



NEWSrelease

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FOR IMMEDIATE RELEASE
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SMTC Announces Relationship with FEI

FEI to Leverage SMTC's Mexico Operations for Large Scale System Integration

TORONTO, July 20, 2010 – SMTC Corporation (Nasdaq: SMTX, TSX: SMX) (“SMTC”), a global electronics manufacturing services provider, announced today a strategic relationship with FEI Company (Nasdaq:FEIC) (FEI).

FEI is a premier provider of electron and ion-beam microscopes and tools for nanoscale applications across many industries: industrial and academic materials research, life sciences, semiconductors, data storage, natural resources and more. With a 60-year history of technological innovation and leadership, FEI has set the performance standard in transmission electron microscopes (TEM), scanning electron microscopes (SEM) and DualBeams(TM), which combine a SEM with a focused ion beam (FIB) technologies.

SMTC will manufacture integrated control cabinets for FEI's Titan™ Transmission Electron Microscopes leveraging the internal precision sheet metal fabrication, printed circuit board assembly and cable harness assembly capabilities of its Chihuahua, Mexico campus. The low-cost North American operation provides best-in-class technical support and manufacture capabilities for low to medium volume, high complexity system integration and test solutions for industrial capital equipment, life science instrumentation and telecommunication applications.

“The relationship with SMTC is part of our strategy to leverage low-cost region supply chain partners,” said Gijs Oude Elberink, Sr Director Global Sourcing for FEI. “This partnership is also key to our “Green Back” program, which is our initiative to selectively increase our supplier spend in US dollars to offset the variability of the Euro. It is our intention to expand this promising relationship with SMTC as part of our Green Back initiatives and as part of our supply chain strategy in supporting the strong demand for our products.”

"We are excited about the opportunity to be part of the FEI's longer term supply chain strategy to capitalize on SMTC's expanded high quality large scale system integration and metal fabrication capability within our highly competitive Chihuahua Mexico facility and to offer US denominated pricing to allow FEI to reduce its currency exposure" stated John Caldwell, President and Chief Executive Officer of SMTC. "We are delighted to be selected by FEI and look forward to supporting its growth".

About SMTC Corporation: SMTC Corporation, founded in 1985, is a mid-size provider of end-to-end electronics manufacturing services (EMS) including PCBA production, systems integration and comprehensive testing services, enclosure fabrication, as well as product design, sustaining engineering and supply chain management services. SMTC facilities span a broad footprint in the United States, Canada, and Mexico, and a partnering relationship in China, with over 1,500 full time employees. SMTC services extend over the entire electronic product life cycle from the development and introduction of new products through to the growth, maturity and end-of-life phases. SMTC offers fully integrated contract manufacturing services with a distinctive approach to global original equipment manufacturers (OEMs) and emerging technology companies primarily within industrial, computing and communication market segments.

SMTC is a public company incorporated in Delaware with its shares traded on the Nasdaq National Market System under the symbol SMTX and on the Toronto Stock Exchange under the symbol SMX. For further information on SMTC Corporation, please visit our website at www.smtc.com (<http://www.smtc.com/>)

Note for Investors: The statements contained in this release that are not purely historical are forward-looking statements which involve risk and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. These statements may be identified by their use of forward-looking terminology such as "believes", "expect", "may", "should", "would", "will", "intends", "plans", "estimates", "anticipates" and similar words, and include, but are not limited to, statements regarding the expectations, intentions or strategies of SMTC Corporation. For these statements, we claim the protection of the safe harbor for forward-looking statements provisions contained in the Private Securities Litigation Reform Act of 1995. Risks and uncertainties that may cause future results to differ from forward-looking statements include the challenges of managing quickly expanding operations and integrating acquired companies, fluctuations in demand for customers' products and changes in customers' product sources, competition in the EMS industry, component shortages, and others discussed in the Company's most recent filings with securities regulators in the United States and Canada. The forward-looking statements contained in this release are made as of the date hereof and the Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ materially from those projected in the forward-looking statements.

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