of Benchmark on October 13, 2006. The following table sets forth such comparisons.

	Benchmark	Selected M&A Transactions			High
		Low	Mean	Median	
Enterprise value to latest twelve months revenue	0.6x	0.3x	0.7x	0.7x	1.2x
Enterprise value to next twelve months revenue	0.6x	0.2x	0.3x	0.3x	0.4x
Enterprise value to latest twelve months EBITDA	10.7x	6.1x	8.4x	8.0x	10.3x
Enterprise value to next twelve months EBITDA	9.8x	4.0x	5.2x	4.2x	7.5x
Equity value to latest twelve months net income	17.8x	15.2x	18.8x	16.4x	27.2x

Benchmark Discounted Cash Flow Analysis

Piper Jaffray performed a discounted cash flow analysis for Benchmark in which it calculated the present value of the projected hypothetical future cash flows of Benchmark using Wall Street estimates for 2006 and 2007 and Piper Jaffray estimates of sales, EBITDA margins, working capital, capital expenditures and taxes for 2008 through 2011, based on Wall Street guidance for the electronic manufacturing services and contract manufacturing solutions sector. Piper Jaffray estimated a range of theoretical values for Benchmark based on the net present value of its implied annual cash flows and a terminal value for Benchmark in 2011 calculated based upon a multiple of EBITDA. For purposes of this analysis, Piper Jaffray used discount rates ranging from 12% to 16% based upon an analysis of the weighted average cost of capital of Benchmark, and terminal values based on multiples of projected 2011 EBITDA ranging from 6.0x to 10.0x. This analysis resulted in implied equity values per share of Benchmark ranging from a low of \$19.68 per share to a high of \$30.34 per share.

Accretion/Dilution Analyses

Piper Jaffray analyzed pro forma effects resulting from the impact of the transaction on the projected earnings per share of the combined company for calendar year 2007 based on management estimates for Pemstar and Wall Street research estimates for Benchmark. Without taking possible synergies that management estimates the combined company may realize following the consummation of the merger or any transaction related expenses, Piper Jaffray determined that the merger could be accretive for calendar year 2007 to the projected stand-alone earnings per share of Benchmark.

In reaching its conclusion as to the fairness of the merger consideration and in its presentation to the board of directors, Piper Jaffray did not rely on any single analysis or factor described above, assign relative weights to the analyses or factors considered by it, or make any conclusion as to how the results of any given analysis, taken alone, supported its opinion. The preparation of a fairness opinion is a complex process and not necessarily susceptible to partial analysis or summary description. Piper Jaffray believes that its analyses must be considered as a whole and that selection of portions of its analyses and of the factors considered by it, without considering all of the factors and analyses, would create a misleading view of the processes underlying the opinion.

The analyses of Piper Jaffray are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by the analyses. Analyses relating to the value of

companies do not purport to be appraisals or valuations or necessarily reflect the price at which companies may actually be sold. No company or transaction used in any analysis for purposes of comparison is identical to Pemstar, Benchmark or the merger. Accordingly, an analysis of the results of the comparisons is not mathematical; rather, it involves complex considerations and judgments about differences in the companies to which Pemstar and Benchmark were compared and other factors that could affect the public trading value of the companies.

For purposes of its opinion, Piper Jaffray relied upon and assumed the accuracy and completeness of the financial, legal, accounting and other information discussed with or reviewed by it, and did not assume responsibility independently to verify such information. Piper Jaffray assumed, with Pemstar's consent, that the information provided to Piper Jaffray was prepared on a reasonable basis in accordance with industry practice, and that Pemstar's and Benchmark's management is not aware of any information or facts that would make the information provided to it incomplete or misleading. In rendering its opinion, Piper Jaffray assumed that Pemstar and Benchmark are not party to any material pending transaction, including any external financing, recapitalization, acquisition or merger, divestiture or spin-off other than the merger, and with respect to financial forecasts, pro forma and other forward looking data relating to Pemstar and Benchmark reviewed by Piper Jaffray, Piper Jaffray assumed that such information reflects the best currently available estimates and judgments of Pemstar's management. Piper Jaffray expressed no opinion as to any financial forecasts, pro forma data or other forward looking financial information of Pemstar or Benchmark or the assumptions on which they were based. Without limiting the generality of the foregoing, the financial forecasts furnished by Pemstar management on which Piper Jaffray relied excluded the benefits of any Pemstar's China (Tianjin) operations. Piper Jaffray also relied on the assumptions of Pemstar's management, as to all accounting, legal, tax and financial reporting matters with respect to Pemstar and the merger agreement.

In rendering its opinion, Piper Jaffray also assumed the merger will be consummated pursuant to the terms of the merger agreement without amendments thereto, without adjustments to the merger consideration and without waiver by any party of any conditions or obligations thereunder. In arriving at its opinion, Piper Jaffray assumed that all the necessary regulatory approvals and consents required for the transaction will be obtained in a manner that will not adversely affect Pemstar or Benchmark or alter the terms of the merger.

In arriving at its opinion, Piper Jaffray did not perform any appraisals or valuations of any specific assets or liabilities (fixed, contingent or other) of Pemstar or Benchmark, or concerning the solvency or fair value of either entity, and was not furnished with any such appraisals or valuations. The analyses performed by Piper Jaffray in connection with its opinion were going concern analyses and Piper Jaffray did not express any opinion regarding the liquidation value of any entity.

The opinion was based on information available to Piper Jaffray and the facts and circumstances as they existed and were subject to evaluation on the date of the opinion. Events occurring after that date could materially affect the assumptions used in preparing the opinion. Piper Jaffray did not express any opinion as to the price at which shares of common stock of Pemstar or Benchmark have traded or such stock may trade following announcement of the merger. Piper Jaffray did not undertake to reaffirm or revise its opinion or otherwise comment upon any events occurring after the date of its opinion and does not have any obligation to update, revise or reaffirm its opinion.

Other Matters Regarding Piper Jaffray

Piper Jaffray, as a customary part of its investment banking business, is engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, underwritings and secondary distributions of securities, private placements and valuations for estate, corporate and other purposes. The Board of Directors of Pemstar selected Piper Jaffray to render its opinion because of Piper Jaffray's

experience and expertise in the electronic manufacturing services and contract manufacturing solutions sector. In the ordinary course of its business, Piper Jaffray and its affiliates may actively trade securities of Pemstar and Benchmark for its own account or the account of its customers and, accordingly, it may at any time hold a long or short position in such securities. Piper Jaffray makes a market in Pemstar common stock and Benchmark common stock.

Under the terms of the engagement letter between Pemstar and Piper Jaffray, Pemstar has agreed to pay Piper Jaffray a fee of \$400,000 for providing its opinion as to the fairness of the merger consideration. Piper Jaffray has been previously engaged by Pemstar to provide investment banking services for a fee and Piper Jaffray may seek to be engaged by Pemstar, the combined company or the combined company's affiliates in the future. Whether or not the transaction is consummated, Pemstar has agreed to pay the reasonable out-of-pocket expenses of Piper Jaffray and to indemnify Piper Jaffray against liabilities incurred. These liabilities include liabilities under the federal securities laws in connection with the engagement of Piper Jaffray by Pemstar's board of directors.

Interests of Pemstar Directors and Executive Officers in the Merger

In considering the recommendation of the Pemstar board of directors and the Special Committee with respect to the merger agreement and the merger, you should be aware that Pemstar's directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of the Pemstar shareholders generally. The Pemstar board of directors and the Special Committee were aware of these interests and considered them, among other matters, in reaching their decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, price change and to recommend that the Pemstar shareholders vote in favor of adoption of the merger agreement.

For biographical information regarding Pemstar's directors and executive officers, information concerning the compensation paid to the chief executive officer and the other four most highly compensated executive officers of Pemstar for the fiscal year ended March 31, 2006, as well as any information regarding relationships and related transactions involving Pemstar's directors and executive officers for the fiscal year ended March 31, 2006, see Pemstar's proxy statement used in connection with its 2006 annual meeting of shareholders, which is incorporated by reference into this proxy statement/prospectus.

Stock Options

The vesting of each option to acquire Pemstar common stock held by employees, including executive officers, and non-employee directors of Pemstar will be accelerated as a result of the transaction.

Each stock option held by a Pemstar employee immediately prior to the effective time of the merger will be converted into an option to acquire, on the same terms and conditions as were applicable under such Pemstar stock option (taking into account the acceleration of vesting occurring as a result of the transaction), the number of shares of Benchmark common stock determined by multiplying the number of shares of Pemstar common stock subject to such Pemstar option immediately prior to the effective time of the merger by the exchange ratio in the merger, at an exercise price per share equal to the per share exercise price of the Pemstar stock option divided by the exchange ratio in the merger. The number of shares will be rounded down to the nearest whole share, the exercise price will be rounded up to the nearest whole cent, and any options intended to qualify as ISOs will be adjusted in a manner that intends to preserve their qualification as ISOs.

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The following table sets forth the number of shares of Benchmark common stock that will be subject to the Benchmark stock options that Pemstar's executive officers will receive pursuant to the merger agreement.

Executive Officer	Number of Options to Acquire Benchmark Common Stock	Weighted Average Exercise Price	Value of In-the-Money Options at \$26.33(1)
Allen J. Berning	42,158	\$ 29.45	\$ 243,300
Roy A. Bauer	29,582	\$ 19.27	\$ 392,420
Greg S. Lea	25,279	\$ 11.27	\$ 395,000
Larry R. Degen	9,360	\$ 21.60	\$ 125,808
Bruce J. Borgerding	4,000	\$ 7.85	\$ 73,912
	110,379	\$ 21.11	\$ 1,230,440

(1) Closing price of Benchmark common stock as of November 17, 2006.

Each stock option held by a Pemstar non-employee director immediately prior to the effective time of the merger, will be cancelled as of the effective time of the merger in exchange for a single lump sum cash payment equal to the product of (a) the number of shares of Pemstar common stock subject to such Pemstar stock option immediately prior to the effective time of the merger and (b) the excess, if any, of (i) the product of (A) the exchange ratio in the merger and (B) the per share closing price of Benchmark common stock, as such price is reported on the New York Stock Exchange Composite Transactions Tape on the date that is two days prior to the closing date of the merger over (ii) the per share exercise price of such stock option.

The following table sets forth the amounts of the lump sum cash payments that Pemstar's directors will receive as a result of the merger.

Director	Estimated Cash Payment at \$26.33(1)
Thomas A. Burton	\$ 98,140
Bruce M. Jaffe	98,140
Wolf Michel	68,212
Steven E. Snyder	56,484
Claire Bender	4,628
	\$ 325,604

(1) Closing price of Benchmark common stock as of November 17, 2006.

Change in Control Agreements

Pemstar's executive officers as well as some other Pemstar employees have entered into change in control agreements with Pemstar. In the case of executive officers, these agreements provide for the payment of specified benefits in the event the employment of executive officers is terminated under specified circumstances following a change in control. Under the change in control agreements, an executive officer is entitled to receive a severance payment equal to 220% of his annual base salary if such executive officer's employment is terminated by Pemstar (for reasons other than death, disability, retirement or cause) or terminated by the executive officer for good reason, in each case during the period beginning six months prior to a change of control and ending 24 months following a change in control. The payment may be made in one lump sum or in twenty-four consecutive monthly installments. Generally, under these agreements, good reason is defined to include (1) the assignment to the executive

officer of responsibilities that are not of comparable responsibility and status as the employment responsibilities held by the executive officer immediately prior to the change in control, (2) a reduction in base salary or employee benefits or (3) relocation to an office in excess of 50 miles from the location of Pemstar's principal office immediately prior to the change in control. For purposes of the change in control agreements, a change in control occurred upon signing of the merger agreement.

Payments under certain of these agreements could be triggered if such executives terminate employment within the timeframes and parameters covered under the agreements. Benchmark and Pemstar have agreed that, commencing immediately following the effective date of the merger, Messrs. Berning, Bauer, Lea and Borgerding will have good reason to voluntarily terminate their employment and become eligible to receive termination benefits. The following table sets forth the current estimate of the amount of these termination payments:

Executive Officer	Estimated Cash Payment
Allen J. Berning	\$ 649,000
Roy A. Bauer	539,000
Greg S. Lea	495,000
Larry R. Degen	363,000
Bruce J. Borgerding	385,000
	\$ 2,431,000

Transition Plan

Benchmark and Pemstar are working on a transition plan and continue to have discussions with management regarding transition positions.

Indemnification and Insurance

For six years after the effective time of the merger, Benchmark has agreed to assume the indemnity obligations to the current and former directors and officers of Pemstar for acts or omissions occurring before or at the effective time of the merger as provided for in the Pemstar articles of incorporation, the Pemstar by-laws or any indemnification contract between the directors or officers and Pemstar. For six years after the effective time of the merger, Benchmark has agreed to maintain the liability insurance of current Pemstar directors and officers or provide substitute coverage for acts or omissions occurring at or prior to the effective time of the merger. The liability insurance will cover each person currently covered by Pemstar's directors' and officers' liability insurance policy on terms of coverage and amounts no less favorable than those contained in the current Pemstar policy. However, under the merger agreement Benchmark is not required to pay more than \$700,000, an amount which is approximately two times the current price in the aggregate to obtain such coverage.

Form of the Merger

Subject to the terms and conditions of the merger agreement and, in accordance with Minnesota law, at the effective time of the merger, Merger Sub, a wholly owned subsidiary of Benchmark, will merge with and into Pemstar. Pemstar will survive the merger as a wholly owned Minnesota subsidiary of Benchmark.

Merger Consideration

At the effective time of the merger, each share of Pemstar common stock (other than shares owned by Pemstar, Benchmark and Merger Sub) will be converted into the right to receive 0.160 of a share of Benchmark common stock. For information regarding the treatment of options, see Treatment of Stock Options.

The merger agreement provides that the merger consideration and any other amounts payable in conjunction with the merger consideration will be adjusted appropriately if, during the period between the date of the merger agreement and the effective time of the merger, the outstanding shares of Benchmark common stock are changed in any way by reason of any stock split (including a reverse split), stock dividend or distribution, recapitalization, subdivision, reclassification, combination, exchange of shares or similar transaction, or issues a special cash dividend, with respect to the outstanding shares with a record date during such period.

Ownership of Benchmark Following the Merger

Based on the number of outstanding shares of Pemstar common stock on the record date and the number of outstanding shares of Benchmark common stock on November 15, 2006, we anticipate that Pemstar shareholders will own approximately 11% of the outstanding shares of Benchmark common stock following the merger.

Conversion of Shares; Procedures for Exchange of Certificates; Fractional Shares

The conversion of Pemstar common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. Shortly after the completion of the merger, Pemstar or Computershare Trust Company, N.A., the exchange agent, will send a letter of transmittal to each former holder of record of shares of Pemstar common stock. The transmittal letter will contain instructions for obtaining the merger consideration, including the shares of Benchmark common stock and cash for any fractional shares of Benchmark common stock, in exchange for shares of Pemstar common stock. Pemstar shareholders should not return stock certificates with the enclosed proxy.

After the effective time of the merger, each certificate that previously represented shares of Pemstar common stock will no longer be outstanding, will be automatically cancelled and retired, will cease to exist and will represent only the right to receive the merger consideration as described above.

Until holders of certificates previously representing Pemstar common stock have surrendered those certificates to the exchange agent for exchange, those holders will not receive dividends or distributions on the Benchmark common stock into which such shares have been converted with a record date after the effective time of the merger and will not receive cash for any fractional shares of Benchmark common stock. When holders surrender such certificates, they will receive any dividends with a record date after the effective time of the merger and a payment date on or prior to the date of surrender and any cash for fractional shares of Benchmark common stock, in each case without interest.

In the event of a transfer of ownership of Pemstar common stock that is not registered in the transfer records of Pemstar, payment of the merger consideration as described above will be made to a person other than the person in whose name the certificate so surrendered is registered if:

- such certificate is properly endorsed or otherwise is in proper form for transfer and
- the person requesting such exchange pays any transfer or other taxes resulting from the payment of the merger consideration as described above to a person other than the registered holder of such certificate.

No fractional shares of Benchmark common stock will be issued to any Pemstar shareholder upon surrender of certificates previously representing Pemstar common stock. Each Pemstar shareholder who would otherwise have been entitled to receive a fraction of a share of Benchmark common stock will receive cash in an amount equal to the product obtained by multiplying (1) the fractional share interest to which such holder would otherwise be entitled to by (2) the closing price for a share of Benchmark common stock on the closing date of the merger as reported in the New York Stock Exchange Composite Transaction Tape (as reported by Bloomberg Financial Markets).

Effective Time of the Merger

The merger will become effective upon the filing of articles of merger with the Secretary of State of the State of Minnesota on the closing date of the merger or at such later time as is agreed upon by Benchmark and Pemstar and specified in the articles of merger.

Stock Exchange Listing of Benchmark Common Stock

It is a condition to the completion of the merger that the shares of common stock of Benchmark to be issued in the merger have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

Delisting and Deregistration of Pemstar Common Stock

If the merger is completed, Pemstar common stock will be delisted from the Nasdaq Global Market and deregistered under the Securities Exchange Act of 1934, as amended (the Exchange Act), and Pemstar will no longer file periodic reports with the Securities and Exchange Commission (the SEC) on account of Pemstar common stock.

Material United States Federal Income Tax Consequences of the Merger

The following is a discussion of the material U.S. federal income tax consequences of the merger to Pemstar shareholders who receive the merger consideration in exchange for their shares of Pemstar common stock pursuant to the merger. This discussion is based on the Code, applicable Treasury Regulations, and administrative interpretations and court decisions as in effect as of the date of this proxy statement/prospectus, all of which may change, possibly with retroactive effect.

This discussion addresses only the consequences to a U.S. Holder of the exchange of shares of Pemstar common stock held as capital assets. For purposes of this discussion, a U.S. Holder is a beneficial owner of Pemstar common stock that is for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof;
- a trust if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust, or the trust has made a valid election under the applicable U.S. Treasury Regulations to be treated as a U.S. person; or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion does not address all aspects of U.S. federal income taxation of the merger or that may be important to a shareholder in light of that shareholder's particular circumstances or to a shareholder subject to special rules, such as a financial institution or insurance company, a tax-exempt organization, a dealer or broker in securities, a shareholder who holds Pemstar common stock as part of a hedge, appreciated financial position, straddle, or conversion or integrated transaction, U.S. expatriates, a shareholder subject to alternative minimum tax, a shareholder who has a functional currency other than the U.S. dollar or a shareholder who acquired Pemstar common stock pursuant to the exercise of compensatory options or otherwise as compensation. In addition, it does not address any non-income tax or any foreign, state or local tax consequences of the merger. **We strongly urge Pemstar shareholders to consult their own tax advisors to determine the particular U.S. federal, state or local or foreign income or other tax consequences to them of the merger.**

If a partnership holds the shares of Pemstar common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding shares of Pemstar common stock should consult its tax advisors.

This discussion of material U.S. federal income tax consequences is not a complete analysis or description of all potential tax consequences of the merger.

Tax Consequences of the Merger

Benchmark and Pemstar have structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to completion of the merger that Benchmark receive an opinion from Cravath, Swaine & Moore LLP and Pemstar receive an opinion from Dorsey & Whitney LLP, in each case dated as of the closing date of the merger, that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code, and that Benchmark, Merger Sub and Pemstar will each be a party to that reorganization within the meaning of Section 368(b) of the Code. The opinions will be based on representations contained in representation letters provided by Benchmark, Merger Sub and Pemstar and on certain assumptions, including assumptions regarding the absence of changes in existing facts and law and the completion of the merger in the manner contemplated by the merger agreement. All of such representations and assumptions must continue to be true and accurate in all material respects as of the effective time of the merger. In addition, the opinions will be subject to certain qualifications and limitations as set forth in the opinions.

Neither Benchmark nor Pemstar will request a ruling from the IRS regarding the tax consequences of the merger to Pemstar shareholders, Pemstar, Benchmark, or Merger Sub. The opinions of Dorsey & Whitney LLP and Cravath, Swaine & Moore LLP will not bind the IRS and will not preclude the IRS from asserting a contrary opinion. In addition, if any of the representations or assumptions upon which the opinions are based are inconsistent with the actual facts, the tax consequences of the merger could be different from the treatment provided for in the opinions and described herein.

In accordance with treatment of the merger as a reorganization, the material federal income tax consequences of the merger to U.S. Holders are as follows:

- Benchmark, Merger Sub and Pemstar will not recognize any gain or loss as a result of the merger.
- No gain or loss will be recognized by holders of Pemstar common stock upon receipt of shares of Benchmark common stock in the merger, except to the extent of any cash received in lieu of a fractional share of Benchmark common stock.
- The aggregate adjusted tax basis of the Benchmark common stock received in the merger by a holder of Pemstar common stock will be the same as the aggregate adjusted tax basis of the Pemstar common stock surrendered in exchange therefor (excluding the portion of the shareholder's basis that is allocable to a deemed fractional share of Benchmark common stock for which the shareholder will receive cash in lieu of such fractional share).
- The holding period, for U.S. federal income tax purposes, for the Benchmark common stock received in the merger by a holder of Pemstar common stock will include the period during which the holder held the Pemstar common stock surrendered in exchange therefor.
- A Pemstar shareholder who receives cash in lieu of a fractional share of Benchmark common stock will be treated as if the fractional share of Benchmark common stock had been issued in the merger and then redeemed by Benchmark. A Pemstar shareholder receiving cash for a fractional share will generally recognize gain or loss upon the payment equal to the difference between the shareholder's adjusted tax basis allocable to the fractional share and the amount of cash received.

The gain or loss will be long term capital gain or loss if, at the effective time of the merger, the Pemstar common stock has been held for more than one year.

Information Reporting and Backup Withholding

Information returns will be filed with the Internal Revenue Service (the IRS) in connection with cash paid in lieu of fractional shares and stock delivered pursuant to the merger. Backup withholding may apply to payments made in connection with the merger. Backup withholding will not apply, however, to a shareholder who (1) furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding on the substitute Form W-9 or successor form included in the letter of transmittal to be delivered to shareholders following completion of the merger, (2) provides a certification of foreign status on the applicable Form W-8 (typically Form W-8BEN) or appropriate successor form or (3) is otherwise exempt from backup withholding. Any amount withheld under the backup withholding rules will be allowed as a refund or a credit against U.S. federal income tax liability, provided the required information is furnished to the IRS. The IRS may impose a penalty upon any taxpayer that fails to provide the correct taxpayer identification number.

Regulatory Matters

United States Antitrust. Under the HSR Act and related rules, certain transactions, including the merger, may not be completed until notifications have been given and information furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission and the specified waiting period requirements have been satisfied. Benchmark and Pemstar filed Notification and Report Forms with the Antitrust Division of the Department of Justice and the Federal Trade Commission on October 26, 2006. At any time before or after the effective time of the merger, the Federal Trade Commission or others (including states and private parties) could take action under the antitrust laws, including seeking to prevent the merger, to rescind the merger or to conditionally approve the merger upon the divestiture of assets of Benchmark or Pemstar. There can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

General. It is possible that any of the governmental entities with which filings are made may seek, as conditions for granting approval of the merger, various regulatory concessions. There can be no assurance that:

- Benchmark or Pemstar will be able to satisfy or comply with such conditions,
- compliance or non-compliance will not have adverse consequences on Benchmark after completion of the merger or
- the required regulatory approvals will be obtained within the time frame contemplated by Benchmark and referred to in this proxy statement/prospectus or on terms that will be satisfactory to Benchmark and Pemstar.

See The Merger Agreement Conditions to the Completion of the Merger.

Dissenters Rights

Under Minnesota law, holders of Pemstar common stock will not be entitled to dissenters rights in connection with the merger because shares of Pemstar common stock are listed on the Nasdaq Global Market.

Pemstar Employee Benefits and Other Employee Matters

From the effective time of the merger until the first anniversary thereof, Benchmark will provide or cause the surviving corporation to provide to employees of Pemstar who remain in the employment of the surviving corporation and its subsidiaries either (1) employee benefits that are reasonably comparable in the aggregate to the employee benefits provided to the employees of Pemstar immediately prior to the effective time of the merger or (2) employee benefits that are reasonably comparable in the aggregate to the employee benefits provided to similarly situated employees of Benchmark. The merger agreement provides, however, that neither Benchmark nor the surviving corporation nor any of its subsidiaries will have any obligation to issue, or adopt any plans or arrangements providing for the issuance of, shares of capital stock, warrants, options, stock appreciation rights or other rights in respect of any shares of capital stock of any entity or any securities convertible or exchangeable into such shares and provides that no plans or arrangements of Pemstar or any of its subsidiaries providing for such issuance will be taken into account in determining whether employee benefits are reasonably comparable in the aggregate.

In addition to the change in control agreements described above under **The Merger Interests of Pemstar Directors and Executive Officers in the Merger Change in Control Agreements**, four of Pemstar's employees have entered into change in control agreements with Pemstar which provide for the payment of benefits in the event the employment of the employee is terminated under specified circumstances following a change in control. For purposes of the change in control agreements, a change in control occurred upon signing of the merger agreement.

Treatment of Stock Options

The vesting of each option to acquire Pemstar common stock held by employees, including officers, and non-employee directors of Pemstar will be accelerated as a result of the transaction.

Each stock option held by a Pemstar employee immediately prior to the effective time of the merger will be converted into an option to acquire, on the same terms and conditions as were applicable under such Pemstar stock option (taking into account the acceleration of vesting occurring as a result of the transaction), the number of shares of Benchmark common stock determined by multiplying the number of shares of Pemstar common stock subject to such Pemstar option immediately prior to the effective date of the merger by the exchange ratio in the merger, at an exercise price per share equal to the per share exercise price of the Pemstar stock option divided by the exchange ratio in the merger. The number of shares will be rounded down to the nearest whole share, the exercise price will be rounded up to the nearest whole cent, and any options intended to qualify as ISOs will be adjusted in a manner that intends to preserve their qualification as ISOs.

Each stock option held by a Pemstar non-employee director immediately prior to the effective time of the merger will be canceled in exchange for a single lump sum cash payment equal to the product of (a) the number of shares of Pemstar common stock subject to such Pemstar stock option immediately prior to the effective time of the merger and (b) the excess, if any, of (i) the product of (A) the exchange ratio in the merger and (B) the per share closing price of Benchmark common stock, as such price is reported on the New York Stock Exchange Composite Transactions Tape on the date that is two days prior to the closing date of the merger over (ii) the per share exercise price of such stock option.

Indemnification and Insurance

The merger agreement includes indemnification and insurance arrangements as described under **The Merger Interests of Pemstar Directors and Executive Officers in the Merger Indemnification and Insurance**.

Resale of Benchmark Common Stock

Benchmark common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act of 1933, as amended (the Securities Act) except for shares issued to any Pemstar shareholder who may be deemed to be an affiliate of Pemstar or Benchmark for purposes of Rule 145 under the Securities Act. It is expected that any affiliates would agree not to transfer any Benchmark common stock received in the merger except in compliance with the resale provisions of Rule 144 or Rule 145 under the Securities Act or as otherwise permitted under the Securities Act. The merger agreement requires Pemstar to use its commercially reasonable efforts to cause its affiliates to enter into such agreements. However, no Pemstar shareholder is currently expected to be deemed an affiliate. This proxy statement/prospectus does not cover resales of Benchmark common stock received by any person upon completion of the merger, and no person is authorized to make any use of this proxy statement/prospectus in connection with any such resale.

37

THE MERGER AGREEMENT

This is a summary of the material provisions of the merger agreement. The merger agreement, which is attached as Annex I to this proxy statement/prospectus and is incorporated herein by reference, contains the complete terms of that agreement. You should read the entire merger agreement carefully.

Conditions to the Completion of the Merger

Conditions to the Obligations of Each Party. The obligations of each party to consummate the merger are subject to the satisfaction or (to the extent permitted by law) waiver on or prior to the closing date of the following conditions:

- the merger agreement has been adopted by the affirmative vote of a majority of the voting power of the shares of Pemstar common stock issued and outstanding on the record date;
- the shares of Benchmark common stock to be issued in the merger have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;
- the waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), has expired or has been terminated;
- no temporary restraining order, preliminary or permanent injunction or other judgment or order issued by any court of competent jurisdiction or statute, law, rule, other legal restraint or prohibition is in effect preventing the consummation of the merger; and
- the registration statement, of which this proxy statement/prospectus forms a part, has been declared effective and is not the subject of any stop order or pending or threatened proceedings seeking a stop order.

Conditions to the Obligations of Benchmark. The obligations of Benchmark to consummate the merger are subject to the satisfaction or (to the extent permitted by law) waiver on or prior to the closing date of the following further conditions:

- the representations and warranties of Pemstar contained in the merger agreement that are qualified as to materiality are true and correct, and the representations and warranties of Pemstar contained in the merger agreement that are not qualified as to materiality are complete and accurate in all material respects, in each case as of the date of the merger agreement and as of the closing date as though made on the closing date (except to the extent the representations and warranties expressly relate to an earlier date, in which case as of the earlier date). Benchmark must receive a certificate signed on behalf of Pemstar by the chief executive officer and the chief financial officer of Pemstar to that effect;
- Pemstar has performed in all material respects all obligations required to be performed by it under the merger agreement at or prior to the closing date, and Benchmark has received a certificate signed on behalf of Pemstar by the chief executive officer and the chief financial officer of Pemstar to that effect;
- there is no pending or overtly threatened suit, action or proceeding by any governmental entity (or by any other person having a reasonable likelihood of prevailing in a manner contemplated in the three sub-bullets below):

challenging the acquisition by Benchmark or Merger Sub of any shares of Pemstar common stock, seeking to restrain or prohibit the consummation of the merger or any other transaction contemplated by the merger agreement, or seeking to place limitations on the ownership of shares of Pemstar common stock (or shares of common stock of the surviving corporation) by

Benchmark, Merger Sub or any other affiliate of Benchmark or seeking to obtain from Pemstar, Benchmark, Merger Sub or any other affiliate of Benchmark any damages that are material in relation to Pemstar;

seeking to prohibit or materially limit the ownership or operation by Pemstar, Benchmark or any of their respective subsidiaries of any portion of any business or of any assets of Pemstar, Benchmark or any of their respective subsidiaries, or to compel Pemstar, Benchmark or any of their respective subsidiaries to divest or hold separate any portion of any business or of any assets of Pemstar, Benchmark or any of their respective subsidiaries, in each case, as a result of the merger; or

seeking to prohibit Benchmark or any of its affiliates from effectively controlling in any material respect the business or operations of Pemstar or any of its subsidiaries;

- no restraint is in effect that could reasonably be expected to result, directly or indirectly, in any of the effects referred to in the three preceding sub-bullets;
- Benchmark has received a written opinion from Cravath, Swaine & Moore LLP, counsel to Benchmark, to the effect that the merger will be treated for U.S. Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and that Benchmark, Merger Sub and Pemstar will each be a party to that reorganization within the meaning of Section 368(b) of the Code; and
- Pemstar has obtained all consents, approvals and waivers set forth in the Pemstar disclosure schedule, and these consents, approvals and waivers are in full force and effect on the closing date.

Conditions to the Obligations of Pemstar. The obligations of Pemstar to consummate the merger are subject to the satisfaction or (to the extent permitted by law) waiver on or prior to the closing date of the following further conditions:

- the representations and warranties of Benchmark and Merger Sub contained in the merger agreement that are qualified as to materiality are true and correct, and the representations and warranties of Benchmark and Merger Sub contained in the merger agreement that are not qualified as to materiality are complete and accurate in all material respects, in each case as of the date of the merger agreement and as of the closing date as though made on the closing date (except to the extent the representations and warranties expressly relate to an earlier date, in which case as of the earlier date). Pemstar must receive a certificate signed on behalf of Benchmark by an executive officer of Benchmark to that effect;
- Benchmark and Merger Sub have performed in all material respects all obligations required to be performed by them under the merger agreement at or prior to the closing date, and Pemstar has received a certificate signed on behalf of Benchmark by an executive officer of Benchmark to that effect; and
- Pemstar has received a written opinion from Dorsey & Whitney LLP, counsel to Pemstar, to the effect that the merger will be treated for U.S. Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and that Benchmark, Merger Sub and Pemstar will each be a party to that reorganization within the meaning of Section 368(b) of the Code.

Important Definitions

The merger agreement provides that a material adverse effect or material adverse change means, when used in connection with Pemstar or Benchmark, any change, effect, event, occurrence, state of facts or development which individually or in the aggregate could reasonably be expected to result in any change or effect that (1) is materially adverse to the business, condition (financial or otherwise), properties, assets,

liabilities (contingent or otherwise) or results of operations of Pemstar and its subsidiaries, taken as a whole, or Benchmark and its subsidiaries, taken as a whole, as the case may be, or (2) could reasonably be expected to prevent or materially impede, interfere with, hinder or delay the consummation by Pemstar or Benchmark, as the case may be, of the merger or the other transactions contemplated by the merger agreement. However, none of the following will be deemed, either alone or in combination, to constitute, and none of the following will be taken into account in determining whether there has been or will be, a material adverse effect or a material adverse change:

- any change relating to the economies in locations in which Pemstar has operations or Benchmark has operations, as the case may be, or the United States securities markets in general, so long as the changes do not disproportionately impact Pemstar or Benchmark, as the case may be, relative to other companies that have operations located in those economies or that have securities listed in the United States;
- any adverse change, effect, event, occurrence, state of facts or development reasonably attributable to conditions affecting the industry in which Pemstar or Benchmark, as the case may be, participates (other than as may arise or result from regulatory action by a governmental entity), so long as the effects do not disproportionately impact Pemstar or Benchmark, as the case may be, relative to other companies that participate in the industry; or
- any change to the extent resulting directly from the announcement or consummation of the transactions contemplated by the merger agreement.

No Solicitation

The merger agreement provides that Pemstar, its subsidiaries and their directors, officers or employees or any investment banker, financial advisor, attorney, accountant or other advisor, agent or representative retained by Pemstar or any of its affiliates will not directly or indirectly:

- solicit, initiate or encourage, or take any other action designed to, or which could reasonably be expected to, facilitate, any takeover proposal; or
- enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person any information, or otherwise cooperate in any way with, any takeover proposal.

In addition, Pemstar and its subsidiaries must immediately cease and terminate any existing discussions or negotiations with any person conducted before the signing of the merger agreement with respect to any takeover proposal and request the prompt return or destruction of all confidential information previously furnished to such person(s).

The merger agreement provides that the term "takeover proposal" means any inquiry, proposal or offer from any person relating to, or that would reasonably be expected to lead to:

- any direct or indirect acquisition or purchase, in one transaction or a series of transactions, of assets or businesses that constitute 15% or more of the revenues, net income or the assets of Pemstar and its subsidiaries, taken as a whole, or 15% or more of any class of equity securities of Pemstar or any of its subsidiaries;
- any tender offer or exchange offer that if consummated would result in any person beneficially owning 15% or more of any class of equity securities of Pemstar or any of its subsidiaries; or
- any merger, consolidation, business combination, recapitalization, liquidation, dissolution, joint venture, binding share exchange or similar transaction involving Pemstar or any of its subsidiaries pursuant to which any person or the shareholders of any person would own 15% or more of any

class of equity securities of Pemstar or any of its subsidiaries or of any resulting parent company of Pemstar, other than the transactions contemplated by the merger agreement.

The merger agreement provides further that, notwithstanding the restrictions described above, at any time prior to the time the shareholders of Pemstar have adopted the merger agreement, in response to a bona fide written takeover proposal that the Pemstar board of directors determines in good faith by a majority vote of the disinterested directors (after consultation with outside counsel and a financial advisor of nationally recognized reputation, which may be Needham or Piper Jaffray) constitutes or would reasonably be expected to lead to a superior proposal, as described below, Pemstar may (1) furnish information with respect to Pemstar and its subsidiaries to the person making the takeover proposal (and its representatives) pursuant to a customary confidentiality agreement (a copy of which must be provided to Benchmark) not less restrictive of the person than the confidentiality agreement entered into between Benchmark and Pemstar, so long as all the information has previously been provided to Benchmark or is provided to Benchmark prior to or substantially concurrent with the time it is provided to the person and (2) participate in discussions or negotiations with the person making the takeover proposal (and its representatives) regarding the takeover proposal, so long as:

- the takeover proposal was not solicited after the date of the merger agreement and was made after the date of the merger agreement and did not otherwise result from a breach of the no solicitation covenant; and
- the Pemstar board of directors determines in good faith by a majority vote of the disinterested directors (after consultation with outside counsel) that it is required to do so in order to comply with its fiduciary duties to the shareholders of Pemstar under applicable law.

The merger agreement provides that the term "superior proposal" means any bona fide offer made by a third party that if consummated would result in the person (or its shareholders) owning, directly or indirectly, more than 50% of the shares of Pemstar common stock then outstanding (or of the surviving entity in a merger or the direct or indirect parent of the surviving entity in a merger) or more than 50% of the assets of Pemstar, which the Pemstar board of directors determines in good faith by a majority vote of the disinterested directors (after consultation with outside counsel and a financial advisor of nationally recognized reputation, which may be Needham or Piper Jaffray) to be:

- more favorable to the Pemstar shareholders from a financial point of view than the merger (taking into account all the terms and conditions of the proposal and the merger agreement (including any changes to the terms of the merger agreement proposed by Benchmark in response to the offer or otherwise)); and
- reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of the proposal.

The merger agreement provides further that neither the Pemstar board of directors nor any committee of the Pemstar board of directors may:

- withdraw (or modify in a manner adverse to Benchmark), or publicly propose to withdraw (or modify in a manner adverse to Benchmark), the approval, recommendation or declaration of advisability by the Pemstar board of directors or any committee of the Pemstar board of directors of the merger agreement, the merger or the other transactions contemplated by the merger agreement;
- recommend, adopt or approve, or propose publicly to recommend, adopt or approve, any takeover proposal (any action described in these first two bullets is referred to as a "company adverse recommendation change"); or

- approve or recommend, or propose to approve or recommend, or allow Pemstar or any of its affiliates to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar agreement constituting or related to, or that is intended to or would reasonably be expected to lead to, any takeover proposal (other than a confidentiality agreement as referred to above).

Notwithstanding the above, if at any time prior to the time the shareholders of Pemstar have adopted the merger agreement, the Pemstar board of directors receives a superior proposal and as a result determines in good faith by a majority vote of the disinterested directors (after consultation with outside counsel and a financial advisor of nationally recognized reputation, which may be Needham or Piper Jaffray) that it is required to do so in order to comply with its fiduciary duties to the shareholders of Pemstar under applicable law, Pemstar may make a company adverse recommendation change, except that no company adverse recommendation change may be made until after the fourth business day following Benchmark's receipt of written notice (a notice of adverse recommendation) from Pemstar advising Benchmark that the Pemstar board of directors intends to take such action and specifying all material terms and conditions of any superior proposal that is the basis of the proposed action by the board of directors. The merger agreement further provides that any amendment to the financial terms or any other material term of such superior proposal requires a new notice of adverse recommendation and a new four business day period. In determining whether to make a company adverse recommendation change, the Pemstar board of directors must take into account any changes to the terms of the merger agreement proposed by Benchmark in response to a notice of adverse recommendation or otherwise.

Nothing in the no solicitation covenant will prohibit Pemstar from (1) taking and disclosing to its shareholders a position contemplated by Rule 14e-2(a) promulgated under the Exchange Act or (2) making any disclosure to the shareholders of Pemstar if, in the good faith judgment of the Pemstar board of directors, as determined by a majority vote of the disinterested directors (after consultation with outside counsel), the failure to so disclose would be inconsistent with its obligations under applicable law, including the board of directors' duty of candor to the shareholders of Pemstar, except that in no event may Pemstar or its board of directors or any committee of the Pemstar board of directors take, or agree or resolve to take, any action prohibited by the two paragraphs above.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after the merger agreement has been adopted by the shareholders of Pemstar:

- by mutual written consent of Pemstar, Benchmark and Merger Sub;
- by either Benchmark or Pemstar if the merger has not been consummated on or before April 16, 2007, except that this right to terminate the merger agreement will not be available to any party whose breach of a representation or warranty in the merger agreement or whose action or failure to act has been a principal cause of or resulted in the failure of the merger to be consummated on or before April 16, 2007;
- by either Benchmark or Pemstar if any temporary restraining order, preliminary or permanent injunction or other judgment or order issued by any court of competent jurisdiction or statute, law, rule, other legal restraint or prohibition preventing the consummation of the merger is in effect and has become final and nonappealable;
- by either Benchmark or Pemstar if the merger agreement has not been adopted by the shareholders of Pemstar at the shareholders' meeting (or any adjournment or postponement of the shareholders' meeting);

- by Benchmark if Pemstar has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the merger agreement that would give rise to the failure of either of the conditions described in the first two bullet points under **Conditions to the Completion of the Merger** **Conditions to the Obligations of Benchmark** and the condition is incapable of being cured, or is not cured, by Pemstar within 30 calendar days following receipt of written notice of a breach or failure to perform from Benchmark;
- by Benchmark if any temporary restraining order, preliminary or permanent injunction or other judgment or order issued by any court of competent jurisdiction or statute, law, rule, other legal restraint or prohibition having the effects described in the third bullet point under **Conditions to the Completion of the Merger** **Conditions to the Obligations of Benchmark** is in effect and has become final and nonappealable;
- by Pemstar if Benchmark has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the merger agreement that would give rise to the failure of either of the conditions described in the first two bullet points under **Conditions to the Completion of the Merger** **Conditions to the Obligations of Pemstar** the condition is incapable of being cured, or is not cured, by Benchmark within 30 calendar days following receipt of written notice of such breach or failure to perform from Pemstar;
- by Benchmark in the event that, prior to the adoption of the merger agreement by the shareholders of Pemstar: (1) a company adverse recommendation change has occurred or (2) the Pemstar board of directors fails publicly to reaffirm its recommendation of the merger agreement, the merger or the other transactions contemplated by the merger agreement within 10 business days of receipt of a written request by Benchmark to provide a reaffirmation following a takeover proposal; or
- by Benchmark if Pemstar or any of its officers, directors, employees, representatives or agents takes any actions in violation of the no solicitation covenant described under **No Solicitation** .

Fees and Expenses

General. The merger agreement provides that all fees and expenses incurred in connection with the merger agreement, the merger and the other transactions contemplated by the merger agreement will be paid by the party incurring the fees or expenses, whether or not the merger is consummated, except that expenses incurred in connection with the filing, printing and mailing of this proxy statement/prospectus will be shared equally by Benchmark and Pemstar.

Pemstar will reimburse Benchmark and Merger Sub for all their out-of-pocket expenses actually incurred in connection with the merger agreement, the merger and the other transactions contemplated by the merger agreement if the merger agreement is terminated by Benchmark as described in the fifth bullet under **Termination of the Merger Agreement** . Benchmark will reimburse Pemstar for all its out-of-pocket expenses actually incurred in connection with the merger agreement, the merger and the other transactions contemplated by the merger agreement if the merger agreement is terminated by Pemstar as described in the seventh bullet under **Termination of the Merger Agreement** . Any reimbursement must be paid upon demand following termination, except that no payment is due under the first sentence of this paragraph if Pemstar has previously made any payment due described under **Fees an Expenses** **Termination Fee** below.

Termination Fee. Pemstar must pay to Benchmark a termination fee of \$12 million in each of the following circumstances:

- Benchmark terminates the merger agreement in accordance with the terms described in the last two bullets under **Termination of the Merger Agreement** ; or

- prior to the adoption of the merger agreement by the shareholders of Pemstar, a takeover proposal has been made to Pemstar or has been made directly to the Pemstar shareholders generally or has otherwise become publicly known or any person has publicly announced an intention (whether or not conditional) to make a takeover proposal, thereafter the merger agreement is terminated by either Benchmark or Pemstar pursuant to either the second bullet point under Termination of the Merger Agreement (but only if a vote to obtain the Pemstar shareholder approval or the Pemstar shareholders meeting has not been held) or the fourth bullet point under Termination of the Merger Agreement and within 12 months after the termination Pemstar enters into a definitive contract to consummate, or consummates, the transactions contemplated by any takeover proposal.

Conduct of Business Pending the Merger

Under the merger agreement, during the period from the date of the merger agreement to the effective time of the merger, except as set forth in the Pemstar disclosure schedule or as consented to in writing in advance by Benchmark or as otherwise permitted pursuant to the bullet points set forth below, Pemstar and its subsidiaries will carry on its business in the ordinary course consistent with past practice and as currently proposed by Pemstar to be conducted prior to the closing of the merger and in compliance in all material respects with all applicable legal provisions and, to the extent consistent with the foregoing, use all commercially reasonable efforts to preserve intact its current business organizations, keep available the services of its current officers, employees and consultants and preserve its relationships with customers, suppliers, licensors, licensees, distributors and others having business dealings with it with the intention that its goodwill and ongoing business will be unimpaired at the effective time of the merger. In addition to and without limiting the generality of the foregoing, during the period from the date of the merger agreement to the effective time of the merger, except as otherwise set forth in the Pemstar disclosure schedule, Pemstar and its subsidiaries will not, without Benchmark's prior written consent:

- declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any of its capital stock;
- split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock;
- purchase, redeem or otherwise acquire any shares of its capital stock or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities, except for purchases, redemptions or other acquisitions of capital stock or other securities required under the terms of any plans, arrangements or other contracts existing on the date hereof between Pemstar or any of its subsidiaries and any director or employee of Pemstar or any of its subsidiaries (to the extent complete and accurate copies of such plans, arrangements or other Contracts have been delivered to Benchmark before the signing of the merger agreement);
- issue, deliver, sell, grant, pledge or otherwise encumber or subject to any lien any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities, or any phantom stock, phantom stock rights, stock appreciation rights or stock-based performance units, including pursuant to contracts as in effect on the date hereof (other than (x) the issuance of shares of Pemstar common stock upon the exercise of Pemstar stock options outstanding on the date hereof in accordance with their terms on the date hereof and (y) the issuance of the rights and capital stock pursuant to the terms of the Pemstar rights agreement);
- amend the Pemstar articles of incorporation or Pemstar by-laws or other comparable charter or organizational documents of any of Pemstar's subsidiaries, except as may be required by law or the rules and regulations of the SEC or Nasdaq Global Market;

- directly or indirectly acquire by merging or consolidating with, or by purchasing assets of, or by any other manner, any person or division, business or equity interest of any person or any asset or assets that, individually, has a purchase price in excess of \$350,000 or, in the aggregate, have a purchase price in excess of \$2,000,000, except for new capital expenditures, which are subject to the limitations of the eleventh bullet point in this list, and except for purchases of components, raw materials or supplies in the ordinary course of business consistent with past practice;
- sell, lease, license, mortgage, sell and leaseback or otherwise encumber or subject to any lien or otherwise dispose of any of its properties or other assets or any interests therein (including securitizations), except for sales of inventory and used equipment in the ordinary course of business consistent with past practice;
- enter into, modify or amend any lease of property, except for any renewals of existing leases in the ordinary course of business;
- incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt securities or calls, options, warrants or other rights to acquire any debt securities of Pemstar or any of its subsidiaries, guarantee any debt securities of another person, enter into any keep well or other contract to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing;
- make any loans, advances or capital contributions to, or investments in, any other person, other than to employees in respect of travel expenses in the ordinary course of business consistent with past practice;
- make any new capital expenditure or expenditures which, individually, is in excess of \$350,000 or, in the aggregate, are in excess of \$2,000,000;
- except as required by law or any judgment:

pay, discharge, settle or satisfy any claims, liabilities, obligations or litigation (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge, settlement or satisfaction in the ordinary course of business consistent with past practice or in accordance with their terms, of liabilities disclosed, reflected or reserved against in the most recent financial statements (or, if applicable, the notes of the financial statements) of Pemstar included in the documents filed by Pemstar with the SEC (for amounts not in excess of such reserves) or incurred since the date of such financial statements in the ordinary course of business consistent with past practice;

cancel any indebtedness;

waive or assign any claims or rights of substantial value;

waive any benefits of, or agree to modify in any respect, or, subject to the terms hereof, fail to enforce, or consent to any matter with respect to which consent is required under, any standstill or similar contract to which Pemstar or any of its subsidiaries is a party; or

waive any material benefits of, or agree to modify in any material respect, or, subject to the terms hereof, fail to enforce in any material respect, or consent to any matter with respect to which consent is required under, any material confidentiality or similar contract to which Pemstar or any of its subsidiaries is a party;

- enter into, modify, amend or terminate any contract or waive, release, assign or fail to exercise or pursue any material rights or claims thereunder, which if so entered into, modified, amended, terminated, waived, released, assigned, or not exercised or pursued could reasonably be expected to:

adversely affect Pemstar in any material respect;

impair in any material respect the ability of Pemstar to perform its obligations under the merger agreement; or

prevent or materially delay the consummation of the transactions contemplated by the merger agreement;

- enter into any contract to the extent consummation of the transactions contemplated by the merger agreement or compliance by Pemstar with the provisions of the merger agreement could reasonably be expected to conflict with, or result in a violation or breach of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of, or result in, termination, cancellation or acceleration of any obligation or to the loss of a benefit under, or result in the creation of any lien (other than an immaterial lien) in or upon any of the properties or other assets of Pemstar or any of its subsidiaries under, or require Benchmark to license or transfer any of its intellectual property rights or other material assets under, or give rise to any increased, additional, accelerated, or guaranteed right or entitlements of any third party under, or result in any material alteration of, any provision of such contract;
- enter into any contract containing any restriction on the ability of Pemstar or any of its affiliates to assign its rights, interests or obligations thereunder, unless such restriction expressly excludes any assignment to Benchmark or any of its affiliates in connection with or following the consummation of the merger and the other transactions contemplated by the merger agreement;
- sell, transfer or license to any person or otherwise extend, amend or modify any rights to the intellectual property rights of Pemstar or any of its subsidiaries;
- except as otherwise contemplated by the merger agreement or as required to ensure that any Pemstar benefit plan or Pemstar benefit agreement is not then out of compliance with applicable legal provisions or to comply with any contract or Pemstar benefit plan or Pemstar benefit agreement entered into prior to the date hereof (to the extent complete and accurate copies of which have been delivered to Benchmark before the signing of the merger agreement):

adopt, enter into, terminate or amend (x) any collective bargaining agreement or Pemstar benefit plan or (y) any Pemstar benefit agreement or other agreement, plan or policy involving Pemstar or any of its subsidiaries and one or more of their respective current or former directors, officers, employees or consultants;

increase in any manner the compensation, bonus or fringe or other benefits of, or pay any bonus of any kind or amount whatsoever to, any current or former director, officer, employee or consultant;

pay any benefit or amount not required under any Pemstar benefit plan or Pemstar benefit agreement or any other benefit plan or arrangement of Pemstar or any of its subsidiaries as in effect on the date of the merger agreement;

grant or pay any change of control, severance or termination compensation or benefits or increase in any manner the change of control, severance or termination compensation or benefits of any current or former director, officer, employee or consultant of Pemstar or any of its subsidiaries;

grant any awards under any bonus, incentive, performance or other compensation plan or arrangement, Pemstar benefit agreement or Pemstar benefit plan (including the grant of Pemstar stock options, phantom stock, stock appreciation rights, phantom stock rights, stock-based or stock-related awards, performance units or restricted stock or the removal of existing restrictions in any Pemstar benefit agreements, Pemstar benefit plans or agreements or awards made thereunder);

amend or modify any Pemstar stock option;

take any action to fund or in any other way secure the payment of compensation or benefits under any employee plan, agreement, contract or arrangement or Pemstar benefit plan or Pemstar benefit agreement;

take any action to accelerate the vesting or time of payment of any compensation or benefit under any Pemstar benefit plan or Pemstar benefit agreement; or

materially change any actuarial or other assumption used to calculate funding obligations with respect to any Pemstar pension plan or change the manner in which contributions to any Pemstar pension plan are made or the basis on which such contributions are determined;

- except as required by GAAP, revalue any material assets of Pemstar or any of its subsidiaries or make any change in accounting methods, principles or practices; or
- authorize any of, or commit, resolve, propose or agree to take any of, the foregoing actions.

Representations and Warranties

The merger agreement contains representations and warranties made by each of the parties regarding aspects of their respective businesses, financial condition and structure, as well as other facts pertinent to the merger. Many of the representations and warranties are qualified by a knowledge, materiality or material adverse effect exception. These representations and warranties relate to the following subject matters with respect to each party:

- organization, standing and corporate power;
- capital structure;
- corporate authority and noncontravention;
- filings and reports with the SEC;
- information supplied for use in the proxy statement/prospectus;
- absence of certain changes or events;
- litigation;
- voting requirements of the merger; and
- taxes.

In addition, Pemstar made representations and warranties related to the following subject matters:

- subsidiaries;
- contracts;
- compliance with laws and environmental matters;
- labor relations;

47

- Pemstar benefit plans and agreements;
- excess parachute payments and tax gross ups;
- title to properties;
- intellectual property;
- brokers and other advisors;
- the opinion of Piper Jaffray;
- insurance;
- the inapplicability of the Pemstar rights agreement;
- the inapplicability of dissenters' rights to the merger; and
- relationships with customers and suppliers.

Benchmark also made representations and warranties related to the interim operations of Merger Sub.

Benchmark's Right to Require Pemstar to Hold the Pemstar Shareholders' Meeting

Under the merger agreement, Pemstar is obligated to establish a record date for, duly call, give notice of, convene and hold a meeting of the Pemstar shareholders to adopt the merger agreement as soon as practicable. Pemstar's obligation under the preceding sentence will not be affected by (1) the commencement, public proposal, public disclosure or communication to Pemstar of any takeover proposal or (2) the withdrawal or modification by the Pemstar board of directors or any committee of the Pemstar board of directors of the approval or recommendation by the Pemstar board of directors or such committee of the merger agreement, the merger or the other transactions contemplated by the merger agreement.

Commercially Reasonable Efforts

Under the merger agreement, Benchmark and Pemstar have agreed to use commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, and to assist and cooperate with the other parties in doing all things necessary, proper or advisable to consummate and make effective the merger and the other transactions contemplated by the merger agreement in the most expeditious manner practicable, including but not limited to (1) taking all acts necessary to cause the conditions of the merger to be satisfied as promptly as practicable, (2) obtaining all necessary actions or nonactions, consents, approvals and waivers from governmental entities and making all necessary registrations and filings (including filings with governmental entities) and taking all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any governmental entity, (3) obtaining all necessary consents, approvals or waivers from third parties and (4) obtaining or transferring all environmental permits necessary for operating the business of the surviving corporation pursuant to applicable environmental law.

Articles of Incorporation and By-laws of the Surviving Corporation

The merger agreement provides that at the effective time of the merger, the amended articles of incorporation of Pemstar will be amended to be in the form of Exhibit A to the merger agreement and, as so amended, the amended articles of incorporation will be the amended articles of incorporation of the surviving corporation until change or amendment as provided in the amended articles of incorporation or by applicable law. The merger agreement further provides that the by-laws of Merger Sub in effect immediately prior to the effective time of the merger will be the by-laws of the surviving corporation, until

changed or amended as provided in the by-laws or by applicable law. For a summary of the current Pemstar articles of incorporation, by-laws and the associated rights of Pemstar shareholders, see Comparison of Rights of Common Shareholders of Benchmark and Common Shareholders of Pemstar.

Amendment

The merger agreement may be amended at any time before or after receipt of the shareholder approval, except that after shareholder approval has been obtained, no amendment can be made that by law requires further approval by the shareholders of Pemstar without such approval having been obtained. The merger agreement may not be amended except by an instrument in writing signed on behalf of each of the parties to the merger agreement.

Extension; Waiver

At any time prior to the effective time of the merger, the parties to the merger agreement may (1) extend the time for the performance of any of the obligations or other acts of the other parties, (2) to the extent permitted by law, waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement or (3) subject to the exception described in the first sentence of Amendment and to the extent permitted by law, waive compliance with any of the agreements or conditions contained in the merger agreement. Any agreement on the part of a party to any such extension or waiver will be valid only if the extension or waiver is set forth in an instrument in writing signed on behalf of that party. The failure of any party to the merger agreement to assert any of its rights under the merger agreement or otherwise will not constitute a waiver of those rights.

Specific Enforcement

The parties to the merger agreement have agreed that irreparable damage would occur and that the parties would not have any adequate remedy at law in the event that any of the provisions of the merger agreement were not performed in accordance with their specific terms or were otherwise breached. The parties have agreed that they will be entitled to an injunction or injunctions to prevent breaches of the merger agreement and to enforce specifically the terms and provisions of the merger agreement in any Federal court located in the State of Delaware or in any state court in the State of Delaware in addition to any other remedy to which they are entitled at law or in equity. In addition, each of the parties to the merger agreement (1) has consented to submit itself to the personal jurisdiction of any Federal court located in the State of Delaware or of any state court located in the State of Delaware in the event any dispute arises out of the merger agreement or the transactions contemplated by the merger agreement, (2) has agreed that it will not attempt to deny or defeat personal jurisdiction by motion or other request for leave from any such court and (3) has agreed that it will not bring any action relating to the merger agreement or the transactions contemplated by the merger agreement in any court other than a Federal court located in the State of Delaware or a state court located in the State of Delaware.

BENCHMARK ELECTRONICS, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial information is based upon Benchmark's and Pemstar's historical consolidated financial information incorporated by reference in this proxy statement/prospectus, and has been prepared to reflect the proposed merger based on the purchase method of accounting. The historical consolidated financial information has been adjusted to give effect to pro forma events that are directly attributable to the merger and factually supportable. The unaudited pro forma condensed consolidated statements of income, which have been prepared for the nine months ended September 30, 2006 and for the twelve months ended December 31, 2005, give effect to the merger as if it had occurred on January 1, 2005. The unaudited pro forma condensed consolidated balance sheet has been prepared as of September 30, 2006 and gives effect to the merger as if it had occurred on that date.

The unaudited pro forma condensed consolidated financial information is presented for informational purposes only. The pro forma information is not necessarily indicative of what the financial position or results of operations actually would have been had the merger been completed at the dates indicated. In addition, the unaudited pro forma condensed consolidated financial information does not purport to project the future financial position or operating results of Benchmark after completion of the merger.

The unaudited pro forma condensed consolidated financial information was prepared using the purchase method of accounting with Benchmark treated as the acquiror. The unaudited pro forma condensed consolidated financial information does not give effect to any potential cost savings or other operating efficiencies that could result from the merger. In addition, Benchmark's cost to acquire Pemstar will be allocated to the assets acquired and liabilities assumed based upon their estimated fair values as of the date of acquisition. The allocation is dependent upon valuations and other studies that have not progressed to a stage where there is sufficient information to make a definitive allocation. Accordingly, the purchase price allocation pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed consolidated financial information in this proxy statement/prospectus.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
September 30, 2006

	Benchmark Historical (in thousands)	Pemstar Historical	Pro Forma Adjustments	Pro Forma Consolidated
Assets				
Current assets:				
Cash and cash equivalents	\$ 114,040	\$ 21,165	\$ (367)	(e) \$ 134,838
Short-term investments	150,910			150,910
Accounts receivable, net	441,525	138,772		580,297
Recoverable income taxes		347		347
Inventories, net	532,110	76,432		608,542
Prepaid expenses and other assets	48,481	45,173	(977)	(c) 92,677
Deferred tax asset	8,538	928	(231)	(c) 9,235
Assets related to discontinued operations		436		436
Total current assets	1,295,604	283,253	(1,575)	1,577,282
Property, plant and equipment, net	103,503	55,960	6,839	(c) 166,302
Goodwill, net	112,995	33,878	94,751	(a) 241,624
Intangible assets			15,663	(h) 15,663
Deferred income taxes		3,240	15,152	(b) 16,876
			(1,516)	(c)
Other, net	7,759	6,701		14,460
Non-current assets related to discontinued operations		16		16
	\$ 1,519,861	\$ 383,048	\$ 129,314	\$ 2,032,223
Liabilities and Shareholders' Equity				
Current liabilities:				
Cash overdraft	\$	\$ 3,302	\$	\$ 3,302
Revolving credit facilities and current maturities of long-term debt		88,272		88,272
Current maturities of capital lease obligations		300		300
Accounts payable	480,805	120,772		601,577
Income taxes payable	25,752	1,841	1,900	(c) 29,493
Accrued liabilities	43,603	42,339	7,781	(c) 98,216
			4,493	(d)
Liabilities related to discontinued operations		1,260		1,260
Total current liabilities	550,160	258,086	14,174	822,420
Long-term debt, less current maturities		5,954		5,954
Capital lease obligations, less current maturities		11,520		11,520
Other long-term liabilities	2,413	1,852		4,265
Deferred tax liability	13,359	1,248	3,883	(b) 18,490
Shareholders' equity:				
Preferred shares				
Common shares	6,464	455	272	(e) 7,191
Additional paid-in capital	583,794	255,505	(40,587)	(e) 798,712
Retained earnings (accumulated deficit)	370,654	(154,106)	154,106	(e) 370,654
Accumulated other comprehensive income (loss)	(6,711)	2,534	(2,534)	(e) (6,711)
Less treasury shares	(272)			(272)
Total shareholders' equity	953,929	104,388	111,257	1,169,574
	\$ 1,519,861	\$ 383,048	\$ 129,314	\$ 2,032,223

See accompanying notes to unaudited proforma condensed consolidated financial information.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
nine Months Ended september 30, 2006

	Benchmark Historical	Pemstar Historical	Pro Forma Adjustments	Pro Forma Consolidated
	(in thousands, except per share data)			
Sales	\$ 2,169,964	\$ 620,979		\$ 2,790,943
Cost of sales	2,020,039	576,175	\$ (1,455)(f)	2,594,759
Gross profit	149,925	44,804	1,455	196,184
Selling, general and administrative expenses	51,987	29,038		81,025
Restructuring charges (benefit)	4,478	(2,492)		1,986
Income from operations	93,460	18,258	1,455	113,173
Interest expense	(268)	(6,548)		(6,816)
Other income (expense)	5,508	(1,674)		3,834
Income before income taxes	98,700	10,036	1,455	110,191
Income tax (expense) benefit	(15,318)	(777)	(226)(g)	(16,321)
Net income from continuing operations	\$ 83,382	\$ 9,259	\$ 1,229	\$ 93,870
Earnings per share:				
Basic	\$ 1.30			\$ 1.31
Diluted	\$ 1.28			\$ 1.29
Weighted average number of shares outstanding:				
Basic	64,172			71,425
Diluted	65,203			72,995

See accompanying notes to unaudited proforma condensed consolidated financial information.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME (Continued)

	Benchmark Year Ended December 31, 2005 (in thousands, except per share data)	Pemstar Year Ended March 31, 2006	Pro Forma Adjustments	Pro Forma Consolidated
Sales	\$ 2,257,225	\$ 871,018		\$ 3,128,243
Cost of sales	2,095,623	828,970	\$ (4,981)(f)	2,919,612
Gross profit	161,602	42,048	4,981	208,631
Selling, general and administrative expenses	62,322	43,786		106,108
Restructuring charges		10,462		10,462
Income (loss) from operations	99,280	(12,200)	4,981	92,061
Interest expense	(330)	(9,587)		(9,917)
Other income (expense), net	6,864	(47)		6,817
Income (loss) before income taxes	105,814	(21,834)	4,981	88,961
Income tax (expense) benefit	(25,225)	965	(1,187)(g)	(25,447)
Net income (loss) from continuing operations	\$ 80,589	\$ (20,869)	\$ 3,794	\$ 63,514
Earnings per share:				
Basic	\$ 1.29			\$ 0.91
Diluted	\$ 1.25			\$ 0.90
Weighted average number of shares outstanding:				