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FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 0-31051

SMTC CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

635 Hood Road, Markham, Ontario, Canada
(Address of Principal Executive Offices)

98-0197680
(IRS Employer Identification Number)

L3R 4N6
(Zip Code)

Registrant's telephone number, including area code: 905-479-1810

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act: Common stock, par value $.01 per share.
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of common stock of the registrant held by non-affiliates of the registrant was approximately $33,600,606, on March 15, 2002, including the value of exchangeable shares of the registrant's subsidiary, SMTC Manufacturing Corporation of Canada, exchangeable for common stock of the registrant. For purposes of the foregoing sentence, the term "affiliate" includes each director and executive officer of the registrant and each holder of more than 5% of the registrant's common stock. The computation of the aggregate market value is based upon the closing prices of the common stock and the exchangeable shares as reported on The Nasdaq National Market and The Toronto Stock Exchange, respectively, on March 15, 2002.

As of March 15, 2002, SMTC Corporation had 23,132,220 shares of common stock, par value $0.01 per share, and one share of special voting stock, par value $0.01 per share, outstanding. As of March 15, 2002, SMTC Corporation's subsidiary, SMTC Manufacturing Corporation of Canada, had 5,557,559

exchangeable shares outstanding, excluding exchangeable shares owned by SMTC Nova Scotia Company, each of which is exchangeable into one share of common stock of SMTC Corporation.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to the registrant's 2002 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A are incorporated by reference in Part III of this Report.

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements as defined under the federal securities laws. Actual results could vary materially. Factors that could cause actual results to vary materially are described herein and in other documents. Readers should pay particular attention to the considerations described in the section of this report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations--Factors that May Affect Future Results." Readers should also carefully review any risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission.

Item 1: Business

BUSINESS

Overview

SMTC Corporation ("We" or "SMTC" or the "Company") provides advanced electronics manufacturing services, or EMS, to electronics industry original equipment manufacturers, or OEMs, primarily in the networking, industrial and communications market segments. We service our customers through eight manufacturing and technology centers strategically located in key technology corridors in the United States, Canada, Europe and the cost-effective location of Mexico. Our full range of value-added supply chain services include product design, procurement, prototyping, cable and harness interconnect, high precision enclosures, printed circuit board assembly, test, final system build, comprehensive supply chain management, packaging, global distribution and after-sales support.

We have customer relationships with industry leading OEMs such as IBM, Alcatel, Dell, EMC and Lucent Technologies. We developed these relationships by capitalizing on the continuing trend of OEMs to outsource manufacturing services to consolidate their supply base and to form long-term strategic partnerships with selected high quality EMS providers. We work closely with our customers and are highly responsive to them throughout the design, manufacturing and distribution process, providing services that allow them to focus on their core competencies of sales, marketing and research and development. We seek to grow our business through the addition of new, high quality customers and the expansion of our relationships with existing customers.

We believe that our key competitive advantages include our commodity management capabilities, leading edge equipment and processes that are consistent from site to site, customer focused team-based approach, global supply chain management capabilities and web-based systems that electronically link us with our customers and suppliers in real time, enhancing our supply chain management capabilities.

SMTC Corporation is the result of the July 1999 combination of the former SMTC Corporation, or Surface Mount, and HTM Holdings, Inc., or HTM. Surface Mount was established in Toronto, Ontario in 1985. HTM was established in Denver, Colorado in 1990. SMTC was established in Delaware in 1998. Combining Surface Mount and HTM provided us with increased strategic and operational scale and greater geographic breadth. After the combination, we purchased Zenith Electronics' facility in Chihuahua, Mexico, which expanded our cost-effective manufacturing capabilities in an important geographic region. In September 1999, we established a manufacturing presence in the Northeastern United States and expanded our value-added services to include high precision

enclosure capabilities by acquiring Boston, Massachusetts based W.F. Wood. In July 2000, we acquired Pensar Corporation, an EMS company specializing in design engineering and headquartered in Appleton, Wisconsin. In November 2000, we acquired Qualtron Teoranta, a provider of specialized cable and harness interconnect assemblies, based in Donegal, Ireland and with a subsidiary in Haverhill, Massachusetts.

During fiscal year 2001, in response to excess capacity caused by the slowing technology end market, we commenced a restructuring program aimed at reducing our cost structure. Actions taken by management to improve capacity utilization included closing our Denver, Colorado assembly facility and our Haverhill, Massachusetts interconnect facility, re-sizing our Mexico and Ireland facilities and addressing our excess equipment. Accordingly, in 2001, we recorded restructuring charges of $67.6 million pre-tax consisting of a write-down of goodwill and other intangible assets and the costs associated with exiting or re-sizing facilities and other charges of $27.3 million pre-tax consisting of accounts receivable, inventory and asset impairment charges. In addition, in March 2002, we announced that we are closing our Cork, Ireland facility and that we are taking steps to place the subsidiary that operates the Cork facility in voluntary liquidation. We expect to take an $8-10 million charge against earnings for the first quarter of 2002 as a result of such closing.

Industry Background

The EMS industry provides manufacturing services to OEMs in the electronics marketplace. During 2001, the EMS industry was adversely affected by the reduced demand for electronics products. We believe the EMS market will return to growth, fueled by the increased outsourcing of manufacturing by OEMs, by OEMs' need for increasing flexibility to respond to rapidly changing markets, technologies and accelerating product life cycles and the divestiture of OEM manufacturing assets to EMS businesses. We believe that OEMs decide to outsource manufacturing in order to take advantage of the technology and manufacturing expertise of EMS companies, eliminate manufacturing overhead, reduce time-to-market of products, improve supply chain efficiency, and access worldwide manufacturing capabilities.

Historically, OEMs were vertically integrated manufacturers that invested significantly in manufacturing assets and facilities around the world to manufacture, service and distribute their products. EMS originated as primarily labor intensive functions outsourced by OEMs to obtain additional capacity during periods of high demand. Early EMS providers were essentially subcontractors, providing production capacity on a transactional basis. However, with significant advances in manufacturing process technology, EMS providers developed additional capabilities and were able to improve quality and dramatically reduce OEMs' costs. Furthermore, as the capabilities of EMS companies expanded, an increasing number of OEMs adopted and became dependent upon EMS outsourcing strategies. Over time, OEMs came to rely on EMS providers to perform a broader array of manufacturing services, including design and development activities. In recent years, EMS providers have further expanded their range of services to include advanced manufacturing, packaging and distribution and overall supply chain management. In addition, many OEMs are reducing the number of vendors from which outsourced services are purchased, and are partnering with EMS suppliers that can provide a total service solution on a national or global basis, in order to further lower costs and increase supplier accountability.

By using EMS providers, OEMs are able to focus on their core competencies, including product development, sales and marketing, while leveraging the manufacturing efficiency and capital investment of EMS providers. OEMs use EMS providers to enhance their competitive position by:

. Reducing Time-to-Market. Electronics products are experiencing increasingly shorter product life cycles, requiring OEMs to continually reduce the time required to bring new products to market. OEMs can significantly improve product development cycles and enhance time-to-market by benefiting from the expertise and infrastructure of EMS providers. This expertise includes capabilities relating to design, quick-turn prototype development and rapid ramp-up of new products to

high volume production, with the critical support of worldwide supply chain management.

- Improving Supply Chain Management. OEMs who manufacture internally are faced with greater complexities in planning, procurement and inventory management due to frequent design changes, short product life cycles and product demand fluctuations. OEMs can address these complexities by outsourcing to EMS providers which possess sophisticated supply chain management capabilities and can leverage significant component procurement advantages to lower product costs.

- Accessing Advanced Manufacturing Capabilities and Process Technologies. Electronics products and electronics manufacturing technology have become increasingly sophisticated and complex, making it difficult for many OEMs to maintain the necessary technology expertise and focus required to efficiently manufacture products internally. By working closely with EMS providers, OEMs gain access to high quality manufacturing expertise and capabilities in the areas of advanced process, interconnect and test technologies.

- Improving Access to Global Markets. OEMs are generally increasing their international activities in an effort to expand sales through access to foreign markets. EMS companies with worldwide capabilities are able to offer such OEMs global manufacturing solutions enabling them to meet local content requirements to distribute products efficiently around the world at lower costs.

The SMTC Customer Solution

SMTC has developed and implemented unique operating models and management systems to offer greater efficiency, flexibility and cost effectiveness. The goal of these systems is to provide a higher level of employee and team accountability and an enhanced ability to exceed customer's expectations. Our customers benefit from the following components of the SMTC solution:

Commodity Management. The Commodity Management Group provides customers with product life cycle analysis identifying high risk components due to obsolescence or technology upgrades and provides recommendations to maintain a continuous production flow.

Copy Exact Model. All of SMTC's sites operate under the same model with identical systems, processes and equipment. This enables customers to seamlessly transfer their production to alternative sites to reduce costs and meet shifts in demand.

Team Oriented Production System. Our customer focused model defines each customer as a separate business unit with dedicated equipment, a dedicated materials and program management team, quality personnel and focused business systems. This approach enables teams to be tailored to specific customer requirements, allowing the smallest and largest customers to receive the same level of focus and breadth of service.

eBusiness. SMTC has implemented web-based systems through which it can communicate, collaborate and plan throughout the entire supply chain in real-time with its customers and suppliers. These systems accelerate the timeliness and effectiveness of decision making and efficiently reach SMTC's geographically dispersed facilities.

Supply Chain Management. SMTC works with its customers to set up customized inventory, logistics and distribution services to ensure that any unique delivery requirements are met. These systems focus on minimizing the risk of inventory shortfalls or excesses and improve overall cost effectiveness.

The SMTC Strategy

Our objective is to provide OEM customers worldwide a complete EMS solution which offers the advantages of electonics outsourcing, such as access to advanced manufacturing technologies, reduced costs and faster time-to-market. We intend to achieve this objective by pursuing the following business strategies:

Leverage our Global Presence in Strategic Markets. We have established facilities in several regions of the world. Each assembly facility we operate is held to the same high standards of excellence and uses a similar plant layout. This allows us to continue to enjoy the benefits of fully integrated factories and allows our customers to have choices in manufacturing locations to best suit their needs. Since 1995, we have expanded from our first facility located in Toronto, Ontario to eight facilities located in the United States, Canada, Europe and Mexico.

Continue to Provide Leading Edge Supply Chain Management Capabilities. We remain fully committed to maintaining our leadership position in supply chain management through the use of innovative management strategies. We believe our web-based collaborative planning system is enabling us to rapidly scale operations to meet customer needs, shift capacity in response to product demand fluctuations, reduce material costs and effectively distribute products to our customers or their end-customers.

Provide Advanced Technological Capabilities and Comprehensive Service Offerings. We remain committed to enhancing our capabilities and value-added services to become an integral part of our customers' operations. Through our investment in leading-edge assembly and logistics technologies, as well as our investment in design, engineering and test capabilities, we are able to supply our customers a variety of advanced design and manufacturing solutions. These capabilities include micro ball grid arrays, complex circuitry layouts, manufacturing and testing of wireless products and manufacturing of ethernet cards, among others. Additionally, building on our integrated engineering and manufacturing capabilities, we provide our customers with services ranging from initial product design and prototype production to final product assembly, test and distribution directly to our customers. We believe that this provides greater control over quality, delivery and costs and enables us to offer our customers a complete cost effective solution.

Our Services

Our full range of value-added supply chain services include product design, procurement, prototyping, cable and harness interconnect, high precision enclosures, printed circuit board assembly, test, final system build, comprehensive supply chain management, packaging, global distribution and after-sales support. More specifically, our services include:

Product Development. We provide services across the entire product life cycle including product design, prototyping, qualification testing, value and sustaining engineering.

Product Assembly. We provide advanced product assembly and test services combined with leading edge manufacturing equipment and processes. Our flexible environment can support low to high volume production and a wide range of product mix and complexity requirements.

Interconnect. We are experienced in the design, development and manufacture of interconnect assemblies such as optical and electrical cable and harness assemblies.

Enclosures. We offer customers sheet metal fabrication services used in the assembly of a full range of electronic enclosures.

System Integration. We offer a broad range of full system build capabilities to support our end-to-end solutions. The system integration process is designed to meet all customer requirements and deliver a final product directly to the end user.

Our Customers

We target OEMs primarily in the networking, industrial and communications sectors. 2001 revenue from customers was allocated by industry as follows: 37% from networking, 34% from industrial and 29% from communications.

We have customer relationships with industry leading OEMs such as IBM, Alcatel, Dell, EMC and Lucent Technologies. The electronic products we assemble and manufacture can be found in a wide array of end-products including:

- High-end storage devices
- Mid-range servers
- High-end computing components
- Linux servers
- Redundant backup systems
- Point of sale terminals
- Power supplies
- Semiconductor test equipment
- Industrial controls
- Currency recognition systems
- DSL equipment
- Switches
- Wireless handheld devices
- Voice-over IP gear
- Voice messaging equipment

Marketing and Sales

We market our services through a focused strategy that emphasizes our team based approach to servicing our customers. In addition to developing relationships with established industry leading OEMs, we also target selected emerging companies. We target prospective customers in the networking, industrial and communications markets. We are focused on building relationships with customers that require a volume of production that complements our customer-focused team-based approach and supply chain offerings. In all cases, our goal is to allocate our program management, engineering and manufacturing resources, business systems and assets on a customer-by-customer basis, enabling each of our customers to have a dedicated environment that operates as a virtual extension of its business.

We have a direct sales force with a global presence that focuses on new and existing customers to take advantage of our worldwide capabilities. We also have a mix of established direct sales representatives and manufacturer representative companies throughout Canada, the United States and Europe. Our sales offices are located within our manufacturing facilities. In addition, we have a sales office in Boston, Massachusetts. When a customer opportunity is identified by our direct or outside sales force, we dedicate a team to the potential customer that becomes part of our marketing effort and will continue to service the customer throughout our relationship.

Supply Chain Management

We believe that the basis of true collaboration is seamless integration across the enterprise-wide system, encompassing the customers' worldwide facilities, our global manufacturing sites, and our suppliers. We provide our customers with a complete supply chain management solution, using advanced electronic schedule sharing methods with our customers and suppliers to plan, purchase, expedite and warehouse components and materials. The systems and processes we currently employ in supply chain management enable us to rapidly scale operations to meet customer needs, shift capacity in response to product demand fluctuations, reduce material costs and effectively distribute products to our customers or their end-customers.

We believe that in order to continue to offer our customers leading services, we and our customers and suppliers must create virtual enterprises, sharing information and making joint decisions to ensure a fast and cost-effective response to the market. Through a web-based user interface, our customers and suppliers have direct access to our supply chain management database. Customers are able to monitor the availability and supply of component parts in real time. Communication is streamlined throughout the supply chain, allowing our customers to receive timely feedback from us and allowing us to receive real time input from our suppliers. WebPLAN and Lotus Notes are the foundation for our e-business solution.

Technology, Processes and Development

We use advanced technology in the assembly and testing of the products we manufacture. We believe that our processes and skills are among the most sophisticated in the industry. Surface mount technology is the

principal technology for the assembly of printed circuit boards. Our

customer-focused factories include predominantly surface mount technology lines, which are highly flexible and are continually reconfigured to meet customer-specific product requirements. We also work with a wide range of substrate types from thin flexible printed circuit boards to highly complex, dense multilayer boards. In addition, our assembly capabilities are complemented by advanced test capabilities. We believe that our inspection technology is among the most sophisticated in the EMS industry. In addition to expertise in surface mount assembly, we have extensive capabilities in box and system build, customer order fulfillment, design, enclosure and cable/interconnect manufacturing.

Our Suppliers

With the implementation of our web-based collaborative planning systems, our customers' needs are integrated with our suppliers in a more efficient and cost effective manner than is achievable through traditional electronic data interchange. In 2001 we purchased approximately $500 million in materials. We believe this volume of procurement enhances our ability to obtain better pricing, influence component packaging and design and obtain supply of components in constrained markets.

We generally order materials and components under our agreements with customers only to the extent necessary to satisfy existing customer orders or forecasts. We have implemented specific inventory management strategies with certain suppliers such as supplier owned inventory and other SMTC supply chain velocity and flexibility programs. Fluctuations in material costs are typically passed through to customers. We may agree, upon request from our customers, to temporarily delay shipments, which causes a corresponding delay in our revenue recognition. Ultimately, however, our customers are generally responsible for all goods manufactured on their behalf.

During 2001, no supplier represented more than 10.0% of our total purchases.

Competition

The EMS industry is highly fragmented and comprised of a large number of domestic and foreign companies, several of which have achieved substantial market share. The intense competition we face is provided by many independent companies as well as in-house manufacturing capabilities of current and potential customers who evaluate our capabilities against the merit of manufacturing products internally. We compete with different companies depending on the type of service or geographic area. Our competitors include Celestica Inc., Flextronics International Ltd., Jabil Circuit, Inc., Sanmina-SCI, Inc., Solectron Corporation, Benchmark and Plexus, as well as numerous other smaller EMS providers. Certain of our competitors may have greater manufacturing, financial, research and development and marketing resources than we do. We believe that the principal competitive factors in our segments of the EMS industry are product quality, flexibility and timeliness in responding to design and schedule changes, reliability in meeting product delivery schedules, pricing, technological sophistication, the provision of value-added services and geographic locations. Failure to satisfy any of the foregoing requirements could seriously harm our business.

Governmental Regulation

Our operations are subject to certain federal, state, provincial and local regulatory requirements relating to environmental compliance and site cleanups, waste management and health and safety matters. In particular, we are subject to regulations pertaining to health and safety in the workplace and the use, storage, discharge and disposal of hazardous chemicals used in the manufacturing process.

To date, the costs of compliance and environmental remediation have not been material to us. Nevertheless, additional or modified requirements may be imposed in the future. If such additional or modified requirements

are imposed on us, or if conditions requiring remediation are found to exist, we may be required to incur substantial additional expenditures.

Recent Developments

In June 2001, we closed our assembly facility in Denver, Colorado, leaving in place a sales and marketing presence to service the Rocky Mountain Region. Production at the Denver facility, one of the last remaining SMTC sites not recently refurbished, has been migrated to SMTC facilities closer to customer locations and to our recently retrofitted and expanded lower cost Chihuahua, Mexico facility. In September 2001, we closed our Haverhill, Massachusetts interconnect facility. During 2001, we took a one-time pre-tax charge of $67.6 million associated with our facility rationalization.

As a result of restructuring actions and market conditions we have incurred a significant operating loss, which resulted in our non-compliance with certain financial covenants contained in our credit agreement as at September 30, 2001. On November 19, 2001, we and our lending group signed a definitive term sheet for an agreement under which certain terms of the current credit facility would be revised and the non-compliance as at September 30, 2001 would be waived. In February 2002, we and our lending group executed an amendment to our credit facility, substantially consistent with the term sheet, to waive the September 30, 2001 defaults and to revise the covenant tests to be consistent with both current revenues and the forecast for 2002.

In March 2002, we announced that we are closing our facility in Cork, Ireland and that we are taking steps to place the subsidiary that operates the Cork facility in voluntary liquidation. We will continue to conduct European operations through our Donegal, Ireland facility, a separately owned subsidiary. We expect to take an $8-10 million charge against earnings for the first quarter of 2002 as a result of such facility closing. In addition, in March 2002 we were advised that Simoco, a customer we served from our facility in Cork, had an Administrator appointed by the courts in the United Kingdom as part of a financial restructuring. We are continuing discussions with the Administrator to mitigate our risk and we remain prepared to provide manufacturing services to the Simoco Administrator once Simoco's restructuring is complete.

Employees

As of December 31, 2001, we employed approximately 2,600 full time employees worldwide. In addition, we employ varying levels of temporary employees as our production demands. Given the variable nature of our project flow and the quick response time required by our customers, it is critical that we be able to quickly ramp-up and ramp-down our production to maximize efficiency. To achieve this, our strategy has been to employ a skilled temporary labor force, as required. We use outside contractors to qualify our temporary employees on a site-by-site basis. Our production level temporary employees are compensated by the hour. We do not have any permanent leased employees. We believe we are team-oriented, dynamic and results-oriented with an emphasis on customer service and quality at all levels. We believe this environment is a critical factor for us to be able to fully utilize the intellectual capital of our employees. From time to time we relocate our management level employees as needed to fill open positions at our sites. Because of our training programs, we have not experienced difficulty in adequately staffing skilled employees.

As of December 31, 2001 with the exception of approximately 415 of our employees in Mexico and 230 of our employees in Ireland, none of our employees are unionized. In March 2002, we terminated all of the 154 unionized employees in Cork, Ireland. We have never experienced a work stoppage or strike and believe that our employee relations are good.

During 2001, in connection with resizing due to the downturn in the technology market, we eliminated 429 employees at the Denver facility which was closed in June 2001, 26 plant and operational employees at the Haverhill facility which was closed in September 2001, 915 plant and operational employees at the Mexico facility, 47 plant and operational employees at the Cork, Ireland facility and 68 plant and operational employees at the Donegal, Ireland facility.

Our Structure and Our History

The SMTC family of companies includes the following companies, with their jurisdictions of incorporation or organization in parentheses:

SMTC Corporation (Delaware)
HTM Holdings, Inc. (Delaware)
SMTC de Chihuahua S.A. de C.V. (Mexico)
SMTC Manufacturing Corporation of California (California)
SMTC Manufacturing Corporation of Canada (Ontario)
STMC Manufacturing Corporation of Colorado (Delaware)
SMTC Manufacturing Corporation of Ireland Limited (Ireland)
SMTC Manufacturing Corporation of Massachusetts (Massachusetts)
SMTC Manufacturing Corporation of North Carolina (North Carolina)
SMTC Manufacturing Corporation of Texas (Texas)
SMTC Manufacturing Corporation of Wisconsin (Wisconsin)
SMTC Mex Holdings, Inc. (Delaware)
SMTC Nova Scotia Company (Nova Scotia)
Qualtron, Inc. (Massachusetts)
SMTC Teoranta (Ireland)
SMTC Ireland Company (Ireland)

Our company's present corporate structure resulted from the July 1999 combination of Surface Mount and HTM in a transaction accounted for under the purchase method of accounting as the acquisition of Surface Mount by HTM. The transaction provided us with increased strategic and operating scale, as well as greater geographic breadth. Subsequent to the combination, all of Surface Mount's operating subsidiaries, other than SMTC Canada, SMTC Manufacturing Corporation of Ireland Limited, Qualtron Teoranta and Qualtron, Inc., have become subsidiaries of HTM.

Since the combination, we acquired Zenith's facility in Chihuahua, Mexico, a transaction which expanded our cost-effective manufacturing capabilities in an important geographic region. In September 1999, we acquired the Boston, Massachusetts based systems integration and precision enclosures business of W.F. Wood, which expanded our operations into the Northeastern United States. In July 2000, we acquired Appleton, Wisconsin based Pensar Corporation, which provided us with an enhanced design engineering and test capability, additional partnerships with leading technology suppliers, a diversification of our customer base and an expanded geographic presence in the Midwestern United States. In November 2000, we acquired Haverhill, Massachusetts based Qualtron, Inc. in connection with the acquisition of its parent company, Qualtron Teoranta, by SMTC Canada. In June 2001, in response to the slowing technology end market, we closed our Denver facility. In September 2001, we closed our Haverhill facility. And in March 2002, we announced that we are closing our Cork, Ireland facility.

Backlog

Although we obtain firm purchase orders from our customers, our customers typically do not make firm orders for delivery of products more than 30 to 90 days in advance. We do not believe that the backlog of expected product sales covered by firm purchase orders is a meaningful measure of future sales since orders may be rescheduled or canceled.

Item 2: Properties

Facilities

We conduct our operations within approximately 900,000 square feet of building space. We believe our facilities are currently adequate for our operating needs. Our principal service at all locations is assembly of

electronic components, with the exception of the Boston facility where we manufacture precision enclosures and Donegal, Ireland where we manufacture cable and harness interconnect assemblies. Our operating facilities are as follows:

<TABLE>
<CAPTION>

Location	Approx. Square Footage	Leased/Owned

<S> <C> <C>
Toronto, Ontario..... 100,000 Leased
San Jose, California..... 75,000 Leased
Boston, Massachusetts.... 150,000 Leased
Charlotte, North Carolina 125,000 Leased
Austin, Texas..... 75,000 Leased
Appleton, Wisconsin..... 75,000 Owned
Chihuahua, Mexico..... 250,000 Owned
Donegal, Ireland..... 50,000 Leased
</TABLE>

SMTC subsidiaries continue to have the following facilities under lease as of March 20, 2002, but have exited operations and are seeking to exit the leases:

<TABLE>
<CAPTION>

Location	Approx. Square Footage	Leased/Owned
<S>	<C>	<C>
Denver, Colorado.....	100,000	Leased
Haverhill, Massachusetts	20,000	Leased
Cork, Ireland.....	50,000	Leased

</TABLE>

In June 2001, we closed our assembly facility in Denver, Colorado, leaving in place a sales and marketing presence to service the Rocky Mountain Region and in September 2001, we closed our interconnect facility in Haverhill. In March 2002, we announced that we are closing our facility in Cork, Ireland.

All of our principal facilities are ISO certified to ISO 9001 or ISO 9002 standards. ISO 9001 and ISO 9002 are commonly recognized standards in the EMS industry that are published by the International Standardization Organization and relate to quality management systems. ISO 9001 contains requirements for quality assurance in design, development, production, installation and servicing. ISO 9002 contains requirements for quality assurance in production, installation and servicing.

The principal executive office of SMTC and SMTC Canada is located at 635 Hood Road, Markham, Ontario, Canada L3R 4N6.

Item 3: Legal Proceedings

We are a party to various legal actions arising in the ordinary course of our business. We believe that the resolution of these legal actions will not have a material adverse effect on our financial position or results of operations.

Item 4: Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5: Market for Registrant's Common Equity and Related Stockholder Matters

The Company's common stock began trading on The Nasdaq National Market under the symbol SMTX on July 21, 2000. The following table sets forth, for the periods indicated, the high and low per share sales prices for the common stock as reported on Nasdaq. On March 15, 2002, the Company's common stock closed at $2.31 per share and had a high price of $2.34 and a low price of $2.25 on that date.

<TABLE>
<CAPTION>

	2000	
	High	Low

-	------	------
<S>	<C>	<C>
First Quarter.....	$ --	$ --
Second Quarter.....	--	--
Third Quarter (commencing July 21, 2000)	28.06	16.56
Fourth Quarter.....	25.00	9.00

	2001	
	High	Low
	------	------
First Quarter.....	$17.38	$ 2.94
Second Quarter.....	5.20	1.50
Third Quarter.....	3.11	1.00
Fourth Quarter.....	1.95	0.53

</TABLE>

As of March 15, 2002, there were approximately 7,000 holders of record of the Company's common stock.

The Company's capital stock consists of 60,000,000 authorized shares of common stock, par value $.01 per share, of which, as of March 15, 2002, 23,132,220 shares were issued and outstanding; and 5,000,000 authorized shares of preferred stock, par value $.01 per share, of which, as of March 15, 2002, one share was issued and outstanding.

The Company has never declared a cash dividend on its common stock. The Board of Directors of the Company has no present intention to pay dividends on common stock and does not anticipate doing so within the next several years. It is the present policy of the Company to retain earnings, if any, to provide for growth and working capital needs. Further, the Company's senior credit facility restricts the Company's ability to pay dividends.

Item 6: Selected Financial Data

SMTC Corporation, or SMTC, is the result of the July 1999 combination of the former SMTC Corporation, or Surface Mount, and HTM Holdings, Inc., or HTM. Upon completion of the combination and concurrent recapitalization, the former stockholders of HTM held approximately 58.0% of the outstanding shares of SMTC. We have accounted for the combination under the purchase method of accounting as a reverse acquisition of Surface Mount by HTM. Because HTM acquired Surface Mount for accounting purposes, HTM's assets and liabilities are included in our consolidated financial statements at their historical cost and the comparative figures for the periods prior to the combination reflect the results of operations of HTM. The results of operations of Surface Mount are included in our consolidated financial statements from the date of the combination.

Selected Financial Data

The selected financial data includes the following:

. The results of operations, adjusted net earnings and other financial data for 1997 and 1998 represent the results of operations, adjusted net earnings and financial data for HTM. For accounting purposes, HTM is considered to have acquired Surface Mount in the July 1999 combination.

. The results of operations, adjusted net earnings and other financial data for 1999 include a full year of results of HTM, as well as the results for Surface Mount from July 30, 1999 through to December 31, 1999 and results for W.F. Wood from September 4, 1999 through to December 31, 1999.

. The results of operations, adjusted net earnings and other financial data for 2000 include a full year of results for HTM, Surface Mount and W.F. Wood as well as the results for Pensar from July 27, 2000 through to December 31, 2000 and the results for Qualtron from November 22, 2000 through to December 31, 2000.

. The results of operations, adjusted net earnings and other financial data for 2001 include a full year of results for HTM, Surface Mount,

W.F. Wood, Pensar and Qualtron.

The data set forth below should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes thereto appearing elsewhere in this Annual Report.

Our consolidated financial statements and our selected consolidated financial data have been prepared in accordance with United States GAAP. These principles conform in all material respects to Canadian GAAP except as described in Note 23 to our consolidated financial statements. The differences between the line items under United States GAAP and those as determined under Canadian GAAP are not significant except as follows: under Canadian GAAP the 1999 and 2000 extraordinary losses would have been reported as pre-tax expenses of $2.1 million and $4.3 million, respectively. Accordingly, the 1999 loss before income tax recovery would be $2.8 million, income tax recovery would be $0.7 million and net loss would be unchanged at $2.1 million under Canadian GAAP. The 2000 income before income taxes would be $9.4 million, income tax expense would be $5.7 million and net earnings would be unchanged at $3.7 million under Canadian GAAP. Also, in 2001 the amortization and the write-down of goodwill related to the Qualtron Teoranta acquisition are $0.2 million and $2.2 million lower, respectively, under Canadian GAAP. Under United States GAAP, the shares issued as consideration in the Qualtron Teoranta acquisition were valued using the share price at the announcement date of the acquisition and under Canadian GAAP, the shares were valued on the consummation date.

Consolidated Statement of Operations Data: (in millions, except per share amounts)

<TABLE>
<CAPTION>

	Year Ended				
	December 31, 1997	December 31, 1998	December 31, 1999	December 31, 2000	December 31, 2001
<S>	<C>	<C>	<C>	<C>	<C>
Revenue	$59.0	$ 89.7	$258.0	$782.7	$ 612.2
Cost of sales (including restructuring charges of $25.4 million for the year ended December 31, 2001)(a)	53.6	82.5	236.3	714.4	640.9
Gross profit (loss)	5.4	7.2	21.7	68.3	(28.7)
Selling, general and administrative expenses	2.8	3.3	13.3	34.6	44.1
Amortization	--	0.2	2.0	6.2	9.5
Restructuring charges including the write-down of intangible assets(a)	--	--	--	--	42.2
Recapitalization expenses(b)	--	2.2	--	--	--
Operating income (loss)	2.6	1.5	6.4	27.5	(124.5)
Interest	0.7	2.0	7.1	13.8	9.3
Earnings (loss) before income taxes(c)	1.9	(0.5)	(0.7)	13.7	(133.8)
Income tax expense (recovery)	0.7	(0.2)	0.1	7.4	(29.0)
Earnings (loss) before extraordinary loss.	1.2	(0.3)	(0.8)	6.3	(104.8)
Extraordinary loss(d)	--	--	(1.3)	(2.7)	--
Net earnings (loss)	$ 1.2	$ (0.3)	$ (2.1)	$ 3.6	$(104.8)
Net earnings (loss) per common share:					
Basic before extraordinary loss	$0.40	$(0.44)	$(1.89)	$ 0.24	$ (3.66)
Extraordinary loss	--	--	(0.79)	(0.20)	--
Basic	$0.40	$(0.44)	$(2.68)	$ 0.04	$ (3.66)
Diluted	$0.40	$(0.44)	$(2.68)	$ 0.03	$ (3.66)
Weighted average number of shares outstanding:					
Basic	3.1	2.1	1.6	13.2	28.6

Diluted	3.1	2.1	1.6	13.7	28.6

</TABLE>

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(a) During fiscal year 2001, in response to excess capacity caused by the slowing technology end market, the company commenced a restructuring program aimed at reducing its cost structure. Accordingly, the Company recorded restructuring charges of $67.6 million consisting of a write-down of goodwill and other intangible assets and the costs associated with exiting or re-sizing facilities. Refer to note 21 to our consolidated financial statements.

(b) Leveraged recapitalization expenses of $2.2 million include transaction costs and compensation expense related to our leveraged recapitalization.

(c) Refer to Note 23 to our consolidated financial statements for a description of differences between United States GAAP and Canadian GAAP.

(d) The extraordinary loss of $1.3 million in 1999 arises from debt prepayment penalties of $0.8 million, the write-off of unamortized debt financing fees of $1.0 million and the write off of the unamortized debt discount of $0.3 million, net of a tax recovery of $0.8 million. The extraordinary loss of $2.7 million in 2000 arises from debt prepayment penalties of $0.3 million, the write-off of unamortized debt financing fees of $2.9 million and the write off of the value of the warrants issued in excess of the proceeds received of $1.1 million, net of a tax recovery of $1.6 million.

Consolidated Adjusted Net Earnings (Loss): (in millions, except per share amounts)

<TABLE>
<CAPTION>

	Year Ended				
	December 31, 1997	December 31, 1998	December 31, 1999	December 31, 2000	December 31, 2001
<S>	<C>	<C>	<C>	<C>	<C>
Net earnings (loss)	$ 1.2	$(0.3)	$ (2.1)	$ 3.6	$(104.8)
Adjustments:					
Extraordinary loss	--	--	1.3	2.7	--
Amortization of goodwill	--	--	1.5	5.3	8.4
Restructuring and other charges(a)	--	--	--	--	94.8
Recapitalization expenses	--	2.2	--	--	--
Management fees	--	0.1	0.7	--	--
Income tax effect	--	(0.9)	(0.5)	(1.1)	(19.3)
Adjusted net earnings (loss)	$ 1.2	$ 1.1	$ 0.9	$10.5	$ (20.9)
Adjusted net earnings (loss) per common share:					
Basic	$0.40	$0.52	$(0.80)	$0.56	$ (0.73)
Diluted	$0.40	$0.52	$(0.80)	$0.54	$ (0.73)
Weighted average number of shares outstanding:					
Basic	3.1	2.1	1.6	13.2	28.6
Diluted	3.1	2.1	1.6	13.7	28.6

</TABLE>

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(a) Includes $25.4 million of restructuring charges from inventory included in cost of sales, $42.2 million of restructuring charges and $27.2 million of other charges.

The Company has provided information on consolidated adjusted net earnings to supplement its GAAP financial information. Consolidated adjusted net earnings do not have any standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures presented by other issuers. The management of the Company uses consolidated adjusted net earnings to monitor its operations and believe it's a meaningful measure of operating performance due to the history of acquisitions and recent restructurings. Consolidated adjusted net earnings (loss) exclude the effects of amortization of goodwill, restructuring and other charges (most significantly the write-down of goodwill,

the cost associated with closing facilities, inventory and accounts receivable exposures and severance costs) management fees, recapitalization expenses and income tax adjustments. Consolidated adjusted net earnings (loss) are not a measure of performance under United States GAAP or Canadian GAAP and should not be considered in isolation or as a substitute for net earnings prepared in accordance with United States GAAP or Canadian GAAP or as an alternative measure of operating performance or profitability.

Consolidated Balance Sheet Data and Other Financial Data: (in millions)

<TABLE>
<CAPTION>

	December 31, 1997	December 31, 1998	December 31, 1999	December 31, 2000	December 31, 2001
<S>	<C>	<C>	<C>	<C>	<C>
Cash	$ 0.4	$ 0.5	$ 2.1	$ 2.7	$ 12.1
Working capital	4.1	8.1	53.4	188.3	75.3
Total assets	31.7	44.2	228.1	547.5	341.4
Total debt, including current maturities	8.2	35.5	134.0	118.0	122.8
Shareholders' equity (deficiency)	8.4	(10.5)	7.8	228.5	124.7
Capital expenditures	0.9	3.2	4.1	25.7	19.1
Cash flows from operating activities	(0.4)	(3.8)	(6.6)	(104.9)	28.3
Cash flows from financing activities	1.2	4.3	49.6	159.1	0.2
Cash flows from investing activities	(0.4)	(0.5)	(41.4)	(53.6)	(19.2)

</TABLE>

Quarterly Results

The following tables set forth our unaudited historical quarterly results for the eight quarters ended December 31, 2001. This information has been prepared on the same basis as our annual consolidated financial statements and it includes all adjustments necessary for a fair presentation of the financial results of such periods. This information should be read in conjunction with our annual consolidated financial statements for the years ended December 31, 2000 and 2001. The operating results for any previous quarter are not necessarily indicative of results for any future periods.

(in millions, except per share amounts)

<TABLE>
<CAPTION>

	Historical Results Quarter Ended							
	Apr 2, 2000	July 2, 2000	Oct 1, 2000	Dec 31, 2000	Apr 1, 2001	July 1, 2001	Sept 30, 2001	Dec 31, 2001
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue	$124.3	$167.1	$231.5	$259.8	$200.9	$151.9	$126.9	$132.5
Gross profit (loss)(a)	11.1	13.7	19.6	23.9	1.5	(4.1)	(20.6)	(5.5)
Earnings (loss) before extraordinary loss(b)	(1.4)	0.1	3.3	4.3	(20.0)	(13.9)	(34.2)	(36.7)
Net earnings (loss)(b)	(1.4)	0.1	0.6	4.3	(20.0)	(13.9)	(34.2)	(36.7)
Adjusted net earnings (loss)	(0.6)	1.0	4.4	5.7	(2.9)	(5.0)	(7.5)	(5.5)
Net earnings (loss) per share before extraordinary loss(c)	$(1.16)	$(0.53)	$ 0.14	$ 0.16	$(0.71)	$(0.48)	$(1.19)	$(1.28)
Adjusted net earnings (loss) per share - diluted(c)	$(0.81)	$(0.18)	$ 0.19	$ 0.20	$(0.10)	$(0.17)	$(0.26)	$(0.19)
Weighted average number of shares outstanding - diluted	2.4	2.4	21.1	28.7	28.4	28.7	28.7	28.7

</TABLE>

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(a) Includes restructuring charges of $6.9 million, $9.0 million, $7.2 million and $2.3 million for the quarters ended April 1, 2001, July 1, 2001, September 30, 2001 and December 31, 2001, respectively.

(b) Includes restructuring charges of $22.7 million, $9.0 million, $15.1 million and $20.8 million for the quarters ended April 1, 2001, July 1, 2001, September 30, 2001 and December 31, 2001, respectively.

(c) See reconciliation of net earnings (loss) under US GAAP to adjusted net earnings (loss) on page 15.

Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with the "Selected Consolidated Financial Data" section of this Annual Report, our consolidated financial statements and notes to those statements included elsewhere is this Annual Report. The forward-looking statements in this discussion regarding the electronics manufacturing services industry, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion include numerous risks and uncertainties, as described in the "Factors That May Affect Future Results" section below. You should read this discussion completely and with the understanding that our actual future results may be materially different from what we expect. We may not update these forward-looking statements after the date of this Annual Report, even though our situation will change in the future. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

Overview

We provide advanced electronics manufacturing services, or EMS, to electronics industry original equipment manufacturers, or OEMs, worldwide. Our full range of value-added services include product design, procurement, prototyping, advanced cable and harness interconnect, high-precision enclosures, printed circuit board assembly, test, final system build, comprehensive supply chain management, packaging, global distribution and after sales support.

During fiscal year 2001, in response to excess capacity caused by the slowing technology end market, we commenced a restructuring program aimed at reducing our cost structure. Actions taken by management to improve capacity utilization included closing our Denver, Colorado assembly facility and our Haverhill, Massachusetts interconnect facility, re-sizing our Mexico and Ireland facilities and addressing our excess equipment. Accordingly, we recorded restructuring charges of $67.6 million pre-tax (consisting of a write-down of goodwill and other intangible assets and the costs associated with exiting or re-sizing facilities) and other charges of $27.3 million pre-tax (consisting of accounts receivable, inventory and asset impairment charges.) (see Restructuring Charges).

As a result of restructuring actions and market conditions we have incurred a significant operating loss, which resulted in our non-compliance with certain financial covenants contained in our credit agreement as at September 30, 2001. On November 19, 2001, we and our lending group signed a definitive term sheet for an agreement under which certain terms of the current credit facility would be revised and the non-compliance as at September 30, 2001 would be waived. In February 2002, we and our lending group executed an amendment to our credit facility, substantially consistent with the term sheet, to waive the September 30, 2001 defaults and to revise the covenant tests to be consistent with both current revenues and the forecast for 2002. (See Liquidity and Capital Resources).

In addition, in March 2002, we announced that we are closing our facility in Cork, Ireland and that we are taking steps to place the subsidiary that operates that facility in voluntary liquidation. We will continue to conduct European operations through our Donegal, Ireland facility, a separately owned subsidiary. We expect to take an $8- 10 million restructuring charge against earnings for the first quarter of 2002 as a result of such facility closing. Also, in March 2002, we were advised that Simoco, a customer we served from our facility in Cork, had an Administrator appointed by the courts in the United Kingdom as part of a financial restructuring. We are continuing discussions with the Administrator to mitigate our risk and remain prepared to provide manufacturing services to the Simoco Administrator once Simoco's restructuring is complete. (see Recent Developments).

Prior to taking steps to place the subsidiary that operates the Cork facility in voluntary liquidation, we and our lending group executed an amendment to our credit facility to waive the default that would have been caused by this action and amend the agreement to permit such facility closure.

Corporate History

SMTC Corporation, or SMTC, is the result of the July 1999 combination of the former SMTC Corporation, or Surface Mount, and HTM Holdings, Inc., or HTM. Upon completion of the combination and concurrent recapitalization, the former stockholders of HTM held approximately 58.0% of the outstanding shares of SMTC. We have accounted for the combination under the purchase method of accounting as a reverse acquisition of Surface Mount by HTM. Because HTM acquired Surface Mount for accounting purposes, HTM's assets and liabilities are included in our consolidated financial statements at their historical cost and the comparative figures for the periods prior to the combination reflect the results of operations of HTM. The results of operations of Surface Mount are included in our consolidated financial statements from the date of the combination. Surface Mount was established in Toronto, Ontario in 1985. HTM was established in Denver, Colorado in 1990. SMTC was established in Delaware in 1998.

The July 1999 combination of Surface Mount and HTM provided us with increased customer relationships. Collectively, since 1995 we have completed the following seven acquisitions:

- Radian Electronics' operations, which enabled our expansion into Austin, Texas, and established our relationship with Dell, in 1996;

- Ogden Atlantic Design's operations in Charlotte, North Carolina, which provided us with a facility in a major technology center in the Southeastern United States, in 1997;

- Ogden International Europe's operations in Cork, Ireland, which expanded our global presence into Europe, in 1998;

- Zenith Electronics' facility in Chihuahua, Mexico, which expanded our cost-effective manufacturing capabilities, in July 1999;

- W.F. Wood, based outside Boston, Massachusetts, which provided us with a manufacturing presence in the Northeastern United States, expanded our value-added services to include high precision enclosures capabilities, and added EMC and Sycamore Networks as customers, in September 1999;

- Pensar Corporation, located in Appleton, Wisconsin, which provided us with a wide range of electronics and design manufacturing services, on July 27, 2000 and concurrent with the closing of the initial offering; and

- Qualtron Teoranta, with sites in both Donegal, Ireland and Haverhill, Massachusetts, which allowed us to expand our ability to provide customers with a broad range of services focusing on fiber optic connector assemblies and volume cable assemblies, on November 22, 2000.

In addition, we completed the following financing activities in 2000:

Initial Public Offering

- On July 27, 2000, we completed an initial public offering of our common stock in the United States and the exchangeable shares of our subsidiary, SMTC Manufacturing Corporation of Canada, in Canada, raising net proceeds (not including proceeds from the sale of shares upon the exercise of the underwriters' over-allotment option) of $157.1 million;

- Concurrent with the effectiveness of the initial public offering, we completed a share capital reorganization;

- In connection with the initial public offering, we entered into an amended and restated credit agreement with our lenders, which provided for an initial term loan of $50.0 million and revolving credit loans, swing line loans and letters of credit up to $100.0 million;

- On July 27, 2000, we paid a fee of $1.8 million to terminate a

management agreement under which we paid quarterly fees of approximately $0.2 million; and

. On August 18, 2000, we sold additional shares of common stock upon exercise of the underwriters' over-allotment option, raising net proceeds of $24.6 million.

Pre Initial Public Offering

. In May 2000, we issued senior subordinated notes to certain shareholders for proceeds of $5.0 million, which were repaid with the proceeds of our initial public offering;

. On May 18, 2000, we issued 41,667 warrants for $2.5 million cash consideration in connection with the May 2000 issue of $5.0 million in senior subordinated notes; and

. On July 3, 2000, we issued demand notes in the aggregate principal amount of $9.9 million, which were repaid with the proceeds of our initial public offering.

Results of Operations

We currently provide turnkey manufacturing services to the majority of our customers. Turnkey manufacturing services typically result in higher revenue and higher gross profits but lower gross profit margins when compared to consignment services.

Our contractual arrangements with our key customers generally provide a framework for our overall relationship with our customer. Revenue is recognized upon shipment to the customer as performance has occurred, all customer specified acceptance criteria have been tested and met, and the earnings process is considered complete. Actual production volumes are based on purchase orders for the delivery of products. These orders typically do not commit to firm production schedules for more than 30 to 90 days in advance. In order to minimize inventory risk, we generally order materials and components only to the extent necessary to satisfy existing customer forecasts or purchase orders. Fluctuations in material costs are typically passed through to customers. We may agree, upon request from our customers, to temporarily delay shipments, which causes a corresponding delay in our revenue recognition. Ultimately, however, our customers are generally responsible for all goods manufactured on their behalf.

The results of operations for the year ended December 31, 1999 include a full year of operating results for HTM, as well as the operating results for Surface Mount from July 30, 1999 through to December 31, 1999 and operating results for W.F. Wood from September 3, 1999 through to December 31, 1999. The results of operations for the year ended December 31, 2000 include a full year of operating results for HTM, Surface Mount and W.F. Wood as well as the results of Pensar from July 27, 2000 through to December 31, 2000 and the results of Qualtron from November 22, 2000 through to December 31, 2000. The results of operations for the year ended December 31, 2001 include a full year of operating results for HTM, Surface Mount, W.F. Wood, Pensar and Qualtron.

Our fiscal year end is December 31. The consolidated financial statements of SMTC, including the consolidated financial statements of HTM for periods prior to the combination, are prepared in accordance with United States GAAP, which conforms in all material respects to Canadian GAAP, except as disclosed in Note 23 to the consolidated financial statements.

The following table sets forth certain operating data expressed as a percentage of revenue for the years ended:

<TABLE>
<CAPTION>

	December 31, 1999	December 31, 2000	December 31, 2001
<S>	<C>	<C>	<C>
Revenue	100.0 %	100.0 %	100.0 %

Cost of sales (including restructuring charges of $25.4 million for the year ended December 31, 2001)	91.6	91.3	104.7
Gross profit (loss)	8.4	8.7	(4.7)
Selling, general and administrative expenses	5.2	4.4	7.2
Amortization	0.8	0.8	1.6
Restructuring charges including the write-down of intangible assets	--	--	6.9
Operating income (loss)	2.4	3.5	(20.4)
Interest	2.7	1.8	1.5
Earnings (loss) before income taxes	(0.3)	1.7	(21.9)
Income tax expense (recovery)	--	0.9	(4.8)
Earnings (loss) before extraordinary loss	(0.3)	0.8	(17.1)
Extraordinary loss	(0.5)	(0.3)	--
Net earnings (loss)	(0.8)%	0.5%	(17.1)%

</TABLE>

Year ended December 31, 2001 compared to the year ended December 31, 2000

Revenue

Revenue decreased $170.5 million, or 21.8%, from $782.7 million for the year ended December 31, 2000 to $612.2 million for the year ended December 31, 2001. The decrease in revenue is due to the effects of the general decline in the technology market. During 2001 we recorded approximately $32.4 million of sales of raw materials inventory to customers, which carried no margin, compared to $58.7 million for the same period in 2000.

Revenue from IBM of $120.6 million, Alcatel of $63.8 million and Dell of $61.9 million for the year ended December 31, 2001 was 19.7%, 10.4% and 10.1%, respectively, of total revenue for the period. Revenue from Dell of $124.0 million and Alcatel of $79.8 million for the year ended December 31, 2000 was 15.8% and 10.2%, respectively, of total revenue for the period. No other customers represented more than 10% of revenue in either period.

For the year ended December 31, 2001, 70.2% of our revenue was generated from operations in the United States, 17.4% from Mexico, 8.7% from Canada and 3.7% from Europe. During the year ended December 31, 2000, 77.8% of our revenue was generated from operations in the United States, 9.8% from Mexico, 9.8% from Canada, and 2.6% from Europe. We expect to continue to increase the portion of revenue attributable to our Chihuahua facility, with the transfer of certain production from other facilities and with the addition of new business and increased volume from our current business.

Gross Profit

Gross profit decreased $97.0 million from $68.3 million for the year ended December 31, 2000 to a loss of $28.7 million for the year ended December 31, 2001. The decline in the gross profit is due to the $25.4 million portion of our restructuring charge related to a write-down of inventory in connection with the closure of our Denver facility, $18.5 million of other charges related to inventory recorded during 2001 in response to the decline in the technology markets, and the lower sales base and an under-absorption of fixed production overhead costs. The Company writes down estimated obsolete or excess inventory for the difference between the cost of inventory and estimated market value based upon customer forecasts and the ability to sell back inventory to customers or suppliers. If these assumptions change, additional write-downs may be required.

Selling, General & Administrative Expenses

Selling, general and administrative expenses increased $9.5 million from $34.6 million for the year ended December 31, 2000 to $44.1 million for the year ended December 31, 2001. This increase is primarily due to $8.2 million of charges related to accounts receivable (of which $7.9 million is considered other charges related to accounts receivable exposures and $0.9 million relates

to one-time asset impairment charges that were recorded in 2001 in response to the decline in the technology markets) compared to $2.0 million charges for such items in 2000. The Company determines the allowance for doubtful accounts for estimated credit losses based on the financial condition of its customers, concentration of credit risk and industry conditions.

Excluding the increase in accounts receivable and other one time charges, selling general and administrative expenses increased $2.4 million from $32.6 million in the year ended December 31, 2000 to $35.0 million for the year ended December 31, 2001 due to the acquisitions of Pensar and Qualtron. As a percentage of revenue, excluding the accounts receivable and other one time charges, selling general and administrative expenses increased from 4.4% for the year ended December 31, 2000 to 5.8% for the year ended December 31, 2001 due to the $2.4 million increase in selling general and administrative expenses and due to the lower sales base.

Amortization

Amortization of intangible assets of $9.5 million for fiscal 2001 included the amortization of $2.4 million of goodwill related to the combination of Surface Mount and HTM, $1.7 million of goodwill related to the acquisition of W.F. Wood, $2.7 million related to the acquisition of Pensar and $1.6 million related to the acquisition of Qualtron. We were amortizing goodwill of $24.9 million resulting from the combination of Surface Mount and HTM, $17.4 million resulting from the acquisition of W.F. Wood, $26.6 million resulting from the acquisition of Pensar and $18.2 million resulting from the acquisition of Qualtron, over a period of ten years. During fiscal year 2001, the Company recorded a write-down of goodwill associated with the acquisition of Qualtron of $16.6 million (see discussion of restructuring charges below). Amortization of intangible assets in 2001 also included the amortization of $0.7 million of deferred finance costs related to the establishment of our senior credit facility in July 2000 and $0.3 million of deferred equipment lease costs and $0.1 million of other deferred costs. The costs associated with our amended and restated senior credit facility are being amortized over the three year remaining term of the debt.

Amortization of intangible assets for fiscal 2000 of $6.2 million included the amortization of $2.4 million of goodwill related to the combination of Surface Mount and HTM, $1.7 million of goodwill related to the acquisition of W.F. Wood, $1.1 million related to the acquisition of Pensar and $0.1 million related to the acquisition of Qualtron. Amortization of intangible assets for the year ended December 31, 2000 also included the amortization of $0.6 million of deferred finance costs related to the establishment of our amended and restated senior credit facility in July 2000 and $0.3 million of deferred equipment lease costs.

Recent accounting pronouncements will change the way we account for goodwill in future periods by requiring us to no longer amortize goodwill. We will also be required to test goodwill for impairment on an annual basis. We are currently reviewing the new pronouncements to determine the impact its adoption will have on our financial position, results of operations and cash flow. (See Recent Accounting Pronouncements).

Restructuring Charges including the Write-down of Intangible Assets

During fiscal year 2001, in response to excess capacity caused by the slowing technology end market, the Company commenced a restructuring program aimed at reducing its cost structure. Accordingly, the Company recorded restructuring charges of $67.6 million consisting of a write-down of goodwill and other intangible assets and the costs associated with exiting or re-sizing facilities. In addition, the Company recorded other charges of $27.3 million related primarily to accounts receivable, inventory and asset impairment charges.

The following tables detail the components of the restructuring charges, and the related amounts included in accrued liabilities:

(in millions)

<TABLE>

<CAPTION>

	Total charges	Non-cash charges	Cash payment	Accrual at December 31, 2001
<S>	<C>	<C>	<C>	<C>
Inventory write-downs included in cost of sales	$25.4	$(25.4)	$ --	$ --
Lease and other contract obligations	8.7	--	(2.5)	6.2
Severance	3.8	--	(3.2)	0.6
Asset impairment	5.6	(5.6)	--	--
Write-down of intangible assets	17.8	(17.8)	--	--
Other facility exit costs	6.3	(3.0)	(2.5)	0.8
	42.2	(26.4)	(8.2)	7.6
	67.6	(51.8)	(8.2)	7.6
Other charges	27.3	(27.3)	--	--
	$94.9	$(79.1)	$(8.2)	$7.6

</TABLE>

Restructuring charges:

The write-down of inventory of $25.4 million is associated with the closure of the assembly facility in Denver.

Lease and other contractual obligations of $8.7 million include the costs associated with decommissioning, exiting and subletting the Denver facility and the costs of exiting equipment and facility leases at various other locations.

Severance costs of $3.8 million are associated with the closure of the Denver assembly facility and the Haverhill interconnect facility and the re-sizing of the Mexican and Irish facilities. The severance costs relate to all 429 employees at the Denver facility, 26 plant and operational employees at the Haverhill facility, 915 plant and operational employees at the Mexico facility, 47 plant and operational employees at the Cork, Ireland facility and 68 plant and operational employees at the Donegal, Ireland facility.

Asset impairment charges of $5.6 million reflect the write-down of certain long-lived assets, primarily at the Denver location, that became impaired as a result of the rationalization of facilities. The asset impairment was determined based on undiscounted projected future net cash flows relating to the assets resulting in a write-down to estimated salvage values.

Other facility exit costs include personnel costs and other fees directly related to exit activities at the Denver and Haverhill locations.

Write-down of intangible assets:

During fiscal year 2001, the Company recorded a write-down of intangible assets of $17.8 million which includes the write-down of goodwill associated with the Qualtron acquisition of $16.3 million and the write-down of intangible assets of $1.5 million. In accordance with SFAS No. 121, "Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," current accounting guidance requires that long-lived assets and certain identifiable intangible assets, including goodwill, held and used by an entity, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Due to the downturn in the EMS industry, the significant operating loss incurred in fiscal 2001 and the restructuring and other charges recorded in 2001, the Company reviewed the recoverability of

the carrying value of long-lived assets, including allocated goodwill and other intangible assets. An evaluation under SFAS No. 121 indicated that the estimated future net cash flows associated with the long-lived assets acquired as part of the Qualtron acquisition were less than their carrying value and accordingly, a write-down to estimated fair values was recorded for unamortized goodwill associated with the acquisition of Qualtron and certain intangible

assets.

The Company will be required to perform a transitional goodwill impairment evaluation as of January 1, 2002 as a result of recent accounting pronouncements. The change to assessing fair value by reporting unit could result in an impairment charge. (See Recent Accounting Pronouncements).

In March 2002, we announced that we are closing our Cork, Ireland facility and that we are taking steps to place the subsidiary that operates the Cork facility in voluntary liquidation. We expect to take an $8-10 million charge against earnings for the first quarter of 2002 as a result of such closing.

The major components of the restructuring are estimated to be complete during fiscal year 2002. The restructuring charges are based on certain estimates and assumptions using the best available information at the time and are subject to change.

Interest Expense

Interest expense decreased $4.5 million from $13.8 million for the year ended December 31, 2000 to $9.3 million for the year ended December 31, 2001 due to lower average debt outstanding during 2001 combined with lower interest rates. A portion of the proceeds from the initial public offering were used to reduce the debt outstanding in fiscal year 2000, coupled with lower working capital requirements during fiscal year 2001, resulted in lower average debt outstanding during fiscal year 2001. The weighted average interest rates with respect to the debt for the years ended December 31, 2000 and December 31, 2001 were 9.9% and 8.3%, respectively.

Income Tax Expense

For the year ended December 31, 2001 an income tax recovery of $29.0 million was recorded on a pre-tax loss of $133.8 million resulting in an effective tax recovery rate of 21.7%, as losses in certain jurisdictions were not tax effected due to the uncertainty of our ability to utilize such losses. We also are unable to deduct $4.0 million of goodwill amortization and $17.8 million of goodwill and intangible asset write-downs.

For the year ended December 31, 2000, we recorded an income tax expense of $7.4 million on pre-tax income of $13.7 million, which produced an effective tax rate of 54.0% as losses in certain jurisdictions were not tax effected due to the uncertainty of our ability to utilize such losses. We also are unable to deduct $2.5 million of goodwill amortization.

At December 31, 2001, the Company had total net operating loss carryforwards of approximately $105.0 million of which $3.0 million and $88.0 million will begin to expire in 2013 and 2022, respectively. In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the scheduled reversal of deferred tax liabilities, change of control limitations, projected future taxable income and tax planning strategies in making this assessment. Based upon consideration of these factors, management believes the recorded valuation allowance related to the loss carryforwards is appropriate. However, in the event that actual results differ from estimates or management adjusts these estimates in future periods, the Company may need to establish an additional valuation allowance which could materially impact its financial position and results of operations.

Year ended December 31, 2000 compared to the year ended December 31, 1999

Revenue

Revenue increased $524.7 million, or 203.4%, from $258.0 million for the year ended December 31, 1999 to $782.7 million for the year ended December 31, 2000. This increase resulted from both organic growth and from the combination of Surface Mount and HTM, the acquisition of our Chihuahua facility in July 1999, our acquisition of W.F. Wood in September 1999, the acquisition of Pensar in July 2000 and the acquisition of Qualtron in November 2000. Acquisition revenue contributed $226.5 million, or 43.2%, of the increase. Organic revenue

from both existing customers and new customers increased $298.2 million, or 61.5%, during 2000.

Revenue from Dell of $124.0 million and from Alcatel of $79.8 million for the year ended December 31, 2000 was 15.8% and 10.2%, respectively, of total revenue. Revenue from Dell of $76.3 million, from Carrier Access of $27.1 million and from IBM of $25.7 million was 29.6%, 10.5% and 10.0%, respectively, of total revenue for the year ended December 31, 1999. Alcatel was not a customer of ours in 1999. No other customer represented more than 10% of revenue in the years ended December 31, 1999 and December 31, 2000.

For the year ended December 31, 2000, 77.8% of our revenue was generated from operations in the United States, 9.8% from Canada, 2.6% from Europe and 9.8% from Mexico. For the year ended December 31, 1999, 85.9% of our revenue was generated from operations in the United States, 7.4% from Canada, 2.9% from Europe and 3.8% from Mexico.

Gross Profit

Gross profit increased $46.6 million from $21.7 million for the year ended December 31, 1999 to $68.3 million for the year ended December 31, 2000. Our gross profit margin improved from 8.4% for the year ended December 31, 1999 to 8.7% for the year ended December 31, 2000. The improvement in gross profit was due to both organic growth and the combination of Surface Mount and HTM and the acquisitions we completed in 1999 and 2000. The increase in the gross margin was due to the positive impact of the acquisitions. Gross profit from acquisitions contributed $25.0 million at a gross margin of 11.0% to the increase. Organic growth contributed $21.6 million to the increase at a gross margin of 7.2%.

Selling, General & Administrative Expenses

Selling, general and administrative expenses increased $21.3 million from $13.3 million for the year ended December 31, 1999 to $34.6 million for the year ended December 31, 2000. As a percentage of revenue, selling, general and administrative expenses decreased from 5.2% to 4.4%. The combination of Surface Mount and HTM and the subsequent acquisitions contributed $21.3 million to the increase in selling, general and administrative expenses. At our Denver facility, selling, general, and administrative expenses increased $0.4 million from $3.3 million for the year ended December 31, 1999 to $3.7 million for the year ended December 31, 2000 but declined as a percentage of that site's revenue from 3.2% to 2.0%.

Amortization

Amortization of intangible assets for the year ended December 31, 2000 of $6.2 million included the amortization of $2.4 million of goodwill related to the combination of Surface Mount and HTM, $1.7 million of goodwill related to the acquisition of W.F. Wood, $1.1 million related to the acquisition of Pensar and $0.1 million related to the acquisition of Qualtron. We are amortizing goodwill of $24.9 million resulting from the combination of Surface Mount and HTM, $17.4 million resulting from the acquisition of W.F. Wood, $26.6 million resulting from the acquisition of Pensar and $18.1 million resulting from the acquisition of Qualtron, over a period of ten years. Amortization of intangible assets for the year ended December 31, 2000 also included the amortization of $0.6 million of deferred finance costs related to the establishment of our amended and restated senior credit facility in July 2000 and $0.3 million of deferred equipment lease costs. The costs associated with our amended and restated senior credit facility are being amortized over the four year remaining term of the debt.

Amortization of $2.0 million for the year ended December 31, 1999 included the amortization of $0.9 million of goodwill related to the combination of Surface Mount and HTM, $0.6 million of goodwill related to the acquisition of W.F. Wood, $0.3 million of deferred finance costs related to the establishment of our senior credit facility in July 1999 and $0.2 million of deferred financing costs related to HTM's credit facility prior to the refinancing.

Interest Expense

Interest expense increased $6.7 million from $7.1 million for the year ended December 31, 1999 to $13.8 million for the year ended December 31, 2000 due to interest expense related to debt incurred in connection with the combination of Surface Mount and HTM, debt incurred to purchase our Chihuahua facility and W.F. Wood and debt incurred to meet increased working capital requirements to fund the growth of our business. The weighted average interest rates with respect to the debt for the years ended December 31, 1999 and 2000 were 9.5% and 9.9%, respectively.

Income Tax Expense

For the year ended December 31, 2000, we recorded an income tax expense of $7.4 million on pre-tax income of $13.7 million, which produced an effective tax rate of 54.0% as losses in certain jurisdictions were not tax effected due to the uncertainty of our ability to utilize such losses. We also are unable to deduct $2.5 million of goodwill amortization.

For the year ended December 31, 1999, an income tax expense of $0.1 million was recorded on a loss before taxes of $0.7 million as we were not able to claim a recovery of losses of $0.5 million by our subsidiary, SMTC Manufacturing Corporation of Ireland Limited, or deduct $0.9 million of goodwill amortization.

Extraordinary Loss

Approximately $143.7 million of the proceeds of the initial public offering were used to reduce our indebtedness under our credit facility. In connection with the initial public offering, we entered into an amended and restated credit agreement with our lenders. As a result, an extraordinary loss of $2.7 million ($4.3 million before tax), related to early payment penalties, the write-off of a portion of the unamortized deferred financing fees and the write-off of the value of the warrants issued in excess of the proceeds received, was recorded for the year ended December 31, 2000. The $2.7 million charge would not be presented as an extraordinary loss in accordance with Canadian GAAP. Rather, the $4.3 million pre-tax expense would be reported in income before taxes and the tax benefit of $1.6 million would be reported as tax recovery.

As a result of the early payment of the senior notes payable and subordinated notes that occurred concurrent with the business combination of Surface Mount and HTM, an extraordinary charge of $1.3 million ($2.1 million before tax), related to early payment penalties, the write-off of unamortized deferred financing fees, and the write-off of the unamortized debt discount, was recorded for the year ended December 31, 1999. The $1.3 million charge would not be presented as an extraordinary loss in accordance with Canadian GAAP. Rather, the $2.1 million pre-tax expense would be reported in loss before taxes and the tax benefit of $0.8 million would be reported as tax recovery.

Liquidity and Capital Resources

Our principal sources of liquidity are cash provided from operations and borrowings under our senior credit facility. In the past, we have also relied on our access to the capital markets. Our principal uses of cash have been to finance mergers and acquisitions, to meet debt service requirements and to finance capital expenditures and working capital requirements. We anticipate our principal uses of cash in the future will be to meet debt service requirements and to finance capital expenditures and working capital requirements.

2001 Liquidity: Net cash provided by operating activities for the year ended December 31, 2001 was $28.3 million. Lower levels of activity and our continued focus on improving our accounts receivable and inventory levels during the year led to the reduced working capital usage. Inventory turns improved in the fourth quarter of 2001 from the third quarter of 2001 and the fourth quarter of 2000 to 6.4 times from 5.5 times and 4.9 times respectively. Accounts receivable days sales outstanding improved in the fourth quarter of 2001 from the third quarter of 2001 and the fourth quarter of 2000 to 56 days from 65 days and 68 days respectively.

Net cash provided by financing activities for year ended December 31, 2001

was $0.2 million due to an increase in long-term debt of $7.0 million and proceeds from the issuance of capital stock on the exercise of options of $0.3 million, both of which were offset by repayment of capital leases of $0.4 million, loans issued to shareholders of $5.2 million and the costs associated with the amendment to our credit agreement of $1.5 million.

Net cash used in investing activities for the year ended December 31, 2001 was $19.2 million due to the net purchase of capital and other assets.

2000 Liquidity: Net cash used for operating activities for the year ended December 31, 2000 was $104.9 million. The growth of both existing and new customers during fiscal year 2000 led to our increased working capital needs.

Net cash provided by financing activities for the year ended December 31, 2000 was $159.1 million due to the net proceeds from issuance of capital stock of $179.2 million, and proceeds from the issue of warrants of $2.5 million, which was offset by repayment of long-term debt and capital leases and debt issuance costs of $19.7 million, $1.4 million and $1.5 million respectively.

Net cash used in investing activities for the year ended December 31, 2000 was $53.6 million due to net purchases of capital and other assets of $25.9 million and the acquisitions of Pensar and Qualtron for a total of $27.7 million.

In May 2000, we issued senior subordinated notes to certain shareholders for proceeds of $5.0 million, which were repaid, with proceeds from the initial public offering. In conjunction with the subordinated notes, on May 18, 2000 we issued 41,667 warrants for cash consideration of $2.5 million which were converted into warrants to purchase 477,049 shares upon our initial public offering.

On July 3, 2000, in order to provide us with additional working capital and to finance the growth of our business, certain of our stockholders purchased demand notes from us in the amount of $9.9 million. These notes were paid on July 27, 2000 with proceeds from our initial public offering.

On July 27, 2000, we entered into an amended and restated credit agreement with our lenders, which provided for an initial term loan of $50.0 million and revolving credit loans, swing line loans and letters of credit up to $100.0 million. As of December 31, 2000, we had borrowings of $115.8 million under our senior credit facility.

On July 27, 2000, we completed an initial public offering of our shares of common stock in the United States and exchangeable shares of our subsidiary, SMTC Manufacturing Corporation of Canada, in Canada. The offering consisted of 6,625,000 shares of common stock at a price of $16.00 per share and 4,375,000 exchangeable shares at a price of Canadian $23.60 per share. The net proceeds from the offering (not including proceeds from the sale of shares upon the exercise of the underwriters' over-allotment option) of approximately $157.1 million were used to reduce our indebtedness under the senior credit facility, to repay outstanding notes, to repay debt of Pensar and to finance the cash portion of the purchase price of Pensar, which closed simultaneously with the initial public offering. On August 18, 2000, an additional 1,650,000 of shares of our common stock were issued at a price of $16.00 upon the exercise of the underwriters' over-allotment option. The net proceeds of $24.6 million from the sale of shares upon the exercise of the underwriters' over-allotment option were used to reduce our indebtedness under the senior credit facility.

Capital Resources

As a result of restructuring actions and market conditions we have incurred a significant operating loss, which resulted in our non-compliance with certain financial covenants contained in our credit agreement as at September 30, 2001. On November 19, 2001, we and our lending group signed a definitive term sheet for an agreement under which certain terms of the current credit facility would be revised and the non-compliance as at September 30, 2001 would be waived. In February 2002, we and our lending group executed an amendment to our credit facility, substantially consistent with the term sheet, to waive the September 30, 2001 defaults and to revise the covenant tests to be consistent with both current revenues and the forecast for 2002.

The amended financial covenants included in the revised credit facility include monthly and quarterly minimum cumulative consolidated EBITDA (earnings before interest, taxes, depreciation an amortization) targets, a maximum daily and monthly revolving credit loan balance based on accounts receivable and inventory levels and maximum quarterly capital expenditures. The Company was in compliance with the amended financial covenants at December 31, 2001 and at month's end on January 27, 2002 and February 24, 2002. Continued compliance with the amended financial covenants through December 31, 2002, the end of the amendment period, is dependent on the Company achieving its forecasts inherent in our current business plan. The Company believes the forecasts are based on reasonable assumptions and are achievable, however, the forecasts are dependent on a number of factors, some of which are outside the control of the Company. These include, but are not limited to, general economic conditions and specifically the strength of the electronics industry and the related demand for products and services by the Company's customers.

During the amendment period, the facility bears interest at the U.S. base rate as defined in the credit agreement plus 2.5%. As at December 31, 2001, we had borrowed $122.8 million under this facility.

In connection with the amendment, the Company agreed to issue to the lenders warrants to purchase common stock of the Company at an exercise price equal to the fair market value (defined as average of the last reported sales price of the common stock of the company for twenty consecutive trading days commencing 22 trading days before the date in question) at the date of the grant for 1.5% of the total outstanding shares on February 11, 2002 and 0.5% of the total outstanding shares on December 31, 2002. If an event of default occurs during the period from the effective amendment date to December 31, 2002, and has been continuing for more than 30 days, the lenders will receive warrants to purchase an additional 1% of the total outstanding shares at an exercise price equal to the fair market value (as defined above) at the date of grant. If all amounts outstanding under the credit agreement are repaid in full on or before March 31, 2003, all warrants received by the lenders, other than the warrants received on February 11, 2002, shall be returned to the Company. The warrants will not be tradable separate from the related debt until the later of December 31, 2002 or nine months after the issuance of the warrants being transferred. After the debt under the credit agreement has been paid in full, the Company may repurchase the warrants or warrant shares at a price that values the warrant shares at three times the exercise price.

The Company also paid amendment fees of $1.5 million comprised of $0.7 million representing 0.5% of the lender's commitments under the revolving credit facilities and term loans outstanding at February 11, 2002 and other amendment related fees of $0.8 million. The Company may be required to pay default fees if it violates certain covenants after the effective date of the amendment. The amendment fees and the fair value of the warrants to be issued in connection with amending the agreement have been accounted for as deferred financing fees.

In March 2002, we and our lenders executed an amendment to our credit facility to waive the default that would have been caused by placing the subsidiary that operates the Cork, Ireland facility in voluntary liquidation. We paid $140,000 in amendment fees in connection with such amendment.

As at December 31, 2001, contractual repayments due within each of the next five years are as follows:

(in millions)

<TABLE>
<CAPTION>

Contractual obligations	2002	2003	2004	2005	2006 and thereafter	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Long-term debt.....	$12.5	$17.5	$ 92.8	$ --	$ --	$122.8
Capital lease obligations.....	0.3	0.2	0.2	--	--	0.7
Operating lease obligations.....	21.2	16.8	11.5	3.5	5.9	58.9

Total contractual cash obligations	$34.0	$34.5	$104.5	$3.5	$5.9	$182.4

</TABLE>

Our management believes that cash generated from operations, available cash and amounts available under our senior credit facility will be adequate to meet our debt service requirements, capital expenditures and working capital needs at our current level of operations and organic growth, although no assurance can be given in this regard, particularly with respect to amounts available under our credit facility, as discussed above. There can be no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to enable us to service our indebtedness. Our future operating performance and ability to service or refinance indebtedness will be subject to future economic conditions and to financial, business and other factors, certain of which are beyond our control.

Recently Issued Accounting Standards

In July 2001, the FASB issued Statement No. 141, "Business Combinations" ("Statement 141"), and Statement No. 142, "Goodwill and Other Intangible Assets" ("Statement 142"). Statement 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, as well as all purchase method business combinations completed after June 30, 2001. Statement 141 also specifies criteria intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill. Statement 142 will require that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of Statement 142. Statement 142 will also require that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with Statement 121.

Statement 141 will require, upon adoption of Statement 142, that the Company evaluate its existing intangible assets and goodwill that were acquired in a prior purchase business combination, and make any necessary reclassifications in order to conform with the new criteria in Statement 141 for recognition apart from goodwill. Upon adoption of Statement 142 on January 1, 2002, the Company will be required to reassess the useful lives and residual values of all intangible assets acquired in purchase business combinations, and make any necessary amortization period adjustments by March 31, 2002.

In connection with the transitional goodwill impairment evaluation, Statement 142 will require the Company to perform an assessment of whether there is an indication that goodwill is impaired as of January 1, 2002. To accomplish this, the Company must identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of January 1, 2002. The Company will then have until June 30, 2002 to determine the fair value of each reporting unit and compare it to the reporting unit's carrying amount. To the extent a reporting unit's carrying amount exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the Company must perform the second step of the transitional impairment test. In the second step, the Company must compare the implied fair value of the reporting unit's goodwill, determined by allocating the reporting unit's fair value to all of its assets (recognized and unrecognized) and liabilities in a manner similar to a purchase price allocation in accordance with Statement 141, to its carrying amount, both of which would be measured as of January 1, 2002. This second step is required to be completed as soon as possible, but no later than December 31, 2002. Any transitional impairment loss will be recognized as the cumulative effect of a change in accounting principle in the Company's statements of operations.

As of January 1, 2002, the Company has unamortized goodwill in the amount of $55.6 million. Amortization expense related to goodwill for the years ended December 31, 1999, 2000 and 2001 was $1.5 million, $5.3 million and $8.4 million, respectively. Because of the extensive effort needed to comply with adopting Statements 141 and 142, the Company has not estimated the impact of these provisions on its financial statements, beyond discontinuing goodwill

amortization. The change to a methodology that assesses fair value by reporting unit could result in an impairment charge.

In October 2001, the FASB issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("Statement 144"), which supersedes both Statement 121 and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" ("Opinion 30"), for the disposal of a segment of a business (as previously defined in that Opinion). Statement 144 retains the fundamental provisions in Statement 121 for recognizing and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale. Statement 144 retains the basic provisions of Opinion 30 on how to present discontinued operations in the income statement but broadens that presentation to include a component of an entity (rather than a segment of a business).

The Company is required to adopt Statement 144 for the quarter ending March 31, 2002. Management does not expect the adoption of Statement 144 for long-lived assets held for use to have a material impact on the Company's financial statements because the impairment assessment under Statement 144 is largely unchanged from Statement 121.

In August 2001, the FASB issued Statement No. 143 "Accounting for Asset Retirement Obligations" which requires that the fair value of an asset retirement obligation be recorded as a liability, at fair value, in the period in which the Company incurs the obligation. The Statement is effective for fiscal 2003 and the Company expects no material effect as a result of this Statement.

FORWARD-LOOKING STATEMENTS

A number of the matters and subject areas discussed in this Form 10-K are forward-looking in nature. The discussion of such matters and subject areas is qualified by the inherent risks and uncertainties surrounding future expectations generally; these expectations may differ materially from SMTC's actual future experience involving any one or more of such matters and subject areas. SMTC cautions readers that all statements other than statements of historical facts included in this annual report on Form 10-K regarding SMTC's financial position and business strategy may constitute forward-looking statements. All of these forward-looking statements are based upon estimates and assumptions made by SMTC's management, which although believed to be reasonable, are inherently uncertain. Therefore, undue reliance should not be placed on such estimates and statements. No assurance can be given that any of such estimates or statements will be realized, and it is likely that actual results will differ materially from those contemplated by such forward-looking statements. Factors that may cause such differences include: (1) increased competition; (2) increased costs; (3) the inability to implement our business plan and maintain covenant compliance under our credit agreement; (4) the loss or retirement of key members of management; (5) increases in SMTC's cost of borrowings or lack of availability of additional debt or equity capital on terms considered reasonable by management; (6) adverse state, federal or foreign legislation or regulation or adverse determinations by regulators; (7) changes in general economic conditions in the markets in which SMTC may compete and fluctuations in demand in the electronics industry; (8) the inability to manage inventory levels efficiently in light of changes in market conditions; and (9) the inability to sustain historical margins as the industry develops. SMTC has attempted to identify certain of the factors that it currently believes may cause actual future experiences to differ from SMTC's current expectations regarding the relevant matter or subject area. In addition to the items specifically discussed in the foregoing, SMTC's business and results of operations are subject to the risks and uncertainties described under the heading "Factors That May Affect Future Results" below. The operations and results of SMTC's business may also be subject to the effect of other risks and uncertainties. Such risks and uncertainties include, but are not limited to, items described from time to time in SMTC's reports filed with the Securities and Exchange Commission.

FACTORS THAT MAY AFFECT FUTURE RESULTS

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We are exposed to general economic conditions, which could have a material adverse impact on our business, operating results and financial condition.

As a result of recent unfavorable economic conditions and reduced capital spending, our sales have declined from 2000 to 2001. In particular, sales to OEMs in the telecommunications and networking industries worldwide were impacted during the second half of 2001. If economic conditions worsen, we may experience a material adverse impact on our business, operating results and financial condition.

A majority of our revenue comes from a small number of customers; if we lose any of our largest customers, our revenue could decline significantly.

Our largest three customers in 2001 were IBM, Alcatel and Dell which represented approximately 19.7%, 10.4% and 10.1%, respectively, of our total revenue in 2001. Our top ten largest customers (including IBM, Dell and Alcatel) collectively represented approximately 70% of our total revenue in 2001. We expect to continue to depend upon a relatively small number of customers for a significant percentage of our revenue. In addition to having a limited number of customers, we manufacture a limited number of products for each of our customers. If we lose any of our largest customers or any product line manufactured for one of our largest customers, we could experience a significant reduction in our revenue. Also, the insolvency of one or more of our largest customers or the inability of one or more of our largest customers to pay for its orders could decrease revenue. As many of our costs and operating expenses are relatively fixed, a reduction in net revenue can decrease our profit margins and adversely affect our business, financial condition and results of operations.

Our industry is very competitive and we may not be successful if we fail to compete effectively.

The electronics manufacturing services (EMS) industry is highly competitive. We compete against numerous domestic and foreign EMS providers including Celestica Inc., Flextronics International Ltd., Jabil Circuit, Inc., SCI Systems, Inc. and Solectron Corporation. In addition, we may in the future encounter competition from other large electronics manufacturers that are selling, or may begin to sell, electronics manufacturing services. Many of our competitors have international operations, and some may have substantially greater manufacturing, financial research and development and marketing resources and lower cost structures than we do. We also face competition from the manufacturing operations of current and potential customers, which are continually evaluating the merits of manufacturing products internally versus the advantages of using external manufacturers.

We may experience variability in our operating results, which could negatively impact the price of our shares.

Our annual and quarterly results have fluctuated in the past. The reasons for these fluctuations may similarly affect us in the future. Historically, our calendar fourth quarter revenue has been highest and our calendar first quarter revenue has been lowest. Prospective investors should not rely on results of operations in any past period to indicate what our results will be for any future period. Our operating results may fluctuate in the future as a result of many factors, including:

- variations in the timing and volume of customer orders relative to our manufacturing capacity;
- variations in the timing of shipments of products to customers;
- introduction and market acceptance of our customers' new products;

- changes in demand for our customers' existing products;
- the accuracy of our customers' forecasts of future production requirements;

- effectiveness in managing our manufacturing processes and inventory levels;

- changes in competitive and economic conditions generally or in our customers' markets;

- changes in the cost or availability of components or skilled labor; and

- the timing of, and the price we pay for, acquisitions and related integration costs.

In addition, most of our customers typically do not commit to firm production schedules more than 30 to 90 days in advance. Accordingly, we cannot forecast the level of customer orders with certainty. This makes it difficult to schedule production and maximize utilization of our manufacturing capacity. In the past, we have been required to increase staffing, purchase materials and incur other expenses to meet the anticipated demand of our customers. Sometimes anticipated orders from certain customers have failed to materialize, and sometimes delivery schedules have been deferred as a result of changes in a customer's business needs. Any material delay, cancellation or reduction of orders from our largest customers could cause our revenue to decline significantly. In addition, as many of our costs and operating expenses are relatively fixed, a reduction in customer demand can decrease our gross margins and adversely affect our business, financial condition and results of operations. On other occasions, customers have required rapid and unexpected increases in production, which have placed burdens on our manufacturing capacity.

Any of these factors or a combination of these factors could have a material adverse effect on our business, financial condition and results of operations.

We are dependent upon the electronics industry, which produces technologically advanced products with short life cycles.

Substantially all of our customers are in the electronics industry, which is characterized by intense competition, short product life-cycles and significant fluctuations in product demand. In addition, the electronics industry is generally subject to rapid technological change and product obsolescence. If our customers are unable to create products that keep pace with the changing technological environment, their products could become obsolete and the demand for our services could significantly decline. Our success is largely dependent on the success achieved by our customers in developing and marketing their products. Furthermore, this industry is subject to economic cycles and has in the past experienced downturns. A continued recession or a downturn in the electronics industry would likely have a material adverse effect on our business, financial condition and results of operations.

Shortage or price fluctuation in component parts specified by our customers could delay product shipment and affect our profitability.

A substantial portion of our revenue is derived from "turnkey" manufacturing. In turnkey manufacturing, we provide both the materials and the manufacturing services. If we fail to manage our inventory effectively, we may bear the risk of fluctuations in materials costs, scrap and excess inventory, all of which can have a material adverse effect on our business, financial condition and results of operations. We are required to forecast our future inventory needs based upon the anticipated demands of our customers. Inaccuracies in making these forecasts or estimates could result in a shortage or an excess of materials. In addition, delays, cancellations or reductions of orders by our customers could result in an excess of materials. A shortage of materials could lengthen production schedules and increase costs. An excess of materials may increase the costs of maintaining inventory and may increase the risk of inventory obsolescence, both of which may increase expenses and decrease profit margins and operating income.

Many of the products we manufacture require one or more components that we order from sole-source suppliers. Supply shortages for a particular component can delay productions of all products using that component or cause cost increases in the services we provide. In addition, in the past, some of the materials we use, such as memory and logic devices, have been subject to

industry-wide shortages. As a result, suppliers have been forced to allocate available quantities among their customers and we have not been able to obtain all of the materials desired. Our inability to obtain these needed materials could slow production or assembly, delay shipments to our customers, increase costs and reduce operating income. Also, we may bear the risk of periodic component price increases. Accordingly, some component price increases could increase costs and reduce operating income. Also we rely on a variety of common carriers for materials transportation, and we route materials through various world ports. A work stoppage, strike or shutdown of a major port or airport could result in manufacturing and shipping delays or expediting charges, which could have a material adverse effect on our business, financial condition and results of operations.

We have experienced significant growth and significant retrenchment in a short period of time.

Since 1995, we have completed seven acquisitions. Acquisitions may involve numerous risks, including difficulty in integrating operations, technologies, systems, and products and services of acquired companies; diversion of management's attention and disruption of operations; increased expenses and working capital requirements; entering markets in which we have limited or no prior experience and where competitors in such markets have stronger market positions; and the potential loss of key employees and customers of acquired companies. In addition, acquisitions may involve financial risks, such as the potential liabilities of the acquired businesses, the dilutive effect of the issuance of additional equity securities, the incurrence of additional debt, the financial impact of transaction expenses and the amortization of goodwill and other intangible assets involved in any transactions that are accounted for using the purchase method of accounting, and possible adverse tax and accounting effects.

In 2001 we implemented a restructuring plan that called for significant retrenchment. We closed our Denver and Haverhill facilities and resized operations in Mexico and Ireland in an effort to reduce our cost structure. Retrenchment has caused, and is expected to continue to cause, strain on our infrastructure, including our managerial, technical and other resources. We may experience inefficiencies as we integrate operations from closed facilities to currently operating facilities and may experience delays in meeting the needs of transferred customers. In addition, we are reducing the geographic dispersion of our operations which may make it harder for us to compete and may cause us to lose customers. The loss of customers could have a material adverse effect on our business, financial condition and results of operations.

We have a limited history of owning and operating our acquired businesses on a consolidated basis. There can be no assurance that we will be able to meet performance expectations or successfully integrate our acquired businesses on a timely basis without disrupting the quality and reliability of service to our customers or diverting management resources. Our rapid growth and subsequent retrenchment has placed and will continue to place a significant strain on management, on our financial resources, and on our information, operating and financial systems. If we are unable to manage effectively, it may have a material adverse effect on our business, financial condition and results of operations.

If we are unable to respond to rapidly changing technology and process development, we may not be able to compete effectively.

The market for our products and services is characterized by rapidly changing technology and continuing process development. The future success of our business will depend in large part upon our ability to maintain and enhance our technological capabilities, to develop and market products and services that meet changing customer needs, and to successfully anticipate or respond to technological changes on a cost-effective and timely basis. In addition, the EMS industry could in the future encounter competition from new or revised technologies that render existing technology less competitive or obsolete or that reduce the demand for our services. There can

be no assurance that we will effectively respond to the technological requirements of the changing market. To the extent we determine that new technologies and equipment are required to remain competitive, the development,

acquisition and implementation of such technologies and equipment may require us to make significant capital investments. There can be no assurance that capital will be available for these purposes in the future or that investments in new technologies will result in commercially viable technological processes.

Our business will suffer if we are unable to attract and retain key personnel and skilled employees.

We depend on the services of our key senior executives, including Paul Walker, Philip Woodard, Gary Walker and Derrick D'Andrade. Our business also depends on our ability to continue to recruit, train and retain skilled employees, particularly executive management, engineering and sales personnel. Recruiting personnel in our industry is highly competitive. In addition, our ability to successfully implement our business plan depends in part on our ability to retain key management and existing employees. There can be no assurance that we will be able to retain our executive officers and key personnel or attract qualified management in the future. In connection with our restructuring, we significantly reduced our workforce. If we receive a significant volume of new orders, we may have difficulty recruiting skilled workers back into our workforce to respond to such orders and accordingly may experience delays that could adversely effect our ability to meet customers' delivery schedules.

Risks particular to our international operations could adversely affect our overall results.

Our success will depend, among other things, on successful expansion into new foreign markets in order to offer our customers lower cost production options. Entry into new foreign markets may require considerable management time as well as start-up expenses for market development, hiring and establishing office facilities before any significant revenue is generated. As a result, operations in a new foreign market may operate at low profit margins or may be unprofitable.

Revenue generated outside of the United States and Canada was approximately 12.4% in 2001. International operations are subject to inherent risks, including:

- fluctuations in the value of currencies and high levels of inflation;
- longer payment cycles and greater difficulty in collecting amounts receivable;
- unexpected changes in and the burdens and costs of compliance with a variety of foreign laws;
- political and economic instability;
- increases in duties and taxation;
- inability to utilize net operating losses incurred by our foreign operations to reduce our U.S. and Canadian income taxes;
- imposition of restrictions on currency conversion or the transfer of funds;
- trade restrictions; and
- dependence on key customers.

We are subject to a variety of environmental laws, which expose us to potential financial liability.

Our operations are regulated under a number of federal, state, provincial, local and foreign environmental and safety laws and regulations, which govern, among other things, the discharge of hazardous materials into the air and water as well as the handling, storage and disposal of such materials. Compliance with these environmental laws is a major consideration for us because we use metals and other hazardous materials in our manufacturing processes. We may be liable under environmental laws for the cost of cleaning up properties we

own or operate if they are or become contaminated by the release of hazardous materials, regardless of whether we caused such release. In addition we, along with any other person who arranges for the disposal of our wastes, may be liable for costs associated with an investigation and remediation of sites at which we have arranged for the disposal of hazardous wastes, if such sites become contaminated, even if we fully comply with applicable environmental laws. In the event of a contamination or violation of environmental laws, we could be held liable for damages including fines, penalties and the costs of remedial actions and could also be subject to revocation of our discharge permits. Any such revocations could require us to cease or limit production at one or more of our facilities, thereby having a material adverse effect on our operations. Environmental laws could also become more stringent over time, imposing greater compliance costs and increasing risks and penalties associated with any violation, which could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATED TO OUR CAPITAL STRUCTURE

Our indebtedness could adversely affect our financial health and severely limit our ability to plan for or respond to changes in our business.

At December 31, 2001, we had $122.8 million of indebtedness under our senior credit facility. This debt could have adverse consequences for our business, including:

- We will be more vulnerable to adverse general economic conditions;
- We will be required to dedicate a substantial portion of our cash flow from operations to repayment of debt, limiting the availability of cash for other purposes;
- We may have difficulty obtaining financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes;
- We may have limited flexibility in planning for, or reacting to, changes in our business and industry;
- We could be limited by financial and other restrictive covenants in our credit arrangements in our borrowing of additional funds; and
- We may fail to comply with the covenants under which we borrowed our indebtedness which could result in an event of default. If an event of default occurs and is not cured or waived, it could result in all amounts outstanding, together with accrued interest, becoming immediately due and payable. If we were unable to repay such amounts, the lenders could proceed against any collateral granted to them to secure that indebtedness. As at September 30, 2001, we were in violation of financial covenants contained in our credit agreement. Such violation was waived and the credit agreement was amended to provide financial covenants consistent with our current revenues and our forecast for 2002. However, there can be no assurance that we will maintain compliance with the covenants under our credit agreement.

There can be no assurance that our leverage and such restrictions will not materially adversely affect our ability to finance our future operations or capital needs or to engage in other business activities. In addition, our ability to pay principal and interest on our indebtedness to meet our financial and restrictive covenants and to satisfy our other debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, certain of which are beyond our control, as well as the availability of revolving credit borrowings under our senior credit facility or successor facilities.

The terms of our credit agreement impose significant restrictions on our ability to operate.

The terms of our current credit agreement restrict, among other things, our ability to incur additional indebtedness, complete acquisitions, pay dividends or make certain other restricted payments, consummate certain asset sales, enter into certain transactions with affiliates, merge, consolidate or sell, assign, transfer, lease,

convey or otherwise dispose of all or substantially all of our assets. We are also required to maintain specified financial ratios and satisfy certain monthly and quarterly financial condition tests, which further restrict our ability to operate as we choose. As at September 30, 2001, we were in violation of financial covenants contained in our credit agreement. Such violation was waived and the credit agreement was amended to provide financial covenants consistent with our current revenues and our forecast for 2002. As a result of our non-compliance, customers may lose confidence in us and reduce or eliminate their orders with us which may have a material adverse effect on our business, financial condition and results of operations.

Substantially all of our assets and those of our subsidiaries are pledged as security under our senior credit facility.

Investment funds affiliated with Bain Capital, LLC, investment funds affiliated with Celerity Partners, Inc., Kilmer Electronics Group Limited and certain members of management have significant influence over our business, and could delay, deter or prevent a change of control or other business combination.

Investment funds affiliated with Bain Capital, LLC, investment funds affiliated with Celerity Partners, Inc., Kilmer Electronics Group Limited and certain members of management held approximately 13.4%, 12.1%, 7.1% and 16.7%, respectively, of our outstanding shares as of March 15, 2002. In addition, two of the nine directors who serve on our board are representatives of the Bain funds, two are representatives of the Celerity funds, one is a representative of Kilmer Electronics Group Limited and two are members of management. By virtue of such stock ownership and board representation, the Bain funds, the Celerity funds, Kilmer Electronics Group Limited and certain members of management have a significant influence over all matters submitted to our stockholders, including the election of our directors, and exercise significant control over our business policies and affairs. Such concentration of voting power could have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to our stockholders.

Provisions in our charter documents and state law may make it harder for others to obtain control of us even though some stockholders might consider such a development favorable.

Provisions in our charter, by-laws and certain provisions under Delaware law may have the effect of delaying or preventing a change of control or changes in our management that stockholders consider favorable or beneficial. If a change of control or change in management is delayed or prevented, the market price of our shares could suffer.

Item 7A: Quantitative and Qualitative Disclosure about Market Risk

Interest Rate Risk

Our senior credit facility bears interest at a floating rate. The weighted average interest rate on our senior credit facility for the year ended December 31, 2001 was 7.7%. Our debt of $122.8 million bore interest at 5.2% on December 31, 2001 based on the U.S. base rate. If the U.S. base rate increased by 10% our interest rate would have risen to 5.7% and our interest expense would have increased by approximately $0.6 million for fiscal year 2001.

Foreign Currency Exchange Risk

Most of our sales and purchases are denominated in U.S. dollars, and as a result we have relatively little exposure to foreign currency exchange risk with respect to sales made.

Item 8: Financial Statements and Supplementary Data

The information called for by this item is indexed on page F-1 of this Report and is contained on pages F-2 through F-40.

Item 9: Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10: Directors and Executive Officers of the Registrant

The information required by this Item is included under the captions "The Proposal: Election of Directors," "Directors and Executive Officers" and "Additional Information--Section 16(a) Beneficial Ownership Reporting Compliance" in the proxy statement for use in connection with the Company's 2002 Annual Meeting of Stockholders (the "Proxy Statement") and is incorporated herein by reference.

Item 11: Executive Compensation

The information required by this Item is included under the caption "Executive Compensation and Related Information" in the Proxy Statement and is incorporated herein by reference.

Item 12: Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is included under the caption "Securities Ownership of Certain Beneficial Owners and Management" in the Proxy Statement and is incorporated herein by reference.

Item 13: Certain Relationships and Related Transactions

The information required by this Item is included under the caption "Directors and Executive Officers - Related Party Transactions" in the Proxy Statement and is incorporated herein by reference.

PART IV

Item 14: Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) (1) Financial Statements.

The financial statements filed as part of this Report are listed and indexed at page F-1.

(a) (2) Financial Statement Schedules.

The following financial statement schedule is filed as part of this current report. All other financial statement schedules have been omitted because they are not applicable or are not required or the information required to be set forth therein is included in the Company's consolidated financial statements set forth in this Annual Report on Form 10-K and the notes thereto.

SMTC CORPORATION
(FORMERLY HTM HOLDINGS, INC.)

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
(Expressed in thousands of U.S. dollars)

<TABLE>
<CAPTION>

Reserves for Accounts Receivable	Years ended December 31, 1999	2000	2001
<S>	<C>	<C>	<C>
Balance, beginning of year...	$(195)	$ (514)	$(2,368)
Charge to expense.....	(120)	(2,003)	(8,218)
Written off.....	50	169	3,328

Added through acquisition....	(249)	(20)	--
Balance, end of year.....	$(514)	$(2,368)	$(7,258)

</TABLE>

Report Of Independent Public Accountants

[KPMG LETTERHEAD]

To the Board of Directors of SMTC Corporation

Under date of February 12, 2002, except as to note 24 which is as of March 19, 2002, we reported on the consolidated balance sheets of SMTC Corporation (formerly HTM Holdings, Inc.) and subsidiaries as at December 31, 2000 and 2001, and the related consolidated statements of operations, changes in shareholders' equity (deficiency) and cash flows for each of the years in the three-year period ended December 31, 2001, which are included in the annual report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule - Valuation and Qualifying Accounts for each of the years in the three-year period ended December 31, 2001 included in the annual report on Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein for each of the years in the three-year period ended December 31, 2001.

/s/ KPMG LLP

Chartered Accountants

Toronto, Canada
February 12, 2002

(a) (3) Exhibits.

Listed below are all exhibits filed as part of this Report. Certain exhibits are incorporated herein by reference to (i) the Company's Registration Statement on Form S-1 originally filed on March 24, 2000 (File No. 333-33208), and (ii) documents previously filed by the Company with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended.

<TABLE>
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Exhibit #	Description
<C>	<S>
2.1.1	Reorganization and Merger Agreement dated as of July 26, 1999. (4)
2.1.2	Amendment to Reorganization and Merger Agreement, dated as of July 27, 2000. (9)
2.2	Stock Purchase Agreement dated as of May 23, 2000 (Pensar Corporation). (3)
2.3	Stock Purchase Agreement dated as of November 22, 2000 (Qualtron Teoranta and Qualtron, Inc.). (8)
3.1	Amended and Restated Certificate of Incorporation. (7)
3.2	Amended and Restated By-Laws. (7)
3.3	Certificate of Designation. (7)
4.1.1	Stockholders Agreement dated as of July 27, 2000. (6)
4.1.2	Amended and Restated Stockholders Agreement dated as of November 22, 2000. (9)
4.2	Form of certificate representing shares of common stock. (3)
4.3	Warrant to purchase shares of Class L common stock and schedule of warrants attached thereto. (5)
4.4	Warrant to purchase shares of Class A-1 common stock and schedule of warrants attached thereto. (5)
4.5	Warrant to purchase shares of Class A-1 and Class L common stock and schedule of warrants attached thereto. (5)

4.6 15% Senior Subordinated Note and schedule of notes attached thereto. (5)
4.7 Exchangeable Share Provisions attaching to the exchangeable shares of SMTC Manufacturing Corporation of Canada. (7)
4.8 Exchangeable Share Support Agreement dated as of July 27, 2000 among SMTC, SMTC Manufacturing Corporation of Canada and SMTC Nova Scotia Company. (7)
4.9 Voting & Exchange Trust Agreement dated as of July 27, 2000 among SMTC, SMTC Manufacturing Corporation of Canada, CIBC Mellon Trust Company and SMTC Nova Scotia Company. (7)
4.10 Secured Demand Note of SMTC Manufacturing Corporation of Canada dated July 3, 2000. (4)
4.11 Secured Demand Note of HTM Holdings, Inc. dated July 3, 2000. (4)
4.12 Secured Demand Note of HTM Holdings, Inc. dated July 3, 2000. (4)
4.13 Demand Note of SMTC Manufacturing Corporation of Canada dated July 3, 2000. (4)
4.14 Secured Demand Note of HTM Holdings, Inc. dated July 3, 2000. (4)
4.15 Secured Demand Note of HTM Holdings, Inc. dated July 3, 2000. (4)
4.16 Demand Note of HTM Holdings, Inc. dated July 3, 2000. (4)
10.1.1 Credit and Guarantee Agreement dated as of July 28, 1999. (4)
10.1.2 First Amendment to Credit and Guarantee Agreement, dated as of November 4, 1999. (5)
</TABLE>

<TABLE>
<CAPTION>
Exhibit # Description
- --------- -----------
<C> <S>
10.1.3 Second Amendment to Credit and Guarantee Agreement, dated as of December 14, 1999. (5)
10.1.4 Third Amendment to Credit and Guarantee Agreement, dated as of May 15, 2000. (4)
10.1.5 Amended and Restated Credit and Guarantee Agreement, dated as of July 27, 2000. (7)
10.1.6 Amended and Restated Guarantee and Collateral Agreement dated as of July 27, 2000. (7)
10.1.7 First Amendment dated as of November 17, 2000 to the Amended and Restated Credit and Guarantee Agreement. (9)
10.1.8 Second Amendment dated as of December 28, 2000 to the Amended and Restated Credit and Guarantee Agreement. (9)
10.1.9 Third Amendment dated as of February 6, 2001 to the Amended and Restated Credit and Guarantee Agreement. (9)
10.1.10 Fourth Amendment and First Waiver dated as of February 11, 2002 to the Amended and Restated Credit and Guarantee Agreement.
10.1.11 First Amendment dated as of February 11, 2002 to the Amended and Restated Guarantee and Collateral Agreement.
10.1.12 Fifth Amendment and Second Waiver dated as of March 8, 2002 to the Amended and Restated Credit and Guarantee Agreement.
10.2 Amended and Restated SMTC (HTM) 1998 Equity Incentive Plan. (1)
10.3 SMTC Corporation/SMTC Manufacturing Corporation of Canada 2000 Equity Incentive Plan. (7)
10.4.1 Real Property Lease dated as of September 1, 1993 between Ogden Atlantic Design Co., Inc. and Garrett and Garrett. (5)
10.4.2 Lease Renewal Agreement dated as of September 1, 1996 between Atlantic Design Co., Inc. and Garrett and Garrett. (5)
10.4.3 Assignment of Lease dated as of September 16, 1997 between Ogden Atlantic Design Co., Inc. and The SMT Centre S.E. Inc. (5)
10.5 Form of Real Property Lease dated December 22, 1998 between Third Franklin Trust and W.F. Wood, Inc. (4)
10.6 Real Property Lease dated May 9, 1995 between Logitech Ireland Limited and Ogden Atlantic Design (Europe) Limited. (5)
10.7 Real Property Sublease Agreement dated March 29, 1996 between Radian International, LLC and The SMT Centre of Texas Inc. (5)
10.8 Real Property Lease, Work Letter Agreement and Lease Addendum between Edwin A. Helwig and Barbara G. Helwig and The SMT Centre of Texas Inc. (5)
10.9 Real Property Lease dated as of September 15, 1998 between Warden-McPherson Developments Ltd. and The Surface Mount Technology Centre Inc. (5)
10.10 Real Property Lease dated September 3, 1999 between Airedale Realty Trust and W.F. Wood, Inc. (5)
10.11.1 Real Property Revised Lease Agreement dated January 14, 1994 between HTM Building Investors LLC and Hi-Tech Manufacturing, Inc. (2)
10.11.2 First Amendment to Lease. (2)
10.11.3 Second Amendment to Lease. (2)
</TABLE>

<TABLE>

<CAPTION>
Exhibit # Description
- --------- -----------
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10.12 Derrick D'Andrade Employment Agreement dated July 30, 1999. (1)*
10.13 Edward Johnson Employment Agreement dated May 18, 2000. (5)*
10.14 Gary Walker Employment Agreement dated July 30, 1999. (1)*
10.15 Paul Walker Employment Agreement dated July 30, 1999. (1)*
10.16 Philip Woodard Employment Agreement dated July 30, 1999. (1)*
10.17 Stanley Plzak Employment Agreement dated as of July 27, 2000. (9)*
10.18 Warrant Subscription Agreement dated as of May 18, 2000. (3)
10.19 Senior Subordinated Loan Agreement dated as of May 18, 2000. (3)
10.20 Lease Agreement dated as of June 1, 2000 between SMTC Manufacturing Corporation of North Carolina and Garrett and Garrett. (7)
10.21 Lease Agreement dated as of August 11, 2000 between SMTC Manufacturing Corporation of Massachusetts and Lincoln-Franklin LLC. (7)
10.22 Class N Common Stock Redemption Agreement dated July 26, 2000. (9)
10.23 Lease Agreement dated as of May 12, 1998 between the Haverdyne Company, LLC and Qualtron, Inc. (9)
10.24.1 Management Agreement dated July 30, 1999. (1)
10.24.2 Termination Agreement dated as of July 27, 2000. (9)
10.25 Share Purchase Agreement dated July 26, 2000 for the purchase of Gary Walker's Class Y shares. (9)
10.26 Funding Agreement dated July 26, 2000. (9)
10.27 Promissory Note dated July 26, 2000. (9)
10.28 Pledge Agreement dated July 26, 2000 with respect to shares of common stock of SMTC owned by Gary Walker. (9)
10.29 Class N Common Stock Redemption Agreement dated July 26, 2000. (9)
10.30.1 Real Estate Sale Agreement between Flextronics International USA, Inc., as Seller, and SMTC Manufacturing Corporation of Texas, as Purchaser, dated February 23, 2001. (9)
10.30.2 First Amendment to Sale Agreement. (10)
10.31 Real Property Lease dated as of November 24, 2000 between Udaras Na Gaeltachta and Qualtron Teoranta. (10)
10.32.1 Lease Agreement between Flextronics International USA, Inc. and SMTC Manufacturing Corporation of Texas. (11)
10.32.2 First Amendment to Lease. (10)
10.33 Employment offer letter from SMTC to Frank Burke dated July 26, 2001. (11)*
10.34 Pledge Agreement dated April 16, 2001 between the Company and Stanley Plzak.
10.35 Secured Promissory Note dated April 16, 2001 from Stanley Plzak to the Company.
10.36 Pledge Agreement dated April 16, 2001 between the Company and Richard V. Baxter, Jr.
10.37 Secured Promissory Note dated April 16, 2001 from Richard V. Baxter, Jr. to the Company.
</TABLE>

<TABLE>
<C> <S>
10.38 Pledge Agreement dated April 16, 2001 between the Company and William M. Moeller.
10.39 Secured Promissory Note dated April 16, 2001 from William M. Moeller to the Company.
10.40 Pledge Agreement dated April 16, 2001 between the Company and Bruce D. Backer.
10.41 Secured Promissory Note dated April 16, 2001 from Bruce D. Backer to the Company.
10.42 Pledge Agreement dated April 16, 2001 between the Company and David E. Steel.
10.43 Secured Promissory Note dated April 16, 2001 from David E. Steel to the Company.
10.44 Registration Rights Agreement dated February 8, 2002 between the Company and Lehman Commercial Paper Inc.
10.45 Warrant Agreement dated as of February 8, 2002 between the Company and Mellon Investor Services LLC.
21.1 Subsidiaries of the registrant. (9)
23.1 Consent of KPMG LLP, Independent Auditors.
</TABLE>
- --------
(1) Filed as an Exhibit to the Company's Registration Statement on Form S-1 filed on March 24, 2000 (File No. 333-33208) and incorporated by reference herein.
(2) Filed as an Exhibit to Amendment No. 1 to the Company's Registration Statement on Form S-1 filed on May 24, 2000 (File No. 333-33208) and incorporated by reference herein.
(3) Filed as an Exhibit to Amendment No. 2 to the Company's Registration Statement on Form S-1 filed on June 19, 2000 (File No. 333-33208) and incorporated by reference herein.
(4) Filed as an Exhibit to Amendment No. 3 to the Company's Registration Statement on Form S-1 filed on July 10, 2000 (File No. 333-33208) and

incorporated by reference herein.
(5) Filed as an Exhibit to Amendment No. 4 to the Company's Registration Statement on Form S-1 filed on July 18, 2000 (File No. 333-33208) and incorporated by reference herein.
(6) Filed as an Exhibit to the Company's Registration Statement on Form S-8 filed on August 22, 2000 (File No. 333-44250) and incorporated by reference herein.
(7) Filed as an Exhibit to the Company's Report on Form 10-Q for the quarterly period ended October 1, 2000 filed on November 15, 2000 (File No. 0-31051) and incorporated by reference herein.
(8) Filed as an Exhibit to the Company's Current Report on Form 8-K filed on December 7, 2000 (File No. 0-31051) and incorporated by reference herein.
(9) Filed as an Exhibit to the Company's Report on Form 10-K for the yearly period ended December 31, 2000 filed on April 2, 2001 (File No. 0-31051) and incorporated by reference herein.
(10) Filed as an Exhibit to the Company's Report on Form 10-Q for the quarterly period ended July 1, 2001 filed on August 15, 2001 (File No. 0-31051) and incorporated by reference herein.
(11) Filed as an Exhibit to the Company's Report on Form 10-Q for the quarterly period ended September 30, 2001 filed on November 19, 2001 (File No. 0-31051) and incorporated by reference herein.

* Management contract or compensatory plan

(b) None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SMTC Corporation

By: /s/ Paul Walker

Paul Walker
President and Chief Executive Officer

Date: March 29, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/S/ PAUL WALKER --- Paul Walker	President, Chief Executive Officer and Director (Principal Executive Officer)	March 29, 2002
/S/ FRANK BURKE --- Frank Burke	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 29, 2002
--- Stephen Adamson	Director	March 29, 2002
/S/ BLAIR HENDRIX --- Blair Hendrix	Director	March 29, 2002
/S/ MARK BENHAM --- Mark Benham	Director	March 29, 2002

/S/ MICHAEL GRIFFITHS Michael Griffiths	Director	March 29, 2002
/S/ IAN LORING Ian Loring	Director	March 29, 2002
/S/ KHALIL BARSOUM Khalil Barsoum	Director	March 29, 2002
/S/ GARY WALKER Gary Walker	Director	March 29, 2002
/S/ WILLIAM BROCK William Brock	Director	March 29, 2002

SMTC CORPORATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
<S> <C>

</TABLE>

AUDITORS' REPORT

To the Board of Directors and Shareholders of SMTC Corporation

We have audited the accompanying consolidated balance sheets of SMTC Corporation (formerly HTM Holdings, Inc.) and subsidiaries as at December 31, 2000 and 2001, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as at December 31, 2000 and 2001, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2001 in accordance with United States of America generally accepted accounting principles.

/s/ KPMG LLP
Chartered Accountants

Toronto, Canada

February 12, 2002, except as to note 24 which is as of March 19, 2002

SMTC CORPORATION
(FORMERLY HTM HLDINGS, INC.)

Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars)

December 31, 2000 and 2001

<TABLE>
<CAPTION>

	2000	2001
<S>	<C>	<C>
Assets		
Current assets:		
Cash and short-term investments	$ 2,698	$ 12,103
Accounts receivable (note 4)	194,749	81,374
Inventories (note 5)	191,821	80,900
Prepaid expenses	5,233	4,782
Income taxes recoverable	--	997
Deferred income taxes (note 10)	1,044	632
	395,545	180,788
Capital assets (note 6)	58,564	60,416
Goodwill (note 7)	80,149	55,560
Other assets (note 8)	9,859	11,538
Deferred income taxes (note 10)	3,359	33,118
	$547,476	$ 341,420
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$141,574	$ 56,487
Accrued liabilities	51,695	36,276
Income taxes payable	5,458	--
Current portion of long-term debt (note 9)	7,500	12,500
Current portion of capital lease obligations (note 9)	995	198
	207,222	105,461
Long-term debt (note 9)	108,305	110,297
Capital lease obligations (note 9)	1,242	406
Deferred income taxes (note 10)	2,221	595
Shareholders' equity:		
Capital stock (note 11)	77,427	68,496
Warrants (note 11)	367	--
Loans receivable (note 11)	(27)	(13)
Additional paid-in-capital (note 11)	151,396	161,666
Deficit	(677)	(105,488)
	228,486	124,661
Commitments and contingencies (notes 15 and 16)		
United States and Canadian accounting policy differences (note 23)		
Subsequent event (note 24)		
	$547,476	$ 341,420

</TABLE>

See accompanying notes to consolidated financial statements.

SMTC CORPORATION
(FORMERLY HTM HOLDINGS, INC.)

Consolidated Statements of Operations
(Expressed in thousands of U.S. dollars, except share quantities and per share amounts)

Years ended December 31, 1999, 2000 and 2001

	1999	2000	2001
Revenue	$257,962	$782,763	$ 612,181
Cost of sales, including restructuring and other charges (note 21)	236,331	714,420	640,842
Gross profit (loss)	21,631	68,343	(28,661)
Selling, general and administrative expenses (note 21)	13,332	34,614	44,173
Amortization	1,990	6,229	9,518
Restructuring charges including the write-down of intangible assets (note 21)	--	--	42,160
Operating income (loss)	6,309	27,500	(124,512)
Interest (note 9)	7,066	13,837	9,330
Earnings (loss) before income taxes and extraordinary loss	(757)	13,663	(133,842)
Income taxes (recovery) (note 10):			
Current	442	7,954	1,942
Deferred	(335)	(607)	(30,973)
	107	7,347	(29,031)
Earnings (loss) before extraordinary loss	(864)	6,316	(104,811)
Extraordinary loss, net of income tax recovery of 1999 - $811; 2000 - $1,640 (note 17)	(1,279)	(2,678)	--
Net earnings (loss)	$ (2,143)	$ 3,638	$(104,811)

See accompanying notes to consolidated financial statements.

SMTC CORPORATION
(FORMERLY HTM HOLDINGS, INC.)

Consolidated Statements of Operations (continued)
(Expressed in thousands of U.S. dollars, except share quantities and per share amounts)

Years ended December 31, 1999, 2000 and 2001

	1999	2000	2001
Earnings (loss) per common share (note 20):			
Earnings (loss) before extraordinary loss	$ (864)	$ 6,316	$ (104,811)
Class L preferred entitlement	(2,185)	(3,164)	--
Earnings (loss) before extraordinary loss attributable to common shareholders	(3,049)	3,152	(104,811)
Extraordinary loss	(1,279)	(2,678)	--
Earnings (loss) attributable to common shareholders	$ (4,328)	$ 474	$ (104,811)
Earnings (loss) per common share before extraordinary loss	$ (1.89)	$ 0.24	$ (3.66)
Extraordinary loss per common share	(0.79)	(0.20)	--
Basic earnings (loss) per common share	$ (2.68)	$ 0.04	$ (3.66)
Diluted earnings (loss) per common share	$ (2.68)	$ 0.03	$ (3.66)

Weighted average number of shares outstanding:			
Basic	1,617,356	13,212,076	28,608,072
Diluted	1,617,356	13,736,616	28,608,072

</TABLE>

See accompanying notes to consolidated financial statements.

SMTC CORPORATION
(FORMERLY HTM HOLDINGS, INC.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in thousands of U.S. dollars, except share quantities and per share amounts)

Years ended December 31, 1999, 2000 and 2001

<TABLE>
<CAPTION>

	Capital stock	Warrants	Treasury stock	Additional paid-in capital	Loans receivable	Deficit	Total shareholders' equity
	(note 11)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1998	$ 6	$ 367	$(21,938)	$ 13,269	$ --	$ (2,172)	$ (10,468)
Acquisition of SMTC Corporation	(3)	--	21,938	(1,525)	--	--	20,410
Options exercised	--	--	--	60	(60)	--	--
Net loss	--	--	--	--	--	(2,143)	(2,143)
Balance, December 31, 1999	3	367	--	11,804	(60)	(4,315)	7,799
Warrants issued	--	3,598	--	--	--	--	3,598
Warrants exercised	4	(3,598)	--	3,594	--	--	--
Share reorganization	116	--	--	(116)	--	--	--
Shares issued on completion of initial public offering, net of costs of $20,706	64,976	--	--	116,718	--		181,694
Shares issued on acquisition of Pensar Corporation	12	--	--	19,007	--	--	19,019
Options exercised	--	--	--	160	--	--	160
Shares issued on acquisition of Qualtron Teoranta	12,545	--	--	--	--	--	12,545
Conversion of shares from exchangeable to common stock	(229)	--	--	229	--	--	--
Repayment of loans receivable	--	--	--	--	33	--	33
Net earnings	--	--	--	--	--	3,638	3,638
Balance, December 31, 2000	77,427	367	--	151,396	(27)	(677)	228,486
Warrants to be issued	--	--	--	659	--	--	659
Warrants exercised	4	(367)	--	363	--	--	--
Options exercised	--	--	--	313	--	--	313
Conversion of shares from exchangeable to common stock	(8,935)	--	--	8,935	--	--	--
Repayment of loans receivable	--	--	--	--	14	--	14
Net loss	--	--	--	--	--	(104,811)	(104,811)
Balance, December 31, 2001	$68,496	$ --	$ --	$161,666	$(13)	$(105,488)	$ 124,661

</TABLE>

See accompanying notes to consolidated financial statements.

SMTC CORPORATION
(FORMERLY HTM HOLDINGS, INC.)

Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)

Years ended December 31, 1999, 2000 and 2001

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
Cash provided by (used in):			
Operations:			
Net earnings (loss)	$ (2,143)	$ 3,638	$(104,811)
Items not involving cash:			
Amortization	1,990	6,229	9,518
Depreciation	6,452	9,595	12,102
Deferred income tax benefit	(335)	(71)	(30,973)
Loss (gain) on disposition of capital assets	160	(60)	30
Loss on early extinguishment of debt	1,279	2,461	--
Impairment of assets	--	--	6,474
Write-down of goodwill and intangible assets	--	--	17,765
Change in non-cash operating working capital:			
Accounts receivable	4,441	(110,131)	113,375
Inventories	(15,217)	(118,455)	110,921
Prepaid expenses and other	(1,705)	(1,316)	(468)
Accounts payable and accrued liabilities	(1,487)	103,200	(105,603)
	(6,565)	(104,910)	28,330
Financing:			
Repayment of bank indebtedness	(6,559)	--	--
Increase in long-term debt	130,942	--	14,492
Repayment of long-term debt	(69,261)	(19,717)	(7,500)
Principal payments on capital lease obligations	(1,571)	(1,427)	(354)
Loans to shareholders	--	--	(5,236)
Proceeds from warrants	--	2,500	--
Issuance of subordinated notes	--	5,000	--
Repayment of subordinated notes	--	(5,000)	--
Issuance of demand notes	--	9,925	--
Repayment of demand notes	--	(9,925)	--
Proceeds from issuance of common stock	--	202,560	313
Stock issuance costs	--	(23,400)	--
Repayment of loans receivable	--	33	14
Debt issuance costs	(3,975)	(1,450)	(1,500)
	49,576	159,099	229
Investments:			
Acquisitions, net of cash acquired (1999 - $698; 2000 - $4,672)	(31,619)	(27,683)	--
Purchases of capital assets	(4,130)	(25,676)	(19,119)
Proceeds from sale of capital assets	8	278	89
Cash in escrow	(5,735)	--	--
Purchase of other assets	62	(493)	--
Other	--	--	(124)
	(41,414)	(53,574)	(19,154)
Increase in cash and cash equivalents	1,597	615	9,405
Cash and short-term investments, beginning of year	486	2,083	2,698
Cash and short-term investments, end of year	$ 2,083	$ 2,698	$ 12,103

</TABLE>

Supplemental cash flow information (note 14)

See accompanying notes to consolidated financial statements.

SMTC CORPORATION
(FORMERLY HTM HOLDINGS, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. dollars, except share quantities and per share amounts)

Years ended December 31, 1999, 2000 and 2001

1. Nature of the business:

SMTC Corporation and its subsidiaries (the "Company") is a worldwide provider of advanced electronics manufacturing services to original equipment manufacturers. The Company services its customers through nine manufacturing and technology centres located in the United States, Canada, Europe and Mexico.

The Company's accounting principles are in accordance with accounting principles generally accepted in the United States and, except as outlined in note 23, are, in all material respects, in accordance with accounting principles generally accepted in Canada.

2. Significant accounting policies:

(a) Basis of presentation:

Business combination between HTM Holdings, Inc. and SMTC Corporation:

Effective July 30, 1999, SMTC Corporation acquired 100% of the outstanding common shares of HTM Holdings, Inc. SMTC Corporation issued 1,393,971 Class A shares and 154,168 Class L shares to the shareholders of HTM Holdings, Inc. for $16,739 cash consideration and 100% of the outstanding shares of HTM Holdings, Inc. Simultaneously, the former shareholders of SMTC Corporation subscribed for an additional 26,701 Class N shares for nominal consideration. Upon completion of these transactions, the former HTM Holdings, Inc. shareholders held 58% of the outstanding shares of SMTC Corporation. Accordingly, the acquisition is recorded as a reverse takeover of SMTC Corporation by HTM Holdings, Inc. and accounted for using the purchase method. Application of reverse takeover accounting results in the following:

(i) The consolidated financial statements of the combined entity are issued under the name of the legal parent (SMTC Corporation) but are considered a continuation of the financial statements of the legal subsidiary (HTM Holdings, Inc.).

(ii) As HTM Holdings, Inc. is deemed to be the acquiror for accounting purposes, its assets and liabilities are included in the consolidated financial statements of the continuing entity at their carrying values.

(iii) Control of the net assets and operations of SMTC Corporation is deemed to be acquired by HTM Holdings, Inc. effective July 30, 1999. For purposes of this transaction, the deemed consideration is $24,703, being the $20,410 fair value of the outstanding common shares of SMTC Corporation immediately prior to the business combination plus transaction costs of $4,293.

Details of net assets acquired at fair value are as follows:

<TABLE>

<S>	<C>
Current assets.....	$ 84,423
Capital assets.....	21,093
Goodwill.....	24,863
Liabilities assumed	(105,676)
Net assets acquired	$ 24,703

</TABLE>

2. Significant accounting policies (continued):

(b) Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated on consolidation.

(c) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Significant estimates include the allowance for doubtful accounts, inventory valuation, deferred tax asset valuation allowance, restructuring accruals and the useful lives and valuation of intangible assets. Actual results may differ from those estimates.

(d) Revenue recognition:

Revenue from the sale of products and excess inventory is recognized when goods are shipped to customers. Revenue from the provision of services is recognized when services are provided. The earnings process is complete upon shipment of products and provision of services.

(e) Cash and short-term investments:

Cash and short-term investments include cash on hand and deposits with banks with original maturities of less than three months.

(f) Inventories:

Inventories are valued on a first-in, first-out basis at the lower of cost and replacement cost for raw materials and at the lower of cost and net realizable value for work in progress and finished goods. Inventories include an application of relevant overhead. The Company writes down estimated obsolete or excess inventory for the difference between the cost of inventory and estimated market value based upon customer forecasts and the ability to sell back inventory to customers or suppliers. If these assumptions change, additional write-downs may be required.

(g) Capital assets:

Capital assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives as follows:

<TABLE>
<S> <C>
Buildings..... 20 years
Machinery and equipment..... 7 years
Office furniture and equipment 7 years
Computer hardware and software 3 years
Leasehold improvements..... Over term of lease
</TABLE>

2. Significant accounting policies (continued):

(h) Goodwill:

Goodwill represents the excess of cost over the fair value of net tangible assets acquired in business combinations. Goodwill is amortized on a straight-line basis over 10 years. The recoverability of goodwill is reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment of value is recorded if undiscounted projected future net cash flows of the acquired operation are determined to be insufficient to recover goodwill. The amount of goodwill impairment, if any, is measured based on projected discounted future net cash flows using a discount rate reflecting the Company's average cost of funds.

(i) Other assets:

Costs incurred relating to the issuance of debt are deferred and amortized over the term of the related debt. Amortization of debt issuance costs is included in amortization expense in the consolidated statements of operations. Deferred lease costs are amortized over the term of the lease.

(j) Income taxes:

Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each year end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable earnings. Valuation allowances are established when necessary to reduce deferred tax assets to the amount more likely than not to be realized. The effect of changes in tax rates is recognized in the period in which the rate change occurs.

(k) Stock-based compensation:

The Company accounts for stock options issued to employees using the intrinsic value method of Accounting Principles Board Opinion No. 25. Compensation expense is recorded on the date stock options are granted only if the current fair value of the underlying stock exceeds the exercise price. The Company has provided the pro forma disclosures required by Statement of Financial Accounting Standards Board ("FASB") Statement No. 123, "Accounting for Stock-Based Compensation" ("Statement 123").

(l) Foreign currency translation:

The functional currency of all foreign subsidiaries is the U.S. dollar. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the year-end rates of exchange. Non-monetary assets and liabilities denominated in foreign currencies are translated at historic rates and revenue and expenses are translated at average exchange rates prevailing during the month of the transaction. Exchange gains or losses are reflected in the consolidated statements of operations.

(m) Financial instruments and hedging:

In June 1998, the FASB issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("Statement 133"). Statement 133 establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments, as well as other hedging activities. Statement 133 requires all derivatives to be recognized either as assets or liabilities and

2. Significant accounting policies (continued):

measured at fair value. The Company implemented Statement 133 for its first quarter ended March 31, 2001 and marked to market its interest rate swaps. The initial adjustment was not material.

In 2000, the Company entered into interest rate swap contracts to hedge its exposure to changes in interest rates on its long-term debt. The swaps expired on September 22, 2001. The contracts had the effect of converting the floating rate of interest on $65,000 of the senior credit facility to a fixed rate. Prior to 2001, net receipts, payments and accruals under the swap contracts were recorded as adjustments to interest expense. During 2001, the swap contracts were marked to market and the corresponding amounts recorded in the statement of operations, as the Company did not qualify for hedge accounting under Statement 133.

In 2000, one of the Company's subsidiaries entered into forward foreign currency contracts to hedge foreign currency exposures on future anticipated sales. These contracts matured at various dates through July 31, 2001. As the contracts did not meet the criteria for hedge accounting, the Company recorded those contracts on the balance sheet at their fair values and any corresponding unrealized gains or losses were recognized in the statements of operations.

There are no derivative financial instruments outstanding at December 31, 2001.

(n) Impairment of long-lived assets:

The Company accounts for long-lived assets in accordance with the provisions of FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("Statement 121"). Statement 121 requires that long-lived assets and certain identifiable intangibles be reviewed for impairments whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

(o) Comprehensive income:

Comprehensive income includes all changes in equity (net assets) during a period from non-owner sources. During each of the years in the three-year period ended December 31, 2001, comprehensive income was equal to net earnings (loss).

(p) Recently issued accounting pronouncements:

In July 2001, the FASB issued Statement No. 141, "Business Combinations" ("Statement 141"), and Statement No. 142, "Goodwill and Other Intangible Assets" ("Statement 142"). Statement 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, as well as all purchase method business combinations completed after June 30, 2001. Statement 141 also specifies criteria intangible assets required in a purchase method business

2. Significant accounting policies (continued):

combination must meet to be recognized and reported apart from goodwill. Statement 142 will require that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of Statement 142. Statement 142 will also require that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with Statement 121.

Statement 141 will require, upon adoption of Statement 142, that the Company evaluate its existing intangible assets and goodwill that were acquired in prior purchase business combinations, and to make necessary reclassifications in order to conform with the new criteria in Statement 141 for recognition apart from goodwill. Upon adoption of Statement 142 on January 1, 2002, the Company will be required to reassess the useful lives and residual values of all intangible assets acquired in purchase business combinations, and make any necessary amortization period adjustments by March 31, 2002.

In connection with the transitional goodwill impairment evaluation, Statement 142 will require the Company to perform an assessment of whether there is an indication that goodwill is impaired as of January 1, 2002. To accomplish this, the Company must identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of January 1, 2002. The Company will then have until June 30, 2002 to determine the fair value of each reporting unit and compare it to the reporting unit's carrying amount. To the extent a reporting unit's carrying amount exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the Company must perform the second step of the transitional impairment test. In the second step, the Company must compare the implied fair value of the reporting unit's goodwill, determined by allocating the reporting unit's fair value to all of its assets (recognized and unrecognized) and liabilities in a manner similar to a purchase price allocation in accordance with Statement 141, to its carrying amount, both of which would be measured as of January 1, 2002. This second step is required to be completed as soon as possible, but no later than December 31, 2002. Any transitional impairment loss will be recognized as the cumulative effect of a change in accounting principle in the Company's statements of operations.

As of January 1, 2002, the Company has unamortized goodwill in the amount of $55,560. Amortization expense related to goodwill for the years ended December 31, 1999, 2000 and 2001 was $1,531, $5,289 and $8,448, respectively. Because of the extensive effort needed to comply with adopting Statements 141 and 142, the Company has not estimated the impact of these provisions on its financial statements, beyond discontinuing goodwill amortization. The change to a methodology that assesses fair value by reporting unit could result in an impairment charge.

In October 2001, the FASB issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("Statement 144"), which supersedes both Statement 121 and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" ("Opinion 30"), for the disposal of a segment of a business (as previously defined in that Opinion). Statement 144 retains the fundamental provisions in Statement 121 for recognizing and measuring impairment losses on long-lived assets held for use

2. Significant accounting policies (continued):

and long-lived assets to be disposed of by sale. Statement 144 retains the basic provisions of Opinion 30 on how to present discontinued operations in the income statement but broadens that presentation to include a component of an entity (rather than a segment of a business).

The Company is required to adopt Statement 144 for the quarter ending March 31, 2002. Management does not expect the adoption of Statement 144 for long-lived assets held for use to have a material impact on the Company's financial statements because the impairment assessment under Statement 144 is largely unchanged from Statement 121.

In August 2001, the FASB issued Statement No. 143 "Accounting for Asset Retirement Obligations" which requires that the fair value of an asset retirement obligation be recorded as a liability, at fair value, in the period in which the Company incurs the obligation. The Statement is effective for fiscal 2003 and the Company expects no material effect as a result of this Statement.

3. Acquisitions:

The Company completed two acquisitions during 2000, which were accounted for as purchases. The results of operations of the facilities acquired are included in these financial statements from their respective dates of acquisition.

(a) On July 27, 2000, simultaneously with the closing of the initial public offering, the Company acquired Pensar Corporation, an electronics manufacturing services company specializing in design services and located in Appleton, Wisconsin. The total purchase price, including transaction costs, was $37,019, resulting in goodwill of approximately $26,563. The purchase consideration consisted of $18,000 cash and the balance in 1,188,682 shares of common stock of the Company. The cash portion of the acquisition was financed with a portion of the proceeds from the initial public offering.

(b) On November 22, 2000, the Company acquired Qualtron Teoranta, a provider of specialized custom-made cable harnesses and fibre optic assemblies located in Donegal, Ireland. The total purchase price, including transaction costs, was $26,900, resulting in goodwill of approximately $18,075. The purchase consideration consisted of $14,355 cash and the balance in 547,114 exchangeable shares of SMTC Manufacturing Corporation of Canada, a subsidiary of the Company.

Details of the net assets acquired in these acquisitions, at fair value, are as follows:

<TABLE>
<CAPTION>

	Pensar Corporation	Qualtron Teoranta
<S>	<C>	<C>
Current assets.....	$ 16,609	$13,041
Capital assets.....	5,299	1,858
Other long-term assets	581	--
Goodwill.....	26,563	18,075
Liabilities assumed...	(12,033)	(6,074)
Net assets acquired...	$ 37,019	$26,900

</TABLE>

3. Acquisitions (continued):

The following unaudited pro forma consolidated financial information for the year ended December 31, 2000 reflects the impact of the acquisitions of Pensar Corporation and Qualtron Teoranta, assuming the acquisitions had occurred at the beginning of 2000. This unaudited pro forma consolidated financial information has been provided for information purposes only and is not necessarily indicative of the results of operations or financial condition that actually would have been achieved if the acquisitions had been on the date indicated, or that may be reported in the future:

<TABLE>
<CAPTION>

	(Unaudited)
<S>	<C>
Revenue	$842,563
Earnings before extraordinary loss	5,662
Net earnings	2,984
Basic earnings per share	0.22
Diluted earnings per share	0.21

</TABLE>

4. Accounts receivable:

Accounts receivable at December 31, 2001 and 2000 are net of an allowance for doubtful accounts of $7,258 in 2001 and $2,368 in 2000. The Company determines an allowance for doubtful accounts for estimated credit losses based on the financial condition of its customers, concentrations of credit risk and industry conditions.

5. Inventories:

<TABLE>
<CAPTION>

	2000	2001
<S>	<C>	<C>
Raw materials	$107,767	$38,289
Work in progress	56,521	24,984
Finished goods	25,493	16,230
Other	2,040	1,397
	$191,821	$80,900

</TABLE>

6. Capital assets:

<TABLE>
<CAPTION>

2000	Cost	Accumulated depreciation	Net book value
<S>	<C>	<C>	<C>
Land	$ 3,134	$ --	$ 3,134
Buildings	11,653	313	11,340
Machinery and equipment	41,301	17,953	23,348
Office furniture and equipment	3,965	1,091	2,874
Computer hardware and software	8,004	3,339	4,665
Leasehold improvements	15,726	2,523	13,203

	-------	-------	-------
	$83,783	$25,219	$58,564
	========	========	========

</TABLE>

6. Capital assets (continued):

<TABLE>
<CAPTION>

2001	Cost	Accumulated depreciation	Net book value
<S>	<C>	<C>	<C>
Land	$ 3,134	$ --	$ 3,134
Buildings	12,834	735	12,099
Machinery and equipment	33,350	10,586	22,764
Office furniture and equipment	4,673	1,526	3,147
Computer hardware and software	9,839	5,099	4,740
Leasehold improvements	17,800	3,268	14,532
	-------	-------	-------
	$81,630	$21,214	$60,416
	========	========	========

</TABLE>

Property and equipment under capital leases included in capital assets at December 31, 2000 and 2001 was $2,027 and $1,583, respectively and accumulated depreciation of equipment under capital leases at December 31, 2000 and 2001 was $917 and $802, respectively.

Included in the total depreciation expense for the years ended December 31, 1999, 2000 and 2001 of $6,452; $9,595 and $12,102 is $1,358; $273 and $211, respectively relating to the depreciation of equipment under capital leases.

7. Goodwill:

<TABLE>
<CAPTION>

2000	Cost	Accumulated amortization	Net book value
<S>	<C>	<C>	<C>
Goodwill	$86,969	$6,820	$80,149

</TABLE>

<TABLE>
<CAPTION>

2001	Cost	Accumulated amortization	Net book value
<S>	<C>	<C>	<C>
Goodwill	$68,770	$13,210	$55,560

</TABLE>

Amortization expense related to goodwill for the years ended December 31, 1999, 2000 and 2001 was $1,531, $5,289 and $8,448, respectively.

During 2001, the Company wrote off the remaining balance of unamortized goodwill related to the Qualtron Teoranta acquisition (note 21).

8. Other assets:

<TABLE>
<CAPTION>

	2000	2001
<S>	<C>	<C>
Deferred financing costs, net of accumulated amortization of 2000 - $868 and 2001 - $1,571	$1,696	$ 3,152
Restricted cash and cash held in escrow	5,985	2,402
Deferred lease costs, net of accumulated amortization of 2000 - $37 and 2001 - $394	1,072	715
Loans to shareholders	--	5,236
Other	1,106	33
	$9,859	$11,538

</TABLE>

8. Other assets (continued):

Loans to shareholders:

Pursuant to an agreement in connection with the share reorganization, as described in note 11(b), the Company agreed to lend, on an interest-free basis, $690 to a certain shareholder to fund the tax liability incurred as a result of the reorganization. The loan is secured by a first priority security interest over all of the shares of capital stock of the Company held by the shareholder, and will be repayable on a pro rata basis at such time and to the extent that the shareholder receives after-tax cash proceeds in respect of such shares.

Pursuant to an agreement in connection with the acquisition of Pensar Corporation, as described in note 3, the Company requested that the former shareholders of Pensar Corporation file an election, allowing the Company to deduct for income tax purposes the goodwill related to the acquisition. In conjunction with this agreement, the Company lent, on an interest-free basis, $4,546 to the former shareholders of Pensar Corporation to fund the tax liability incurred as a result of the election. The loans are secured by a first priority security interest over all of the shares of capital stock of the Company held by the shareholders, and will be repayable on a pro rata basis at such time and to the extent that the shareholders receive cash proceeds in respect of such shares, with the balance due on July 27, 2004.

9. Long-term debt and capital leases:

<TABLE>
<CAPTION>

	2000	2001
<S>	<C>	<C>
Subordinated debt(a)	$ --	$ --
Revolving credit facilities(b)	68,305	82,797
Term loans(b)	47,500	40,000
	115,805	122,797
Less current portion	7,500	12,500
	$108,305	$110,297

</TABLE>

(a) For the period from January 1, 1999 to July 26, 2000:

(i) Concurrent with the business combination of HTM Holdings, Inc. and SMTC Corporation, the Company and certain of its subsidiaries entered into a senior credit facility that provided for $85,000 in terms loans, $10,000 in subordinated debt and $60,000 in revolving credit loans, swing-line loans and letters of credit. The senior credit facility was secured by all assets and required the Company to meet certain financial ratios and benchmarks and to comply with certain restrictive covenants. The revolving credit facilities were to terminate in July 2004. The term loans were to mature in quarterly instalments from September 2000 to June 2004 for $35,000 of the term loans and from September 2000 to December 2005 for $50,000 of the term loans. Term loans totalling $35,000 were repaid from proceeds of the initial public offering. The $10,000 subordinated debt was to be payable in one instalment on September 30, 2006 and was repaid from proceeds of the initial public offering.

9. Long-term debt and capital leases (continued):

The revolving credit loans and term loans bore interest at varying rates based on either the Eurodollar base rate plus 2.25% to 3.50%, the U.S. base rate plus 0.50% to 1.75% or the Canadian prime rate plus 0.50% to 1.75%.

The subordinated debt bore interest at the Eurodollar base rate plus 4.75% or the U.S. base rate plus 3.00%.

In May 2000, the Company's lenders increased the revolving credit facility from $60,000 to $67,500. The Company issued senior subordinated notes to certain shareholders for proceeds of $5,000. The notes bore interest at 15% per annum. The notes were repaid from proceeds of the initial public offering.

On July 3, 2000, the Company issued demand notes in the aggregate principal amount of $9,925. Of these demand notes, $5,925 in aggregate principal amount was secured by a portion of the capital assets of the Company and certain of its subsidiaries. The demand notes bore a fee of 3% of the principal amount accruing on the date of issuance and interest of 13.75% per year and were payable to the holders of the notes at any time upon demand. The demand notes were repaid of proceeds of the initial public offering.

(ii) Senior notes payable outstanding in 1998 and through to July 30, 1999 bore interest based on the prime rate or LIBOR. The weighted average interest rate was 7.64% in 1999.

(iii) Subordinated notes outstanding in 1998 through July 30, 1999 were held by affiliates of certain shareholders of HTM Holdings, Inc. The weighted average interest rate was 11.5% in 1999.

(iv) Lines of credit:

For the period up to July 30, 1999, the Company had a line of credit for borrowings up to a maximum of $15,000. The weighted average interest rate on the line of credit was 7.35% in 1999.

(b) For the period from July 27, 2000 to November 18, 2001:

In connection with the initial public offering, the Company and

certain of its subsidiaries entered into an amended and restated credit agreement that provides for $50,000 in an initial term loan and $100,000 in revolving credit loans, swing-line loans and letters of credit. The senior credit facility is secured by a security agreement over all assets and requires the Company to meet certain financial ratios and benchmarks and to comply with certain restrictive covenants. The revolving credit facilities terminate in July 2004. The term loans mature in quarterly instalments from September 2000 to June 2004.

The revolving credit loans and term loans bore interest at varying rates based on either the Eurodollar base rate plus 2.00% to 3.00%, the U.S. base rate plus 0.25% to 1.25% or the Canadian prime rate plus 0.25% to 1.25%.

The Company entered into interest rate swaps to exchange the 90-day floating LIBOR rates on $65,000 of borrowings for a two-year fixed interest rate of 6.16% (before credit spread) per annum (note 12).

The Company is required to pay the lenders a commitment fee of 0.5% of the average unused portion of the revolving credit facility.

9. Long-term debt and capital leases (continued):

For the period from November 19, 2001 to December 31, 2001:

The Company has incurred recent operating losses, which resulted in its non-compliance with certain financial covenants contained in its current credit agreement as at September 30, 2001. On November 19, 2001, the Company and its lending group signed a definitive term sheet for an agreement under which certain terms of the current credit facility would be revised and the non-compliance as at September 30, 2001 would be waived. The final amended agreement was signed on February 11, 2002 and is consistent with the terms and conditions in the term sheet. The revised terms establish amended financial and other covenants covering the period up to December 31, 2002, based on the Company's current business plan. During this time period, the facility bears interest at the U.S. base rate plus 2.5%.

The Company is in compliance with the amended financial covenants at December 31, 2001. Continued compliance with the amended financial covenants through December 31, 2002 is dependant on the Company achieving the forecasts inherent in its current business plan. The Company believes the forecasts are based on reasonable assumptions and are achievable however, the forecasts are dependant on a number of factors some of which are outside the control of the Company. These include, but are not limited to, general economic conditions and specifically the strength of the electronics industry and the related demand for the products and services by the Company's customers. In the event of non-compliance, the Company's lenders have the ability to demand repayment of the outstanding amounts under the amended credit facility.

In connection with the amended agreement, the Company is committed to issue to the lenders warrants to purchase common stock of the Company (note 11).

The Company also paid amendment fees of $1,500, comprised of $700 representing 0.5% of the lenders' commitments under the revolving credit facilities and term loans outstanding of $140,000 at February 11, 2002 and other amendment related fees of $800, and may be required to pay

default fees if it violates certain covenants after the effective date of the amendment. The amendment fees and the fair value of the warrants to be issued in connection with amending the agreement have been accounted for as deferred financing fees and will be deferred and amortized over the remaining term of the facility.

Commitment fees of $128 and $60 were incurred in 2000 and 2001, respectively. The weighted average interest rates on the borrowings was 9.9% and 7.7% in 2000 and 2001, respectively.

As at December 31, 2001, principal repayments due within each of the next three years are as follows:

<TABLE>

<S>	<C>
2002	$ 12,500
2003	17,500
2004	92,797
	$122,797

</TABLE>

9. Long-term debt and capital leases (continued):

(c) Capital lease obligations:

Minimum lease payments for capital leases consist of the following at December 31, 2001:

<TABLE>

<S>	<C>
2002	$254
2003	237
2004	152
2005	46
Total minimum lease payments	689
Less amount representing interest of 8% to 11%	85
	604
Less current portion	198
	$406

</TABLE>

The Company is required to maintain $250 in a certificate of deposit in connection with certain capital lease obligations.

(d) Interest expense:

<TABLE>
<CAPTION>

<S>	1999 <C>	2000 <C>	2001 <C>
Short-term obligations	$ 702	$ -	$ -
Long-term debt	6,061	13,765	9,227
Obligations under capital leases	303	72	103

	------	-------	------
	$7,066	$13,837	$9,330
	======	=======	======

</TABLE>

10. Income taxes:

The components of income taxes are:

<TABLE>
<CAPTION>

	1999	2000	2001
	-----	------	--------
<S>	<C>	<C>	<C>
Current:			
Federal.	$ -	$3,448	$ 2,211
Foreign.	442	4,506	(269)
	-----	------	--------
	442	7,954	1,942
Deferred:			
Federal.	(267)	(582)	(29,713)
State...	(47)	(68)	(1,596)
Foreign.	(21)	43	336
	-----	------	--------
	(335)	(607)	(30,973)
	-----	------	--------
	$ 107	$7,347	$(29,031)
	=====	=======	========

</TABLE>

10. Income taxes (continued):

The overall effective income tax rate (expressed as a percentage of financial statement earnings (loss) before income taxes) varied from the U.S. statutory income tax rate as follows:

<TABLE>
<CAPTION>

	1999	2000	2001
	-----	----	----
<S>	<C>	<C>	<C>
Federal tax rate	34.0%	34.3%	34.0%
State income tax, net of federal tax benefit	6.0%	4.0%	1.2%
Income of international subsidiaries taxed at different rates	4.9%	4.2%	(0.8)%
Change in valuation allowance	(6.3)%	1.5%	(2.8)%
Non-deductible goodwill amortization	(50.1)%	6.8%	(5.5)%
Other	(2.6)%	3.0%	(4.4)%
	-----	----	----
Effective income tax rate	(14.1)%	53.8%	21.7%
	=====	====	====

</TABLE>

A tax benefit of $811 in 1999 and $1,640 in 2000 has been allocated to the extraordinary loss.

A tax benefit of $2,694 relating to share issue costs was recorded in capital stock and additional paid-in capital in the year ended December 31, 2000.

Worldwide earnings (loss) before income taxes consisted of the following:

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
U.S.	$(1,269)	$ 5,651	$(102,139)
Non-U.S.	512	8,012	(31,703)
	$ (757)	$13,663	$(133,842)

</TABLE>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's deferred tax liabilities and assets are comprised of the following at December 31:

<TABLE>
<CAPTION>

	2000	2001
<S>	<C>	<C>
Deferred tax assets:		
Net operating loss carryforwards..	$ 1,485	$33,815
Reserves, allowances and accruals.	3,682	4,487
	5,167	38,302
Valuation allowance.....	(764)	(4,552)
	4,403	33,750
Deferred tax liabilities:		
Capital and other assets.....	(2,221)	(595)
Net deferred tax assets.....	$ 2,182	$33,155

</TABLE>

10. Income taxes (continued):

At December 31, 2001, the Company had total net operating loss carryforwards of approximately $105,000, of which $3,000 and $88,000 will begin to expire in 2013 and 2022, respectively. In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the scheduled reversal of deferred tax liabilities, change of control limitations, projected future taxable income and tax planning strategies in making this assessment. Based upon consideration of these factors, management believes the recorded valuation allowance related to the loss carryforwards is appropriate. However, in the event that actual results differ from estimates or management adjusts these estimates in future periods, the Company may need to establish an additional valuation allowance which could materially impact its financial position and results of operations.

The valuation allowance in 2000 is $210 higher than 1999 due to losses generated in one of the Company's subsidiaries in 2000. The valuation allowance in 2001 is $3,788 higher than 2000 due to losses generated in one of the Company's subsidiaries and losses in certain jurisdictions.

11. Capital stock:

(a) Authorized:

To July 30, 1999:

The authorized share capital of HTM Holdings, Inc. consisted of:

(i) 10,000,000 common shares, $0.01 par value per share;

(ii) 100,000 Series A preferred shares, convertible, $0.001 par value per share, mandatorily redeemable for $11.48 per share;

(iii) 100,000 Series B preferred shares--$0.001 par value per share, mandatorily redeemable for $11.48 per share; and

(iv) 250,000 Series C preferred shares, convertible, $0.001 par value per share, mandatorily redeemable for $11.25 per share.

As a result of the business combination, described in note 2(a), HTM Holdings, Inc. became a wholly owned subsidiary of SMTC Corporation on July 30, 1999. The authorized share capital of SMTC Corporation at December 31, 1999 consists of:

(i) 11,720,000 Class A-1 voting common shares, par value $0.001 per share:

Holders are entitled to one vote per share and to share in dividends pro rata subject to any preferential rights of the Class L shares.

11. Capital stock (continued):

(ii) 1,100,000 Class A-2 voting common shares, par value $0.001 per share:

Holders are entitled to one vote per share and to share in dividends pro rata subject to any preferential rights of the Class L shares.

(iii) 300,000 Class L voting common shares, par value $0.001 per share:

The number of votes per share is determined by a prescribed formula and the holders are entitled to receive all dividends declared on common stock until there has been paid a specified amount based on an internal rate of return of 12% compounded quarterly and a recovery of the initial amount of $162 per Class L share, after which point, they are entitled to receive dividends pro rata.

(iv) 125,000 Class N voting common shares, par value $0.001 per share:

The number of votes per share are determined by a prescribed formula and the holders are not entitled to receive dividends. The holders of the Class N shares hold the exchangeable shares described in note 11(c).

Each share of Class L and Class A-2 stock shall convert automatically, under certain conditions, into Class A-1 shares based on a prescribed formula for Class L shares and on a one-for-one basis for Class A-2 shares.

As a result of the share reclassification and the initial public offering, the authorized share capital of SMTC Corporation at December 31, 2000 and 2001 consists of:

(i) 60,000,000 shares of common stock, par value $0.01 per share:

Holders are entitled to one vote per share and to share in dividends pro rata subject to any preferential dividend rights of any then outstanding preferred stock.

(ii) 5,000,000 shares of preferred stock, par value $0.01 per share:

The Company may, from time to time, issue preferred stock in one or more series and fix the terms of that series at the time it is created.

11. Capital stock (continued):

(b) Issued and outstanding:

HTM Holdings Inc. had 1,946,404 common shares outstanding (recorded value of $6) at December 31, 1999 and July 30, 1999. As a result of the application of reverse acquisition accounting to the business combination with HTM Holdings, Inc., the number of outstanding shares of the continuing consolidated entity consists of the number of outstanding shares of SMTC Corporation outstanding at July 30, 1999.

<TABLE>
<CAPTION>

Number of shares	Class A shares	Class L shares	Class N shares	Special Exchangeable shares	Common stock	voting stock
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, July 30, 1999.....	1,020,671	--	86,707	--	--	--
Issued to existing shareholders (i).....	--	--	26,701	113,408	--	--
Share transactions related to the reverse acquisition (ii).....	1,393,971	154,168	-	--	--	--
Options exercised (iii).....	33,140	--	-	--	--	--
Balance, December 31, 1999.....	2,447,782	154,168	113,408	113,408	--	--
Share reorganization (iv).....	(2,447,782)	(154,168)	(113,408)	1,356,037	11,871,517	1
Warrants exercised (v).....	--	--	--	--	477,049	--
Shares issued on completion of initial public offering (vi)...	--	--	--	4,375,000	8,275,000	--
Acquisition of Pensar Corporation (vii).....	--	--	--	--	1,188,682	--
Acquisition of Qualtron Teoranta (viii).....	--	--	--	547,114	-	--
Conversion of shares from exchangeable to common stock (ix).....	--	--	--	(20,600)	20,600	--
Options exercised.....	--	--	--	--	20,053	--
Balance, December 31, 2000.....	--	--	--	6,370,959	21,852,901	1
Warrants exercised (x).....	--	--	--	--	427,915	--
Conversion of shares from exchangeable to common						

stock (xi).....	--	--	--	(737,900)	737,900	--
Options exercised.....	--	--	--	--	38,003	--
Balance, December 31, 2001.....	--	--	--	5,633,059	23,056,719	1

</TABLE>

SMTC CORPORATION
(FORMERLY HTM HOLDINGS, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(Expressed in thousands of U.S. dollars, except share quantities and per share amounts)

Years ended December 31, 1999, 2000 and 2001

11. Capital stock (continued):

<TABLE>
<CAPTION>

	Amount	Class A shares	Class L shares	Class N shares	Special Exchangeable shares	Common voting stock	stock
<S>		<C>	<C>	<C>	<C>	<C>	<C>
Ascribed value at the date of the reverse takeover (ii).....	$ 3	$ --	$ --	$ --	$ --	$ --	$ --
Options exercised (iii).....	--	--	--	--	--	--	--
Balance, December 31, 1999.....	3	--	--	--	--	--	--
Share reorganization (iv).....	(3)	--	--	--	119	--	
Warrants exercised (v).....	--	--	--	--	4	--	
Shares issued on completion of initial public offering (vi).....	--	--	--	64,893	83	--	
Shares issued on acquisition of Pensar Corporation (vii).....	--	--	--	--	12	--	
Shares issued on acquisition of Qualtron Teoranta (viii).....	--	--	--	12,545	--	--	
Conversion of shares from exchangeable to common stock (ix).....	--	--	--	(229)	--	--	
Options exercised.....	--	--	--	--	--	--	
Balance, December 31, 2000.....	--	--	--	77,209	218	--	
Warrants exercised (x).....	--	--	--	--	4	--	
Conversion of shares from exchangeable to common stock (xi).....	--	--	--	(8,943)	8	--	
Options exercised.....	--	--	--	--	--	--	
Balance, December 31, 2001.....	$	$ --	$ --	$68,266	$ 230	$ --	

</TABLE>

The difference between the par value of the capital stock and the accounting value ascribed at the date of the reverse takeover has been credited to additional paid-in capital.

Capital transactions from January 1, 1999 to December 31, 1999:

(i) In connection with the business combination on July 30, 1999, SMTC Corporation issued 26,701 Class N shares to its existing shareholders for nominal cash consideration. The existing shareholders also received the exchangeable shares described in (c) below.

(ii) On July 30, 1999, SMTC Corporation issued 1,393,971 Class A-1 shares and 154,168 Class L shares to the shareholders of HTM Holdings, Inc. in exchange for $16,739 cash consideration and 100% of the outstanding shares of HTM Holdings, Inc. The ascribed

value of the shares issued is equal to the $20,410 fair value of SMTC Corporation at the time of the transaction.

(iii) On July 30, 1999, 33,140 Class A-1 restricted shares were granted upon the exercise of options for consideration of $60 in promissory notes receivable. The notes are secured by the shares granted and bear interest at 5.7%. The notes have been recorded as a reduction of shareholders' equity. The restrictions vest over the original vesting period of the underlying 1998 HTM Plan options. At December 31, 1999, 24,855 of the issued Class A shares were subject to restrictions.

11. Capital stock (continued):

Capital transactions from January 1, 2000 to December 31, 2000:

(iv) Concurrent with the effectiveness of the initial public offering (see (vi) below), the Company completed a share capital reorganization as follows:

(a) Each outstanding Class Y share of SMTC Corporation's subsidiary, SMTC Manufacturing Corporation of Canada, was purchased in exchange for shares of Class L common stock.

(b) Each outstanding share of Class L common stock was converted into one share of Class A common stock plus an additional number of shares of Class A common stock.

(c) Each outstanding share of Class A common stock was converted into 3.6745 shares of common stock.

(d) All outstanding shares of Class N common stock were redeemed and one share of special voting stock was issued and is held by a trustee for the benefit of the holders of the exchangeable shares.

(e) Each SMTC Canada Class L exchangeable share was converted into exchangeable shares of the same class as those being offered in the offering in the same ratio as shares of Class L common stock which were converted to shares of common stock.

(v) On July 27, 2000, the Company issued 477,049 shares of common stock on the exercise of 41,667 warrants.

(vi) On July 27, 2000, the Company completed an initial public offering of its common stock in the United States and exchangeable shares of its subsidiary, SMTC Manufacturing Corporation of Canada, in Canada. The offering consisted of 6,625,000 shares of common stock at a price of $16.00 per share and 4,375,000 exchangeable shares at a price of Cdn. $23.60 per share (described in (c) below). The total net proceeds to the Company from the offering of approximately $157,400 were used to reduce its indebtedness under the senior credit facility, repay the subordinated shareholders' notes issued in May 2000, repay the demand notes issued in July 2000 and finance the cash portion of the purchase price of the Pensar Corporation acquisition. On August 18, 2000, the underwriters exercised their over-allotment option with respect to 1,650,000 shares of common stock at a price of $16.00 per share. The net proceeds to the Company from the sales of those shares of $24,600 were used to reduce indebtedness under the senior credit facility.

(vii) On July 27, 2000, simultaneously with the closing of the initial public offering, the Company issued 1,188,682 shares of common stock

at a price of $16.00 per share to finance the share portion of the purchase price of the Pensar Corporation acquisition.

(viii) On November 22, 2000, the Company issued 547,114 exchangeable shares at a price of $22.93 per share to finance the share portion of the Qualtron Teoranta acquisition.

(ix) During 2000, 20,600 exchangeable shares were exchanged for common stock.

11. Capital stock (continued):

Capital transactions from January 1, 2001 to December 31, 2001:

(x) During February and March, 2001, the Company issued 427,915 shares of common stock on the exercise of 578,441 warrants.

(xi) During 2001, 737,900 exchangeable shares were exchanged for common stock with a par value of $8 with the difference recorded as additional paid-in-capital.

(c) Exchangeable shares:

On July 30, 1999, SMTC Manufacturing Corporation of Canada, a 100%-owned subsidiary of the Company, issued two classes of non-voting shares which can be exchanged into 113,408 Class L common shares of the Company on a one-for-one basis. The holders of the exchangeable shares are entitled to receive dividends equivalent to the dividends declared on Class L shares. The holders of exchangeable shares exercise, through the special voting stock, essentially the same voting rights in respect of the Company as they would if they had exchanged their shares into shares of the Company's common stock.

On July 27, 2000, pursuant to the initial public offering, the exchangeable shares convertible into 113,408 Class L common shares were converted to 1,469,445 exchangeable shares. The shares are exchangeable into shares of the Company's common stock on a one-for-one basis.

On July 27, 2000, pursuant to the initial public offering, SMTC Manufacturing Corporation of Canada issued an additional 4,375,000 exchangeable shares at a price of Cdn. $23.60 per share.

On November 22, 2000, 547,114 exchangeable shares were issued to finance the share portion of the purchase price of the Qualtron Teoranta acquisition.

During 2000, 20,600 exchangeable shares were exchanged for common stock.

(d) Warrants:

<TABLE>
<CAPTION>

Number	Class A warrants	Class L warrants	Common stock warrants
<S>	<C>	<C>	<C>
Balance, December 31, 1999	103,895	12,088	--
Warrants issued(i).....	--	--	41,667
Warrants conversion(ii)...	(103,895)	(12,088)	578,441
Warrants exercised(iii)...	--	--	(41,667)

Balance, December 31, 2000	--	--	578,441
Warrants exercised.....	--	--	(578,441)
Balance, December 31, 2001	--	--	--

</TABLE>

11. Capital stock (continued):

1999 transactions:

In connection with the business combination between SMTC Corporation and HTM Holdings, Inc., each existing warrant holder of HTM Holdings, Inc. was granted equivalent warrants in SMTC Corporation and the previous HTM Holdings, Inc. warrants were cancelled.

2000 transactions:

(i) On May 18, 2000, the Company issued 41,667 warrants for $2,500 cash consideration in connection with the issue of $5,000 in subordinated notes (note 9). The value of the warrants in excess of proceeds received, $1,098, was recorded as a deferred financing cost and was written off upon early repayment of the subordinated notes as an extraordinary loss (note 17).

(ii) On July 27, 2000, pursuant to the initial public offering, the Class A and Class L warrants were converted into common stock warrants.

(iii) On July 27, 2000, the Company issued 477,049 shares of common stock on the exercise of 41,667 warrants.

The Class A warrants and Class L warrants had an exercise price of $1.82 and $147.57, respectively. The common stock warrants have a weighted average exercise price of $3.41. The warrants have a term of 10 years and are exercisable from the date of grant.

2001 transactions:

(iv) During February and March, 2001, the Company issued 427,915 shares of common stock on the exercise of 578,411 warrants.

(v) In connection with the amended credit agreement (note 9(b)), the Company agreed to issue to the lenders warrants to purchase common stock of the Company at an exercise price equal to the fair market value (defined as the average of the last reported sales price of the common stock of the Company for 20 consecutive trading days commencing 22 trading days before the date in question) at the date of the grant for 1.5% of the total outstanding shares on February 11, 2002 and 0.5% of the total outstanding shares on December 31, 2002. If an event of default occurs during the period from the effective amendment date to December 31, 2002, and has been continuing for more than 30 days, the lenders will receive warrants to purchase an additional 1% of the total outstanding shares at an exercise price equal to the fair market value (as defined above) at the date of the grant. If all amounts outstanding under the credit agreement are repaid in full on or before March 31, 2003, all warrants received by the lenders, other than the warrants received on February 11, 2002, shall be returned to the Company. The warrants will not be tradable separate from the related debt until the later of December 31, 2002 or nine months after the issuance of the warrants being transferred.

After the debt under the credit agreement has been paid in full, the Company may repurchase the warrants or warrant shares at a price that values the warrant shares at three times the exercise price.

11. Capital stock (continued):

The fair value of the warrants was initially measured using a Black-Scholes model at November 19, 2001 and will be remeasured each reporting period until issued.

(e) Stock options:

1998 HTM Plan:

In June 1998, HTM Holdings, Inc. adopted a new stock option plan (the "1998 Plan") pursuant to which incentive stock options and non-qualified stock options to purchase shares of common stock may be issued. The Board of Directors authorized 122,685 shares to be issued under the 1998 Plan. Incentive stock options are granted at an exercise price not less than the fair market value of the common stock on the date of grant, as determined by the Board of Directors. Options generally vest over four years and expire 10 years from their respective dates of grant.

1998 SMTC Plan:

In July 1999, the Company replaced the 1998 Plan with an equivalent stock option plan. Each HTM option holder was granted equivalent options in SMTC Corporation's stock. The Board of Directors authorized 165,000 Class A and 4,000 Class L options to be issued under the plan. The Class A options vest immediately and are exercisable for Class A restricted shares. The restrictions expire on the same basis as the Class L vesting periods. The Class L options vest over a four-year period and expire after 10 years from the original grant date of the 1998 Plan options.

2000 Equity Incentive Plan:

In July 2000, the Company approved a new stock option plan, the SMTC/SMTC Manufacturing Corporation of Canada 2000 Equity Incentive Plan (the "2000 Equity Incentive Plan"), pursuant to which a variety of stock-based incentive awards may be granted. The plan permits the issuance of up to 1,727,052 shares plus an additional number of shares determined by the Board of Directors but not to exceed 1% of the total number of shares outstanding per year. Options generally vest over a four-year period and expire 10 years from their respective date of grant.

11. Capital stock (continued):

Stock option transactions were as follows:

<TABLE>
<CAPTION>

	1998 HTM Plan		1998 SMTC Plan		2000 Equity Incentive Plan				
		Weighted average exercise		Weighted average exercise		Weighted average exercise		Weighted average exercise	
	Shares	price	Class A shares	price	Class L shares	price	Common stock	price	Common stock	price
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1998	115,603	$ 5.14	--	$ --	--	--	--	$ --	--	$ --
Exchanged and issued at combination date.	(115,603)	(5.14)	33,140	1.82	3,856	147.57	--	--	--	--
Issued	--	--	116,860	19.68	--	--	--	--	--	--
Exercised	--	--	(33,140)	(1.82)	--	--	--	--	--	--
Balance, December 31, 1999	--	--	116,860	19.68	3,856	147.57	--	--	--	--
Converted pursuant to initial public offering	--	--	(116,860)	19.68	(3,856)	147.57	486,448	5.78	--	--
Issued	--	--	--	--	--	--	--	--	1,397,000	19.05
Exercised	--	--	--	--	--	--	(20,053)	5.78	--	--
Balance, December 31, 2000	--	--	--	--	--	--	466,395	5.78	1,397,000	19.05
Issued	--	--	--	--	--	--	--		225,000	6.12
Exercised	--	--	--	--	--	--	(38,003)	5.78	--	--
Cancelled	--	--	--	--	--	--	(139,332)	5.78	--	--
Balance, December 31, 2001	--	--	--	--	--	--	289,060	5.78	1,622,000	17.25

</TABLE>

11. Capital stock (continued):

The following options were outstanding as at December 31, 2001:

<TABLE>
<CAPTION>

	Outstanding	Weighted average exercise	Exercisable	Weighted average exercise	Remaining contractual
Option plan	options	price	options	price	life
<S>	<C>	<C>	<C>	<C>	<C>
1998 SMTC Plan.	289,060	$ 5.78	145,800	$ 5.78	2
2000 Equity Incentive Plan	1,622,000	17.25	379,250	17.75	3

</TABLE>

The weighted average grant date fair value of options granted for the years ended December 31, 1999, 2000 and 2001 are $17.13; $19.05 and $6.12 respectively.

The table below sets out the pro forma amounts of net earnings (loss) before extraordinary loss and net earnings (loss) per share that would have resulted if the Company had accounted for its employee stock plans under the fair value recognition provisions of Statement 123.

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
Earnings (loss) before extraordinary loss:			
As reported	$ (864)	$6,316	$(104,811)
Pro forma	(1,122)	4,934	(107,912)
Basic earnings (loss) per share before extraordinary loss:			
As reported	$ (1.89)	$ 0.24	$ (3.66)
Pro forma	(2.04)	0.13	(3.77)

</TABLE>

For purposes of computing pro forma net earnings prior to January 1, 2000, the fair value of each option grant is estimated on the date of grant using the minimum value method under which no volatility is assumed. For the years ended December 31, 2000 and 2001, the Black-Scholes option pricing model was used. Assumptions used to calculate the fair value were:

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
Risk-free interest rate	6.0%	5.2%	4.9%
Dividend yield	--	--	--
Expected life	3-4	4	4
Volatility	n/a	79.0%	147.0%

</TABLE>

In January 2002, the Board of Directors gave the holders of options to purchase an aggregate of 1,097,000 shares of common stock of the Company the opportunity to return their options to the Company for cancellation. These options, which were granted on August 30, 2000, had an exercise price of $19.88 (the "$19.88 options"). The Board of Directors believed that the $19.88 options were unlikely to be exercised in the foreseeable future as the exercise price was significantly above the Company's trading price at that time and during several months prior to that time and as a result, they did not function as an adequate management incentive. Upon cancellation of the $19.88 options surrendered by various holders, the pool of shares as to which options may be granted under the 2000 Equity Incentive Plan was increased by 1,087,000.

12. Financial instruments:

(a) Interest rate swaps:

On September 30, 1999, the Company entered into two interest rate swap transactions with a Canadian chartered bank for hedging purposes. The swaps expired on September 22, 2001 and involved the exchange of 90-day floating LIBOR rates for a two-year fixed interest rate of 6.16% before credit spread of 2.00% to 3.00% per annum on a notional amount of $65,000.

(b) Forward exchange contracts:

In previous years, one of the Company's subsidiaries entered into forward foreign currency contracts with a foreign bank to sell U.S. dollars for Irish punts. The aggregate principal amount of the contracts was $6,250 at December 31, 2000 with an average contract rate of $1.38 compared to a closing dollar exchange rate of $1.19. These contracts matured at various dates through July 31, 2001.

(c) Fair values:

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

(i) The carrying amounts of cash and short-term investments, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate fair values due to the short-term nature of these instruments.

(ii) The fair value of long-term debt and capital lease obligations, including the current portions, is based on rates currently available to the Company for debt with similar terms and maturities.

(iii) The fair values of interest rate swap contracts and forward exchange contracts are estimated by obtaining quotes from a financial institution.

The carrying amounts and fair values of the Company's financial instruments, where there are differences at December 31, 2000 and 2001, are as follows:

<TABLE>
<CAPTION>

	2000		2001	
Asset (liability)	Carrying amount	Fair value	Carrying amount	Fair value
<S>	<C>	<C>	<C>	<C>
Long-term debt.....	$(115,805)	$(115,805)	$(122,797)	$(122,797)
Capital lease obligations.....	(2,237)	(2,237)	(604)	(604)
Interest rate swaps	--	(85)	--	--
Forward exchange contracts.....	(855)	(855)	--	--

</TABLE>

13. Related party transactions:

The Company entered into related party transactions with certain shareholders as follows:

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
Management fees expensed under formal management agreements	$ 717	$ 74	$--
Share issue costs incurred	--	1,800	--
Financing and acquisition related fees paid	1,741	674	--
Lease costs expensed for the Colorado facility	535	--	--

</TABLE>

These transactions were recorded at the exchange amount, being the amounts agreed to by the related parties.

14. Supplemental cash flow information:

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
Interest paid	$6,767	$13,064	$9,573
Income taxes paid	1,460	1,983	8,397

</TABLE>

Non-cash financing and investing activities:

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
Acquisition of equipment under capital leases	$ --	$ 541	$ --
Acquisition of SMTC Corporation for capital stock	20,410	--	--
Acquisition of Pensar Corporation for capital stock	--	19,019	--
Acquisition of Qualtron Teoranta for exchangeable shares	--	12,545	--
Deferred lease costs arising from trade in of equipment	1,460	--	--
Issuance of capital stock for notes receivable under option plan	60	--	--
Value of warrants issued in excess of proceeds received	--	1,098	--
Tax benefit of share issues costs	--	2,694	--
Cash released from escrow	--	--	3,583

</TABLE>

15. Commitments:

The Company leases manufacturing equipment and office space under various non-cancellable operating leases. Minimum future payments under non-cancellable operating lease agreements are as follows:

<TABLE>

<S>	<C>
2002	$21,154
2003	16,776
2004	11,534
2005	3,456
2006	3,060
Thereafter	2,924

	$58,904
	=======

</TABLE>

Operating lease expense for the years ended December 31, 1999, 2000 and 2001 was $4,585; $12,864 and $17,443 respectively.

16. Contingencies:

In the normal course of business, the Company may be subject to litigation and claims from customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs, if any, management believes that ultimate resolution of such contingencies would not have a material adverse effect on the financial position, results of operations and cash flows of the Company.

17. Extraordinary loss:

(a) 1999:

As a result of the early payment of the senior notes payable and subordinated notes that occurred concurrent with the business combination between SMTC Corporation and HTM Holdings, Inc., the Company incurred charges of $2,090 ($1,279 after tax) in 1999 related to early payment penalties, the write-off of unamortized deferred financing fees and the write-off of the unamortized debt discount.

(b) 2000:

Approximately $143,700 of the proceeds of the initial public offering were used to reduce the Company's indebtedness under its credit facility. As a result, the Company incurred charges of $4,318 ($2,678 after tax) in 2000 related to early payment penalties, the write-off of a portion of the unamortized deferred financing fees and the write-off of the value of the warrants issued in May 2000 in excess of the proceeds received in connection with the subordinated notes.

18. Segmented information:

The Company derives its revenue from one dominant industry segment, the electronics manufacturing services industry. The Company is operated and managed geographically and has nine facilities in the United States, Canada, Europe and Mexico. The Company monitors the performance of its geographic operating segments based on EBITA (earnings before interest, taxes and amortization) before restructuring charges and extraordinary items. Intersegment adjustments reflect intersegment sales that are generally recorded at prices that approximate arm's-length transactions. Information about the operating segments is as follows:

<TABLE>
<CAPTION>

	1999			2000			2001		
	Total revenue	Intersegment revenue	Net external revenue	Total revenue	Intersegment revenue	Net external revenue	Total revenue	Intersegment revenue	Net external revenue
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

United States.	$223,006	$(1,419)	$221,587	$633,959	$ (9,403)	$624,556	$540,353	$ (43,425)	$496,928
Canada...	21,675	(2,676)	18,999	79,923	(5,165)	74,758	66,632	(3,778)	62,854
Europe...	9,507	(1,995)	7,512	21,037	(2,997)	18,040	28,525	(1,445)	27,080
Mexico...	9,864	-	9,864	79,612	(14,203)	65,409	134,061	(108,742)	25,319
	$264,052	$(6,090)	$257,962	$814,531	$(31,768)	$782,763	$769,571	$(157,390)	$612,181

</TABLE>

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
EBITA:			
United States	$6,917	$24,813	$ (24,875)
Canada	2,107	10,638	(6,271)
Europe	(222)	(1,053)	(2,474)
Mexico	(503)	(669)	(13,826)
	8,299	33,729	(47,446)
Interest	7,066	13,837	9,330
Amortization	1,990	6,229	9,518
Restructuring charges	--	--	67,548
Earnings (loss) before income taxes and extraordinary loss	$ (757)	$13,663	$(133,842)
Capital expenditures:			
United States	$2,713	$16,456	$ 11,043
Canada	840	3,141	2,001
Europe	30	724	644
Mexico	547	5,896	5,431
	$4,130	$26,217	$ 19,119

</TABLE>

18. Segmented information (continued):

This segmented information incorporates the operations of SMTC Corporation as discussed in note 2(a). SMTC Corporation has operated facilities in Canada, the United States and Europe for 16 years, 6 years and 4 years, respectively.

The following enterprise-wide information is provided. Geographic revenue information reflects the destination of the product shipped. Long-lived assets information is based on the principal location of the asset.

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
Geographic revenue:			
United States...	$225,772	$694,290	$491,836
Canada.....	8,983	18,844	38,334
Europe.....	19,965	53,588	60,318
Asia.....	3,242	16,041	21,693
	$257,962	$782,763	$612,181

	========	======== ========

</TABLE>

<TABLE>
<CAPTION>

	2000	2001
	--------	--------
<S>	<C>	<C>
Long-lived assets:		
United States..	$ 79,136	$ 73,269
Canada.....	24,540	21,832
Europe.....	20,410	1,998
Mexico.....	14,627	18,877
	--------	--------
	$138,713	$115,976
	========	========

</TABLE>

19. Significant customers and concentration of credit risk:

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade receivables. Sales of the Company's products are concentrated among specific customers in the same industry. The Company generally does not require collateral. The Company considers concentrations of credit risk in establishing the reserves for bad debts and believes the recorded reserves are adequate.

The Company expects to continue to depend upon a relatively small number of customers for a significant percentage of its revenue. In addition to having a limited number of customers, the Company manufactures a limited number of products for each customer. If the Company loses any of its largest customers or any product line manufactured for one of its largest customers, it could experience a significant reduction in revenue. Also, the insolvency of one or more of its largest customers or the inability of one or more of its largest customers to pay for its orders could decrease revenue. As many costs and operating expenses are relatively fixed, a reduction in net revenue can decrease profit margins and adversely affect business, financial condition and results of operations.

During 1999, three customers individually comprised 29%, 10% and 10% of total revenue across all geographic segments. At December 31, 1999, these customers represented 33%, 6% and 3%, respectively, of the Company's accounts receivable.

19. Significant customers and concentration of credit risk (continued):

During 2000, two customers individually comprised 16% and 10% of total revenue across all geographic segments. At December 31, 2000, these customers each represented 10% of the Company's accounts receivable.

During 2001, three customers individually comprised 20%, 10% and 10% of total revenue across all geographic segments. At December 31, 2001, these customers represented 34%, 10% and 5% respectively, of the Company's accounts receivable.

20. Earnings (loss) per common share:

The following table sets forth the computation of basic net earnings (loss) per common share before extraordinary loss:

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
Numerator:			
Earnings (loss) before extraordinary loss.	$ (864)	$ 6,316	$ (104,811)
Class L preferred entitlement.....	(2,185)	(3,164)	--
Earnings (loss) before extraordinary loss attributable to common shareholders.....	$ (3,049)	$ 3,152	$ (104,811)
Denominator:			
Weighted average shares--basic	1,617,356	13,212,076	28,608,072
Effect of dilutive securities:			
Employee stock options.....	--	155,744	--
Warrants.....	--	368,796	--
Weighted average shares--diluted.....	1,617,356	13,736,616	28,608,072
Net earnings (loss) per common share before extraordinary loss:			
Basic.....	$ (1.89)	$ 0.24	$ (3.66)
Diluted.....	(1.89)	0.23	(3.66)

</TABLE>

For purposes of calculating the basic number of weighted average shares outstanding, the Class A restricted shares have been excluded. Under reverse takeover accounting, the number of shares outstanding prior to July 30, 1999 is deemed to be the number of shares of SMTC Corporation issued to the shareholders of HTM Holdings, Inc., appropriately adjusted to take into account the effect of any change in the number of HTM Holdings, Inc. shares outstanding in that period.

During fiscal 1999, the exercise prices of the options and warrants were less than the average fair value price and were not included in the calculation of diluted loss per share as the effect would have been anti-dilutive. In addition, in fiscal 1999, the calculation did not include the Class A shares issuable upon conversion of the Class L shares and exchangeable shares as the effect would have been anti-dilutive. During fiscal 2000, the calculation did not include 1,097,000 options as the effect would have been anti-dilutive. During 2001, the calculation did not include 1,911,060 options as the effect would have been anti-dilutive.

21. Restructuring and other charges:

During fiscal year 2001, in response to excess capacity caused by the slowing technology end market, the Company commenced a restructuring program aimed at reducing its cost structure. Accordingly, the Company recorded restructuring charges of $67,548 consisting of a write-down of goodwill and other intangible assets and the costs associated with existing or re-sizing facilities. In addition, the Company recorded other charges of $27,298 related primarily to accounts receivable, inventory and asset impairment charges.

The following table details the components of the restructuring and other charges, and the related amounts included in accrued liabilities:

<TABLE>
<CAPTION>

	Total charges	Non-cash charges	Cash payments	Accrual at December 31, 2001
<S>	<C>	<C>	<C>	<C>
Inventory write-downs included in cost of sales(a)	$25,388	$(25,388)	$ --	$ --
Lease and other contract obligations(a)	8,678	--	(2,514)	6,164
Severance(a)	3,830	--	(3,205)	625
Asset impairment(a)	5,609	(5,609)	--	--
Write-down of intangible assets(b)	17,765	(17,765)	--	--
Other facility exit costs(a)	6,278	(3,059)	(2,446)	773
	42,160	(26,433)	(8,165)	7,562
	67,548	(51,821)	(8,165)	7,562
Other charges(c)	27,298	(27,298)	--	--
	$94,846	$(79,119)	$(8,165)	$7,562

</TABLE>

(a) Restructuring charges:

The write-down of inventory of $25,388 is associated with the closure of the assembly facility in Denver.

Lease and other contract obligations of $8,678 include the costs associated with decommissioning, exiting and subletting the Denver facility and the costs of exiting equipment and facility leases at various other locations.

Severance costs of $3,830 are associated with the closure of the Denver assembly facility and the Haverhill interconnect facility and the re-sizing of the Mexico and Ireland facilities. The severance costs relate to all 429 employees at the Denver facility, 26 plant and operational employees at the Haverhill facility, 915 plant and operational employees at the Mexico facility, 47 plant and operational employees at the Cork, Ireland facility and 68 plant and operational employees at the Donegal, Ireland facility.

Asset impairment charges of $5,609 reflect the write-down of certain long-lived assets, primarily at the Denver location, that became impaired as a result of the rationalization of facilities. The asset impairment was determined based on undiscounted projected future net cash flows relating to the assets resulting in a write-down to estimated salvage values.

Other facility exit costs include personnel costs and other fees directly related to exit activities at the Denver and Haverhill locations.

21. Restructuring and other charges (continued):

The major components of the restructuring are estimated to be complete during fiscal year 2002.

(b) Write-down of intangible assets:

During fiscal year 2001, the Company recorded a write-down of intangible assets of $17,765 which includes the write-down of goodwill associated with the Qualtron Teoranta acquisition of $16,265 and the write-down of intangible assets of $1,500. In accordance with SFAS No. 121, "Accounting

for Impairment of Long-Lived Assets and for Long-Lived Assets to be disposed of", current accounting guidance requires that long-lived assets and certain identifiable intangible assets, including goodwill, held and used by an entity, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Due to the downturn in the electronics manufacturing services industry, the significant operating loss incurred in fiscal 2001 and the restructuring and other charges recorded in 2001, the Company reviewed the recoverability of the carrying value of long-lived assets, including allocated goodwill and other intangible assets. An evaluation under SFAS No. 121 indicated that the estimated future net cash flows associated with the long-lived assets acquired as part of the Qualtron Teoranta acquisition were less than their carrying value and, accordingly, a write-down to estimated fair values was recorded for unamortized goodwill associated with the acquisition of Qualtron Teoranta and certain intangible assets.

(c) Other charges:

During fiscal year 2001, the Company recorded other charges totaling $27,298 pre-tax related primarily to accounts receivable, inventory and asset impairment charges, resulting from the current downturn in the technology sector. Included in cost of sales are other charges of $18,496 related to inventory and included in selling, general and administrative expenses are other charges of $7,937 related to accounts receivable exposures and other charges of $865 related to asset impairment charges, at various facilities other than the Denver and Haverhill facilities.

22. Comparative figures:

Certain 1999 comparative figures have been reclassified to conform with the current year's financial statement presentation.

23. United States and Canadian accounting policy differences:

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied in the United States ("U.S."). The significant differences between U.S. GAAP and Canadian GAAP and their effect on the consolidated financial statements of the Company are described below:

23. United States and Canadian accounting policy differences (continued):

The following table reconciles net earnings (loss) as reported in the accompanying consolidated statements of operations to net earnings (loss) that would have been reported under Canadian GAAP:

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
Net earnings (loss) in accordance with U.S. GAAP....	$(2,143)	$3,638	$(104,811)
Amortization(a).....	--	20	220
Write-down of goodwill(a).....	--	--	2,205
Net earnings (loss) in accordance with Canadian GAAP	$(2,143)	$3,658	$(102,386)

</TABLE>

Net earnings (loss) for the year under Canadian GAAP is comprised of the

following:

<TABLE>
<CAPTION>

	1999	2000	2001
<S>	<C>	<C>	<C>
Operating income (loss)	$ 6,309	$ 27,520	$(122,087)
Interest	7,066	13,837	9,330
Debt extinguishment costs (b)	2,090	4,318	--
Earnings (loss) before income taxes	(2,847)	9,365	(131,417)
Income taxes (recovery)	(704)	5,707	(29,031)
Net earnings (loss)	$(2,143)	$ 3,658	$(102,386)
Shareholders' equity in accordance with U.S. GAAP	$ 7,799	$ 228,486	$ 124,661
Shares issued to acquire Qualtron Teoranta (a)	--	(2,445)	(2,445)
Amortization of goodwill (a)	--	20	240
Write-down of goodwill (a)	--	--	2,205
Shareholders' equity in accordance with Canadian GAAP	$ 7,799	$ 226,061	$ 124,661

</TABLE>

(a) Acquisitions:

Under U.S. GAAP, shares issued as consideration in a business combination are valued using the share price at the announcement date of the acquisition. Under Canadian GAAP, at the date of acquisition, the shares were valued on the consummation date. As a result, under Canadian GAAP, the total purchase price for Qualtron Teoranta would be $24,455, resulting in goodwill of $15,630. Under the U.S. GAAP, the purchase price was $26,900, resulting in goodwill of $18,075. Goodwill amortization in fiscal 2001 under U.S. GAAP was $1,783 (2000--$151) and under Canadian GAAP was $1,563 (2000--$131). The write-down of goodwill during 2001 relating to Qualtron Teoranta was $16,265 under U.S. GAAP and $14,060 under Canadian GAAP.

(b) Extraordinary loss:

Under U.S. GAAP, the charges incurred as a result of the early payment of the senior notes payable and subordinated notes described in note 17 are recorded as an extraordinary loss. Under Canadian GAAP, the charges would have been included in earnings (loss) before income taxes and the related tax benefit recorded in income tax expense.

23. United States and Canadian accounting policy differences (continued):

(c) Earnings per share:

In fiscal 2000, the Company retroactively adopted the new accounting standard approved by The Canadian Institute of Chartered Accountants ("CICA") dealing with the computation of earnings per share which requires the use of the treasury stock method and is substantially consistent with U.S. GAAP.

(d) New accounting pronouncements:

In July 2001, the CICA issued new standards that are substantially consistent with Statements No. 141 and 142 (note 2(p)) except that under

Canadian GAAP, any transitional impairment charge is recognized in opening retained earnings, under U.S. GAAP the cumulative adjustment is recognized in earnings.

24. Subsequent event:

Subsequent to December 31, 2001, the main customer of the Company's Cork, Ireland facility was placed into administration as part of a financial restructuring. As a result, on March 19, 2002, the Company announced that it was taking steps to place the Cork, Ireland facility in voluntary administration. The Company anticipates that it will take a charge of $8,000 to $10,000 in the first quarter of 2002 related to the closure of the facility. SMTC will continue to conduct European operations through its Donegal, Ireland facility.

Exhibit 10.1.10

FOURTH AMENDMENT AND FIRST WAIVER

FOURTH AMENDMENT AND FIRST WAIVER, dated as of February 8, 2002 (this "Amendment"), to and under the Amended and Restated Credit and Guarantee Agreement, dated as of July 27, 2000 (as heretofore amended, supplemented or otherwise modified, the "Credit Agreement"), among SMTC Corporation ("Holdings"), HTM Holdings, Inc. (the "U.S. Borrower"), SMTC Manufacturing Corporation of Canada (the "Canadian Borrower"; together with the U.S. Borrower, the "Borrowers"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Lehman Brothers Inc., as advisor, lead arranger and book manager, The Bank of Nova Scotia, as syndication agent, Lehman Commercial Paper Inc., as general administrative agent (in such capacity, the "General Administrative Agent"), The Bank of Nova Scotia, as Canadian administrative agent, Lehman Commercial Paper Inc., as collateral monitoring agent, and General Electric Capital Corporation, as documentation agent.

W I T N E S S E T H:

WHEREAS, Holdings and the Borrowers requested that the Lenders amend, and agree to waive, certain of the provisions of the Credit Agreement;

WHEREAS, the Required Lenders authorized the execution and delivery by the General Administrative Agent of the Fourth Amendment and First Waiver, dated as of January 10, 2002 (the "Existing Fourth Amendment"), to and under the Credit Agreement;

WHEREAS, the Existing Fourth Amendment has not become effective in accordance with its terms; and

WHEREAS, the parties hereto wish to modify the Existing Fourth Amendment as more fully set forth below;

NOW, THEREFORE, in consideration of the premises and the material covenants herein contained, the parties hereto hereby agree that the Existing Fourth Amendment is hereby replaced in its entirety as follows:

1. Defined Terms. Terms used herein and defined in the Credit Agreement are used herein as therein defined.

2. Waivers of Events of Default. The Lenders hereby waive the Defaults and Events of Default arising by reason of (a) the failure of Holdings and the Borrowers to comply with the provisions of Sections 11.1(a), (c) and (d) of the Credit Agreement for any period prior to the Amendment Effective Date (as defined below), (b) any representation and warranty made by any Borrower, in connection with any extension of credit under the Credit Agreement between September 30, 2001 and the Amendment Effective Date, to the effect that no Default or Event of Default had occurred by reason of the failure of Holdings and the Borrowers to comply with the provisions of Sections 11.1(a), (c) and (d) of the Credit Agreement or (c) any failure of Holdings or any Borrower to give notice under the Credit Agreement of the failure of Holdings

and the Borrowers to comply with the provisions of Sections 11.1(a), (c) and (d) of the Credit Agreement.

3. Waivers of Financial Condition Covenants. The Lenders hereby waive from the Amendment Effective Date until December 31, 2002 (the "Waiver Period") compliance by the Borrowers with the provisions of Sections 11.1(a), (c) and (d) of the Credit Agreement for the periods ending at any time during the Waiver Period.

4. Amendment to Section 1.1 of the Credit Agreement (Defined Terms). Section 1.1 of the Credit Agreement is hereby amended as follows:

(a) the definition of "Asset Sale" is hereby amended to read in its entirety as follows:

> ""Asset Sale": any Disposition of Property or series of related Dispositions of Property (excluding any such Disposition permitted by Section 11.5 (other than clauses (e), (f), (i), (k) and (l)(ii) thereof)) which yields net proceeds to Holdings or any of its Subsidiaries (valued at the initial principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds)."

(b) the definition of "Borrowing Base" is hereby amended by deleting in its entirety the proviso in the first sentence thereof and substituting in lieu thereof the following:

> "; provided, that (A) not more than 50% of the Borrowing Base of either Borrower may be attributable to Eligible Inventory and (B) not more than $1,000,000 of the Borrowing Base of the U.S. Borrower may be attributable to Mexican Inventory until (notwithstanding anything to the contrary contained in the definition of "Eligible Inventory" or "Mexican Inventory") such time as the Required Lenders shall have determined in their sole discretion that the General Administrative Agent has a perfected first priority Lien (or substantial equivalent thereof under applicable local law) on such Inventory pursuant to the Security Documents at which time the Mexican Inventory shall be included in Borrowing Base in an amount and with such advance rates as may be agreed upon by the Borrowers and the Required Lenders";

(c) paragraph (b) of the definition of "Eligible Inventory" is hereby amended to read in its entirety as follows:

> "(b)(x) Inventory (other than Mexican Inventory, subject to the provisions of the definition of "Borrowing Base" in this Section 1.1) as to which an Administrative Agent does not have pursuant to the Security Documents a perfected first priority security interest or, in the case of any Inventory located outside the United States, the substantial equivalent thereof under applicable local law (it being understood that, to the extent any Inventory is located outside the United States or Canada, the determination of whether or not an Administrative

> Agent has such a perfected first priority security, or substantial equivalent thereof, in such Inventory shall be made by the Required Lenders in their sole discretion) or (y) Inventory as to which such Borrower or a Subsidiary thereof does not have good and marketable title, free and clear of any and all Liens (other than inchoate warehouseman's or similar Liens and Liens created pursuant to the Security Documents but including the rights of a purchaser that has made progress payments and the rights of a surety that has issued a bond to assure such Borrower's performance with respect to that Inventory);"

(d) the definition of "Consolidated EBITDA" is hereby amended by (i) deleting "and" immediately prior to clause (m) thereof and substituting in lieu thereof a comma and (ii) adding immediately after clause (m) thereof "and (n) incremental costs incurred by Holdings and its Subsidiaries pursuant to the Fourth Amendment (including the fees and expenses incurred pursuant to the letter agreement delivered pursuant to Section 36(f) of the Fourth Amendment and including the fees and expenses of PricewaterhouseCoopers LLP, Simpson Thacher & Bartlett and any other advisors to the Lenders),"

(e) the definition of "Loan Documents" is hereby amended to read in its entirety as follows:

> ""Loan Documents": this Agreement, the Security Documents, the Applications, the Notes, the Acceptances, the Acceptance Notes, the Warrant Agreement, the Warrants issued under the Warrant Agreement and the Registration Rights Agreement.";

(f) the definition of "Net Cash Proceeds" is hereby amended by adding at the end of clause (a) thereof immediately prior to "and, (b)" the following: ", but in the case of proceeds from Asset Sales only to the extent the amount of such proceeds exceeds (i) U.S.$50,000 for any individual Disposition or (ii) U.S.$100,000 for all Dispositions consummated on or after January 10, 2002";

(g) the definition of "Swing Line Lender" is hereby amended by inserting at the end thereof immediately prior to the period the following:

> "provided, however, that during the Fourth Amendment Waiver Period the term "Swing Line Lender" shall mean Lehman Commercial Paper Inc., in its capacity as the lender of Swing Line Loans"; and

(h) the following new defined terms are hereby inserted in Section 1.1 in their correct alphabetical order:

> ""Cash Management Losses": all reasonable and customary losses, damages, costs and expenses which the General Administrative Agent, the Canadian Administrative Agent, any Lender or any affiliate of any Lender may suffer or incur, including without limitation, all obligations of any Loan Party on account of any overdrafts, returned items and canceled credits, as a result of the

> operation or the maintenance of any bank account by such Administrative Agent, such Lender or such affiliate, or otherwise in connection with cash management arrangements established by or on behalf of any Loan Party, in any case solely to the extent such accounts or arrangements are subject of a Lien for the benefit of the Lenders or are otherwise established for the benefit of the Lenders.
>
> "Fourth Amendment": the Fourth Amendment and First Waiver, dated as of February 8, 2002, to and under this Agreement.
>
> "Fourth Amendment Effective Date": the Amendment Effective Date under and as defined in the Fourth Amendment.
>
> "Fourth Amendment Waiver Period": the period commencing on the Fourth Amendment Effective Date through and including December 31, 2002.
>
> "Irish Inventory": Inventory of the Subsidiaries of the Borrowers organized under the laws of Ireland which satisfies all requirements of the definition of Eligible Inventory in this Section 1.1 except the

requirements set forth in subsections (b) and (h) of such definition.

"Lockbox Accounts": as defined in Section 10.14.

"Registration Rights Agreement": the Registration Rights Agreement, substantially in the form of Annex D to the Fourth Amendment, to be entered into pursuant to the Fourth Amendment.

"U.S. Concentration Account": as defined in Section 10.14.

"Warrant Agreement": the Warrant Agreement, substantially in the form of Annex E to the Fourth Amendment, to be entered into pursuant to the Fourth Amendment.

"Warrants": as defined in the Warrant Agreement.".

5. Amendments to Section 2.4 of the Credit Agreement (U.S. Revolving Credit Commitments). Section 2.4(b) of the Credit Agreement is hereby amended by adding at the end thereof immediately prior to the period therein: "provided that at any time when the Consolidated Total Leverage Ratio is greater than 4.00 to 1.00 as determined on any Adjustment Date and in effect thereafter pursuant to the Pricing Grid, no U.S. Revolving Credit Loan may be made as a Eurodollar Loan".

6. Amendment to Section 2.6 of the Credit Agreement (Swing Line Commitment). Section 2.6(a) of the Credit Agreement is hereby amended by inserting at the end of the first sentence thereof the following:

"Notwithstanding anything to the contrary contained in the preceding sentence, during the Fourth Amendment Waiver Period, Lehman Commercial Paper Inc. shall be the only Swing Line Lender."

7. Amendment to Section 2.7(a) of the Credit Agreement (Procedure for Swing Line Borrowing; Refunding of Swing Line Loans). Section 2.7(a) of the Credit Agreement is hereby amended by (a) inserting immediately after the phrase "1:30 P.M., New York City time" in the first sentence thereof the following: "(or, during the Fourth Amendment Waiver Period, 3:00 P.M., New York City time) and (b) inserting immediately after the phrase "3:00 P.M., New York City time" in the third sentence thereof the following: "(or, during the Fourth Amendment Waiver Period, 4:30 P.M., New York City time)".

8. Amendment to Section 5.1(b) of the Credit Agreement (Canadian Revolving Commitments). Section 5.1(b) of the Credit Agreement is hereby amended by adding at the end thereof immediately prior to the period therein: "provided that at any time when the Consolidated Total Leverage Ratio is greater than 4.00 to 1.00 as determined on any Adjustment Date and in effect thereafter pursuant to the Pricing Grid, no Canadian Revolving Credit Loan may be made as a Eurodollar Loan".

9. Amendment to Section 5.14 of the Credit Agreement (Canadian Swing Line Commitment). Section 5.14(a) of the Credit Agreement is hereby amended by (a) deleting the "and" immediately prior to clause (ii) in the proviso thereof and substituting in lieu thereof a comma and (b) adding at the end thereof immediately before the period: "and (iii) on and after the Fourth Amendment Effective Date, the Canadian Borrower shall not request, and the Canadian Swing

Line Lender shall not make, any Canadian Swing Line Loan".

10. Amendment to Section 6.1 of the Credit Agreement (L/C Commitments). Section 6.1 of the Credit Agreement is hereby amended as follows:

(a) Section 6.1(a) of the Credit Agreement is hereby amended by adding at the end of the second sentence thereof immediately before the period the following: ", provided, further, that, notwithstanding anything to the contrary contained in this Section 6.1(a), with respect to any U.S. Letter of Credit issued or extended at any time on or after the Fourth Amendment Effective Date, such U.S. Letter of Credit shall expire no later than December 31, 2002"; and

(b) Section 6.1(b) of the Credit Agreement is hereby amended by adding at the end of the second sentence thereof immediately before the period the following: ", provided, further, that, notwithstanding anything to the contrary contained in this Section 6.1(b), with respect to any Canadian Letter of Credit issued or extended at any time on or after the Fourth Amendment Effective Date,, such Canadian Letter of Credit shall expire no later than December 31, 2002".

11. Amendment to Section 7.1 of the Credit Agreement (Interest Rates and Payment Dates). Section 7.1(e) of the Credit Agreement is hereby amended to delete such Section in its entirety and substituting in lieu thereof the following:

"(e) If all or a portion of (i) the principal amount of any Loan, (ii) any interest payable thereon or (iii) any fee or other amount (which is not being disputed in good faith by Holdings or its Subsidiaries) payable hereunder or under any other agreement among the Borrowers, any of the Lenders and the General Administrative Agent shall not be paid when due (whether at stated maturity, by acceleration or otherwise), for so long as such Event of Default is continuing (i) the principal amount of all Loans shall to the extent legally permitted bear interest at a rate per annum equal to the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this subsection plus 2% and (ii) the fees in respect of Letters of Credit payable pursuant to Sections 6.3(a) and (b) shall be increased by 2%.".

12. Amendment to Section 7.2 of the Credit Agreement (Conversion and Continuation Option With Respect to Loans). Section 7.2 of the Credit Agreement is hereby amended as follows:

(a) Section 7.2(a) is hereby amended by:

(i) inserting immediately before the phrase "when any Default or Event of Default" in clause (i) in the proviso in the last sentence thereof "(x)"; and

(ii) adding at the end of clause (i) in the proviso in the last sentence thereof: "or (y) at any time when the Consolidated Total Leverage Ratio is greater than 4.00 to 1.00 as determined on any Adjustment Date and in effect thereafter pursuant to the Pricing Grid";

(b) Section 7.2(b) is hereby amended by:

(i) inserting immediately before the phrase "when any Default or Event of Default" in clause (i) in the proviso in the last sentence thereof "(x)"; and

(ii) adding at the end of clause (i) in the proviso in the last

sentence thereof: "or (y) at any time when the Consolidated Total Leverage Ratio is greater than 4.00 to 1.00 as determined on any Adjustment Date and in effect thereafter pursuant to the Pricing Grid"; and

(c) Section 7.2(c) is hereby amended by:

(i) deleting "or" immediately before the reference to "(iii)" in the proviso thereof and substituting in lieu thereof a comma; and

(ii) adding at the end of clause (iii) in the proviso thereof immediately prior to the comma therein: "or (iv) at any time when the Consolidated Total Leverage Ratio is greater than 4.00 to 1.00 as determined on any Adjustment Date and in effect thereafter pursuant to the Pricing Grid".

13. Amendment to Section 7.5 of the Credit Agreement (Mandatory Prepayments; Application of Prepayments). Section 7.5 of the Credit Agreement is hereby amended as follows:

(a) Section 7.5(c) of the Credit Agreement is hereby amended by deleting such Section in its entirety and substituting in lieu thereof the following:

"(c) Unless the Required Prepayment Lenders shall in their sole discretion otherwise agree, if on any date Holdings or any of its Subsidiaries shall receive Net Cash Proceeds from any Asset Sale then within five Business Days after receipt by the Holdings or such Subsidiary of such Net Cash Proceeds, the Term Loans shall be prepaid in an amount equal to the amount of such Net Cash Proceeds, as set forth in Section 7.5(f). The provisions of this Section 7.5(c) do not constitute a consent to the consummation of any Disposition not permitted by Section 11.5";

(b) Section 7.5(f) of the Credit Agreement is hereby amended by adding immediately after "Section 7.4(a)" therein ", Section 7.5(c)"; and

(c) Section 7.5 of the Credit Agreement is hereby amended by inserting a new Section 7.5(j) as follows:

"(j) On each Business Day, the U.S. Borrower shall, without notice or demand, immediately prepay the Loans in an aggregate principal amount equal to the amount of funds on deposit in the U.S. Concentration Account first, to the prepayment of the Swing Line Loans (without a corresponding permanent reduction of the Swing Line Commitment) and second, to the prepayment of the U.S. Revolving Credit Loans (without a corresponding permanent reduction of the U.S. Revolving Credit Commitments).".

14. Amendment to Section 7.6 of the Credit Agreement (Certain Fees). Section 7.6 of the Credit Agreement is hereby amended by adding at the end thereof immediately after paragraph (d) thereof the following:

"(e) (i) Upon the occurrence of an Event of Default arising out of each violation of (A) any covenant set forth in Section 11.1(e) or (g), (B) the terms of the letter agreement delivered pursuant to Section 36(f) of the Fourth Amendment or (C) any covenant set forth in Section 11.1(f), Holdings shall pay, within 5 days after the occurrence of such Event of Default, to the General Administrative Agent, for the benefit of the Lenders, a one-time fee for each such violation in an amount equal to 0.25% of the sum of each Lender's Revolving Credit Commitments and Term Loans then outstanding; provided

that only one such fee shall be charged for each fiscal quarter for all defaults under each of the foregoing clauses (A), (B) and (C) (i.e., the maximum aggregate amount of all such fees in any fiscal quarter shall not exceed 0.75% of the sum of the Revolving Credit Commitments and the Term Loans then outstanding).".

15. Amendment to Section 8.2 of the Credit Agreement (No Change).

Section 8.2 of the Credit Agreement is hereby amended by adding immediately prior to the period at the end thereof the following: ", provided that on and after the Fourth Amendment Effective Date, the foregoing representation and warranty shall be deemed amended to substitute September 30, 2001 in lieu of December 31, 1999 so long as no fact or other information shall have proven that any financial statement delivered prior to the Fourth Amendment Effective Date pursuant to Section 10.1 shall not have been correct and accurate in all material respects or shall not have presented fairly in all material respects the consolidated financial condition of Holdings and it Subsidiaries as at the date reflected in such financial statement".

16. Amendment to Section 10.1 of the Credit Agreement (Financial Statements). Section 10.1 of the Credit Agreement is hereby amended by (a) deleting "and" at the end of paragraph (b) thereof, (b) adding at the end of paragraph (c) immediately after the semicolon therein "and" and (c) adding immediately after paragraph (c) thereof the following new paragraph (d):

"(d) as soon as available, but in any event not later than 15 Business Days after the end of each month occurring during the fiscal year of Holdings, the unaudited consolidating balance sheets of Holdings and its Subsidiaries as at the end of such month, and related unaudited consolidating statements of income and of cash flows for such month and the portion of the fiscal year of Holdings through the end of such month (including without limitation, management's discussion and analysis thereof), setting forth in each case in comparative form the figures set forth in the budget delivered to the Lenders and the General Administrative Agent pursuant to the Fourth Amendment, all of the foregoing in form and detail reasonably satisfactory to the General Administrative Agent;".

17. Amendment to Section 10.2 of the Credit Agreement (Certificate; Other Information). Section 10.2 of the Credit Agreement is hereby amended by (a) deleting the reference to "clause (f)" in the introductory clause thereof and substituting in lieu thereof a reference to "clause (j)", (b) adding immediately at the end of the introductory clause thereof ", or, in the case of clause (h), to the General Administrative Agent, (c) relettering clause (g) as clause (j), (d) deleting "and" at the end of clause (f) thereof and (e) adding immediately after clause (f) thereof the following:

"(g) as soon as practicable after the end of each week (each, a "Reporting Week") (and in any event on or before the seventh Business Day following the end of such Reporting Week, during the eight-week period after the Fourth Amendment Effective Date, and after the end of such eight-week period, on or before the last Business Day of the week immediately following such Reporting Week), a thirteen-week cash flow forecast for Holdings and its Subsidiaries, together with a comparison of the actual results for such Reporting Week against the prior forecasts, which shall (w) include the total of checks outstanding, (x) indicate the amount available under the Revolving Credit Facility and the Canadian Revolving Credit Facility, (y) indicate whether there is a forecasted

cash surplus or deficiency and (z) in all respects provide detail reasonably satisfactory to the General Administrative Agent;

(h) on each Business Day, a report of the amount of available cash on hand of Holdings and its Subsidiaries at the end of the immediately preceding Business Day;

(i) as soon as available, but in any event not later than the seventh Business Day of each month occurring during the fiscal year of Holdings, a monthly sales flash report, together with a comparison setting forth actual sales results against projected sales results for the prior four, six and eight-week periods, in form and detail reasonably satisfactory to the General Administrative Agent; and".

18. Amendment to Section 10.3 of the Credit Agreement (Collateral Reports). Section 10.3 of the Credit Agreement is hereby amended as follows:

(a) by deleting paragraph (a) thereof and substituting in lieu thereof the following:

"(a) to the Collateral Monitoring Agent on or before the last Business Day of each week, a Borrowing Base Certificate of such Borrower for the immediately preceding week accompanied by supporting detail and documentation as shall be requested by, and in form and detail reasonably satisfactory to, the Collateral Monitoring Agent in its reasonable discretion, including, without limitation, an aging of accounts receivable and accounts payable, a flash report of Eligible Inventory by customer and location and an update of accounts receivable balances;"; and

(b) by (i) deleting "and" at the end of paragraph (c) thereof, (ii) deleting the period at the end of paragraph (d) thereof and substituting in lieu thereof "; and", and (iii) adding at the end thereof immediately after paragraph (d) the following:

"(e) to the Collateral Monitoring Agent no later than five days after the end of each fiscal month, an updated report of values of Inventory, in form and detail reasonably satisfactory to the Collateral Monitoring Agent.".

19. Amendment to Section 10.7 of the Credit Agreement (Inspection of Property; Books and Records; Discussion). Section 10.7 of the Credit Agreement is hereby amended by (a) deleting "and" immediately prior to clause (b) thereof and substituting in lieu thereof a comma and (b) adding at the end thereof immediately prior to the period therein ", (c) permit, on reasonable advance notice to Holdings and the Borrowers, PricewaterhouseCoopers LLP (or such other advisor as the Lenders may select) to conduct periodic reviews of the Borrowing Base, at the request and direction of the General Administrative Agent, which shall be at the expense of Holdings and the Borrowers and (d) permit, on reasonable advance notice to Holdings and the Borrowers, the General Administrative Agent to conduct periodic reviews of

the working capital of Holdings and the Borrowers, at the request and direction of the Lenders, which shall be at the expense of Holdings and the Borrowers".

20. Amendment to Section 10 of the Credit Agreement (Affirmative Covenants). Section 10 of the Credit Agreement is hereby amended by adding at the end thereof immediately after Section 10.12 thereof the following:

"10.13 Additional Delivery of Collateral. On and after the Fourth\ Amendment Effective Date, use their reasonable best efforts to provide the General Administrative Agent with a perfected first priority Lien (or substantial equivalent thereof under applicable local law) on all Inventory and real property owned by (a) the Borrowers and (b)(i) unless the Borrowers shall have determined in good faith that it would result in adverse tax consequences to the Borrowers or any Subsidiary thereof, of their Subsidiaries and located in Ireland and (ii) unless the Borrowers and the General Administrative Agent shall have determined in good faith that it would result in adverse financial consequences to the Borrowers or any Subsidiary thereof, of their Subsidiaries and located in Mexico, provided that the Borrowers shall not be obligated to provide such Lien until such time as the Required Lenders and the Borrowers shall have agreed upon the amount of Mexican Inventory to be included in the Borrowing Base, the advance rates applicable thereto and any related amendment to the definition of Borrowing Base.

10.14 Cash Management. Within ten Business Days after the Fourth Amendment Effective Date, (a) establish, pursuant to documentation reasonably satisfactory to the General Administrative Agent, a system of lockbox accounts in the United States (the "Lockbox Accounts") and concentration accounts in the United States (the "U.S. Concentration Account") and Canada with Comerica Bank, The Bank of Nova Scotia or any other bank or financial institution reasonably acceptable to the General Administrative Agent (the "Deposit Banks") under the control of the General Administrative Agent or the Canadian Administrative Agent, as the case may be, into which all Accounts of the Borrowers and their Subsidiaries shall be paid (including the proceeds of any sale of Accounts or other similar transaction with respect to Accounts, but excluding proceeds aggregating the equivalent of U.S.$3,000,000 on a daily basis (the "Excluded Irish Amounts") in respect of Accounts of Subsidiaries of the Borrowers organized under the laws of Ireland which shall be maintained in deposit accounts with banks located in Ireland (the "Irish Deposit Accounts")), (b) instruct, pursuant to instructions reasonably satisfactory to the General Administrative Agent, all debtors in respect of Accounts of Holdings and its Subsidiaries to make payment of all amounts payable in respect of such Accounts directly into the Lockbox Accounts, (c) maintain all operating accounts and deposit accounts with the Deposit Banks under the control of the General Administrative Agent, except for the Irish Deposit Accounts, and (d) provide the General Administrative Agent with control of, and a perfected security interest in (or the substantial equivalent thereof under applicable local law in any jurisdiction outside the United States), all such lockbox, concentration, operating and deposit accounts."

21. Amendment to Section 11.1 of the Credit Agreement (Financial Condition Covenants). Section 11.1 of the Credit Agreement is hereby amended by adding at the end thereof immediately after paragraph (d) thereof the following:

"(e) Minimum Cumulative Consolidated EBITDA. Permit the cumulative Consolidated EBITDA of Holdings and its Subsidiaries for the portion of any fiscal quarter ending on any date set forth on Schedule 11.1(e) to be less than the amount set forth opposite such date on Schedule 11.1(e); provided that, for purposes of determining compliance with the foregoing covenant, if the cumulative Consolidated

EBITDA for any full fiscal quarter exceeds the amount set forth on Schedule 11.1(e) for such fiscal quarter, 50% of such excess may be carried over and added to the cumulative Consolidated EBITDA for the immediately following full fiscal quarter, to the extent that the cumulative Consolidated EBITDA for such following fiscal quarter would be less than the required amount set forth above for such fiscal quarter.

(f) Maximum Outstanding Extensions of Credit. (i) Permit the sum of the Aggregate U.S. Revolving Extensions of Credit and the Aggregate Canadian Revolving Extensions of Credit (such sum, the "Total Revolving Extensions of Credit") on any date set forth on Schedule 11.1(f) to be greater than the amount set forth opposite such date on Schedule 11.1(f).

(ii) On any day (other than the last day) of any month set forth on Schedule 11.1(f), permit the Total Revolving Extensions of Credit to exceed the least of (A) the Borrowing Base in effect on such day, (B) $95,280,000 and (C) 120% of the amount set forth on Schedule 11.1(f) for the last day of such month.

(iii) Notwithstanding the limitations set forth in clauses (i) and (ii) above, the Total Revolving Extensions of Credit may, on any day from and including September 30, 2002 to and including December 31, 2002, exceed the applicable limitations set forth above in clauses (i) and (ii) so long as (A) no Event of Default has occurred during the period from the Fourth Amendment Effective Date through and including such day, (B) the Total Revolving Extensions of Credit on such day does not exceed the lesser of (x) the Borrowing Base in effect on such day and (y) $100,000,000 and (C) the amount by which the Total Revolving Extensions of Credit exceeds the applicable limitations set forth in clauses (i) and (ii) above is less than or equal to the aggregate amount of scheduled principal payments made in respect of the Term Loans on or after September 30, 2002 and on or prior to such day.

(g) Minimum Availability Test. As at the last day of each month during the Fourth Amendment Waiver Period, permit the difference between (i) the Borrowing Base (which shall, for purposes of this Section 11.1(g) only, also include Irish Inventory at the applicable Advance Rate for Eligible Inventory) in effect on such day, minus (ii) the Total Revolving Extensions of Credit on such day minus (iii) the aggregate amount on such day of accounts payable of Holdings and its Subsidiaries that are more than 60 days past due, to be less than $20,000,000.".

22. Amendment to Section 11.2 of the Credit Agreement (Limitation on Indebtedness). Section 11.2 of the Credit Agreement is hereby amended by adding the following at the end thereof:

"Notwithstanding the foregoing provisions of this Section 11.2, from and after January 10, 2002, Holdings will not, and will not permit any Subsidiary to, incur any Indebtedness, except (x) Indebtedness permitted pursuant to paragraphs (a), (b), (c), (d), (e), (f), (h), (i), (k) and (m) above in this Section 11.2 and (y) Indebtedness that is subordinated to the Indebtedness under this Agreement in a manner, and pursuant to documentation, reasonably satisfactory to the General Administrative Agent, provided that the Net Cash Proceeds of the incurrence of any such Indebtedness shall be applied in accordance with Section 7.5(b) without giving effect to the proviso therein (it being understood that this paragraph prohibits

only the incurrence of Indebtedness after January 10, 2002 and that Indebtedness outstanding on January 10, 2002 that was permitted to be incurred by this Section 11.2 as in effect before January 10, 2002 may continue to remain outstanding to the extent permitted by paragraphs (a) through (q) of this Section 11.2)."

23. Amendment to Section 11.5 of the Credit Agreement (Limitation on Disposition of Property). Section 11.5 of the Credit Agreement is hereby amended by:

(a) adding at the end of clause (e) thereof immediately "provided, further, to the extent that any such Disposition consummated pursuant to this clause (e) is a Disposition of Accounts, the proceeds of any such Disposition shall be paid by the applicable purchaser directly into a Lockbox Account;"; and

(b) deleting clause (g) in its entirety and substituting in lieu thereof following new clause (g):

"(g) the sale or discount, in each case without recourse, of Accounts arising in the ordinary course of business, but only in connection with the compromise or collection thereof; provided that the proceeds of any such sale shall be paid by the applicable purchaser directly into a Lockbox Account;".

24. Amendment to Section 11.7 of the Credit Agreement (Capital Expenditures). Section 11.7 of the Credit Agreement is hereby amended by adding at the end thereof the following:

"From and after the Fourth Amendment Effective Date, the foregoing covenant for the 2001 fiscal year of Holdings shall not be applicable. Notwithstanding anything to the contrary contained in this Section 11.7, during the period from October 1, 2001 though and including December 31, 2002, Holdings shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, make or commit to make any Capital Expenditure, except Capital Expenditures of Holdings and its Subsidiaries in the ordinary course of business not exceeding an aggregate amount during any fiscal quarter of Holdings the amount set forth below opposite such fiscal quarter:

Fiscal Quarter	Amount
FQ4 2001	$ 750,000
FQ1 2002	$1,050,000
FQ2 2002	$2,000,000
FQ3 2002	$2,000,000
FQ4 2002	Any amount not expended in FQ2 2002 and FQ3 2002

; provided that with respect to any asset acquired pursuant to the Capital Expenditures permitted under this Section 11.7 which (x) has a purchase price in excess of $250,000 and is not in the nature of maintenance Capital Expenditures and (y) is located within the United States of America or Canada, Holdings or the applicable Borrower or Subsidiary shall comply with Section 10.11 (without regard to the requirement of certain minimum values with respect to real property set forth therein) to provide the General Administrative Agent, for the benefit of the Lenders, a perfected first priority Lien on such asset.".

25. Amendment to Section 11.8 of the Credit Agreement (Limitation

on Investments). Section 11.8 of the Credit Agreement is hereby amended as follows:

(a) Section 11.8(f) is hereby amended by adding at the end thereof immediately prior to the semicolon therein "consummated before January 10, 2002"; and

(b) Section 11.8(s) is hereby amended by adding at the end thereof immediately prior to the period therein the following: ", provided that no additional Investments shall be permitted pursuant to this clause (s) on and after January 10, 2002".

26. Amendment to Section 11.9 of the Credit Agreement (Limitation on Optional Prepayments and Modifications of Debt Instruments, etc.). Section 11.9 of the Credit Agreement is hereby amended by adding at the end of the last sentence thereof the following: ", but only to the extent any such redemption was consummated prior to January 10, 2002".

27. Amendment to Section 11.11 of the Credit Agreement (Limitation on Sale and Leasebacks). Section 11.11 of the Credit Agreement is hereby amended by deleting such Section in its entirety and substituting in lieu thereof the following:

"11.11. Limitation on Sales and Leasebacks. Enter into any arrangement with any Person providing for the leasing by Holdings, either Borrower or any Subsidiary of real or personal property which has been or is to be sold or transferred by Holdings, such Borrower or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of Holdings, such Borrower or such Subsidiary (a "Sale/Leaseback Transaction"), without the prior written consent of the Required Lenders, which consent may be withheld in the sole discretion of the Required Lenders.".

28. Amendment to Section 13 of the Credit Agreement (Events of Default). Section 13(c) of the Credit Agreement is hereby amended by deleting the reference to "(i)" at the beginning thereof and adding at the end thereof immediately prior to the semicolon therein: ", provided, however, that with respect to any default in the observance or performance of any agreement contained in Section 11.1(e), (f) or (g) at the end of any month during the Fourth Amendment Waiver Period, any Event of Default arising therefrom shall be deemed permanently waived by the Lenders if (x) the Lenders in their sole discretion shall not have accelerated the obligations under this Agreement in accordance with this Section 13, (y) Holdings shall be in compliance with Section 11.1(e), (f) and (g) at the end of the fiscal quarter in which such monthly financial covenant violation occurs and (z) all fees payable pursuant to this Agreement (including without limitation, such fees payable pursuant to Section 7.6(e)) shall have been paid when due".

29. Amendment to Section 15.5 of the Credit Agreement (Payment of Expenses). Section 15.5 of the Credit Agreement is hereby amended by (a) relettering clauses (c) and (d) as clauses (d) and (e), respectively, (b) deleting "all the foregoing in this clause (d)" in clause (d) thereof and substituting in lieu thereof "all the foregoing in this clause (e)" and (c)

adding immediately after clause (b) thereof the following:

"(c) to pay and reimburse (i) each advisor retained by the Lenders or the Agents all of their reasonable costs and expenses incurred in connection with any reviews or analyses reasonably requested by the General Administrative Agent or the Required Lenders pursuant to this Agreement, including without limitation, the fees and disbursements of PricewaterhouseCoopers LLP and Jefferson Wells and (ii) each of Comerica Bank, the Bank of Nova Scotia and the General Administrative Agent all of their reasonable costs and expenses incurred in connection with the preparation, execution, delivery and administration of the documentation entered into in connection with the establishment and maintenance of the cash management system pursuant to Section 10.14, including, without limitation, reasonable fees and disbursements of counsel (including the allocated fees and disbursements of in-house counsel),".

30. Amendment to Section 15.18 (Intercreditor Provisions).

Section 15.18 of the Credit Agreement is hereby amended by deleting such Section in its entirety and substituting in lieu thereof the following:

"15.18 Intercreditor Provisions. (a) Notwithstanding (i) any provision hereof or of any other Loan Document and (ii) the priority of any Lien on the Collateral, all proceeds received by the Canadian Administrative Agent from the Canadian Facility Guarantees or from the exercise by the Canadian Administrative Agent of any of its remedies under any of the Canadian Security Documents or the Canadian Facility Guarantees shall be applied by the Canadian Administrative Agent as follows:

First, to reimburse the Canadian Administrative Agent for all costs and expenses incurred by them in administering the Collateral, the Canadian Facility Guarantees and the Canadian Security Documents and in enforcing rights thereunder;

Second, to the Canadian Administrative Agent, the Lenders or any affiliate of any Lender to pay all amounts payable in respect of Cash Management Losses owing by the Canadian Borrower or any Subsidiary thereof, ratably among the Canadian Administrative Agent, the Lenders or any affiliate of any Lender according to the amounts of such obligations owing to the Canadian Administrative Agent, the Lenders or any affiliate of any Lender;

Third, to the Lenders or, in the case of any Specified Hedge Agreement, any affiliate of any Lender, to pay principal of, accrued and unpaid interest on, and other amounts payable hereunder with respect to all indebtedness, obligations and liabilities of the Canadian Borrower and its Subsidiaries under the Loan Documents (including, without limitation, the obligations of the Canadian Borrower to cash collateralize Canadian L/C Obligations) and all amounts payable in respect of any Specified Hedge Agreement of the Canadian Borrower or any of its Subsidiaries, but only to the extent that, and only so long as, the obligations of the Canadian Borrower under this Agreement are secured and guaranteed pursuant to the Canadian Security Documents and the Canadian Facility Guarantees, ratably among the Lenders according to the amounts of such obligations owing to the Lenders or, in the case of any Specified Hedge Agreement, any affiliate of any Lender;

Fourth, after payment in full of all of the amounts described in the foregoing clauses First, Second and Third of this paragraph (a), to the Canadian Borrower or the other Loan

Parties entitled thereto or as otherwise may be required under applicable law.

(b) Notwithstanding (i) any provision hereof or of any other Loan Document and (ii) the priority of any Lien on the Collateral, all proceeds received by the General Administrative Agent from the guarantees contained in the Guarantee and Collateral Agreement or from the exercise by the General Administrative Agent of any of its remedies under any of the Security Documents or the guarantees contained in the Guarantee and Collateral Agreement shall be applied by the General Administrative Agent as follows:

First, to reimburse the General Administrative Agent for all costs and expenses incurred by them in administering the Collateral and the Security Documents and in enforcing rights thereunder;

Second, to the General Administrative Agent, the Lenders or any affiliate of any Lender to pay all amounts payable in respect of Cash Management Losses owing by the U.S. Borrower or any Subsidiary thereof, ratably among the General Administrative Agent, the Lenders or any affiliate of any Lender according to the amounts of such obligations owing to the General Administrative Agent, the Lenders or any affiliate of any Lender;

Third, to the Lenders, or in the case of any Specified Hedge Agreement, any affiliate of any Lender, to pay principal of, accrued and unpaid interest on,

and other amounts payable hereunder with respect to all indebtedness, obligations and liabilities of the U.S. Borrower and the Subsidiary Guarantors under the Loan Documents (including, without limitation, the guarantee obligations of the U.S. Borrower pursuant to Section 12 and the obligations of the U.S. Borrower to cash collateralize U.S. L/C Obligations) and all amounts payable in respect of the Borrower Hedge Agreement Obligations (as defined in the Guarantee and Collateral Agreement), but only to the extent that, and only so long as, the Borrower Credit Agreement Obligations (as defined in the Guarantee and Collateral Agreement) are secured and guaranteed pursuant to the Guarantee and Collateral Agreement, ratably among the Lenders according to the amounts of such obligations owing to the Lenders or, in the case of any Specified Hedge Agreement, any affiliate of any Lender;

Fourth, after payment in full of all of the amounts described in the foregoing clauses First, Second and Third of this paragraph (b), to the U.S. Borrower or the other Loan Parties entitled thereto or as otherwise may be required under applicable law.".

31. Amendment to Annex A to the Credit Agreement (Pricing Grid). Annex A to the Credit Agreement is hereby amended by deleting such Annex in its entirety and inserting in lieu thereof Annex A attached hereto, it being understood and agreed that (i) such amendment shall be deemed to be effective as of January 10, 2002 and (ii) the Annex A attached hereto shall be used for all determinations of the Applicable Margin on and after January 10, 2002.

32. Additional Schedules to the Credit Agreement. The Credit Agreement is hereby amended by adding thereto Schedules 11.1(e) and (f) in the forms attached hereto as Annexes B and C, respectively.

33. Indemnification of Cash Management Losses. For avoidance of doubt, the Lenders hereby acknowledge and confirm that the indemnification provisions of Section 14.7 of the Credit Agreement are applicable to and include any Cash Management Losses that may be owing to either Administrative Agent.

34. First Amendment to Guarantee and Collateral Agreement. The General Administrative Agent is hereby instructed by the Lenders to execute and deliver an amendment to the Guarantee and Collateral Agreement, substantially in the form attached hereto as Annex F (the "First Amendment to the Guarantee and Collateral Agreement").

35. Amendment to Canadian Facility Guarantees and Canadian Security Documents. The Canadian Administrative Agent is hereby instructed by the Lenders to execute and deliver such amendments to the Canadian Facility Guarantees and the Canadian Security Documents as the Canadian Administrative Agent shall determine is necessary or advisable to obtain a first priority security interest in the Collateral to secure obligations owing by the Canadian Borrower or any of its Subsidiaries in respect of Cash Management Losses incurred by the Canadian Administrative Agent, any Lender or any affiliate of any Lender.

36. Effectiveness. The Amendment shall become effective on the date of satisfaction of the following conditions precedent (the "Amendment Effective Date"):

(a) The General Administrative Agent shall have received counterparts of this Amendment, duly executed and delivered by Holdings and each of the Borrowers.

(b) The General Administrative Agent shall have received executed Lender Consent Letters, substantially in the form of Exhibit A hereto ("Lender Consent Letters"), from Lenders constituting the Required Lenders.

(c) The General Administrative Agent shall have received an executed Acknowledgment and Consent, in the form set forth at the end of this Amendment, from each Loan Party other than the Borrowers.

(d) The General Administrative Agent shall have received counterparts of the First Amendment to the Guarantee and Collateral Agreement, duly executed and delivered by the Loan Parties party thereto.

(e) All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Amendment shall be satisfactory in form and substance to the General Administrative Agent.

(f) Holdings and the General Administrative Agent shall have executed and delivered a letter agreement with respect to such matters previously discussed and agreed between Holdings and the General Administrative Agent.

(g) Holdings and the General Administrative Agent shall have executed and delivered the Warrant Agreement and the Registration Rights Agreement and the Warrants required to be issued pursuant to the Warrant Agreement on the Amendment Effective Date shall have been issued.

(h) The Lenders and the General Administrative Agent shall have received a budget in form and substance satisfactory to them setting forth Holdings' projected monthly levels of revenue and expenses from October 31, 2001 through December 31, 2002 (it being understood that this condition has been satisfied).

(i) The Lenders and the General Administrative Agent shall have received all fees required to be paid, and all expenses for which invoices have been presented, on or before the Amendment Effective Date.

(j) The Borrowers shall have complied with Section 10.11(b) of the Credit Agreement with respect to all real property of the Borrowers and their Subsidiaries located in the United States of America.

(k) All governmental and third party approvals necessary in connection with the Amendment shall have been obtained and be in full force and effect.

(l) The General Administrative Agent shall have received such legal opinions from counsel to Holdings and its Subsidiaries and such documents and other instruments as are customary for transactions of this type or as it may reasonably request.

(m) The General Administrative Agent shall have received from Holdings, for the account of each Lender that has executed a Lender Consent Letter granting its consent to this Amendment on or prior to 5:00 p.m., New York City time on February 11, 2002, an amendment fee equal to 0.50% of the sum of such Lender's Revolving Credit Commitments and Term Loans then outstanding.

37. Representations and Warranties. After giving effect to the amendment contained herein, on the Amendment Effective Date, Holdings and each of the Borrowers hereby confirms, reaffirms and restates the representations and warranties set forth in Section 8 of the Credit Agreement, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date; provided that each reference in such Section 8 to "this Agreement" shall be deemed to be a reference both to this Amendment and to the Credit Agreement as amended by this Amendment.

38. Release and Acknowledgements.

(a) In order to induce the Lenders to enter into this Amendment, each Loan Party hereby remises, releases and forever discharges, and by these presents does for its Subsidiaries (direct or indirect), and for itself and its predecessors, successors, affiliates and assigns (each, a "Releasor"), remise, release and forever discharge, each Agent, each Lender, and each predecessor, affiliate, subsidiary (direct or indirect), successor, assign, participant, officer, director, employee or agent of any Agent or any Lender (collectively, the "Released Parties"), of and from all manner of actions at law or equity, all causes of action for damages, costs, debts, sums of money, accounts, bills, rights of indemnity, breach of contract, provision of labor or materials, loss of use, loss of services, expenses, compensation, consequential or punitive damages, equitable subordination, avoidance of preferential or fraudulent transfers, or any other thing whatever, arising by virtue of actions taken, actions omitted to be taken or the occurrence of any other event on or prior to the Amendment Effective Date, relating in any way to (i) this Amendment, the Credit Agreement, any other Loan Document or the obligations of the Loan Parties under the Credit Agreement and the other Loan Documents (the "Obligations"), (ii) any claims (including, without limitation, for

contribution or indemnification) which have or could have arisen out of any of the transactions contemplated by this Amendment or the Loan Documents or any other proceedings that have been brought or may be brought by any party hereto or to any Loan Document or any third party relating to the Loan Documents or the transactions contemplated thereby, (iii) any acts, transactions or events that are the subject matter of this Amendment or the Loan Documents or (iv) the prosecution of any claims or any settlement negotiations which such Releasor ever had, now or which it, its Subsidiaries (direct or indirect), or its successors or assigns hereafter can, shall or may have against the Released Parties by reason of (with respect to each of clauses (i)-(iv) above) any matter, cause or thing whatsoever on or prior to the Amendment Effective Date relating to this Amendment or the Loan Documents; provided, however, that nothing herein shall be construed or deemed to release any

covenants or agreements contained herein or in any Loan Document so long as such Loan Document shall remain in full force and effect.

(b) Each Loan Party hereby acknowledges and agrees that the Obligations are secured by valid and enforceable first priority liens and security interests granted by the Loan Parties to an Agent, for the ratable benefit of the Lenders, upon all of the Collateral, subject only to Liens permitted under the Credit Agreement. The Obligations and the liens and security interests of the Agents, for the ratable benefit of the Lenders, in the Collateral are not subject to avoidance, defense, objection, action, counterclaim, setoff or subordination, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting creditors' rights generally. The Obligations constitute legal, valid and binding obligations of each Loan Party, enforceable in accordance with the terms of the Loan Documents and pursuant to applicable law, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting creditors' rights generally, and subject to the limitations imposed by general equitable principles (regardless whether such enforceability is considered in a proceeding at law or in equity). Furthermore, no Loan Party will use any of its cash or other assets to object to or contest in any manner, or raise any objections, counterclaims or defenses to, the validity, perfection, priority or enforceability of the claims or liens of the Agents and the Lenders relating to this Amendment, the Credit Agreement or any other Loan Document, or to investigate or assert any claims or causes of action arising on or prior to the Amendment Effective Date against the Agents or the Lenders relating to this Amendment, the Credit Agreement or any other Loan Document.

(c) Except as expressly set forth in this Amendment, each of the Loan Parties acknowledges and agrees that the execution and delivery by the Agents of, or the consent by the Lenders to, this Amendment shall not be deemed (i) to create a course of dealing or otherwise obligate the Agents or the Lenders to forbear or execute similar agreements under the same or similar circumstances in the future, (ii) to modify, relinquish or impair any right of the Agents or the Lenders to receive any indemnity or similar payment from any Person or entity as a result of any matter arising from or relating to this Amendment, (iii) to waive any right of the Lenders to receive interest at an increased rate as a result of any Events of Default that may occur under the Credit Agreement as amended by this Amendment, (iv) to obligate the Lenders in any way to forbear from individually or collectively enforcing remedies under the Credit Agreement as amended by this Amendment in any manner or (v) a commitment from any of the Lenders to forbear or "stand still". Except as expressly set forth in this Amendment, no past or future forbearance on the part of any of the Lenders should be viewed as a limitation upon or waiver of the absolute right and privilege of the Lenders in exercising rights and remedies that currently exist or may exist after the Amendment Effective Date.

39. Continuing Effect; No Other Amendments. Except as expressly amended or waived hereby, all of the terms and provisions of the Credit

Agreement and the other Loan Documents are and shall remain in full force and effect. The amendments contained herein shall not constitute an amendment or waiver of any other provision of the Credit Agreement or the other Loan Documents or for any purpose except as expressly set forth herein.

40. No Default. No Default or Event of Default shall have occurred and be continuing as of the Amendment Effective Date after giving effect to this Amendment.

41. Counterparts. This Amendment may be executed in any number of counterparts by the parties hereto, each of which shall be an original, and all of which when taken together shall constitute one and the same instrument. Delivery of an executed counterpart by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

42. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective proper and duly authorized officers as of the day and year first above written.

SMTC CORPORATION

By: /s/ Paul Walker

Name: Paul Walker
Title:President and CEO

HTM HOLDINGS, INC.

By: /s/ Paul Walker

Name: Paul Walker
Title:President and CEO

SMTC MANUFACTURING CORPORATION OF CANADA

By: /s/ Paul Walker

Name: Paul Walker
Title:President and CEO

LEHMAN COMMERCIAL PAPER INC., as
General Administrative Agent

By: /s/ G. Andrew Keith

Name: G. Andrew Keith
Title: Authorized Signatory

ACKNOWLEDGMENT AND CONSENT

Each of the undersigned parties to the Amended and Restated Guarantee and Collateral Agreement, dated as of July 27, 2000, as amended, supplemented or otherwise modified from time to time, made by the undersigned in favor of Lehman Commercial Paper Inc., as General Administrative Agent, for the benefit of the Lenders, hereby (a) consents to the transactions contemplated by the Fourth Amendment and First Waiver to and under the Amended and Restated Credit and Guarantee Agreement (the "Fourth Amendment"), (b) acknowledges and agrees that the guarantees and grants of security interests contained in such Amended and Restated Guarantee and Collateral Agreement and in the other Security Documents are, and shall remain, in full force and effect after giving effect to the Fourth Amendment and all prior modifications to the Amended and Restated Credit and Guarantee Agreement and (c) agrees to and acknowledges the provisions of Section 38 of the Fourth Amendment which are incorporated herein by reference.

SMTC CORPORATION
HTM HOLDINGS, INC.
SMTC MANUFACTURING CORPORATION OF CALIFORNIA
SMTC MANUFACTURING CORPORATION OF COLORADO
SMTC MANUFACTURING CORPORATION OF MASSACHUSETTS
SMTC MANUFACTURING CORPORATION OF NORTH CAROLINA
SMTC MANUFACTURING CORPORATION OF TEXAS
SMTC MANUFACTURING CORPORATION OF WISCONSIN
SMTC MEX HOLDINGS,
INC. QUALTRON, INC.

By: /s/ Paul Walker

Name: Paul Walker
Title: President and CEO

Exhibit 10.1.11

FIRST AMENDMENT, dated as of February 8, 2002 (this "Amendment"), to the Amended and Restated Guarantee and Collateral Agreement, dated as of July 27, 2000 (such Guarantee and Collateral Agreement, as amended, supplemented or otherwise modified from time to time, the "Collateral Agreement"), made by SMTC CORPORATION, a Delaware corporation ("Holdings"), HTM HOLDINGS, INC., a Delaware corporation (the "U.S. Borrower") and certain of their Subsidiaries in favor of LEHMAN COMMERCIAL PAPER INC., as general administrative agent (in such capacity, the "General Administrative Agent") for the banks and other financial institutions from time to time parties to the Amended and Restated Credit Agreement, dated July 27, 2000 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Holdings, the U.S. Borrower and the other parties thereto.

W I T N E S S E T H:

WHEREAS, the Borrower and Holdings have requested that the Lenders amend, and the Required Lenders have agreed to amend, certain of the provisions of the Collateral Agreement, upon the terms and subject to the conditions set forth below;

NOW, THEREFORE, in consideration of the premises and mutual agreements contained herein, and for other valuable consideration the receipt of which is hereby acknowledged, the U.S. Borrower, Holdings, the Grantors, the Lenders and the Administrative Agent hereby agree as follows:

1. Definitions. All terms defined in the Collateral Agreement and the Credit Agreement shall have such defined meanings when used herein unless otherwise defined herein.

2. Amendment of Section 1.1(b). Section 1.1(b) of the Collateral Agreement is hereby amended by:

(a) adding the following new definitions in their appropriate alphabetical order:

""Borrower Cash Management Obligations": the collective reference to all obligations and liabilities of the U.S. Borrower to the General Administrative Agent or any Lender or any affiliate of either of the foregoing, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise out of, or in connection with, any Cash Management Losses or any document made, delivered, or given in connection therewith, whether on account of reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the relevant Lender or affiliate thereof that are required to be paid by the U.S. Borrower pursuant to the terms of any such document).

"Cash Management Obligations": the collective reference to the Borrower Cash Management Obligations and the Guarantor Cash Management Obligations.

"Guarantor Cash Management Obligations": as to any Guarantor, the collective reference to all obligations and liabilities of such

Guarantor to the General Administrative Agent or any Lender or any affiliate of either of the foregoing, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise out of, or in connection with, any Cash Management Losses or any document made, delivered, or given in connection therewith, whether on account of reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the relevant Lender or affiliate thereof that are required to be paid by such Guarantor pursuant to the terms of any such document).";

(b) amending the definition of "Borrower Obligations" by deleting "and
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(iii)" therein and substituting in lieu thereof the following: ", (iii) the Borrower Cash Management Obligations, and (iv)"; and

(c) amending the definition of "Guarantor Obligations" by: (i) adding
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immediately after "with respect to any Guarantor," therein a reference to "(i)" and (ii) adding at the end thereof immediately prior to the period therein "and (ii) any Guarantor Cash Management Obligations of such Guarantor".

3. Amendment of Section 3 (Grant of Security Interest). Section 3 of
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the Collateral Agreement is hereby amended by adding immediately after paragraph (b) thereof the following:

"(c) As of the Fourth Amendment Effective Date, each Grantor hereby confirms and reaffirms its grant of the security interests described in paragraphs (a) and (b) above; it being understood that as of the Fourth Amendment Effective Date, the Tranche C Term Loans have been repaid in full.

(d) On the Fourth Amendment Effective Date, each Grantor pursuant hereto hereby assigns and transfers to the General Administrative Agent and hereby grants, to the General Administrative Agent, for the benefit of the General Administrative Agent and the Lenders (and any affiliates of any Lender to which Cash Management Obligations are owing), a security interest in all right, title and interest of such Grantor in all Collateral, whether now existing or hereafter acquired, as collateral security for the prompt and complete payment, performance, discharge and satisfaction of such Grantor's Cash Management Obligations.

(e) As set forth in the separate granting clauses contained in paragraphs (a) and (d) above, it is the intent of each Grantor, the Lenders and the General Administrative Agent, that paragraphs (a) and (d) shall create, as of the Fourth Amendment Effective Date, separate and distinct Liens in favor of (x) the General Administrative Agent, for the benefit of the holders of the Cash Management Obligations and (y) the General Administrative Agent, for the benefit of the holders of the Obligations (other than such Obligations in respect of Cash Management Obligations).

(f) Notwithstanding anything to the contrary contained in the Credit Agreement or in this Agreement, and irrespective of (i) the time, order or method of attachment or perfection of the security interests created by this Agreement; (ii) the time or order of filing or recording of financing statements or other documents filed or recorded to perfect security interests in any Collateral; (iii) anything contained in any filing or agreement to which the General Administrative Agent, any Lender or any affiliate of any Lender now or hereafter may be a party; and (iv) the rules for determining priority under the Uniform Commercial Code or any other law governing the relative priorities of secured creditors; any security interest in the Collateral granted to secure the Cash Management Obligations pursuant to this Agreement has and shall have priority to the extent of any unpaid Cash Management Obligations, over any security interest in the Collateral granted pursuant to this Agreement to secure the Obligations (other than such Obligations in respect of Cash Management Obligations).".

4. Amendment of Section 6.5 (Application of Proceeds). Section 6.5 of the Collateral Agreement the is hereby amended by deleting the references to "Sections 7.5 and 15.18 of the Credit Agreement" in clauses Second and Third thereof and substituting in lieu thereof "Section 15.18 of the Credit Agreement".

5. Limited Consent and Amendment. Except as expressly amended herein, the Collateral Agreement shall continue to be, and shall remain, in full force and effect. This Amendment shall not be deemed to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Collateral Agreement or any other Loan Document or to prejudice any other right or rights which the Lenders may now have or may have in the future under or in connection with the Collateral Agreement or any of the instruments or agreements referred to therein, as the same may be amended from time to time.

6. Counterparts. This Amendment may be executed by one or more of the parties hereto in any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

7. Effectiveness. This Amendment shall become effective on and as of the date that the Administrative Agent shall have received counterparts of this Amendment, duly executed and delivered by a duly authorized officer of each of the Grantors party to the Collateral Agreement.

8. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their respective duly authorized officers as of the date first above written.

SMTC CORPORATION
HTM HOLDINGS, INC.
SMTC MANUFACTURING CORPORATION OF CALIFORNIA
SMTC MANUFACTURING CORPORATION OF COLORADO
SMTC MANUFACTURING CORPORATION OF MASSACHUSETTS
SMTC MANUFACTURING CORPORATION OF NORTH CAROLINA
SMTC MANUFACTURING CORPORATION OF TEXAS
SMTC MANUFACTURING CORPORATION OF WISCONSIN
SMTC MEX HOLDINGS, INC.
QUALTRON, INC.

By: /s/ Paul Walker

Name: Paul Walker
Title: President and CEO

LEHMAN COMMERCIAL PAPER INC., as General Administrative Agent

By: /s/ G. Andrew Keith

Name: G. Andrew Keith
Title: Authorized Signatory

EXHIBIT 10.1.12

FIFTH AMENDMENT AND SECOND WAIVER

FIFTH AMENDMENT AND SECOND WAIVER, dated as of March 8, 2002 (this "Amendment"), to and under the Amended and Restated Credit and Guarantee Agreement, dated as of July 27, 2000 (as heretofore amended, supplemented or otherwise modified, the "Credit Agreement"), among SMTC Corporation ("Holdings"), HTM Holdings, Inc. (the "U.S. Borrower"), SMTC Manufacturing Corporation of Canada (the "Canadian Borrower"; together with the U.S. Borrower, the "Borrowers"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Lehman Brothers Inc., as advisor, lead arranger and book manager, The Bank of Nova Scotia, as syndication agent, Lehman Commercial Paper Inc., as general administrative agent (in such capacity, the "General Administrative Agent"), The Bank of Nova Scotia, as Canadian administrative agent, Lehman Commercial Paper Inc., as collateral monitoring agent, and General Electric Capital Corporation, as documentation agent.

W I T N E S S E T H:

WHEREAS, Holdings and the Borrowers requested that the Lenders agree to amend and waive certain of the provisions of the Credit Agreement upon the terms and subject to the conditions set forth below; and

WHEREAS, the Required Lenders have consented to the requested amendments and waivers in the manner set forth below;

NOW, THEREFORE, in consideration of the premises and the material covenants herein contained, the parties hereto hereby agree as follows:

1. Defined Terms. Terms used herein and defined in the Credit Agreement are used herein as therein defined.

2. Waiver of Defaults or Events of Default. The Lenders hereby waive any Default or Event of Default that may arise under (a) Section 13(c) of the Credit Agreement by reason of the Disposition of the Property of SMTC Ireland in a proceeding described in clause (c) of this sentence, (b) Section 13(e) of the Credit Agreement by reason of SMTC Ireland defaulting in making any payment of principal or interest on any Indebtedness or in observing or performing any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or the occurrence of any other event or existence of any other condition, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or to become subject to or mandatory offer to purchase by the obligor thereunder or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable, or (c) Section 13(f) of the Credit Agreement by reason of (i) the commencement by SMTC Ireland of a voluntary proceeding under the laws of Ireland (a) relating to bankruptcy, insolvency, reorganization or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution,

composition or other relief with respect to it or its debts or (b) seeking appointment of a receiver, trustee, custodian, conservator, administrator or other similar official for it or for all or any substantial part of its assets,

(ii) a general assignment for the benefit of the creditors of SMTC Ireland, (iii) the taking of any action by Holdings, any Borrower or any of their respective Material Subsidiaries in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i) or (ii) above, or (iv) SMTC Ireland generally not paying, or being unable to pay, its debts as they become due or admitting in writing its inability to do so; provided that the foregoing waiver is conditioned upon the aggregate amount of the Investments made by the Borrowers and their Subsidiaries in SMTC Ireland on and after the date of this Amendment not exceeding $3,000,000.

3. Amendment to Section 1.1 of the Credit Agreement (Defined Terms). Section 1.1 of the Credit agreement is hereby amended by adding the following defined term in its appropriate alphabetical order:

""SMTC Ireland": SMTC Manufacturing Corporation of Ireland Limited, a Subsidiary of SMTC Ireland Company, a Subsidiary of the Canadian Borrower, incorporated under the laws of Ireland.".

4. Amendment to Section 11.8 of the Credit Agreement (Limitation on Investments). Section 11.8 of the Credit Agreement is hereby amended by:

(a) adding the following at the end of clause (m) thereof "provided that the aggregate amount of outstanding loans or advances made on and after January 1, 2002 pursuant to this clause (m) (x) by Holdings, either Borrower or any Subsidiary (other than SMTC Ireland) to such suppliers, customers or users of SMTC Ireland shall not exceed $1,100,000 in the aggregate and (y) by Holdings, either Borrower or any Subsidiary (other than Qualtron Teoranta) to such suppliers, customers or users of Qualtron Teoranta shall not exceed $1,000,000 in the aggregate so long as Qualtron Teoranta is not a Subsidiary Guarantor;"; and

(b) adding the following at the end of such Section 11.8:

"Notwithstanding the foregoing provisions of this Section 11.8, from and after March 8, 2002, Holdings will not, and will not permit any Subsidiary to, make any Investments in SMTC Ireland (including without limitation, any payments in respect of guarantees by Holdings or any of its Subsidiaries of any obligations of or otherwise on behalf of SMTC Ireland) in an aggregate amount exceeding $3,000,000.".

5. Effectiveness. This Amendment shall become effective on the date of satisfaction of the following conditions precedent (the "Effective Date"):

(a) The General Administrative Agent shall have received counterparts of this Amendment, duly executed and delivered by Holdings and each of the Borrowers.

(b) The General Administrative Agent shall have received executed Lender Consent Letters, substantially in the form of Exhibit A hereto ("Lender Consent Letters"), from Lenders constituting the Required Lenders.

(c) The General Administrative Agent shall have received an executed Acknowledgment and Consent, in the form set forth at the end of this Amendment, from each Loan Party other than the Borrowers.

(d) All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Amendment shall be satisfactory in form and substance to the General Administrative Agent.

(e) The Lenders and the General Administrative Agent shall have

received all fees required to be paid, and all expenses for which invoices have been presented, on or before the Effective Date.

(f) The General Administrative Agent shall have received from Holdings, for the account of each Lender that has executed a Lender Consent Letter granting its consent to this Amendment on or prior to 5:00 p.m., New York City time on March 8, 2002, a waiver fee equal to 0.10% of the sum of such Lender's Revolving Credit Commitments and Term Loans then outstanding.

6. Representations and Warranties. After giving effect to the amendments and waivers contained herein, on the Effective Date, Holdings and each of the Borrowers hereby confirms, reaffirms and restates the representations and warranties set forth in Section 8 of the Credit Agreement, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date; provided that each reference in such Section 8 to "this Agreement" shall be deemed to be a reference both to this Amendment and to the Credit Agreement as amended and modified by this Amendment.

7. Continuing Effect; No Other Waivers or Amendments. Except as expressly amended or waived hereby, all of the terms and provisions of the Credit Agreement and the other Loan Documents are and shall remain in full force and effect. The waivers contained herein shall not constitute an amendment or waiver of any other provision of the Credit Agreement or the other Loan Documents or for any purpose except as expressly set forth herein.

8. No Default. No Default or Event of Default shall have occurred and be continuing as of the Effective Date after giving effect to this Amendment.

9. Counterparts. This Amendment may be executed in any number of counterparts by the parties hereto, each of which shall be an original, and all of which when taken together shall constitute one and the same instrument. Delivery of an executed counterpart by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

10. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective proper and duly authorized officers as of the day and year first above written.

SMTC CORPORATION

By:/S/ Frank Burke

Name: Frank Burke
Title: Chief Financial Officer

HTM HOLDINGS, INC.

By:/s/ Frank Burke

Name: Frank Burke
Title: Chief Financial Officer

SMTC MANUFACTURING CORPORATION OF CANADA

By:/s/ Frank Burke

Name: Frank Burke
Title: Chief Financial Officer

LEHMAN COMMERCIAL PAPER INC., as
General Administrative Agent

By: /s/ G. Andrew Keith

Name: G. Andrew Keith
Title: Authorized Signatory

ACKNOWLEDGMENT AND CONSENT

Each of the undersigned parties to the Amended and Restated Guarantee and Collateral Agreement, dated as of July 27, 2000, as amended, supplemented or otherwise modified from time to time, made by the undersigned in favor of Lehman Commercial Paper Inc., as General Administrative Agent, for the benefit of the Lenders, hereby (a) consents to the transactions contemplated by the Fifth Amendment and Second Waiver to and under the Amended and Restated Credit and Guarantee Agreement and (b) acknowledges and agrees that the guarantees and grants of security interests contained in such Amended and Restated Guarantee and Collateral Agreement and in the other Security Documents are, and shall remain, in full force and effect after giving effect to the Fifth Amendment and Second Waiver and all prior modifications to the Amended and Restated Credit and Guarantee Agreement.

SMTC MANUFACTURING CORPORATION OF CALIFORNIA
SMTC MANUFACTURING CORPORATION OF COLORADO
SMTC MANUFACTURING CORPORATION OF MASSACHUSETTS
SMTC MANUFACTURING CORPORATION OF NORTH CAROLINA
SMTC MANUFACTURING CORPORATION OF TEXAS
SMTC MANUFACTURING CORPORATION OF WISCONSIN
SMTC MEX HOLDINGS, INC.
QUALTRON, INC.

By: /s/ Frank Burke

Name: Frank Burke
Title: Chief Financial Officer

EXHIBIT 10.34

PLEDGE AGREEMENT

Pledge Agreement dated as of April 16, 2001 (the "Pledge Agreement"), between Stanley C. Plzak (the "Pledgor") and SMTC Corporation, a Delaware corporation (the "Company").

WITNESSETH

WHEREAS, Pledgor is the holder of 267,454 shares of the Company's Common Stock, $.01 par value plus such number of the Company's Common Stock, $.01 par value, as is released to the Pledgor under the terms of the Escrow Agreement dated July 27, 2000 by and among the Company, the individual stockholders of Pensar Corporation, a Wisconsin corporation ("Pensar") and Brown Brothers Harriman & Co., on July 27, 2001 (the "Shares"),

WHEREAS, the Shares were originally issued to the Pledgor in accordance with the terms of the Stock Purchase Agreement dated as of May 23, 2000 (the "Purchase Agreement") among the Company and Pensar Corporation, and the individual stockholders of Pensar, including the Pledgor.

WHEREAS, the Pledgor is delivering a duly executed Secured Promissory Note (as amended from time to time, the "Note") to the Company in exchange for the Company's loaning $1,255,248 to the Pledgor in accordance with Section 5.12(b) of the Purchase Agreement,

WHEREAS, in connection with the loan by the Company to the Pledgor, the Pledgor is delivering to the Company the Note in the principal amount of $1,255,248 dated as of the date hereof; and

WHEREAS, the Pledgor wishes to grant further security and assurance to the Company in order to secure the payment of all amounts due under the Note from time to time (hereinafter collectively referred to as the "Note Obligations") and therefore wishes to pledge to the Company the Pledgor's right, title and interest in and to the Shares and any payments, dividends, interest and distributions made to the Pledgor in respect of the Share, all as more particularly described herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Pledge. As collateral security for the full and timely payment of the Note Obligations and any amounts payable by the Pledgor under this Pledge Agreement (including, without limitation, any and all reasonable fees and expenses, including reasonable legal fees and expenses, incurred by the Company in connection with any exercise of its rights under the Note or hereunder), the Pledgor hereby delivers, deposits, pledges, transfers and assigns to the Company, in form transferable for delivery, and creates in the Company a security interest in all Shares and all certificates evidencing the Shares and all other instruments or documents

evidencing the same and all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed (collectively, "Dividends") in respect of or in exchange for any or all of the Shares. The Shares and other securities described above are hereinafter collectively referred to as the "Pledged Securities".

The Pledgor agrees that all certificates evidencing the Pledged Securities shall be marked with the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF A PLEDGE AGREEMENT DATED AS OF APRIL 10, 2001 BY AND BETWEEN SMTC CORPORATION, A DELAWARE CORPORATION (THE "CORPORATION"), AND THE PLEDGOR NAMED THEREIN, A COPY OF WHICH IS ON FILE AT THE OFFICES OF THE CORPORATION.

The Pledgor agrees to deliver to the Company all Pledged Securities currently held by him in order that such legend may be placed thereon.

2. Administration of Security. The following provisions shall govern the administration of the Pledged Securities:

(a) So long as no Event of Default has occurred and is continuing (as used herein, "Event of Default" shall mean the occurrence of any Event of Default as defined in the Note), the Pledgor shall be entitled to act with respect to the Pledged Securities in any manner not inconsistent with this Pledge Agreement or the Note or any document or instrument delivered or to be delivered pursuant to or in connection with any of the foregoing.

(b) If while this Pledge Agreement is in effect, the Pledgor shall become entitled to receive or shall receive any debt or equity security certificate (including, without limitation, any certificates representing shares of stock received in connection with the exercise of any option, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital, or issued in connection with any reorganization), option or right, whether as a dividend or distribution in respect of, in substitution of, or in exchange for any Pledged Securities, the Pledgor agrees to accept the same as the Company's agent and to hold the same in trust on behalf of and for the benefit of the Company and to deliver the same forthwith to the Company in the exact form received, with the endorsement of the Pledgor when necessary and/or appropriate undated security transfer powers duly executed in blank, to be held by the Company, subject to the terms of this Pledge Agreement, as additional collateral security for the Note Obligations.

(c) The Pledgor shall immediately upon request by the Company and in confirmation of the security interests hereby created, execute and deliver to the Company such further instruments, deeds, transfers, assurances and agreements, in form and substance as the Company shall request, including any financing statements and amendments thereto, or any other

documents, as required or advisable under Delaware law and any other applicable law to protect the security interests created hereunder.

(d) Subject to any sale by the Company or other disposition by the Company of the Pledged Securities or other property pursuant to this Pledge Agreement and subject to Sections 5 and 6 below, the Pledged Securities shall be returned to the Pledgor upon payment in full of the Note Obligations.

(e) So long as no Event of Default has occurred and is continuing, all or any portion of the Pledged Securities shall be returned to the Pledgor (free of the restrictions set forth herein) in connection with the sale, assignment or other disposition for cash or cash equivalents of Pledged Securities by the Pledgor if and to the extent that the Pledgor shall have prepaid the Note in an amount equal to the Payment Amount (as defined in the Note) in respect of such sale, assignment or other transfer.

3. Remedies in Case of an Event of Default.

(a) In case an Event of Default shall have occurred and be continuing, the Company shall have in each case all of the remedies of a secured party under

the Delaware Uniform Commercial Code, and, without limiting the foregoing, shall have the right, in its sole discretion, to sell, resell, assign and deliver all or, from time to time, any part of the Pledged Securities, or any interest in or option or right to purchase any part thereof, on any securities exchange on which the Pledged Securities or any of them may be listed, at any private sale or at public auction, with or without demand of performance or other demand, advertisement or notice of the time or place of sale or adjournment thereof or otherwise (except that the Company shall give ten days' notice to the Pledgor of the time and place of any sale pursuant to this Section 3), for cash, on credit or for other property, for immediate or future delivery, and for such price or prices and on such terms as the Company shall, in its sole discretion, determine, the Pledgor hereby waiving and releasing any and all right or equity of redemption whether before or after sale hereunder. At any such sale the Company may bid for and purchase the whole or any part of the Pledged Securities so sold free from any such right or equity of redemption. The Company shall apply the proceeds of any such sale first to the payment of all costs and expenses, including reasonable attorneys' fees, incurred by the Company in enforcing its rights under this Pledge Agreement and second to the payment of the remaining Note Obligations, and the Pledgor shall continue to be liable for any deficiency.

(b) The Pledgor recognizes that the Company may be unable to effect a public sale of all or a part of the Pledged Securities by reason of certain prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), or in the rules and regulations promulgated thereunder or in applicable state securities or "blue sky" laws, but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Pledged Securities for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor understands that private sales so made may be at prices and on other terms less favorable to the seller than if

the Pledged Securities were sold at public sale, and agrees that the Company has no obligation to delay the sale of the Pledged Securities for the period of time necessary to permit the registration of the Pledged Securities for public sale under the Securities Act and under applicable state securities or "blue sky" laws. The Pledgor agrees that a private sale or sales made under the foregoing circumstances shall be deemed to have been made in a commercially reasonable manner.

(c) If any consent, approval or authorization of any state, municipal or other governmental department, agency or authority should be necessary to effectuate any sale or disposition by the Company pursuant to this Section 3 of the Pledged Securities, the Pledgor will execute all such applications and other instruments as may be required in connection with securing any such consent, approval or authorization, and will otherwise use his or her best efforts to secure the same.

(d) Neither failure nor delay on the part of the Company to exercise any right, remedy, power or privilege provided for herein or by statute or at law or in equity shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

4. Pledgor's Obligations Not Affected. The obligations of the Pledgor under this Pledge Agreement shall remain in full force and effect without regard to, and shall not be impaired or affected by: (a) any subordination, amendment or modification of or addition or supplement to the Note or the Note Obligations, or any assignment or transfer of any thereof; (b) any exercise or non-exercise by the Company of any right, remedy, power or privilege under or in respect of this Pledge Agreement, the Note or the Note Obligations, or any waiver of any such right, remedy, power or privilege; (c) any waiver, consent, extension,

indulgence or other action or inaction in respect of this Pledge Agreement, the Note or the Note Obligations, or any assignment or transfer of any thereof; or (d) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like, of the Company, whether or not the Pledgor shall have notice or knowledge of any of the foregoing.

5. Transfer by Pledgor. The Pledgor will not sell, assign, transfer or otherwise dispose of, grant any option with respect to, or mortgage, pledge or otherwise encumber the Pledged Securities or any interest therein except to the extent permitted under Section 2(e) hereof.

6. Attorney-in-Fact. The Company is hereby appointed the attorney-in-fact of the Pledgor and the Pledgor's transferees for the purpose of carrying out the provisions of this Pledge Agreement and taking any action and executing any instrument which the Company reasonably may deem necessary or advisable to accomplish the purposes hereof, including without limitation, the execution of the applications and other instruments described in Section 3(c) hereof, which appointment as attorney-in-fact is irrevocable as one coupled with an interest.

7. Termination. Upon payment in full of the principal of the Note Obligations and upon the due performance of and compliance with all the provisions of the Note Obligations, this Pledge Agreement shall terminate and the Pledgor shall be entitled to the return of such of the Pledged Securities as have not theretofore been sold, released pursuant to Sections 5 and 6 hereof or otherwise applied pursuant to the provisions of this Pledge Agreement.

8. Binding Effect, Successors and Assigns. This Pledge Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and nothing herein is intended or shall be construed to give any other person any right, remedy or claim under, to or in respect of this Pledge Agreement.

9. Miscellaneous. The Company and its assigns shall have no obligation in respect of the Pledged Securities, except to hold and dispose of the same in accordance with the terms of this Pledge Agreement. Neither this Pledge Agreement nor any provision hereof may be amended, modified, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the amendment, modification, waiver, discharge or termination is sought. The provisions of this Pledge Agreement shall be binding upon the heirs, representatives, successors and permitted assigns of the Pledgor. The captions in this Pledge Agreement are for convenience of reference only and shall not define or limit the provisions hereof. This Pledge Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules thereof. This Pledge Agreement may be executed simultaneously in several counterparts, each of which is an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Pledge Agreement to be executed and delivered as of the date first above written.

SMTC CORPORATION

By /s/ RICHARD SMITH

Name: Richard Smith
Title: Chief Financial Officer

PLEDGOR

/s/ STANLEY C. PLZAK

EXHIBIT 10.35

SECURED PROMISSORY NOTE

April 16, 2001

FOR VALUE RECEIVED, the undersigned, Stanley C. Plzak (the "Borrower"), hereby promises to pay to SMTC Corporation, a Delaware corporation (the "Company"), or to the legal holder of this Note at the time of payment, the principal sum of One Million Two-Hundred Fifty-Five Thousand Two Hundred Forty-Eight Dollars ($1,255,248.00) in lawful money of the United States of America. This note shall not bear interest. The entire principal amount of indebtedness evidenced by this note, to the extent not theretofore prepaid as provided herein, shall be repaid on the Maturity Date (as defined below). If the date set for any payment or prepayment of principal hereunder is a Saturday, Sunday or legal holiday, then such payment or prepayment shall be made on the next preceding business day.

This Note has been delivered to evidence indebtedness of the Borrower to the Company arising in connection with the loan from the Company to the Borrower in an amount equal to the increase in the Borrower's income taxes as a result of the Borrower recognizing gain with respect to both the Per Share Consideration and the Per Share Stock Consideration (each as defined in the Stock Purchase Agreement dated as of May 23, 2000 (the "Purchase Agreement") among the Company and Pensar Corporation, a Wisconsin corporation ("Pensar") and the individual stockholders of Pensar (including the Borrower)), instead of Borrower recognizing gain only to the extent of the Per Share Cash Consideration, such loan in accordance with Section 5.12(b) of the Purchase Agreement. Payment of the principal of this Note is secured pursuant to the terms of a Pledge Agreement, dated as of the date hereof, between the Borrower and the Company (as amended from time to time, the "Pledge Agreement"), reference to which is made for a description of the collateral provided thereby and the rights of the Company and any subsequent holder of this Note in respect of such collateral.

As used in this Note the term "Shares" means any of the "Pledged Securities" as defined in the Pledge Agreement.

As used in this Note the term "Maturity Date" means July 27, 2004.

This Note is subject to the following further terms and conditions:

1. Mandatory Prepayments. If at any time the Borrower receives any proceeds, which include cash or cash equivalents, from the Sale (as defined below) of Shares to anyone (including the Company), the Borrower shall prepay this Note in an amount equal to the lesser of (a) (i) a fraction, the numerator of which is the number of Shares then Sold and the denominator of which is the total number of Shares held by the Borrower immediately prior to such Sale multiplied (ii) by the amounts then owed under this Note and (b) the aggregate proceeds of such Sale (the "Payment Amount"). For purposes of this Section 1, the term "Sale" shall include, in addition to any direct sale or other disposition of Shares, any transaction (including, without limitation, a merger, consolidation or recapitalization) pursuant to which Shares are converted

into a right to receive, in whole or partial exchange or substitution for Shares, cash or cash equivalents.

The right of the Borrower to receive proceeds upon the Sale of Shares is subject to the prior right of the Company (or other holder of this Note) (i) in the case of a Sale of Shares to the Company (or other holder of this Note), in lieu of the Company (or such other holder) paying the proceeds from such Sale to

the Borrower or his heirs, successors or permitted assigns to set off against amounts owed under this Note an amount equal to the Payment Amount in respect of such Sale, or (ii) in the case of a Sale of Shares to any other person or entity (collectively, the "Transfer Parties"), in lieu of any of such Transfer Parties
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paying the purchase price therefor to the Borrower or his heirs, successors or permitted assigns, to direct such Transfer Parties to pay an amount equal to the Payment Amount in respect of such Sale to the Company (or other holder of this Note) which shall set off such amount against this Note.

Concurrently with any prepayment (including by set-off) of any portion of the principal amount of this Note pursuant to this Section 1 or Section 2 hereof, the Company (or other holder of this Note) shall make a notation of such payment hereon. If full payment of all amounts payable under this Note is made, this Note will be canceled.

If at any time, or from time to time, the Borrower shall become entitled to receive from the Company (or other holder of this Note) any cash payments, cash dividends or other cash distributions in respect of any Shares, then, and in each case, the Company (or other holder of this Note) shall not be obligated to make any such cash payment, cash dividend or other cash distribution not theretofore made to which the Borrower or any of his heirs, successor or permitted assigns are otherwise entitled in respect of their Shares and may, in lieu of paying such amount to the Borrower, set off the amount of such cash payment, cash dividend or other cash distribution against the amounts payable under this Note in the manner set forth in the second paragraph of this Section 1.

2. Payment and Prepayment. All payments and prepayments of principal of
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this Note shall be made to the Company or its order, or to the legal holder of this Note or such holder's order, in lawful money of the United States of America at the principal offices of the Company (or at such other place as the holder hereof shall notify the Borrower in writing). The Borrower may, at his option, prepay the obligations under this Note in whole or in part at any time or from time to time without penalty or premium. Upon final payment of principal of this Note it shall be surrendered for cancellation. The Pledge Agreement requires payment or prepayment of all obligations under this Note as a condition precedent to the release of, or transfer of the Borrower's interests in, the collateral subject to the Pledge Agreement, all as described more fully in the Pledge Agreement.

3. Events of Default. Upon the occurrence and continuance of any of the
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following events for a period of three days following notice thereof to the Borrower ("Events of Default"):

(a) Failure to pay the principal of this Note, including any prepayments required hereunder, when due; or

(b) Failure of the Borrower to perform the Borrower's obligations under the Pledge Agreement;

then, and in any such event, the holder of this Note may declare, by notice of default given to the Borrower, the entire principal amount of this Note to be forthwith due and payable, whereupon the entire principal amount of this Note outstanding and all amounts payable hereunder shall become due and payable without presentment, demand, protest, notice of dishonor and all other demands and notices of any kind, all of which are hereby expressly waived. If an Event of Default shall occur hereunder, the Borrower shall pay costs of collection, including reasonable attorneys' fees, incurred by the holder in the enforcement hereof.

No delay or failure by the holder of this Note in the exercise of any right or remedy shall constitute a waiver thereof, and no single or partial exercise by the holder hereof of any right or remedy shall preclude other or future

exercise thereof or the exercise of any other right or remedy.

4. Miscellaneous.

(a) The provisions of this Note shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules thereof.

(b) All notices and other communications hereunder shall be in writing and will be deemed to have been duly given if delivered or mailed.

If to the Company:

SMTC Corporation
635 Hood Road
Markham, Ontario
Canada L3R 4N6
Attention: Richard Smith

With a copy to

Ropes & Gray
One International Place
Boston, MA 02110
Attention: Alfred O. Rose, Esq.

If to the Borrower:

Stanley C. Plzak
c/o SMTC Manufacturing Corporation of Wisconsin
2222 East Pensar Drive
Appleton, WI 54911

(c) The headings contained in this Note are for reference purposes only and shall not affect in any way the meaning or interpretation of the provisions hereof.

(d) The Borrower hereby waives presentment, demand, notice of nonpayment and protest except as provided in this Note.

[The rest of this page is left intentionally blank]

IN WITNESS WHEREOF, this Note has been duly executed under seal and delivered by the Borrower on the date first above written.

/S/ STANLEY C. PLZAK

Stanley C. Plzak

Witness:

/S/ RICHARD SMITH
- ---
Name: Richard Smith

Payments and Prepayments of Principal
for the
Secured Promissory Note of Stanley C. Plzak
(original principal amount $)

DATE	AMOUNT OF PRINCIPAL PAID OR PREPAID	BALANCE OF PRINCIPAL UNPAID	NOTATION MADE BY:

EXHIBIT 10.36

PLEDGE AGREEMENT

Pledge Agreement dated as of April 16, 2001 (the "Pledge Agreement"), between Richard V. Baxter, Jr. (the "Pledgor") and SMTC Corporation, a Delaware corporation (the "Company").

WITNESSETH

WHEREAS, Pledgor is the holder of 267,454 shares of the Company's Common Stock, $.01 par value plus such number of the Company's Common Stock, $.01 par value, as is released to the Pledgor under the terms of the Escrow Agreement dated July 27, 2000 by and among the Company, the individual stockholders of Pensar Corporation, a Wisconsin corporation ("Pensar") and Brown Brothers Harriman & Co., on July 27, 2001 (the "Shares"),

WHEREAS, the Shares were originally issued to the Pledgor in accordance with the terms of the Stock Purchase Agreement dated as of May 23, 2000 (the "Purchase Agreement") among the Company and Pensar Corporation, and the individual stockholders of Pensar, including the Pledgor.

WHEREAS, the Pledgor is delivering a duly executed Secured Promissory Note (as amended from time to time, the "Note") to the Company in exchange for the Company's loaning $1,255,248 to the Pledgor in accordance with Section 5.12(b) of the Purchase Agreement,

WHEREAS, in connection with the loan by the Company to the Pledgor, the Pledgor is delivering to the Company the Note in the principal amount of $1,255,248 dated as of the date hereof; and

WHEREAS, the Pledgor wishes to grant further security and assurance to the Company in order to secure the payment of all amounts due under the Note from time to time (hereinafter collectively referred to as the "Note Obligations") and therefore wishes to pledge to the Company the Pledgor's right, title and interest in and to the Shares and any payments, dividends, interest and distributions made to the Pledgor in respect of the Share, all as more particularly described herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Pledge. As collateral security for the full and timely payment of the Note Obligations and any amounts payable by the Pledgor under this Pledge Agreement (including, without limitation, any and all reasonable fees and expenses, including reasonable legal fees and expenses, incurred by the Company in connection with any exercise of its rights under the Note or hereunder), the Pledgor hereby delivers, deposits, pledges, transfers and assigns to the Company, in form transferable for delivery, and creates in the Company a security interest in all Shares and all certificates evidencing the Shares and all other instruments or documents

evidencing the same and all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed (collectively, "Dividends") in respect of or in exchange for any or all of the Shares. The Shares and other securities described above are hereinafter collectively referred to as the "Pledged Securities".

The Pledgor agrees that all certificates evidencing the Pledged Securities shall be marked with the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF A PLEDGE AGREEMENT DATED AS OF APRIL 10, 2001 BY AND BETWEEN SMTC CORPORATION, A DELAWARE CORPORATION (THE "CORPORATION"), AND THE PLEDGOR NAMED THEREIN, A COPY OF WHICH IS ON FILE AT THE OFFICES OF THE CORPORATION.

The Pledgor agrees to deliver to the Company all Pledged Securities currently held by him in order that such legend may be placed thereon.

2. Administration of Security. The following provisions shall govern the administration of the Pledged Securities:

(a) So long as no Event of Default has occurred and is continuing (as used herein, "Event of Default" shall mean the occurrence of any Event of Default as defined in the Note), the Pledgor shall be entitled to act with respect to the Pledged Securities in any manner not inconsistent with this Pledge Agreement or the Note or any document or instrument delivered or to be delivered pursuant to or in connection with any of the foregoing.

(b) If while this Pledge Agreement is in effect, the Pledgor shall become entitled to receive or shall receive any debt or equity security certificate (including, without limitation, any certificates representing shares of stock received in connection with the exercise of any option, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital, or issued in connection with any reorganization), option or right, whether as a dividend or distribution in respect of, in substitution of, or in exchange for any Pledged Securities, the Pledgor agrees to accept the same as the Company's agent and to hold the same in trust on behalf of and for the benefit of the Company and to deliver the same forthwith to the Company in the exact form received, with the endorsement of the Pledgor when necessary and/or appropriate undated security transfer powers duly executed in blank, to be held by the Company, subject to the terms of this Pledge Agreement, as additional collateral security for the Note Obligations.

(c) The Pledgor shall immediately upon request by the Company and in confirmation of the security interests hereby created, execute and deliver to the Company such further instruments, deeds, transfers, assurances and agreements, in form and substance as the Company shall request, including any financing statements and amendments thereto, or any other

documents, as required or advisable under Delaware law and any other applicable law to protect the security interests created hereunder.

(d) Subject to any sale by the Company or other disposition by the Company of the Pledged Securities or other property pursuant to this Pledge Agreement and subject to Sections 5 and 6 below, the Pledged Securities shall be returned to the Pledgor upon payment in full of the Note Obligations.

(e) So long as no Event of Default has occurred and is continuing, all or any portion of the Pledged Securities shall be returned to the Pledgor (free of the restrictions set forth herein) in connection with the sale, assignment or other disposition for cash or cash equivalents of Pledged Securities by the Pledgor if and to the extent that the Pledgor shall have prepaid the Note in an amount equal to the Payment Amount (as defined in the Note) in respect of such sale, assignment or other transfer.

3. Remedies in Case of an Event of Default.

(a) In case an Event of Default shall have occurred and be continuing, the Company shall have in each case all of the remedies of a secured party under the Delaware Uniform Commercial Code, and, without limiting the foregoing, shall have the right, in its sole discretion, to sell, resell, assign and deliver all or, from time to time, any part of the Pledged Securities, or any interest in or

option or right to purchase any part thereof, on any securities exchange on which the Pledged Securities or any of them may be listed, at any private sale or at public auction, with or without demand of performance or other demand, advertisement or notice of the time or place of sale or adjournment thereof or otherwise (except that the Company shall give ten days' notice to the Pledgor of the time and place of any sale pursuant to this Section 3), for cash, on credit or for other property, for immediate or future delivery, and for such price or prices and on such terms as the Company shall, in its sole discretion, determine, the Pledgor hereby waiving and releasing any and all right or equity of redemption whether before or after sale hereunder. At any such sale the Company may bid for and purchase the whole or any part of the Pledged Securities so sold free from any such right or equity of redemption. The Company shall apply the proceeds of any such sale first to the payment of all costs and expenses, including reasonable attorneys' fees, incurred by the Company in enforcing its rights under this Pledge Agreement and second to the payment of the remaining Note Obligations, and the Pledgor shall continue to be liable for any deficiency.

(b) The Pledgor recognizes that the Company may be unable to effect a public sale of all or a part of the Pledged Securities by reason of certain prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), or in the rules and regulations promulgated thereunder or in applicable state securities or "blue sky" laws, but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Pledged Securities for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor understands that private sales so made may be at prices and on other terms less favorable to the seller than if

the Pledged Securities were sold at public sale, and agrees that the Company has no obligation to delay the sale of the Pledged Securities for the period of time necessary to permit the registration of the Pledged Securities for public sale under the Securities Act and under applicable state securities or "blue sky" laws. The Pledgor agrees that a private sale or sales made under the foregoing circumstances shall be deemed to have been made in a commercially reasonable manner.

(c) If any consent, approval or authorization of any state, municipal or other governmental department, agency or authority should be necessary to effectuate any sale or disposition by the Company pursuant to this Section 3 of the Pledged Securities, the Pledgor will execute all such applications and other instruments as may be required in connection with securing any such consent, approval or authorization, and will otherwise use his or her best efforts to secure the same.

(d) Neither failure nor delay on the part of the Company to exercise any right, remedy, power or privilege provided for herein or by statute or at law or in equity shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

4. Pledgor's Obligations Not Affected. The obligations of the Pledgor under this Pledge Agreement shall remain in full force and effect without regard to, and shall not be impaired or affected by: (a) any subordination, amendment or modification of or addition or supplement to the Note or the Note Obligations, or any assignment or transfer of any thereof; (b) any exercise or non-exercise by the Company of any right, remedy, power or privilege under or in respect of this Pledge Agreement, the Note or the Note Obligations, or any waiver of any such right, remedy, power or privilege; (c) any waiver, consent, extension, indulgence or other action or inaction in respect of this Pledge Agreement, the Note or the Note Obligations, or any assignment or transfer of any thereof; or (d) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like, of the Company, whether or not the Pledgor shall have notice or knowledge of any of the foregoing.

5. Transfer by Pledgor. The Pledgor will not sell, assign, transfer or otherwise dispose of, grant any option with respect to, or mortgage, pledge or otherwise encumber the Pledged Securities or any interest therein except to the extent permitted under Section 2(e) hereof.

6. Attorney-in-Fact. The Company is hereby appointed the attorney-in-fact of the Pledgor and the Pledgor's transferees for the purpose of carrying out the provisions of this Pledge Agreement and taking any action and executing any instrument which the Company reasonably may deem necessary or advisable to accomplish the purposes hereof, including without limitation, the execution of the applications and other instruments described in Section 3(c) hereof, which appointment as attorney-in-fact is irrevocable as one coupled with an interest.

7. Termination. Upon payment in full of the principal of the Note Obligations and upon the due performance of and compliance with all the provisions of the Note Obligations, this Pledge Agreement shall terminate and the Pledgor shall be entitled to the return of such of the Pledged Securities as have not theretofore been sold, released pursuant to Sections 5 and 6 hereof or otherwise applied pursuant to the provisions of this Pledge Agreement.

8. Binding Effect, Successors and Assigns. This Pledge Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and nothing herein is intended or shall be construed to give any other person any right, remedy or claim under, to or in respect of this Pledge Agreement.

9. Miscellaneous. The Company and its assigns shall have no obligation in respect of the Pledged Securities, except to hold and dispose of the same in accordance with the terms of this Pledge Agreement. Neither this Pledge Agreement nor any provision hereof may be amended, modified, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the amendment, modification, waiver, discharge or termination is sought. The provisions of this Pledge Agreement shall be binding upon the heirs, representatives, successors and permitted assigns of the Pledgor. The captions in this Pledge Agreement are for convenience of reference only and shall not define or limit the provisions hereof. This Pledge Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules thereof. This Pledge Agreement may be executed simultaneously in several counterparts, each of which is an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Pledge Agreement to be executed and delivered as of the date first above written.

SMTC CORPORATION

By /s/ RICHARD SMITH

Name: Richard Smith
Title: Chief Financial Officer

PLEDGOR

/s/ RICHARD V. BAXTER, JR

EXHIBIT 10.37

SECURED PROMISSORY NOTE

April 16, 2001

FOR VALUE RECEIVED, the undersigned, Richard V. Baxter, Jr. (the "Borrower"), hereby promises to pay to SMTC Corporation, a Delaware corporation (the "Company"), or to the legal holder of this Note at the time of payment, the principal sum of One Million Two-Hundred Fifty-Five Thousand Two Hundred Forty-Eight Dollars ($1,255,248.00) in lawful money of the United States of America. This note shall not bear interest. The entire principal amount of indebtedness evidenced by this note, to the extent not theretofore prepaid as provided herein, shall be repaid on the Maturity Date (as defined below). If the date set for any payment or prepayment of principal hereunder is a Saturday, Sunday or legal holiday, then such payment or prepayment shall be made on the next preceding business day.

This Note has been delivered to evidence indebtedness of the Borrower to the Company arising in connection with the loan from the Company to the Borrower in an amount equal to the increase in the Borrower's income taxes as a result of the Borrower recognizing gain with respect to both the Per Share Consideration and the Per Share Stock Consideration (each as defined in the Stock Purchase Agreement dated as of May 23, 2000 (the "Purchase Agreement") among the Company and Pensar Corporation, a Wisconsin corporation ("Pensar") and the individual stockholders of Pensar (including the Borrower)), instead of Borrower recognizing gain only to the extent of the Per Share Cash Consideration, such loan in accordance with Section 5.12(b) of the Purchase Agreement. Payment of the principal of this Note is secured pursuant to the terms of a Pledge Agreement, dated as of the date hereof, between the Borrower and the Company (as amended from time to time, the "Pledge Agreement"), reference to which is made for a description of the collateral provided thereby and the rights of the Company and any subsequent holder of this Note in respect of such collateral.

As used in this Note the term "Shares" means any of the "Pledged Securities" as defined in the Pledge Agreement.

As used in this Note the term "Maturity Date" means July 27, 2004.

This Note is subject to the following further terms and conditions:

1. Mandatory Prepayments. If at any time the Borrower receives any proceeds, which include cash or cash equivalents, from the Sale (as defined below) of Shares to anyone (including the Company), the Borrower shall prepay this Note in an amount equal to the lesser of (a) (i) a fraction, the numerator of which is the number of Shares then Sold and the denominator of which is the total number of Shares held by the Borrower immediately prior to such Sale multiplied (ii) by the amounts then owed under this Note and (b) the aggregate proceeds of such Sale (the "Payment Amount"). For purposes of this Section 1, the term "Sale" shall include, in addition to any direct sale or other disposition of Shares, any transaction (including, without limitation, a merger, consolidation or recapitalization) pursuant to which Shares are converted

into a right to receive, in whole or partial exchange or substitution for Shares, cash or cash equivalents.

The right of the Borrower to receive proceeds upon the Sale of Shares is subject to the prior right of the Company (or other holder of this Note) (i) in the case of a Sale of Shares to the Company (or other holder of this Note), in lieu of the Company (or such other holder) paying the proceeds from such Sale to

the Borrower or his heirs, successors or permitted assigns to set off against amounts owed under this Note an amount equal to the Payment Amount in respect of such Sale, or (ii) in the case of a Sale of Shares to any other person or entity (collectively, the "Transfer Parties"), in lieu of any of such Transfer Parties
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paying the purchase price therefor to the Borrower or his heirs, successors or permitted assigns, to direct such Transfer Parties to pay an amount equal to the Payment Amount in respect of such Sale to the Company (or other holder of this Note) which shall set off such amount against this Note.

Concurrently with any prepayment (including by set-off) of any portion of the principal amount of this Note pursuant to this Section 1 or Section 2 hereof, the Company (or other holder of this Note) shall make a notation of such payment hereon. If full payment of all amounts payable under this Note is made, this Note will be canceled.

If at any time, or from time to time, the Borrower shall become entitled to receive from the Company (or other holder of this Note) any cash payments, cash dividends or other cash distributions in respect of any Shares, then, and in each case, the Company (or other holder of this Note) shall not be obligated to make any such cash payment, cash dividend or other cash distribution not theretofore made to which the Borrower or any of his heirs, successor or permitted assigns are otherwise entitled in respect of their Shares and may, in lieu of paying such amount to the Borrower, set off the amount of such cash payment, cash dividend or other cash distribution against the amounts payable under this Note in the manner set forth in the second paragraph of this Section 1.

2. Payment and Prepayment. All payments and prepayments of principal of
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this Note shall be made to the Company or its order, or to the legal holder of this Note or such holder's order, in lawful money of the United States of America at the principal offices of the Company (or at such other place as the holder hereof shall notify the Borrower in writing). The Borrower may, at his option, prepay the obligations under this Note in whole or in part at any time or from time to time without penalty or premium. Upon final payment of principal of this Note it shall be surrendered for cancellation. The Pledge Agreement requires payment or prepayment of all obligations under this Note as a condition precedent to the release of, or transfer of the Borrower's interests in, the collateral subject to the Pledge Agreement, all as described more fully in the Pledge Agreement.

3. Events of Default. Upon the occurrence and continuance of any of the
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following events for a period of three days following notice thereof to the Borrower ("Events of Default"):

(a) Failure to pay the principal of this Note, including any prepayments required hereunder, when due; or

(b) Failure of the Borrower to perform the Borrower's obligations under the Pledge Agreement;

then, and in any such event, the holder of this Note may declare, by notice of default given to the Borrower, the entire principal amount of this Note to be forthwith due and payable, whereupon the entire principal amount of this Note outstanding and all amounts payable hereunder shall become due and payable without presentment, demand, protest, notice of dishonor and all other demands and notices of any kind, all of which are hereby expressly waived. If an Event of Default shall occur hereunder, the Borrower shall pay costs of collection, including reasonable attorneys' fees, incurred by the holder in the enforcement hereof.

No delay or failure by the holder of this Note in the exercise of any right or remedy shall constitute a waiver thereof, and no single or partial exercise by the holder hereof of any right or remedy shall preclude other or future

exercise thereof or the exercise of any other right or remedy.

4. Miscellaneous.

(a) The provisions of this Note shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules thereof.

(b) All notices and other communications hereunder shall be in writing and will be deemed to have been duly given if delivered or mailed.

If to the Company:

SMTC Corporation
635 Hood Road
Markham, Ontario
Canada L3R 4N6
Attention: Richard Smith

With a copy to

Ropes & Gray
One International Place
Boston, MA 02110
Attention: Alfred O. Rose, Esq.

If to the Borrower:

Richard V. Baxter, Jr.
c/o SMTC Manufacturing Corporation of Wisconsin
2222 East Pensar Drive
Appleton, WI 54911

(c) The headings contained in this Note are for reference purposes only and shall not affect in any way the meaning or interpretation of the provisions hereof.

(d) The Borrower hereby waives presentment, demand, notice of nonpayment and protest except as provided in this Note.

[The rest of this page is left intentionally blank]

IN WITNESS WHEREOF, this Note has been duly executed under seal and delivered by the Borrower on the date first above written.

/s/ RICHARD V. BAXTER, JR.

Richard V. Baxter, Jr.

Witness:

/S/ DAVID E. STEEL
- ---
Name: David E. Steel

Payments and Prepayments of Principal
for the
Secured Promissory Note of Richard V. Baxter, Jr.
(original principal amount $)

DATE	AMOUNT OF PRINCIPAL PAID OR PREPAID	BALANCE OF PRINCIPAL UNPAID	NOTATION MADE BY:

EXHIBIT 10.38

PLEDGE AGREEMENT

Pledge Agreement dated as of April 16, 2001 (the "Pledge Agreement"), between William M. Moeller (the "Pledgor") and SMTC Corporation, a Delaware corporation (the "Company").

WITNESSETH

WHEREAS, Pledgor is the holder of 267,454 shares of the Company's Common Stock, $.01 par value plus such number of the Company's Common Stock, $.01 par value, as is released to the Pledgor under the terms of the Escrow Agreement dated July 27, 2000 by and among the Company, the individual stockholders of Pensar Corporation, a Wisconsin corporation ("Pensar") and Brown Brothers Harriman & Co., on July 27, 2001 (the "Shares"),

WHEREAS, the Shares were originally issued to the Pledgor in accordance with the terms of the Stock Purchase Agreement dated as of May 23, 2000 (the "Purchase Agreement") among the Company and Pensar Corporation, and the individual stockholders of Pensar, including the Pledgor.

WHEREAS, the Pledgor is delivering a duly executed Secured Promissory Note (as amended from time to time, the "Note") to the Company in exchange for the Company's loaning $1,255,248 to the Pledgor in accordance with Section 5.12(b) of the Purchase Agreement,

WHEREAS, in connection with the loan by the Company to the Pledgor, the Pledgor is delivering to the Company the Note in the principal amount of $1,255,248 dated as of the date hereof; and

WHEREAS, the Pledgor wishes to grant further security and assurance to the Company in order to secure the payment of all amounts due under the Note from time to time (hereinafter collectively referred to as the "Note Obligations") and therefore wishes to pledge to the Company the Pledgor's right, title and interest in and to the Shares and any payments, dividends, interest and distributions made to the Pledgor in respect of the Share, all as more particularly described herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Pledge. As collateral security for the full and timely payment of the Note Obligations and any amounts payable by the Pledgor under this Pledge Agreement (including, without limitation, any and all reasonable fees and expenses, including reasonable legal fees and expenses, incurred by the Company in connection with any exercise of its rights under the Note or hereunder), the Pledgor hereby delivers, deposits, pledges, transfers and assigns to the Company, in form transferable for delivery, and creates in the Company a security interest in all Shares and all certificates evidencing the Shares and all other instruments or documents evidencing the same and all dividends, cash,

received, receivable or otherwise distributed (collectively, "Dividends") in respect of or in exchange for any or all of the Shares. The Shares and other securities described above are hereinafter collectively referred to as the "Pledged Securities".

The Pledgor agrees that all certificates evidencing the Pledged Securities shall be marked with the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF A PLEDGE AGREEMENT DATED AS OF APRIL 10, 2001 BY AND BETWEEN SMTC CORPORATION, A DELAWARE CORPORATION (THE "CORPORATION"), AND THE PLEDGOR NAMED THEREIN, A COPY OF WHICH IS ON FILE AT THE OFFICES OF THE CORPORATION.

The Pledgor agrees to deliver to the Company all Pledged Securities currently held by him in order that such legend may be placed thereon.

2. Administration of Security. The following provisions shall govern the administration of the Pledged Securities:

(a) So long as no Event of Default has occurred and is continuing (as used herein, "Event of Default" shall mean the occurrence of any Event of Default as defined in the Note), the Pledgor shall be entitled to act with respect to the Pledged Securities in any manner not inconsistent with this Pledge Agreement or the Note or any document or instrument delivered or to be delivered pursuant to or in connection with any of the foregoing.

(b) If while this Pledge Agreement is in effect, the Pledgor shall become entitled to receive or shall receive any debt or equity security certificate (including, without limitation, any certificates representing shares of stock received in connection with the exercise of any option, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital, or issued in connection with any reorganization), option or right, whether as a dividend or distribution in respect of, in substitution of, or in exchange for any Pledged Securities, the Pledgor agrees to accept the same as the Company's agent and to hold the same in trust on behalf of and for the benefit of the Company and to deliver the same forthwith to the Company in the exact form received, with the endorsement of the Pledgor when necessary and/or appropriate undated security transfer powers duly executed in blank, to be held by the Company, subject to the terms of this Pledge Agreement, as additional collateral security for the Note Obligations.

(c) The Pledgor shall immediately upon request by the Company and in confirmation of the security interests hereby created, execute and deliver to the Company such further instruments, deeds, transfers, assurances and agreements, in form and substance as the Company shall request, including any financing statements and amendments thereto, or any other documents, as required or advisable under Delaware law and any other applicable law to protect the security interests created hereunder.

(d) Subject to any sale by the Company or other disposition by the Company of the Pledged Securities or other property pursuant to this Pledge Agreement and subject to Sections 5 and 6 below, the Pledged Securities shall be returned to the Pledgor upon payment in full of the Note Obligations.

(e) So long as no Event of Default has occurred and is continuing, all or any portion of the Pledged Securities shall be returned to the Pledgor (free of the restrictions set forth herein) in connection with the sale, assignment or other disposition for cash or cash equivalents of Pledged Securities by the Pledgor if and to the extent that the Pledgor shall have prepaid the Note in an amount equal to the Payment Amount (as defined in the Note) in respect of such sale, assignment or other transfer.

3. Remedies in Case of an Event of Default.

(a) In case an Event of Default shall have occurred and be continuing, the Company shall have in each case all of the remedies of a secured party under the Delaware Uniform Commercial Code, and, without limiting the foregoing, shall

have the right, in its sole discretion, to sell, resell, assign and deliver all or, from time to time, any part of the Pledged Securities, or any interest in or option or right to purchase any part thereof, on any securities exchange on which the Pledged Securities or any of them may be listed, at any private sale or at public auction, with or without demand of performance or other demand, advertisement or notice of the time or place of sale or adjournment thereof or otherwise (except that the Company shall give ten days' notice to the Pledgor of the time and place of any sale pursuant to this Section 3), for cash, on credit or for other property, for immediate or future delivery, and for such price or prices and on such terms as the Company shall, in its sole discretion, determine, the Pledgor hereby waiving and releasing any and all right or equity of redemption whether before or after sale hereunder. At any such sale the Company may bid for and purchase the whole or any part of the Pledged Securities so sold free from any such right or equity of redemption. The Company shall apply the proceeds of any such sale first to the payment of all costs and expenses, including reasonable attorneys' fees, incurred by the Company in enforcing its rights under this Pledge Agreement and second to the payment of the remaining Note Obligations, and the Pledgor shall continue to be liable for any deficiency.

(b) The Pledgor recognizes that the Company may be unable to effect a public sale of all or a part of the Pledged Securities by reason of certain prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), or in the rules and regulations promulgated thereunder or in applicable state securities or "blue sky" laws, but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Pledged Securities for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor understands that private sales so made may be at prices and on other terms less favorable to the seller than if the Pledged Securities were sold at public sale, and agrees that the Company has no obligation to delay the sale of the Pledged Securities for the period of time necessary to permit the registration of the Pledged Securities for public sale under the Securities Act and under applicable state

securities or "blue sky" laws. The Pledgor agrees that a private sale or sales made under the foregoing circumstances shall be deemed to have been made in a commercially reasonable manner.

(c) If any consent, approval or authorization of any state, municipal or other governmental department, agency or authority should be necessary to effectuate any sale or disposition by the Company pursuant to this Section 3 of the Pledged Securities, the Pledgor will execute all such applications and other instruments as may be required in connection with securing any such consent, approval or authorization, and will otherwise use his or her best efforts to secure the same.

(d) Neither failure nor delay on the part of the Company to exercise any right, remedy, power or privilege provided for herein or by statute or at law or in equity shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

4. Pledgor's Obligations Not Affected. The obligations of the Pledgor under this Pledge Agreement shall remain in full force and effect without regard to, and shall not be impaired or affected by: (a) any subordination, amendment or modification of or addition or supplement to the Note or the Note Obligations, or any assignment or transfer of any thereof; (b) any exercise or non-exercise by the Company of any right, remedy, power or privilege under or in respect of this Pledge Agreement, the Note or the Note Obligations, or any waiver of any such right, remedy, power or privilege; (c) any waiver, consent, extension, indulgence or other action or inaction in respect of this Pledge Agreement, the Note or the Note Obligations, or any assignment or transfer of any thereof; or

(d) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like, of the Company, whether or not the Pledgor shall have notice or knowledge of any of the foregoing.

5. Transfer by Pledgor. The Pledgor will not sell, assign, transfer or otherwise dispose of, grant any option with respect to, or mortgage, pledge or otherwise encumber the Pledged Securities or any interest therein except to the extent permitted under Section 2(e) hereof.

6. Attorney-in-Fact. The Company is hereby appointed the attorney-in-fact of the Pledgor and the Pledgor's transferees for the purpose of carrying out the provisions of this Pledge Agreement and taking any action and executing any instrument which the Company reasonably may deem necessary or advisable to accomplish the purposes hereof, including without limitation, the execution of the applications and other instruments described in Section 3(c) hereof, which appointment as attorney-in-fact is irrevocable as one coupled with an interest.

7. Termination. Upon payment in full of the principal of the Note Obligations and upon the due performance of and compliance with all the provisions of the Note Obligations, this Pledge Agreement shall terminate and the Pledgor shall be entitled to the return of such of the

Pledged Securities as have not theretofore been sold, released pursuant to Sections 5 and 6 hereof or otherwise applied pursuant to the provisions of this Pledge Agreement.

8. Binding Effect, Successors and Assigns. This Pledge Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and nothing herein is intended or shall be construed to give any other person any right, remedy or claim under, to or in respect of this Pledge Agreement.

9. Miscellaneous. The Company and its assigns shall have no obligation in respect of the Pledged Securities, except to hold and dispose of the same in accordance with the terms of this Pledge Agreement. Neither this Pledge Agreement nor any provision hereof may be amended, modified, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the amendment, modification, waiver, discharge or termination is sought. The provisions of this Pledge Agreement shall be binding upon the heirs, representatives, successors and permitted assigns of the Pledgor. The captions in this Pledge Agreement are for convenience of reference only and shall not define or limit the provisions hereof. This Pledge Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules thereof. This Pledge Agreement may be executed simultaneously in several counterparts, each of which is an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Pledge Agreement to be executed and delivered as of the date first above written.

SMTC CORPORATION

By /s/ RICHARD SMITH

Name: Richard Smith
Title:Chief Financial Officer

PLEDGOR

/s/ WILLIAM M. MOELLER

EXHIBIT 10.39

SECURED PROMISSORY NOTE

April 16, 2001

FOR VALUE RECEIVED, the undersigned, William M. Moeller (the "Borrower"), hereby promises to pay to SMTC Corporation, a Delaware corporation (the "Company"), or to the legal holder of this Note at the time of payment, the principal sum of One Million Two-Hundred Fifty-Five Thousand Two Hundred Forty-Eight Dollars ($1,255,248.00) in lawful money of the United States of America. This note shall not bear interest. The entire principal amount of indebtedness evidenced by this note, to the extent not theretofore prepaid as provided herein, shall be repaid on the Maturity Date (as defined below). If the date set for any payment or prepayment of principal hereunder is a Saturday, Sunday or legal holiday, then such payment or prepayment shall be made on the next preceding business day.

This Note has been delivered to evidence indebtedness of the Borrower to the Company arising in connection with the loan from the Company to the Borrower in an amount equal to the increase in the Borrower's income taxes as a result of the Borrower recognizing gain with respect to both the Per Share Consideration and the Per Share Stock Consideration (each as defined in the Stock Purchase Agreement dated as of May 23, 2000 (the "Purchase Agreement") among the Company and Pensar Corporation, a Wisconsin corporation ("Pensar") and the individual stockholders of Pensar (including the Borrower)), instead of Borrower recognizing gain only to the extent of the Per Share Cash Consideration, such loan in accordance with Section 5.12(b) of the Purchase Agreement. Payment of the principal of this Note is secured pursuant to the terms of a Pledge Agreement, dated as of the date hereof, between the Borrower and the Company (as amended from time to time, the "Pledge Agreement"), reference to which is made for a description of the collateral provided thereby and the rights of the Company and any subsequent holder of this Note in respect of such collateral.

As used in this Note the term "Shares" means any of the "Pledged Securities" as defined in the Pledge Agreement.

As used in this Note the term "Maturity Date" means July 27, 2004.

This Note is subject to the following further terms and conditions:

1. Mandatory Prepayments. If at any time the Borrower receives any proceeds, which include cash or cash equivalents, from the Sale (as defined below) of Shares to anyone (including the Company), the Borrower shall prepay this Note in an amount equal to the lesser of (a) (i) a fraction, the numerator of which is the number of Shares then Sold and the denominator of which is the total number of Shares held by the Borrower immediately prior to such Sale multiplied (ii) by the amounts then owed under this Note and (b) the aggregate proceeds of such Sale (the "Payment Amount"). For purposes of this Section 1, the term "Sale" shall include, in addition to any direct sale or other disposition of Shares, any transaction (including, without limitation, a merger, consolidation or recapitalization) pursuant to which Shares are converted

into a right to receive, in whole or partial exchange or substitution for Shares, cash or cash equivalents.

The right of the Borrower to receive proceeds upon the Sale of Shares is subject to the prior right of the Company (or other holder of this Note) (i) in the case of a Sale of Shares to the Company (or other holder of this Note), in lieu of the Company (or such other holder) paying the proceeds from such Sale to the Borrower or his heirs, successors or permitted assigns to set off against amounts owed under this Note an amount equal to the Payment Amount in respect of

such Sale, or (ii) in the case of a Sale of Shares to any other person or entity (collectively, the "Transfer Parties"), in lieu of any of such Transfer Parties
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paying the purchase price therefor to the Borrower or his heirs, successors or permitted assigns, to direct such Transfer Parties to pay an amount equal to the Payment Amount in respect of such Sale to the Company (or other holder of this Note) which shall set off such amount against this Note.

Concurrently with any prepayment (including by set-off) of any portion of the principal amount of this Note pursuant to this Section 1 or Section 2 hereof, the Company (or other holder of this Note) shall make a notation of such payment hereon. If full payment of all amounts payable under this Note is made, this Note will be canceled.

If at any time, or from time to time, the Borrower shall become entitled to receive from the Company (or other holder of this Note) any cash payments, cash dividends or other cash distributions in respect of any Shares, then, and in each case, the Company (or other holder of this Note) shall not be obligated to make any such cash payment, cash dividend or other cash distribution not theretofore made to which the Borrower or any of his heirs, successor or permitted assigns are otherwise entitled in respect of their Shares and may, in lieu of paying such amount to the Borrower, set off the amount of such cash payment, cash dividend or other cash distribution against the amounts payable under this Note in the manner set forth in the second paragraph of this Section 1.

2. Payment and Prepayment. All payments and prepayments of principal of
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this Note shall be made to the Company or its order, or to the legal holder of this Note or such holder's order, in lawful money of the United States of America at the principal offices of the Company (or at such other place as the holder hereof shall notify the Borrower in writing). The Borrower may, at his option, prepay the obligations under this Note in whole or in part at any time or from time to time without penalty or premium. Upon final payment of principal of this Note it shall be surrendered for cancellation. The Pledge Agreement requires payment or prepayment of all obligations under this Note as a condition precedent to the release of, or transfer of the Borrower's interests in, the collateral subject to the Pledge Agreement, all as described more fully in the Pledge Agreement.

3. Events of Default. Upon the occurrence and continuance of any of the
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following events for a period of three days following notice thereof to the Borrower ("Events of Default"):

(a) Failure to pay the principal of this Note, including any prepayments required hereunder, when due; or

(b) Failure of the Borrower to perform the Borrower's obligations under the Pledge Agreement;

then, and in any such event, the holder of this Note may declare, by notice of default given to the Borrower, the entire principal amount of this Note to be forthwith due and payable, whereupon the entire principal amount of this Note outstanding and all amounts payable hereunder shall become due and payable without presentment, demand, protest, notice of dishonor and all other demands and notices of any kind, all of which are hereby expressly waived. If an Event of Default shall occur hereunder, the Borrower shall pay costs of collection, including reasonable attorneys' fees, incurred by the holder in the enforcement hereof.

No delay or failure by the holder of this Note in the exercise of any right or remedy shall constitute a waiver thereof, and no single or partial exercise by the holder hereof of any right or remedy shall preclude other or future exercise thereof or the exercise of any other right or remedy.

4. Miscellaneous.

(a) The provisions of this Note shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules thereof.

(b) All notices and other communications hereunder shall be in writing and will be deemed to have been duly given if delivered or mailed.

If to the Company:

SMTC Corporation
635 Hood Road
Markham, Ontario
Canada L3R 4N6
Attention: Richard Smith

With a copy to

Ropes & Gray
One International Place
Boston, MA 02110
Attention: Alfred O. Rose, Esq.

If to the Borrower:

William M. Moeller
c/o SMTC Manufacturing Corporation of Wisconsin
2222 East Pensar Drive
Appleton, WI 54911

(c) The headings contained in this Note are for reference purposes only and shall not affect in any way the meaning or interpretation of the provisions hereof.

(d) The Borrower hereby waives presentment, demand, notice of nonpayment and protest except as provided in this Note.

[The rest of this page is left intentionally blank]

IN WITNESS WHEREOF, this Note has been duly executed under seal and delivered by the Borrower on the date first above written.

/S/ WILLIAM M. MOELLER

William M. Moeller

Witness:

/S/ DAVID E. STEEL
- ---
Name: David E. Steel

Payments and Prepayments of Principal
for the
Secured Promissory Note of William M. Moeller
(original principal amount $)

DATE	AMOUNT OF PRINCIPAL PAID OR PREPAID	BALANCE OF PRINCIPAL UNPAID	NOTATION MADE BY:

EXHIBIT 10.40

PLEDGE AGREEMENT

PLEDGE AGREEMENT dated as of April 16, 2001 (the "Pledge Agreement"), between Bruce D. Backer (the "Pledgor") and SMTC Corporation, a Delaware corporation (the "Company").

WITNESSETH

WHEREAS, Pledgor is the holder of 44,576 shares of the Company's Common Stock, $.01 par value plus such number of the Company's Common Stock, $.01 par value, as is released to the Pledgor under the terms of the Escrow Agreement dated July 27, 2000 by and among the Company, the individual stockholders of Pensar Corporation, a Wisconsin corporation ("Pensar") and Brown Brothers Harriman & Co., on July 27, 2001 (the "Shares"),

WHEREAS, the Shares were originally issued to the Pledgor in accordance with the terms of the Stock Purchase Agreement dated as of May 23, 2000 (the "Purchase Agreement") among the Company and Pensar Corporation, and the individual stockholders of Pensar, including the Pledgor.

WHEREAS, the Pledgor is delivering a duly executed Secured Promissory Note (as amended from time to time, the "Note") to the Company in exchange for the Company's loaning $209,208 to the Pledgor in accordance with Section 5.12(b) of the Purchase Agreement,

WHEREAS, in connection with the loan by the Company to the Pledgor, the Pledgor is delivering to the Company the Note in the principal amount of $209,208 dated as of the date hereof; and

WHEREAS, the Pledgor wishes to grant further security and assurance to the Company in order to secure the payment of all amounts due under the Note from time to time (hereinafter collectively referred to as the "Note Obligations") and therefore wishes to pledge to the Company the Pledgor's right, title and interest in and to the Shares and any payments, dividends, interest and distributions made to the Pledgor in respect of the Share, all as more particularly described herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Pledge. As collateral security for the full and timely payment of the Note Obligations and any amounts payable by the Pledgor under this Pledge Agreement (including, without limitation, any and all reasonable fees and expenses, including reasonable legal fees and expenses, incurred by the Company in connection with any exercise of its rights under the Note or hereunder), the Pledgor hereby delivers, deposits, pledges, transfers and assigns to the Company, in form transferable for delivery, and creates in the Company a security interest in all Shares and all certificates evidencing the Shares and all other instruments or documents evidencing the same and all dividends, cash, instruments and other property from time to time

received, receivable or otherwise distributed (collectively, "Dividends") in respect of or in exchange for any or all of the Shares. The Shares and other securities described above are hereinafter collectively referred to as the "Pledged Securities".

The Pledgor agrees that all certificates evidencing the Pledged Securities shall be marked with the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF A PLEDGE AGREEMENT DATED AS OF APRIL 10, 2001 BY AND BETWEEN SMTC CORPORATION, A DELAWARE CORPORATION (THE "CORPORATION"), AND THE PLEDGOR NAMED THEREIN, A COPY OF WHICH IS ON FILE AT THE OFFICES OF THE CORPORATION.

The Pledgor agrees to deliver to the Company all Pledged Securities currently held by him in order that such legend may be placed thereon.

2. Administration of Security. The following provisions shall govern the administration of the Pledged Securities:

(a) So long as no Event of Default has occurred and is continuing (as used herein, "Event of Default" shall mean the occurrence of any Event of Default as defined in the Note), the Pledgor shall be entitled to act with respect to the Pledged Securities in any manner not inconsistent with this Pledge Agreement or the Note or any document or instrument delivered or to be delivered pursuant to or in connection with any of the foregoing.

(b) If while this Pledge Agreement is in effect, the Pledgor shall become entitled to receive or shall receive any debt or equity security certificate (including, without limitation, any certificates representing shares of stock received in connection with the exercise of any option, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital, or issued in connection with any reorganization), option or right, whether as a dividend or distribution in respect of, in substitution of, or in exchange for any Pledged Securities, the Pledgor agrees to accept the same as the Company's agent and to hold the same in trust on behalf of and for the benefit of the Company and to deliver the same forthwith to the Company in the exact form received, with the endorsement of the Pledgor when necessary and/or appropriate undated security transfer powers duly executed in blank, to be held by the Company, subject to the terms of this Pledge Agreement, as additional collateral security for the Note Obligations.

(c) The Pledgor shall immediately upon request by the Company and in confirmation of the security interests hereby created, execute and deliver to the Company such further instruments, deeds, transfers, assurances and agreements, in form and substance as the Company shall request, including any financing statements and amendments thereto, or any other documents, as required or advisable under Delaware law and any other applicable law to protect the security interests created hereunder.

(d) Subject to any sale by the Company or other disposition by the Company of the Pledged Securities or other property pursuant to this Pledge Agreement and subject to Sections 5 and 6 below, the Pledged Securities shall be returned to the Pledgor upon payment in full of the Note Obligations.

(e) So long as no Event of Default has occurred and is continuing, all or any portion of the Pledged Securities shall be returned to the Pledgor (free of the restrictions set forth herein) in connection with the sale, assignment or other disposition for cash or cash equivalents of Pledged Securities by the Pledgor if and to the extent that the Pledgor shall have prepaid the Note in an amount equal to the Payment Amount (as defined in the Note) in respect of such sale, assignment or other transfer.

3. Remedies in Case of an Event of Default.

(a) In case an Event of Default shall have occurred and be continuing, the Company shall have in each case all of the remedies of a secured party under the Delaware Uniform Commercial Code, and, without limiting the foregoing, shall

have the right, in its sole discretion, to sell, resell, assign and deliver all or, from time to time, any part of the Pledged Securities, or any interest in or option or right to purchase any part thereof, on any securities exchange on which the Pledged Securities or any of them may be listed, at any private sale or at public auction, with or without demand of performance or other demand, advertisement or notice of the time or place of sale or adjournment thereof or otherwise (except that the Company shall give ten days' notice to the Pledgor of the time and place of any sale pursuant to this Section 3), for cash, on credit or for other property, for immediate or future delivery, and for such price or prices and on such terms as the Company shall, in its sole discretion, determine, the Pledgor hereby waiving and releasing any and all right or equity of redemption whether before or after sale hereunder. At any such sale the Company may bid for and purchase the whole or any part of the Pledged Securities so sold free from any such right or equity of redemption. The Company shall apply the proceeds of any such sale first to the payment of all costs and expenses, including reasonable attorneys' fees, incurred by the Company in enforcing its rights under this Pledge Agreement and second to the payment of the remaining Note Obligations, and the Pledgor shall continue to be liable for any deficiency.

(b) The Pledgor recognizes that the Company may be unable to effect a public sale of all or a part of the Pledged Securities by reason of certain prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), or in the rules and regulations promulgated thereunder or in applicable state securities or "blue sky" laws, but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Pledged Securities for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor understands that private sales so made may be at prices and on other terms less favorable to the seller than if the Pledged Securities were sold at public sale, and agrees that the Company has no obligation to delay the sale of the Pledged Securities for the period of time necessary to permit the registration of the Pledged Securities for public sale under the Securities Act and under applicable state

securities or "blue sky" laws. The Pledgor agrees that a private sale or sales made under the foregoing circumstances shall be deemed to have been made in a commercially reasonable manner.

(c) If any consent, approval or authorization of any state, municipal or other governmental department, agency or authority should be necessary to effectuate any sale or disposition by the Company pursuant to this Section 3 of the Pledged Securities, the Pledgor will execute all such applications and other instruments as may be required in connection with securing any such consent, approval or authorization, and will otherwise use his or her best efforts to secure the same.

(d) Neither failure nor delay on the part of the Company to exercise any right, remedy, power or privilege provided for herein or by statute or at law or in equity shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

4. Pledgor's Obligations Not Affected. The obligations of the Pledgor under this Pledge Agreement shall remain in full force and effect without regard to, and shall not be impaired or affected by: (a) any subordination, amendment or modification of or addition or supplement to the Note or the Note Obligations, or any assignment or transfer of any thereof; (b) any exercise or non-exercise by the Company of any right, remedy, power or privilege under or in respect of this Pledge Agreement, the Note or the Note Obligations, or any waiver of any such right, remedy, power or privilege; (c) any waiver, consent, extension, indulgence or other action or inaction in respect of this Pledge Agreement, the Note or the Note Obligations, or any assignment or transfer of any thereof; or

(d) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like, of the Company, whether or not the Pledgor shall have notice or knowledge of any of the foregoing.

5. Transfer by Pledgor. The Pledgor will not sell, assign, transfer or otherwise dispose of, grant any option with respect to, or mortgage, pledge or otherwise encumber the Pledged Securities or any interest therein to the extent permitted under Section 2(e) hereof.

6. Attorney-in-Fact. The Company is hereby appointed the attorney-in-fact of the Pledgor and the Pledgor's transferees for the purpose of carrying out the provisions of this Pledge Agreement and taking any action and executing any instrument which the Company reasonably may deem necessary or advisable to accomplish the purposes hereof, including without limitation, the execution of the applications and other instruments described in Section 3(c) hereof, which appointment as attorney-in-fact is irrevocable as one coupled with an interest.

7. Termination. Upon payment in full of the principal of the Note Obligations and upon the due performance of and compliance with all the provisions of the Note Obligations, this Pledge Agreement shall terminate and the Pledgor shall be entitled to the return of such of the

Pledged Securities as have not theretofore been sold, released pursuant to Sections 5 and 6 hereof or otherwise applied pursuant to the provisions of this Pledge Agreement.

8. Binding Effect, Successors and Assigns. This Pledge Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and nothing herein is intended or shall be construed to give any other person any right, remedy or claim under, to or in respect of this Pledge Agreement.

9. Miscellaneous. The Company and its assigns shall have no obligation in respect of the Pledged Securities, except to hold and dispose of the same in accordance with the terms of this Pledge Agreement. Neither this Pledge Agreement nor any provision hereof may be amended, modified, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the amendment, modification, waiver, discharge or termination is sought. The provisions of this Pledge Agreement shall be binding upon the heirs, representatives, successors and permitted assigns of the Pledgor. The captions in this Pledge Agreement are for convenience of reference only and shall not define or limit the provisions hereof. This Pledge Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules thereof. This Pledge Agreement may be executed simultaneously in several counterparts, each of which is an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Pledge Agreement to be executed and delivered as of the date first above written.

SMTC CORPORATION

By /S/ RICHARD SMITH

Name: Richard Smith
Title: Chief Financial Officer

Pledgor

/S/ BRUCE D. BACKER

EXHIBIT 10.41

SECURED PROMISSORY NOTE

April 16, 2001

FOR VALUE RECEIVED, the undersigned, Bruce D. Backer (the "Borrower"), hereby promises to pay to SMTC Corporation, a Delaware corporation (the "Company"), or to the legal holder of this Note at the time of payment, the principal sum of Two Hundred Nine Thousand Two Hundred and Eight Dollars ($209,208.00) in lawful money of the United States of America. This note shall not bear interest. The entire principal amount of indebtedness evidenced by this note, to the extent not theretofore prepaid as provided herein, shall be repaid on the Maturity Date (as defined below). If the date set for any payment or prepayment of principal hereunder is a Saturday, Sunday or legal holiday, then such payment or prepayment shall be made on the next preceding business day.

This Note has been delivered to evidence indebtedness of the Borrower to the Company arising in connection with the loan from the Company to the Borrower in an amount equal to the increase in the Borrower's income taxes as a result of the Borrower recognizing gain with respect to both the Per Share Consideration and the Per Share Stock Consideration (each as defined in the Stock Purchase Agreement dated as of May 23, 2000 (the "Purchase Agreement") among the Company and Pensar Corporation, a Wisconsin corporation ("Pensar") and the individual stockholders of Pensar (including the Borrower)), instead of Borrower recognizing gain only to the extent of the Per Share Cash Consideration, such loan in accordance with Section 5.12(b) of the Purchase Agreement. Payment of the principal of this Note is secured pursuant to the terms of a Pledge Agreement, dated as of the date hereof, between the Borrower and the Company (as amended from time to time, the "Pledge Agreement"), reference to which is made for a description of the collateral provided thereby and the rights of the Company and any subsequent holder of this Note in respect of such collateral.

As used in this Note the term "Shares" means any of the "Pledged Securities" as defined in the Pledge Agreement.

As used in this Note the term "Maturity Date" means July 27, 2004.

This Note is subject to the following further terms and conditions:

1. Mandatory Prepayments. If at any time the Borrower receives any proceeds, which include cash or cash equivalents, from the Sale (as defined below) of Shares to anyone (including the Company), the Borrower shall prepay this Note in an amount equal to the lesser of (a) (i) a fraction, the numerator of which is the number of Shares then Sold and the denominator of which is the total number of Shares held by the Borrower immediately prior to such Sale multiplied (ii) by the amounts then owed under this Note and (b) the aggregate proceeds of such Sale (the "Payment Amount"). For purposes of this Section 1, the term "Sale" shall include, in addition to any direct sale or other disposition of Shares, any transaction (including, without limitation, a merger, consolidation or recapitalization) pursuant to which Shares are converted

into a right to receive, in whole or partial exchange or substitution for Shares, cash or cash equivalents.

The right of the Borrower to receive proceeds upon the Sale of Shares is subject to the prior right of the Company (or other holder of this Note) (i) in the case of a Sale of Shares to the Company (or other holder of this Note), in lieu of the Company (or such other holder) paying the proceeds from such Sale to the Borrower or his heirs, successors or permitted assigns to set off against amounts owed under this Note an amount equal to the Payment Amount in respect of such Sale, or (ii) in the case of a Sale of Shares to any other person or entity

(collectively, the "Transfer Parties"), in lieu of any of such Transfer Parties paying the purchase price therefor to the Borrower or his heirs, successors or permitted assigns, to direct such Transfer Parties to pay an amount equal to the Payment Amount in respect of such Sale to the Company (or other holder of this Note) which shall set off such amount against this Note.

Concurrently with any prepayment (including by set-off) of any portion of the principal amount of this Note pursuant to this Section 1 or Section 2 hereof, the Company (or other holder of this Note) shall make a notation of such payment hereon. If full payment of all amounts payable under this Note is made, this Note will be canceled.

If at any time, or from time to time, the Borrower shall become entitled to receive from the Company (or other holder of this Note) any cash payments, cash dividends or other cash distributions in respect of any Shares, then, and in each case, the Company (or other holder of this Note) shall not be obligated to make any such cash payment, cash dividend or other cash distribution not theretofore made to which the Borrower or any of his heirs, successor or permitted assigns are otherwise entitled in respect of their Shares and may, in lieu of paying such amount to the Borrower, set off the amount of such cash payment, cash dividend or other cash distribution against the amounts payable under this Note in the manner set forth in the second paragraph of this Section 1.

2. Payment and Prepayment. All payments and prepayments of principal of this Note shall be made to the Company or its order, or to the legal holder of this Note or such holder's order, in lawful money of the United States of America at the principal offices of the Company (or at such other place as the holder hereof shall notify the Borrower in writing). The Borrower may, at his option, prepay the obligations under this Note in whole or in part at any time or from time to time without penalty or premium. Upon final payment of principal of this Note it shall be surrendered for cancellation. The Pledge Agreement requires payment or prepayment of all obligations under this Note as a condition precedent to the release of, or transfer of the Borrower's interests in, the collateral subject to the Pledge Agreement, all as described more fully in the Pledge Agreement.

3. Events of Default. Upon the occurrence and continuance of any of the following events for a period of three days following notice thereof to the Borrower ("Events of Default"):

(a) Failure to pay the principal of this Note, including any prepayments required hereunder, when due; or

(b) Failure of the Borrower to perform the Borrower's obligations under the Pledge Agreement;

then, and in any such event, the holder of this Note may declare, by notice of default given to the Borrower, the entire principal amount of this Note to be forthwith due and payable, whereupon the entire principal amount of this Note outstanding and all amounts payable hereunder shall become due and payable without presentment, demand, protest, notice of dishonor and all other demands and notices of any kind, all of which are hereby expressly waived. If an Event of Default shall occur hereunder, the Borrower shall pay costs of collection, including reasonable attorneys' fees, incurred by the holder in the enforcement hereof.

No delay or failure by the holder of this Note in the exercise of any right or remedy shall constitute a waiver thereof, and no single or partial exercise by the holder hereof of any right or remedy shall preclude other or future exercise thereof or the exercise of any other right or remedy.

4. Miscellaneous.

(a) The provisions of this Note shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules thereof.

(b) All notices and other communications hereunder shall be in writing and will be deemed to have been duly given if delivered or mailed.

If to the Company:

SMTC Corporation
635 Hood Road
Markham, Ontario
Canada L3R 4N6
Attention: Richard Smith

With a copy to

Ropes & Gray
One International Place
Boston, MA 02110
Attention: Alfred O. Rose, Esq.

If to the Borrower:

Bruce D. Backer
c/o SMTC Manufacturing Corporation of Wisconsin
2222 East Pensar Drive
Appleton, WI 54911

(c) The headings contained in this Note are for reference purposes only and shall not affect in any way the meaning or interpretation of the provisions hereof.

(d) The Borrower hereby waives presentment, demand, notice of nonpayment and protest except as provided in this Note.

[The rest of this page is left intentionally blank]

IN WITNESS WHEREOF, this Note has been duly executed under seal and delivered by the Borrower on the date first above written.

/S/ BRUCE D. BACKER

Bruce D. Backer

Witness:
/s/ [signature appears here]
- ---
Name:

Payments and Prepayments of Principal
for the
Secured Promissory Note of Bruce D. Barker
(original principal amount $)

DATE	AMOUNT OF PRINCIPAL PAID OR PREPAID	BALANCE OF PRINCIPAL UNPAID	NOTATION MADE BY:

EXHIBIT 10.42

PLEDGE AGREEMENT

Pledge Agreement dated as of April 16, 2001 (the "Pledge Agreement"), between David E. Steel (the "Pledgor") and SMTC Corporation, a Delaware corporation (the "Company").

WITNESSETH

WHEREAS, Pledgor is the holder of 44,576 shares of the Company's Common Stock, $.01 par value plus such number of the Company's Common Stock, $.01 par value, as is released to the Pledgor under the terms of the Escrow Agreement dated July 27, 2000 by and among the Company, the individual stockholders of Pensar Corporation, a Wisconsin corporation ("Pensar") and Brown Brothers Harriman & Co., on July 27, 2001 (the "Shares"),

WHEREAS, the Shares were originally issued to the Pledgor in accordance with the terms of the Stock Purchase Agreement dated as of May 23, 2000 (the "Purchase Agreement") among the Company and Pensar Corporation, and the individual stockholders of Pensar, including the Pledgor.

WHEREAS, the Pledgor is delivering a duly executed Secured Promissory Note (as amended from time to time, the "Note") to the Company in exchange for the Company's loaning $209,208 to the Pledgor in accordance with Section 5.12(b) of the Purchase Agreement,

WHEREAS, in connection with the loan by the Company to the Pledgor, the Pledgor is delivering to the Company the Note in the principal amount of $209,208 dated as of the date hereof; and

WHEREAS, the Pledgor wishes to grant further security and assurance to the Company in order to secure the payment of all amounts due under the Note from time to time (hereinafter collectively referred to as the "Note Obligations") and therefore wishes to pledge to the Company the Pledgor's right, title and interest in and to the Shares and any payments, dividends, interest and distributions made to the Pledgor in respect of the Share, all as more particularly described herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Pledge. As collateral security for the full and timely payment of the Note Obligations and any amounts payable by the Pledgor under this Pledge Agreement (including, without limitation, any and all reasonable fees and expenses, including reasonable legal fees and expenses, incurred by the Company in connection with any exercise of its rights under the Note or hereunder), the Pledgor hereby delivers, deposits, pledges, transfers and assigns to the Company, in form transferable for delivery, and creates in the Company a security interest in all Shares and all certificates evidencing the Shares and all other instruments or documents evidencing the same and all dividends, cash, instruments and other property from time to time

received, receivable or otherwise distributed (collectively, "Dividends") in respect of or in exchange for any or all of the Shares. The Shares and other securities described above are hereinafter collectively referred to as the "Pledged Securities".

The Pledgor agrees that all certificates evidencing the Pledged Securities shall be marked with the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF A PLEDGE AGREEMENT DATED AS OF APRIL 10, 2001 BY AND BETWEEN SMTC CORPORATION, A DELAWARE CORPORATION (THE "CORPORATION"), AND THE PLEDGOR NAMED THEREIN, A COPY OF WHICH IS ON FILE AT THE OFFICES OF THE CORPORATION.

The Pledgor agrees to deliver to the Company all Pledged Securities currently held by him in order that such legend may be placed thereon.

2. Administration of Security. The following provisions shall govern the administration of the Pledged Securities:

(a) So long as no Event of Default has occurred and is continuing (as used herein, "Event of Default" shall mean the occurrence of any Event of Default as defined in the Note), the Pledgor shall be entitled to act with respect to the Pledged Securities in any manner not inconsistent with this Pledge Agreement or the Note or any document or instrument delivered or to be delivered pursuant to or in connection with any of the foregoing.

(b) If while this Pledge Agreement is in effect, the Pledgor shall become entitled to receive or shall receive any debt or equity security certificate (including, without limitation, any certificates representing shares of stock received in connection with the exercise of any option, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital, or issued in connection with any reorganization), option or right, whether as a dividend or distribution in respect of, in substitution of, or in exchange for any Pledged Securities, the Pledgor agrees to accept the same as the Company's agent and to hold the same in trust on behalf of and for the benefit of the Company and to deliver the same forthwith to the Company in the exact form received, with the endorsement of the Pledgor when necessary and/or appropriate undated security transfer powers duly executed in blank, to be held by the Company, subject to the terms of this Pledge Agreement, as additional collateral security for the Note Obligations.

(c) The Pledgor shall immediately upon request by the Company and in confirmation of the security interests hereby created, execute and deliver to the Company such further instruments, deeds, transfers, assurances and agreements, in form and substance as the Company shall request, including any financing statements and amendments thereto, or any other documents, as required or advisable under Delaware law and any other applicable law to protect the security interests created hereunder.

(d) Subject to any sale by the Company or other disposition by the Company of the Pledged Securities or other property pursuant to this Pledge Agreement and subject to Sections 5 and 6 below, the Pledged Securities shall be returned to the Pledgor upon payment in full of the Note Obligations.

(e) So long as no Event of Default has occurred and is continuing, all or any portion of the Pledged Securities shall be returned to the Pledgor (free of the restrictions set forth herein) in connection with the sale, assignment or other disposition for cash or cash equivalents of Pledged Securities by the Pledgor if and to the extent that the Pledgor shall have prepaid the Note in an amount equal to the Payment Amount (as defined in the Note) in respect of such sale, assignment or other transfer.

3. Remedies in Case of an Event of Default.

(a) In case an Event of Default shall have occurred and be continuing, the Company shall have in each case all of the remedies of a secured party under the Delaware Uniform Commercial Code, and, without limiting the foregoing, shall

have the right, in its sole discretion, to sell, resell, assign and deliver all or, from time to time, any part of the Pledged Securities, or any interest in or option or right to purchase any part thereof, on any securities exchange on which the Pledged Securities or any of them may be listed, at any private sale or at public auction, with or without demand of performance or other demand, advertisement or notice of the time or place of sale or adjournment thereof or otherwise (except that the Company shall give ten days' notice to the Pledgor of the time and place of any sale pursuant to this Section 3), for cash, on credit or for other property, for immediate or future delivery, and for such price or prices and on such terms as the Company shall, in its sole discretion, determine, the Pledgor hereby waiving and releasing any and all right or equity of redemption whether before or after sale hereunder. At any such sale the Company may bid for and purchase the whole or any part of the Pledged Securities so sold free from any such right or equity of redemption. The Company shall apply the proceeds of any such sale first to the payment of all costs and expenses, including reasonable attorneys' fees, incurred by the Company in enforcing its rights under this Pledge Agreement and second to the payment of the remaining Note Obligations, and the Pledgor shall continue to be liable for any deficiency.

(b) The Pledgor recognizes that the Company may be unable to effect a public sale of all or a part of the Pledged Securities by reason of certain prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), or in the rules and regulations promulgated thereunder or in applicable state securities or "blue sky" laws, but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Pledged Securities for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor understands that private sales so made may be at prices and on other terms less favorable to the seller than if the Pledged Securities were sold at public sale, and agrees that the Company has no obligation to delay the sale of the Pledged Securities for the period of time necessary to permit the registration of the Pledged Securities for public sale under the Securities Act and under applicable state

securities or "blue sky" laws. The Pledgor agrees that a private sale or sales made under the foregoing circumstances shall be deemed to have been made in a commercially reasonable manner.

(c) If any consent, approval or authorization of any state, municipal or other governmental department, agency or authority should be necessary to effectuate any sale or disposition by the Company pursuant to this Section 3 of the Pledged Securities, the Pledgor will execute all such applications and other instruments as may be required in connection with securing any such consent, approval or authorization, and will otherwise use his or her best efforts to secure the same.

(d) Neither failure nor delay on the part of the Company to exercise any right, remedy, power or privilege provided for herein or by statute or at law or in equity shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

4. Pledgor's Obligations Not Affected. The obligations of the Pledgor under this Pledge Agreement shall remain in full force and effect without regard to, and shall not be impaired or affected by: (a) any subordination, amendment or modification of or addition or supplement to the Note or the Note Obligations, or any assignment or transfer of any thereof; (b) any exercise or non-exercise by the Company of any right, remedy, power or privilege under or in respect of this Pledge Agreement, the Note or the Note Obligations, or any waiver of any such right, remedy, power or privilege; (c) any waiver, consent, extension, indulgence or other action or inaction in respect of this Pledge Agreement, the Note or the Note Obligations, or any assignment or transfer of any thereof; or

(d) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like, of the Company, whether or not the Pledgor shall have notice or knowledge of any of the foregoing.

5. Transfer by Pledgor. The Pledgor will not sell, assign, transfer or otherwise dispose of, grant any option with respect to, or mortgage, pledge or otherwise encumber the Pledged Securities or any interest therein except to the extent permitted under Section 2(e) hereof.

6. Attorney-in-Fact. The Company is hereby appointed the attorney-in-fact of the Pledgor and the Pledgor's transferees for the purpose of carrying out the provisions of this Pledge Agreement and taking any action and executing any instrument which the Company reasonably may deem necessary or advisable to accomplish the purposes hereof, including without limitation, the execution of the applications and other instruments described in Section 3(c) hereof, which appointment as attorney-in-fact is irrevocable as one coupled with an interest.

7. Termination. Upon payment in full of the principal of the Note Obligations and upon the due performance of and compliance with all the provisions of the Note Obligations, this Pledge Agreement shall terminate and the Pledgor shall be entitled to the return of such of the

Pledged Securities as have not theretofore been sold, released pursuant to Sections 5 and 6 hereof or otherwise applied pursuant to the provisions of this Pledge Agreement.

8. Binding Effect, Successors and Assigns. This Pledge Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and nothing herein is intended or shall be construed to give any other person any right, remedy or claim under, to or in respect of this Pledge Agreement.

9. Miscellaneous. The Company and its assigns shall have no obligation in respect of the Pledged Securities, except to hold and dispose of the same in accordance with the terms of this Pledge Agreement. Neither this Pledge Agreement nor any provision hereof may be amended, modified, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the amendment, modification, waiver, discharge or termination is sought. The provisions of this Pledge Agreement shall be binding upon the heirs, representatives, successors and permitted assigns of the Pledgor. The captions in this Pledge Agreement are for convenience of reference only and shall not define or limit the provisions hereof. This Pledge Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules thereof. This Pledge Agreement may be executed simultaneously in several counterparts, each of which is an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Pledge Agreement to be executed and delivered as of the date first above written.

SMTC CORPORATION

By /S/ RICHARD SMITH

Name: Richard Smith
Title: Chief Financial Officer

PLEDGOR

/S/ DAVID E. STEEL

EXHIBIT 10.43

SECURED PROMISSORY NOTE

April 16, 2001

FOR VALUE RECEIVED, the undersigned, David E. Steel (the "Borrower"), hereby promises to pay to SMTC Corporation, a Delaware corporation (the "Company"), or to the legal holder of this Note at the time of payment, the principal sum of Two Hundred Nine Thousand Two Hundred and Eight Dollars ($209,208.00) in lawful money of the United States of America. This note shall not bear interest. The entire principal amount of indebtedness evidenced by this note, to the extent not theretofore prepaid as provided herein, shall be repaid on the Maturity Date (as defined below). If the date set for any payment or prepayment of principal hereunder is a Saturday, Sunday or legal holiday, then such payment or prepayment shall be made on the next preceding business day.

This Note has been delivered to evidence indebtedness of the Borrower to the Company arising in connection with the loan from the Company to the Borrower in an amount equal to the increase in the Borrower's income taxes as a result of the Borrower recognizing gain with respect to both the Per Share Consideration and the Per Share Stock Consideration (each as defined in the Stock Purchase Agreement dated as of May 23, 2000 (the "Purchase Agreement") among the Company and Pensar Corporation, a Wisconsin corporation ("Pensar") and the individual stockholders of Pensar (including the Borrower)), instead of Borrower recognizing gain only to the extent of the Per Share Cash Consideration, such loan in accordance with Section 5.12(b) of the Purchase Agreement. Payment of the principal of this Note is secured pursuant to the terms of a Pledge Agreement, dated as of the date hereof, between the Borrower and the Company (as amended from time to time, the "Pledge Agreement"), reference to which is made for a description of the collateral provided thereby and the rights of the Company and any subsequent holder of this Note in respect of such collateral.

As used in this Note the term "Shares" means any of the "Pledged Securities" as defined in the Pledge Agreement.

As used in this Note the term "Maturity Date" means July 27, 2004.

This Note is subject to the following further terms and conditions:

1. Mandatory Prepayments. If at any time the Borrower receives any proceeds, which include cash or cash equivalents, from the Sale (as defined below) of Shares to anyone (including the Company), the Borrower shall prepay this Note in an amount equal to the lesser of (a) (i) a fraction, the numerator of which is the number of Shares then Sold and the denominator of which is the total number of Shares held by the Borrower immediately prior to such Sale multiplied (ii) by the amounts then owed under this Note and (b) the aggregate proceeds of such Sale (the "Payment Amount"). For purposes of this Section 1, the term "Sale" shall include, in addition to any direct sale or other disposition of Shares, any transaction (including, without limitation, a merger, consolidation or recapitalization) pursuant to which Shares are converted

into a right to receive, in whole or partial exchange or substitution for Shares, cash or cash equivalents.

The right of the Borrower to receive proceeds upon the Sale of Shares is subject to the prior right of the Company (or other holder of this Note) (i) in the case of a Sale of Shares to the Company (or other holder of this Note), in lieu of the Company (or such other holder) paying the proceeds from such Sale to the Borrower or his heirs, successors or permitted assigns to set off against

amounts owed under this Note an amount equal to the Payment Amount in respect of such Sale, or (ii) in the case of a Sale of Shares to any other person or entity (collectively, the "Transfer Parties"), in lieu of any of such Transfer Parties
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paying the purchase price therefor to the Borrower or his heirs, successors or permitted assigns, to direct such Transfer Parties to pay an amount equal to the Payment Amount in respect of such Sale to the Company (or other holder of this Note) which shall set off such amount against this Note.

Concurrently with any prepayment (including by set-off) of any portion of the principal amount of this Note pursuant to this Section 1 or Section 2 hereof, the Company (or other holder of this Note) shall make a notation of such payment hereon. If full payment of all amounts payable under this Note is made, this Note will be canceled.

If at any time, or from time to time, the Borrower shall become entitled to receive from the Company (or other holder of this Note) any cash payments, cash dividends or other cash distributions in respect of any Shares, then, and in each case, the Company (or other holder of this Note) shall not be obligated to make any such cash payment, cash dividend or other cash distribution not theretofore made to which the Borrower or any of his heirs, successor or permitted assigns are otherwise entitled in respect of their Shares and may, in lieu of paying such amount to the Borrower, set off the amount of such cash payment, cash dividend or other cash distribution against the amounts payable under this Note in the manner set forth in the second paragraph of this Section 1.

2. Payment and Prepayment. All payments and prepayments of principal of
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this Note shall be made to the Company or its order, or to the legal holder of this Note or such holder's order, in lawful money of the United States of America at the principal offices of the Company (or at such other place as the holder hereof shall notify the Borrower in writing). The Borrower may, at his option, prepay the obligations under this Note in whole or in part at any time or from time to time without penalty or premium. Upon final payment of principal of this Note it shall be surrendered for cancellation. The Pledge Agreement requires payment or prepayment of all obligations under this Note as a condition precedent to the release of, or transfer of the Borrower's interests in, the collateral subject to the Pledge Agreement, all as described more fully in the Pledge Agreement.

3. Events of Default. Upon the occurrence and continuance of any of the
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following events for a period of three days following notice thereof to the Borrower ("Events of Default"):

(a) Failure to pay the principal of this Note, including any prepayments required hereunder, when due; or

(b) Failure of the Borrower to perform the Borrower's obligations under the Pledge Agreement;

then, and in any such event, the holder of this Note may declare, by notice of default given to the Borrower, the entire principal amount of this Note to be forthwith due and payable, whereupon the entire principal amount of this Note outstanding and all amounts payable hereunder shall become due and payable without presentment, demand, protest, notice of dishonor and all other demands and notices of any kind, all of which are hereby expressly waived. If an Event of Default shall occur hereunder, the Borrower shall pay costs of collection, including reasonable attorneys' fees, incurred by the holder in the enforcement hereof.

No delay or failure by the holder of this Note in the exercise of any right or remedy shall constitute a waiver thereof, and no single or partial exercise by the holder hereof of any right or remedy shall preclude other or future exercise thereof or the exercise of any other right or remedy.

4. Miscellaneous.

(a) The provisions of this Note shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law rules thereof.

(b) All notices and other communications hereunder shall be in writing and will be deemed to have been duly given if delivered or mailed.

If to the Company:

SMTC Corporation
635 Hood Road
Markham, Ontario
Canada L3R 4N6
Attention: Richard Smith

With a copy to

Ropes & Gray
One International Place
Boston, MA 02110
Attention: Alfred O. Rose, Esq.

If to the Borrower:

David E. Steel
c/o SMTC Manufacturing Corporation of Wisconsin
2222 East Pensar Drive
Appleton, WI 54911

(c) The headings contained in this Note are for reference purposes only and shall not affect in any way the meaning or interpretation of the provisions hereof.

(d) The Borrower hereby waives presentment, demand, notice of nonpayment and protest except as provided in this Note.

[The rest of this page is left intentionally blank]

IN WITNESS WHEREOF, this Note has been duly executed under seal and delivered by the Borrower on the date first above written.

/s/ DAVID E. STEEL

David E. Steel

Witness:

/s/ PAULINE A. POTRATZ
- ---
Name: Pauline A. Potratz

Payments and Prepayments of Principal
for the
Secured Promissory Note of David E. Steel
(original principal amount $)

DATE	AMOUNT OF PRINCIPAL PAID OR PREPAID	BALANCE OF PRINCIPAL UNPAID	NOTATION MADE BY:

Exhibit 10.44

Execution Copy

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REGISTRATION RIGHTS AGREEMENT

SMTC CORPORATION

and

LEHMAN COMMERCIAL PAPER INC.,

Dated as of February 8, 2002

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Exhibit 10.44

TABLE OF CONTENTS

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into as of February 8, 2002, between SMTC Corporation, a Delaware corporation (the "Company"), and Lehman Commercial Paper Inc., as General Administrative Agent under the Credit Agreement, as defined below (the "Agent").

RECITALS

This Agreement is made pursuant to the Fourth Amendment and First Waiver to and under the Amended and Restated Credit Agreement, dated as of July 27, 2000 (the "Credit Agreement"), between the Company and the various parties set forth therein. In order to induce the Lenders, as defined in the Credit Agreement, to enter into such Credit Agreement, the Company has agreed to the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the Closing under the Credit Agreement.

AGREEMENT

The parties agree as follows:

1. Definitions

As used in this Agreement, the following capitalized terms shall have the following meanings:

Exchange Act: The Securities Exchange Act of 1934, as amended.

Indemnified Parties: See Section 7(a) hereof.

Indemnifying Party: See Section 7(c) hereof.

NASD: National Association of Securities Dealers, Inc.

Person: An individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

Prospectus: The prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus.

Public Offering: Shall mean a public offering and sale of common stock for cash pursuant to an effective registration statement under the Securities Act.

Registrable Securities: The Registrable Warrant Shares; provided that a security ceases to be a Registrable Security when it is no longer a Transfer Restricted Security.

Registrable Warrant Shares: All Warrant Shares issuable to the holders of Warrants upon exercise of such Warrants.

Registration Default: See Section 3(b) hereof.

Registration Expenses: See Section 6 hereof.

Registration Statement: Any registration statement of the Company which covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all material incorporated by reference in such Registration Statement.

Rule 145 Transaction: shall mean a registration on Form S-4 pursuant to Rule 145 of the Securities Act (or any successor Form or provision, as applicable).

SEC: The Securities and Exchange Commission.

Securities Act: The Securities Act of 1933, as amended.

Stockholders Agreement Registrable Securities: Registrable Securities as defined in the Stockholders Agreement among SMTC Corporation and certain stockholders referred to therein dated as of July 27, 2000 as in effect on the date hereof.

Transfer Restricted Security: The Registrable Securities beginning upon original issuance thereof, and with respect to any particular Registrable Security, until such Registrable Security is sold to the public or may be sold to the public pursuant to Rule 144(k) of the Securities Act.

underwritten registration or underwritten offering: A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

Warrant Agreement: The Warrant Agreement, dated as of February 8, 2002, between the Company and the warrant agent named therein.

Warrant Shares: The shares of common stock of the Company issuable to the holders of Warrants upon exercise of the Warrants, together with any other securities that may in the future become issuable upon exercising the Warrants.

Warrants: Warrants to purchase common stock of the Company issued in accordance with the Warrant Agreement.

2. Securities Subject to this Agreement

(a) Registrable Securities. The securities entitled to the benefits of this Agreement are the Registrable Securities.

(b) Holders of Registrable Securities. A Person is deemed to be a holder of Registrable Securities whenever such Person owns Registrable Securities of record or has provided evidence reasonably satisfactory to the Company that such Person has the right to acquire such Registrable Securities, whether or not such acquisition has actually been effected and disregarding any legal restrictions upon the exercise of such right.

3. Registration Rights The Company will perform and comply, and cause each of its subsidiaries to perform and comply, with such of the following provisions as are applicable to it. Each holder of Registrable Securities will perform and comply with such of the following provisions as are applicable to such holder.

3.1 Warrant Holders' Demand Registration Rights.(a) General. From and after March 31, 2003, holders of Warrants and Warrant Shares that together constitute at least 15% of the Registrable Securities (assuming for purposes of calculating the 15% that the holders of Warrants have exercised such Warrants) (for purposes of this Section 3, "Initiating Investors"), by notice to the Company specifying the intended method or methods of disposition, may request that the Company effect the registration under the Securities Act for a Public Offering of all or a specified part of the Registrable Securities held by such Initiating Investors. The Company will then use its best efforts to effect the registration under the Securities Act of the Registrable Securities which the Company has been requested to register by such Initiating Investors together with all other Registrable Securities which the Company has been requested to register pursuant to Section 3.2 or otherwise, all to the extent requisite to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities which the Company has been so requested to register; provided, however, that the Company shall not be obligated to take any action to effect any such registration pursuant to this Section 3.1:

(i) Within 180 days immediately following the effective date of any registration statement pertaining to an underwritten public offering of securities of the Company for its own account (other than a Rule 145 Transaction, or a registration relating solely to employee benefit plans); or

(ii) On any form other than Form S-3 (or any successor form) if the Company has previously effected three or more registrations of Registrable Securities under this Section 3.1 on any form other than Form S-3 (or any successor form); provided, however, that no registrations of Registrable Securities which shall not have become and remained effective in accordance with the provisions of this Section 3, and no registrations of Registrable Securities pursuant to which the Initiating Investors are not able to include at least 90% of

the Registrable Securities which they desired to include (or 100% of the remaining Registrable Securities in connection with the Initiating Investors third demand for registration), shall be included in the calculation of numbers of registrations contemplated by this clause (ii).

(b) Payment of Expenses. The Company shall pay all reasonable expenses of the Initiating Investors incurred in connection with each registration of Registrable Securities

requested pursuant to this section 3.1, other than underwriting discount and commission, if any, and applicable transfer taxes, if any.

(c) Additional Procedures. In the case of a registration pursuant to Section 3.1, whenever the holders of at least a majority of the Registrable Securities to be included in the proposed registration statement in question by the Initiating Investors (the "Majority Participating Stockholders") shall request that such registration shall be effected pursuant to an underwritten offering, the Company shall include such information in the written notices to holders of Registrable Securities and holders of Warrants referred to in Section 3.2. In such event, the right of any holder of Registrable Securities to have securities owned by such holder included in such registration pursuant to Section 3.1 shall be conditioned upon such holder's participation in such underwriting and the inclusion of such holder's Registrable Securities in the underwriting (unless otherwise mutually agreed upon by the Majority Participating Stockholders and such holder). If requested by such underwriters, the Company together with the holders of Registrable Securities proposing to distribute their securities through such underwriting will enter into an underwriting agreement with such underwriters for such offering containing such representations and warranties by the Company and such holders and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, customary indemnity and contribution provisions (subject, in each case, to the limitations on such liabilities set forth in this Agreement).

3.2 Piggyback Registration Rights.

(a) General. Each time the Company proposes to register any shares of Common Stock under the Securities Act on a form which would permit registration of Registrable Securities for sale to the public, for its own account and/or for the account of any stockholder (pursuant to Section 3.1, or otherwise) for sale in a Public Offering, the Company will give notice to all holders of Registrable Securities and holders of Warrants of its intention to do so. Any such holder may, by written response delivered to the Company within 20 days after the effectiveness of such notice, request that all or a specified part of the Registrable Securities (a) held by such holder or (b) issuable to such holder upon exercise of Warrants held by such holder be included in such registration. The Company thereupon will use its reasonable efforts to cause to be included in such registration under the Securities Act all shares of Registrable Securities which the Company has been so requested to register by such holders, to the extent required to permit the disposition (in accordance with the methods to be used by the Company or other holders of shares of common stock in such Public Offering) of the Registrable Securities to be so registered. No registration of Registrable Securities effected under this Section 3.2 shall relieve the Company of any of its obligations to effect registrations of Registrable Securities pursuant to Section 3.1.

(b) Excluded Transactions. The Company shall not be obligated to effect any registration of Registrable Securities under this Section 3.2 incidental to the registration of any of its securities in connection with:

(i) Any Public Offering relating to employee benefit plans or dividend reinvestment plans; or

(ii) Any Public Offering relating to the acquisition or merger after the date hereof by the Company or any of its subsidiaries of or with any other businesses.

(c) Payment of Expenses. The company shall pay all reasonable expenses of a single legal counsel representing all holders of Registrable Securities and holders of Warrants incurred in connection with each registration of Registrable Securities requested pursuant to this section 3.2.

(d) Additional Procedures. Holders of shares participating in any Public Offering pursuant to this Section 3.2 shall take all such actions and execute all such documents and instruments that are reasonably requested by the Company to effect the sale of their shares in such Public Offering, including, without limitation, being parties to the underwriting agreement entered into by the Company and any other selling shareholders in connection therewith and being liable in respect of the representations and warranties by, and the other agreements (including without limitation customary selling stockholder representations, warranties, indemnifications and "lock-up" agreements) for the benefit of the underwriters; provided, however, that (a) with respect to individual representations, warranties, indemnities and agreements of sellers of shares in such Public Offering, the aggregate amount of such liability shall not exceed such holder's net proceeds from such offering and (b) to the extent selling stockholders give further representations, warranties and indemnities, then with respect to all other representations, warranties and indemnities of sellers of shares in such Public Offering, the aggregate amount of such liability shall not exceed the lesser of (i) such holder's pro rata portion of any such liability, in accordance with such holder's portion of the total number of shares included in the offering or (ii) such holder's net proceeds from such offering.

3.3 Certain Other Provisions.(a) Underwriter's Cutback. In connection with any registration of shares, the underwriter may determine that marketing factors (including, without limitation, an adverse effect on the per share offering price) require a limitation of the number of shares to be underwritten. Notwithstanding any contrary provision of this Section 3 and subject to the terms of this Section 3.3(a), the underwriter may limit the number of shares which would otherwise be included in such registration by excluding any or all Registrable Securities from such registration (it being understood that the number of shares which the Company seeks to have registered in such registration shall not be subject to exclusion, in whole or in part, under this Section 3.3(a)). Upon receipt of notice from the underwriter of the need to reduce the number of shares to be included in the registration, the Company shall advise all holders of the Company's securities that would otherwise be registered and underwritten pursuant hereto, and the number of shares of such securities, including Registrable Securities, that may be included in the registration shall be allocated in the following manner, unless the underwriter shall determine that marketing factors require a different allocation: shares, other than Registrable Securities and Stockholder Agreement Registrable Securities, requested to be included in such registration by shareholders shall be excluded to the extent necessary to achieve the underwriter's cutback unless the Company has, with the consent of the majority of the Registrable Securities (and Warrants exercisable for Registrable Securities), granted registration rights which are to be treated on an

equal basis with Registrable Securities and Stockholder Agreement Registrable Securities for the purpose of the exercise of the underwriter cutback; and, if a limitation on the number of shares is still required, the number of Registrable Securities and Stockholder Agreement Registrable Securities shall be allocated among holders thereof in proportion, as nearly as practicable, to the respective amounts of common stock which each shareholder requested be registered in such registration. No securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration. If any holder of Registrable Securities disapproves of the terms of the

underwriting, it may elect to withdraw therefrom by written notice to the Company and the underwriter. The Registrable Securities so withdrawn shall also be withdrawn from registration.

(b) Selection of Underwriters and Counsel. The underwriters and legal counsel to be retained in connection with any Public Offering shall be selected by the Board or, in the case of an offering following a request therefor under Section 3.1, the Initiating Investors.

4. Hold-Back Agreements

(a) Restrictions on Public Sale by Holder of Registrable Securities. Each holder of Registrable Securities whose Registrable Securities are covered by a Registration Statement filed pursuant to Section 3 hereof agrees, if requested by the managing underwriters in an underwritten offering, not to effect any public sale or distribution of securities of the Company of the same class as the securities included in such Registration Statement, including a sale pursuant to Rule 144 under the Securities Act (except as part of such underwritten registration), during the 7-day period prior to, and during the 90-day period beginning on, the closing date of each underwritten offering made pursuant to such Registration Statement, to the extent timely notified in writing by the Company or the managing underwriters.

5. Registration Procedures

In connection with the Company's Registration obligations pursuant to Section 3.1 hereof, the Company will use its best efforts to effect such registration to permit the sale of such Registrable Securities in accordance with the intended method or methods of distribution thereof, and pursuant thereto the Company will, as expeditiously as possible:

(a) prepare and file with the SEC a Registration Statement or Registration Statements relating to each Registration on any appropriate form under the Securities Act, which form shall be available for the sale of the Registrable Securities in accordance with the intended method or methods of distribution thereof and shall include (i) all financial statements (including, if applicable, financial statements of any Person which shall have guaranteed any indebtedness of the Company) required by the SEC to be filed therewith, (ii) a prospectus that relates to earlier Registration Statements filed pursuant to Section 3 hereof, as permitted by Rule 429 under the Securities Act, if requested by the Agent or a majority of the holders of the Registrable Securities being registered and (iii) if the sale is by means of an underwritten offering, any other information that the managing underwriter reasonably believes to be of material importance to the success of such offering, cooperate and assist in any filings required

to be made with the NASD, and use its best efforts to cause such Registration Statement to become effective; provided that as far in advance as practical before filing a Registration Statement or any amendments or supplements thereto, the Company will furnish to the holders of the Registrable Securities covered by such Registration Statement, holders of Warrants and the underwriters, if any, copies of all such documents proposed to be filed, which documents will be subject to the review by such holders and underwriters, and the Company will not file any Registration Statement or any amendments or supplements thereto to which the holders of a majority of the Registrable Securities and Warrants or such managing underwriters, if any, shall reasonably object within 14 days;

(b) prepare and file with the SEC such amendments and post-effective amendments to any Registration Statement as may be necessary to keep the Registration Statement effective until all Registrable Securities covered by such Registration Statement have been sold or cease to be Registrable Securities; cause any Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the

Securities Act; and comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(c) notify the selling holders of Registrable Securities and the managing underwriters, if any, promptly, and (if requested by any such Person) confirm such advice in writing, (1) when any Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any Registration Statement or any post-effective amendment, when the same has become effective, (2) of any request by the SEC for amendments or supplements to any Registration Statement or any Prospectus or for additional information, (3) of the issuance by the SEC of any stop order of which the Company or its counsel is aware suspending the effectiveness of any Registration Statement or the initiation of any proceedings for that purpose, (4) if at any time the representations and warranties of the Company contemplated by paragraph (n) below cease to be true and correct in any material respect, (5) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose and (6) of the Company's becoming aware that any Prospectus (including any document incorporated therein by reference), as then in effect, includes an untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(d) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of any Registration Statement at the earliest possible moment;

(e) if reasonably requested by the managing underwriter or underwriters or a holder of Registrable Securities being sold in connection with an underwritten offering, promptly incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriter or underwriters or the holders of a majority of the Registrable Securities being sold agree should be included therein relating to the plan of distribution with respect to such Registrable Securities, including, without limitation, information with respect to the amount

of Registrable Securities being sold to such managing underwriter or underwriters, the purchase price being paid therefor by such underwriters and any other terms of the underwritten (or best efforts underwritten) offering of the Registrable Securities to be sold in such offering; and make all required filings of such Prospectus supplement or post-effective amendment as promptly as practicable upon being notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(f) furnish to each selling holder of Registrable Securities and each managing underwriter, if any, without charge, if requested, at least one signed copy of the applicable Registration Statement and any post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(g) deliver to each selling holder of Registrable Securities and the underwriters, if any, without charge, if requested, as many copies of the applicable Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto as such Persons may reasonably request; the Company consents to the use (subject to the limitations set forth in the last paragraph of this Section 5) of the Prospectus or any amendment or supplement thereto by
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each of the selling holders of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto until such time as the Company has notified the selling holders of Registrable Securities to discontinue the use thereof pursuant to paragraph (c)(6);

(h) prior to any Public Offering of Registrable Securities, use its best efforts to register or qualify or cooperate with the selling holders of

Registrable Securities, the underwriters, if any, and their respective counsel in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or blue sky laws of such jurisdictions as any such seller or underwriter reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of such Registrable Securities; provided that the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to general service of process or taxation in any such jurisdiction where it is not then so subject;

(i) cooperate with the selling holders of Registrable Securities and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing such Registrable Securities to be sold and not bearing any restrictive legends, except as provided for in the Warrant Agreement; and enable such Registrable Securities to be in such denominations and registered in such names as such managing underwriters may request at least two business days prior to any sale of such Registrable Securities to the underwriters;

(j) use its best efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriters, if any, to consummate the disposition of such Registrable Securities;

(k) upon the occurrence of any event contemplated by paragraph (c)(6) above, promptly prepare a supplement or post-effective amendment to the related Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the holders of the Registrable Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances then existing;

(l) use its best efforts to cause all Registrable Securities covered by a Registration Statement to be listed on each securities exchange on which securities of the same class issued by the Company are then listed;

(m) not later than the effective date of the any Registration Statement, provide a CUSIP number for all Registrable Securities covered by such Registration Statement and provide the transfer agent with printed certificates for the Registrable Securities which are in a form eligible for deposit with The Depository Trust Company;

(n) if the selling holders intend to distribute the Registrable Securities through an underwritten offering, enter into such agreements (including an underwriting agreement) and take all such other appropriate and reasonable actions in connection therewith in order to expedite or facilitate such disposition of such Registrable Securities and in such connection, (1) make such representations and warranties to the holders of such Registrable Securities and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters in secondary underwritten offerings; (2) obtain opinions of counsel to the Company (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and the holders of a majority of the Registrable Securities) addressed to each selling holder and the underwriters, if any, covering the matters customarily covered in opinions requested in underwritten offerings; (3) obtain "cold comfort" letters and updates thereof from the Company's independent certified public accountants addressed to such holders and underwriters, if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters by underwriters in connection with primary underwritten offerings; (4) if permitted by the managing underwriter the same shall set forth in full the indemnification provisions and procedures of Section 7 hereof with respect to all parties to be indemnified

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pursuant to said Section; provided that unless the selling holders of Registrable Securities otherwise agree, the indemnification provisions and procedures set forth in such underwriting agreement shall be no less favorable to the selling holders of Registrable Securities and the underwriters than the

indemnification provisions and procedures of Section 7 hereof; and (5) the
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Company shall deliver such documents and certificates as may be reasonably requested by the holders of a majority of the Registrable Securities being sold and the managing underwriters, if any, to evidence compliance with paragraph (k) above and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company. The above shall be done at each closing under such underwriting or similar agreement or as and to the extent required thereunder;

(o) make available for inspection by any holder of Registrable Securities or any underwriter participating in any disposition of Registrable Securities pursuant to a Shelf Registration, and any attorney or accountant retained by such holders or underwriters, if any, all

financial and other records, pertinent corporate documents and properties of the Company as may be reasonably necessary to enable them to exercise their due diligence responsibilities, and provide reasonable access to appropriate officers of the Company in connection with such due diligence responsibilities;

(p) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC; and

(q) make appropriate officers of the Company available to such holders and underwriters for meetings with prospective purchasers of the Registrable Securities and prepare and present to potential investors customary "road show" material in a manner consistent with other new issuances of other securities similar to the Registrable Securities.

The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish to the Company such information regarding the distribution of such securities as the Company may from time to time reasonably request in writing.

Each holder of Registrable Securities agrees by acceptance of such Registrable Securities that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 5(c)(3), (5) or (6)
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hereof, such holder will forthwith discontinue disposition of Registrable Securities until such holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 5(k) hereof, or until it is advised
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in writing (the "Advice") by the Company that the use of such Prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in such Prospectus, and, if so directed by the Company such holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such holder's possession, of such Prospectus covering such Registrable Securities current at the time of receipt of such notice.

6. Registration Expenses

(a) All expenses incident to the Company's performance of or compliance with this Agreement, including without limitation all (i) registration and filing fees, fees and expenses associated with filings required to be made with the NASD (including, if applicable, the fees and expenses of any "qualified independent underwriter" and its counsel as may be required by the rules and regulations of the NASD), (ii) fees and expenses of compliance with securities or blue sky laws (including fees and disbursements of counsel for the underwriters or selling holders in connection with blue sky qualifications of the Registrable Securities and determination of their eligibility for investment under the laws of such jurisdictions as the managing underwriters or holders of a majority of the Registrable Securities being sold may reasonably designate), (iii) printing expenses (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing prospectuses), (iv) fees and disbursements of counsel for the Company and customary out of pocket expenses and fees paid by issuers to the extent provided for in an underwriting agreement (excluding discounts, commissions or fees of underwriters, selling brokers, dealer managers or similar

securities industries professionals relating to the distribution of the

Registrable Securities, transfer taxes or legal expenses of any Person other than the Company and the selling holders), (v) the cost of securities acts liability insurance if the Company so desires and (vi) fees and expenses of other Persons retained by the Company (all such expenses being herein called "Registration Expenses") will be borne by the Company regardless of whether the Registration Statement becomes effective. Each holder of Registrable Securities will pay any fees or disbursements of counsel to such holder and all underwriting discounts and commissions and transfer taxes, if any, and other fees, costs and expenses of such holder (other than Registration Expenses) relating to the sale or disposition of such holder's Registrable Securities. The Company, in any event, will pay the Company's own internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with the listing of the securities to be registered on each securities exchange on which similar securities issued by the Company are then listed, rating agency fees and the fees and expenses of any Person, including special experts, retained by the Company.

7. Indemnification

(a) Indemnification by the Company. The Company agrees to indemnify
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and hold harmless, to the full extent permitted by law, each holder of Registrable Securities, their officers, directors and employees and each Person who controls such holder (within the meaning of the Securities Act) (the "Indemnified Parties") against all losses, claims, damages, liabilities and expenses incurred by such party in connection with any actual or threatened action arising out of or based upon any untrue or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or preliminary Prospectus or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or a preliminary Prospectus, in light of the circumstances then existing) not misleading, and the Company agrees to reimburse such Indemnified Parties for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss or action or proceeding in respect thereof, except insofar as the same arise out of or are based upon any such untrue statement or omission made in reliance on and in conformity with any information furnished in writing to the Company by such holder or its counsel expressly for use therein. If the selling holders of Registrable Securities distribute the Registrable Securities in an underwritten Public Offering, the Company shall also indemnify the underwriters, their officers and directors and each Person who controls such Persons (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the Indemnified Parties, if requested.

(b) Indemnification by Holder of Registrable Securities. Each holder
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of Registrable Securities will furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any Registration Statement or Prospectus and agrees to indemnify and hold harmless, to the full extent permitted by law, the Company, its directors and officers and each Person who controls the Company (within the meaning of the Securities Act) against any losses, claims, damages, liabilities and expenses resulting from any untrue statement of a material fact contained in any Registration Statement or Prospectus or any omission of a material fact required to be stated in the Registration Statement or Prospectus or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, to the extent, but only to the extent, that such untrue

statement or omission relates to such holder and is made in reliance on and in conformity with any information or affidavit furnished in writing by such holder to the Company specifically for inclusion in such Registration Statement or Prospectus. In no event shall the liability of any selling holder of Registrable

Securities hereunder be greater in amount than the dollar amount of the proceeds received by such holder upon the sale of the Registrable Securities giving rise to such indemnification obligation. The Company shall be entitled to receive indemnities from underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution of such Registrable Securities to the same extent above with respect to information or affidavit furnished writing by such Persons as provided specifically for any Prospectus or Registration Statement.

(c) Conduct of Indemnification Proceedings. Any Person entitled to
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indemnification hereunder will (i) give prompt notice to the Company or holder of Registrable Securities, as the case may be (in either case, as applicable, an "Indemnifying Party"), of any claim with respect to which it seeks indemnification and (ii) permit such Indemnifying Party to assume the defense of such claim with counsel reasonably satisfactory to such Person; provided, however, that any Person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (a) the Indemnifying Party has agreed to pay such fees or expenses, (b) the Indemnifying Party has failed to assume the defense of such claim or (c) in the reasonable judgment of any such Person, based upon written advice of its counsel, a conflict of interest may exist between such Person and the Indemnifying Party with respect to such claims (in which case, if the Person notifies the Indemnifying Party in writing that such Person elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense of such claim on behalf of such Person). If such defense is not assumed by the Indemnifying Party, the Indemnifying Party will not be subject to any liability for any settlement made without its consent (but such consent will not be unreasonably withheld). No Indemnifying Party will consent to entry of any judgment or enter into any settlement without the consent of the Indemnified Party which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Any Indemnifying Party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all Persons entitled to indemnification by such Indemnifying Party with respect to such claim in any one jurisdiction.

(d) Contribution. If for any reason the indemnification provided for
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in the preceding paragraphs (a) and (b) is unavailable to a Person entitled to indemnification or is insufficient to hold it harmless as contemplated by the preceding paragraphs (a) and (b), then the Indemnifying Party shall contribute to the amount paid or payable by such Person as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of such Person and the Indemnifying Party, as well as any other relevant equitable considerations, provided that no holder of Registrable Securities shall be required to contribute an amount greater than the dollar amount of the proceeds received by such holder of Registrable Securities with respect to the sale of any securities. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or the Indemnified Party and the parties' relative intent, knowledge,

access to information and opportunity to correct or prevent such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this paragraph were to be determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the first sentence of this paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

8. Rule 144

The Company covenants that it will file the reports required to be

filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if it is not required to file such reports, it will, upon the request of any holder of Registrable Securities, make publicly available other information so long as necessary to permit sales pursuant to Rule 144 under the Securities Act), and it will take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (b) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any holder of Registrable Securities, the Company will deliver to such holder a written statement as to whether it has complied with such information and filing requirements.

9. Miscellaneous

(a) Remedies. Each holder of Registrable Securities or Warrants, in
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addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, in connection with the breach by the Company of its obligations to register the Registrable Securities will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The Company will not on or after the
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date of this Agreement enter into any agreement with respect to its securities which (i) is inconsistent with the rights granted to the holders of Registrable Securities or Warrants in this Agreement, or (ii) otherwise conflicts with the provisions hereof. The rights granted to the holders of Registrable Securities or Warrants hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's securities under any other agreements. The Company has not previously entered into any inconsistent agreement with respect to its securities granting any registration rights to any Person.

(c) Amendments and Waivers. The provisions of this Agreement,
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including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions of this Agreement may not be given unless the Company has obtained the written consent of holders of a majority of the outstanding Registrable

Securities and Warrants exerciseable for Registrable Securities (excluding Registrable Securities held by the Company, any Guarantor or one of their respective affiliates).

(d) Notices. All notices and other communications provided for or
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permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, facsimile or air courier guaranteeing overnight delivery:

(i) if to a holder of Registrable Securities or Warrants, at the most current address given by such holder to the Company in accordance with the provisions of this Section 9(d), which address initially
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is, with respect to each Lender, the address set forth next to such Lender's name on the signature pages of the Credit Agreement; with copies to Simpson Thacher & Bartlett, 425 Lexington Avenue, New York, NY 10017, Attn: Andrew Keller; and

(ii) if to the Company, initially to it at the address set forth below and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 9(d), with copies to Ropes & Gray, One International Place, Boston, MA 02110-2624, Attn: Al Rose.

SMTC Corporation
635 Hood Road
Markham, Ontario
Canada L3R 4N6
Attention: President
Telecopy: (905) 479-9686
Telephone: (905) 479-1000

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, including without limitation and without the need for an express assignment, subsequent holders of Registrable Securities and Warrants.

(f) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) New York Law; Submission to Jurisdiction: Waiver of Jury Trial. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. EACH PARTY HERETO HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS

AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(i) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(j) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement with respect to the subject matter contained herein and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

SMTC Corporation

By: /s/ Paul Walker

Name: Paul Walker
Title: President and CEO

LEHMAN COMMERCIAL PAPER INC.,
as General Administrative Agent

By: /s/ Michele Swanson

Name: Michele Swanson
Title: Authorized Signatory

EXHIBIT 10.45

Execution Copy

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SMTC CORPORATION

and

MELLON INVESTOR SERVICES LLC

WARRANT AGREEMENT

Dated as of February 8, 2002

WARRANT AGREEMENT

TABLE OF CONTENTS/1/

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/1/ This Table of Contents does not constitute a part of this Agreement or have any bearing upon the interpretation of any of its terms or provisions.

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WARRANT AGREEMENT dated as of February 8, 2002 between SMTC Corporation, a Delaware corporation (the "Company"), and Mellon Investor Services LLC, a New Jersey limited liability company, as Warrant Agent (the "Warrant Agent").

WHEREAS, the Company proposes to issue Series A, Series B and Series C Common Stock Purchase Warrants, as hereinafter described (respectively, the "Series A Warrants, Series B Warrants and Series C Warrants" and together, the "Warrants"), which in the aggregate initially entitle the holders of each of the Series A Warrants, Series B Warrants and Series C Warrants to purchase up to 1.5%, 0.5% and 1%, respectively, on the date such Warrants are issued, of the Common Stock par value $0.01 per share (the "Common Stock"), of the Company outstanding on a diluted basis (determined in accordance with GAAP, but after giving effect to the exercise of such Warrants and any outstanding Warrants) on the date such Warrants are issued (the Common Stock issuable on exercise of the Warrants being referred to herein as the "Warrant Shares"), in connection with the Fourth Amendment and First Waiver, dated February 8, 2002, to and under the Amended and Restated Credit and Guarantee Agreement, dated as of July 27, 2000 (as amended, supplemented and otherwise modified from time to time, the "Credit Agreement"), among the Company, HTM Holdings, Inc., SMTC Manufacturing Corporation of Canada, the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Lehman Brothers Inc., as advisor, lead arranger and book manager, The Bank of Nova Scotia, as syndication agent, Lehman Commercial Paper Inc., as general administrative agent, The Bank of Nova Scotia, as Canadian administrative agent, Lehman Commercial Paper Inc., as collateral monitoring agent and General Electric Capital Corporation, as documentation agent.

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing so to act, in connection with the issuance, transfer, exchange and exercise of Warrants and other matters as provided herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

SECTION 1. Appointment of Warrant Agent. The Company hereby appoints
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the Warrant Agent to act as agent for the Company in accordance with the instructions set forth hereinafter in this Agreement, and the Warrant Agent hereby accepts such appointment.

SECTION 2. Warrant Certificates. The certificates evidencing the
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Warrants (the "Warrant Certificates") to be delivered pursuant to this Agreement shall be in registered form only and shall be substantially in the forms set forth in Exhibit A, Exhibit B or Exhibit C attached hereto, as applicable.
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SECTION 3. Execution of Warrant Certificates. Warrant Certificates
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shall be signed on behalf of the Company by its Chairman of the Board or its President or a Vice President and by its Secretary or an Assistant Secretary. Each such signature upon the Warrant Certificates may be in the form of a facsimile signature of the present or any future Chairman of the Board, President, Vice President, Secretary or Assistant Secretary and may be imprinted

or otherwise reproduced on the Warrant Certificates and for that purpose the Company may adopt and use the facsimile signature of any person who shall have been Chairman of the Board,

President, Vice President, Secretary or Assistant Secretary, notwithstanding the fact that at the time the Warrant Certificates shall be countersigned and delivered or disposed of he or she shall have ceased to hold such office.

In case any officer of the Company who shall have signed any of the Warrant Certificates shall cease to be such officer before the Warrant Certificates so signed shall have been countersigned by the Warrant Agent, or disposed of by the Company, such Warrant Certificates nevertheless may be countersigned and delivered or disposed of as though such person had not ceased to be such officer of the Company; and any Warrant Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Warrant Certificate, shall be a proper officer of the Company to sign such Warrant Certificate, although at the date of the execution of this Warrant Agreement any such person was not such officer.

Warrant Certificates shall be dated the date of countersignature by the Warrant Agent.

SECTION 4. Registration and Countersignature. Warrant Certificates shall be manually countersigned by the Warrant Agent and shall not be valid for any purpose unless so countersigned. The Warrant Agent shall, upon written instructions of the Chairman of the Board, the President, a Vice President, the Treasurer or the Chief Financial Officer of the Company, initially countersign, issue and deliver such number of Warrants as are set forth in such written instructions, and the Warrant Agent shall be fully protected in conclusively relying on such written instructions. Such written instructions shall not instruct the Warrant Agent to countersign Warrants entitling the holders thereof to purchase more than the number of Warrant Shares referred to above in the first recital hereof. The Warrant Agent shall also countersign and deliver Warrants as otherwise provided in this Agreement.

The Company and the Warrant Agent may deem and treat the registered holder(s) of the Warrant Certificates as the absolute owner(s) thereof (notwithstanding any notation of ownership or other writing thereon made by anyone), for all purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

SECTION 5. Registration of Transfers and Exchanges. The Warrant Agent shall from time to time, subject to the limitations set forth in this Section 5 and in Section 6 hereof, register the transfer of any outstanding Warrant Certificates upon the records to be maintained by it for that purpose, upon surrender thereof duly endorsed or accompanied (if so required by it) by a written instrument or instruments of transfer in form satisfactory to the Warrant Agent, duly executed by the registered holder or holders thereof or by the duly appointed legal representative thereof or by a duly authorized attorney. Upon any such registration of transfer, a new Warrant Certificate shall be issued to the transferee(s) and the surrendered Warrant Certificate shall be cancelled by the Warrant Agent. Cancelled Warrant Certificates shall thereafter be disposed of by the Warrant Agent in its customary manner.

No Warrant holder will be permitted to transfer an interest in its Warrants separately from any loans made by it to the Company under the Credit Agreement with respect to which it received such Warrants prior to the later of December 31, 2002 or nine months after the

issuance of the series of Warrants being transferred. The Warrant Agent will not have any duty or obligation to monitor a Warrant holder's compliance with this paragraph, and the Warrant Agent shall be fully protected and shall incur no liability for any transfer effected by it in violation of this paragraph.

The Warrant holders agree that prior to any proposed transfer of the Warrants or of the Warrant Shares, if such transfer is not made pursuant to an effective Registration Statement under the Securities Act of 1933, as amended (the "Act"), the Warrant holder will deliver to the Company:

(1) an opinion of counsel that the Warrant or Warrant Shares may be transferred without registration under the Act

(2) an investment covenant reasonably satisfactory to the Company signed by the proposed transferee;

(3) an agreement by such transferee to the impression of the restrictive investment legend set forth below on the Warrant or the Warrant Shares; and

(4) an agreement by such transferee to be bound by the provisions of this Agreement.

The Warrant holders agree that each certificate representing Warrant Shares will bear a legend in substantially the following form:

> "The securities evidenced or constituted hereby have been acquired for investment and have not been registered under the Securities Act of 1933, as amended. Such securities may not be sold, transferred, pledged or hypothecated unless the registration provisions of said Act have been complied with or unless the Company has received an opinion of counsel that such registration is not required."

The Warrant holders agree that each certificate representing Series A Warrant Shares will bear a legend in substantially the following form:

> "The securities evidenced or constituted hereby are subject to a right of repurchase by SMTC Corporation until March 31, 2003 for an amount equal to three times the exercise price of the warrants exercised for the securities evidenced or constituted hereby."

The Warrant holders agree that each certificate representing Series B or Series C Warrant Shares will bear a legend in substantially the following form:

> "The securities evidenced or constituted hereby are subject to right of repurchase by SMTC Corporation until March 31, 2003 for an amount equal to the exercise price of the warrants exercised for the securities evidenced or constituted hereby."

Subject to the terms of this Agreement, Warrant Certificates may be exchanged at the option of the holder(s) thereof, when surrendered to the Warrant Agent at its office designated for such purpose, which is currently located at the address listed in Section 16 hereof, for another Warrant
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Certificate or other Warrant Certificates of like tenor and representing in the aggregate a like number of Warrants. Any holder desiring to exchange a Warrant Certificate shall deliver a written request to the Warrant Agent, and shall surrender, duly endorsed or accompanied (if so required by the Warrant Agent) by a written instrument or instruments of transfer in form satisfactory to the Warrant Agent, the Warrant Certificate or Certificates to be so exchanged. Warrant Certificates surrendered for exchange shall be cancelled by the Warrant Agent. Such cancelled Warrant Certificates shall then be disposed of by such Warrant Agent in its customary manner.

The Warrant Agent is hereby authorized to countersign, in accordance with the provisions of this Section 5 and of Section 4 hereof, the new Warrant
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Certificates required pursuant to the provisions of this Section 5.

SECTION 6. Issuance of Warrants; Terms of Warrants: Exercise of
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Warrants

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The Company shall issue the Warrants to the Lenders in proportion to their interests in the Loans and Commitments under the Credit Agreement on the following dates (in each case, an "Issue Date") (a) in the case of the Series A Warrants, February 11, 2002; and (b) so long as any Loans or Letters of Credit are outstanding under the Credit Agreement, (i) the Series B Warrants shall be issued on December 31, 2002 and (ii) the Series C Warrants, if any, shall be issued once on the first date after the date hereof an Event of Default under and as defined in the Credit Agreement has occurred and has been continuing for more than 30 days or, in the case of an Event of Default related to a financial covenant that is to be complied with on a monthly basis, on the first date after the date hereof as of which such Event of Default has occurred in two consecutive months; provided that a default under Section 11.1(e) of the Credit Agreement shall be deemed not to have occurred during any fiscal quarter of the Company if the Company is in compliance with such covenant at the end of such quarter (regardless of any continuing default of such covenant earlier in such quarter) and issuance of Warrants related to a default of Section 11.1(e) shall not occur until non-compliance with such covenant at the end of such quarter has been determined. The initial exercise price per share at which Warrant Shares shall be purchasable upon the exercise of Warrants (the "Exercise Price") shall be the fair market value (as defined below) of one share of Common Stock as of the Issue Date for such Warrant. On its respective Issue Date, each Warrant shall be initially exercisable for one share of Common Stock and each series of Warrants shall initially consist of a number of Warrants equal to 1.5% (in the case of Series A Warrants), 0.5% (in the case of Series B Warrants) or 1.0% (in the case of Series C Warrants) of the number of shares of Common Stock outstanding on such date on a diluted basis (determined in accordance with GAAP, but after giving effect to the exercise of such Warrants and any outstanding Warrants). For purposes of this paragraph of Section 6, "fair market value" on any date shall be the average of the Quoted Prices of the Common Stock for 20 consecutive trading days commencing 22 trading days before the date in question. The "Quoted Price" of the Common Stock is the last reported sales price of the Common Stock as reported by the Nasdaq, National Market System, or if the Common Stock is listed on a securities exchange, the last reported sales price of the Common Stock on such exchange which shall be for consolidated trading if applicable to such exchange, or if neither so

reported or listed, the mean of the last reported bid and asked price of the Common Stock or if the Common Stock is not so reported or listed, as reasonably determined by the Company's Board of Directors, as supported by an opinion of a nationally recognized investment banking firm.

The Company shall immediately notify the Warrant Agent as to its determination of the number of shares for which any series of Warrants is initially exercisable (which shall be determined as specified in this Section

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6), which number shall be binding upon the Company and all Warrant holders,

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absent manifest error.

Subject to the terms of this Agreement, each Warrant holder shall have the right, which may be exercised commencing at the opening of business on the Issue Date of such Warrant and until 5:00 p.m., New York City time on the date (the "Expiration Date") that is the fifth anniversary of the date hereof (or, if such date is not a business day, on the next succeeding business day), to receive from the Company the number of fully paid and nonassessable Warrant Shares which the holder may at the time be entitled to receive on exercise of such Warrants and payment of the Exercise Price then in effect for such Warrant Shares. In the alternative, each Warrant holder may exercise its right, during the Exercise Period, to receive Warrant Shares on a net basis, such that, without the exchange of any funds, the holder receives that number of Warrant Shares otherwise issuable (or payable) upon exercise of its Warrants less that number of Warrant Shares having an aggregate fair market value (as defined above) at the time of exercise equal to the aggregate Exercise Price that would otherwise have been paid by the holder of the Warrant Shares. Each Warrant of any series not exercised prior to 5:00 p.m., New York City time, on the Expiration Date for such Series shall become null and void and all rights thereunder and all rights in respect thereof under this Agreement shall cease as of such time. No adjustments as to dividends will be made upon exercise of the

Warrants.

On or before March 31, 2003, if all outstanding obligations under the Credit Agreement are paid in full and all commitments thereunder are terminated, all Series B Warrants and Series C Warrants shall be returned to the Company without consideration and all Warrant Shares that have been obtained upon exercise of the Series B Warrants and Series C Warrants shall be sold back to the Company at the Exercise Price of the Series B Warrants or Series C Warrants exercised to obtain such Warrant Shares.

On or before March 31, 2003, if all outstanding obligations under the Credit Agreement have been paid in full and all commitments thereunder are terminated, the Company may repurchase any outstanding Series A Warrants at a price equal to twice their Exercise Price and may purchase any shares of Common Stock issued upon exercise of the Series A Warrants at a price equal to three times their Exercise Price.

A Warrant may be exercised upon surrender to the Company at the office of the Warrant Agent designated for such purpose, which is currently located at the address listed in Section 16 hereof, of (i) the certificate or certificates
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evidencing the Warrants to be exercised with the form of election to purchase on the reverse thereof duly and properly filled in and signed and such other documentation as the Warrant Agent or the Company may reasonably request, and (ii) payment to the Warrant Agent for the account of the Company of the Exercise Price as adjusted as herein provided, for the number of Warrant Shares in respect of which such

Warrants are then exercised. Payment of the aggregate Exercise Price shall be made (i) in cash or by certified or official bank check payable to the order of the Company in New York Clearing House Funds, (ii) through the surrender of debt or preferred equity securities of the Company having a principal amount or liquidation preference, as the case may be, equal to the aggregate Exercise Price to be paid (the Company will pay the accrued interest or dividends on such surrendered debt or preferred equity securities in cash at the time of surrender notwithstanding the stated terms thereof), or (iii) in the manner provided in the third paragraph of this Section 6. The Warrant Agent shall have no duty (i)
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to determine or calculate the Exercise Price, (ii) confirm or verify the accuracy or correctness of the Exercise Price or (iii) confirm or verify the correctness or sufficiency of any payment of the Exercise Price made in accordance with items (ii) and (iii) of the preceding sentence; the Warrant Agent's sole duty under this paragraph being the acceptance of the certificates evidencing the Warrants and taking possession for the benefit of the Company of the Exercise Price delivered to it by a Warrant holder.

Subject to the provisions of Section 7 hereof, upon such surrender of
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Warrants and payment of the Exercise Price, the Company shall issue and cause to be delivered with all reasonable dispatch to and in such name or names as the Warrant holder may designate, a certificate or certificates for the number of full Warrant Shares issuable upon the exercise of such Warrants together with cash as provided in Section 11 hereof; provided, however, that if any
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consolidation, merger or lease or sale of assets is proposed to be effected by the Company as described in subsection (m) of Section 10 hereof, or a tender
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offer or an exchange offer for shares of Common Stock of the Company shall be made, upon such surrender of Warrants and payment of the Exercise Price as aforesaid, the Company shall, as soon as possible, but in any event not later than two business days thereafter, issue and cause to be delivered the full number of Warrant Shares issuable upon the exercise of such Warrants in the manner described in this sentence together with cash as provided in Section 11
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hereof. Such certificate or certificates shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares as of the date of the surrender of such Warrants and payment of the Exercise Price.

The Warrants shall be exercisable, at the election of the holders

thereof, either in full or from time to time in part and, in the event that a certificate evidencing Warrants is exercised in respect of fewer than all of the Warrant Shares issuable on such exercise at any time prior to the date of expiration of the Warrants, a new certificate evidencing the remaining Warrant or Warrants will be issued, and the Warrant Agent is hereby irrevocably authorized to countersign and to deliver the required new Warrant Certificate or Certificates pursuant to the provisions of this Section 6 and of Section 3 hereof, and the Company, whenever required by the Warrant Agent, shall supply the Warrant Agent with Warrant Certificates duly executed on behalf of the Company for such purpose. The Warrant Agent may assume that any Warrant presented for exercise is permitted to be so exercised under applicable law and shall have no liability for acting in reliance on such assumption.

All Warrant Certificates surrendered upon exercise of Warrants shall be cancelled by the Warrant Agent. Such cancelled Warrant Certificates shall then be disposed of by the Warrant Agent in its customary manner. The Warrant Agent shall account promptly to the Company with respect to Warrants exercised and concurrently pay to the Company all monies

received by the Warrant Agent for the purchase of the Warrant Shares through the exercise of such Warrants.

The Warrant Agent shall keep copies of this Agreement and any notices given or received hereunder available for inspection by the holders with reasonable prior written notice during normal business hours at its office. The Company shall supply the Warrant Agent from time to time with such numbers of copies of this Agreement as the Warrant Agent may request.

SECTION 7. Payment of Taxes. The Company will pay all documentary stamp taxes attributable to the initial issuance of Warrant Shares upon the exercise of Warrants; provided, however, that the Company shall not be required to pay any tax or governmental charge which may be payable in respect of any transfer involved in the issue of any Warrant Certificates or any certificates for Warrant Shares in a name other than that of the registered holder of a Warrant Certificate surrendered upon the exercise of a Warrant, and the Company shall not be required to issue or deliver such Warrant Certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or charge or shall have established to the satisfaction of the Company that such tax or charge has been paid. The Warrant Agent shall have no duty or obligation to take any action under any Section of this Agreement which requires the payment by a Warrant holder of applicable taxes and governmental charges unless and until the Warrant Agent is satisfied that all such taxes and/or charges have been paid.

SECTION 8. Mutilated or Missing Warrant Certificates. In case any of the Warrant Certificates shall be mutilated, lost, stolen or destroyed, the Company, at its expense, shall issue and the Warrant Agent shall countersign, in exchange and substitution for and upon cancellation of the mutilated Warrant Certificate, or in lieu of and substitution for the Warrant Certificate lost, stolen or destroyed, a new Warrant Certificate of like tenor and representing an equivalent number of Warrants, but only upon receipt of evidence reasonably satisfactory to the Company and the Warrant Agent of such loss, theft or destruction of such Warrant Certificate and indemnity, if requested, satisfactory to the Company and the Warrant Agent; provided that if the owner of the same is Lehman Brothers Inc. or any affiliate thereof or an institutional lender or investor with consolidated net worth of at least $100 million, its own agreement of indemnity shall be deemed to be satisfactory.

SECTION 9. Reservation of Warrant Shares. The Company will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock or its authorized and issued Common Stock held in its treasury, for the purpose of enabling it to satisfy any obligation to issue Warrant Shares upon exercise of Warrants, the maximum number of shares of Common Stock which may then be deliverable upon the exercise of all outstanding Warrants. The Warrant Agent shall have no duty to verify availability of such shares set aside by the Company.

The Company or, if appointed, the transfer agent for the Common Stock (the "Transfer Agent") and every subsequent transfer agent for any shares of the Company's capital stock issuable upon the exercise of any of the rights of purchase aforesaid will be irrevocably authorized and directed at all times to reserve such number of authorized shares as shall be

required for such purpose. The Company will keep a copy of this Agreement on file with the Transfer Agent and with every subsequent transfer agent for any shares of the Company's capital stock issuable upon the exercise of the rights of purchase represented by the Warrants. The Warrant Agent is hereby irrevocably authorized to requisition from time to time from such Transfer Agent the stock certificates required to honor outstanding Warrants upon exercise thereof in accordance with the terms of this Agreement. The Company will supply such Transfer Agent with duly executed certificates for such purposes and will provide or otherwise make available any cash which may be payable as provided in Section 11 hereof. The Company will furnish such Transfer Agent a copy of all notices of adjustments and certificates related thereto, transmitted to each holder pursuant to Section 12 hereof.

Before taking any action which would cause an adjustment pursuant to Section 10 hereof to reduce the Exercise Price below the then par value (if any) of the Warrant Shares, the Company will take any corporate action which may, in the opinion of its counsel (which may be counsel employed by the Company), be necessary in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares at the Exercise Price as so adjusted.

The Company covenants that all Warrant Shares which may be issued upon exercise of Warrants will, upon payment of the Exercise Price therefor and issue, be fully paid, nonassessable, free of preemptive rights and free from all taxes, liens, charges and security interests with respect to the issue thereof.

SECTION 10. Adjustment of Exercise Price and Number of Warrant Shares Issuable. The Exercise Price and the number of Warrant Shares issuable upon the exercise of each Warrant are subject to adjustment from time to time upon the occurrence of the events enumerated in this Section 10. With respect to any Warrant, no adjustment to the Exercise Price or to the number of Warrant Shares issuable upon exercise shall be made for any event enumerated in this Section 10 if the date as to which the Company committed to undertake such event was prior to such Warrant's respective Issue Date. For purposes of this Section 10, "Common Stock" means shares now or hereafter authorized of any class of common stock of the Company and any other stock of the Company, however designated, that has the right (subject to any prior rights of any class or series of preferred stock) to participate in any distribution of the assets or earnings of the Company without limit as to per share amount.

(a) Adjustment for Change in Capital Stock.

If the Company:

(1) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock;

(2) subdivides its outstanding shares of Common Stock into a greater number of shares;

(3) combines its outstanding shares of Common Stock into a smaller number of shares;

(4) makes a distribution on its Common Stock in shares of its capital stock other than Common Stock; or

(5) issues by reclassification of its Common Stock any shares of its capital stock,

then the Warrant in effect immediately prior to such action shall be proportionately adjusted so that the holder of any Warrant thereafter exercised may receive the aggregate number and kind of shares of capital stock of the Company which he would have owned immediately following such action if such Warrant had been exercised immediately prior to such action.

The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

If after an adjustment a holder of a Warrant upon exercise of it may receive shares of two or more classes of capital stock of the Company, the Company shall reasonably determine the allocation of the adjusted Exercise Price between the classes of capital stock. After such allocation, the exercise privilege and the Exercise Price of each class of capital stock shall thereafter be subject to adjustment on terms comparable to those applicable to Common Stock in this Section 10.

Such adjustment shall be made successively whenever any event listed above shall occur.

(b) Adjustment for Rights Issue.

If the Company distributes any rights, options or warrants to all holders of its Common Stock entitling them for a period expiring within 60 days after the record date mentioned below to purchase shares of Common Stock at a price per share less than the current market price per share on that record date, the Exercise Price shall be adjusted in accordance with the formula:

$$E' = E \times \frac{O + \frac{N \times P}{M}}{O+N}$$

where:

E'= the adjusted Exercise Price.

E = the current Exercise Price.

O = the number of shares of Common Stock outstanding on the record date.

N = the number of additional shares of Common Stock offered.

P = the purchase price per share of the additional shares.

M = the current market price per share of Common Stock on the record date.

(1) The adjustment shall be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the record date for the determination of stockholders entitled to receive the rights, options or warrants. If at the end of the period during which such rights, options or warrants are exercisable, not all rights, options or warrants shall have been exercised, the Exercise Price shall be immediately readjusted to what it would have been if "N" in the above formula had been the number of shares actually issued.

(c) Adjustment for Other Distributions.

If the Company distributes to all holders of its Common Stock any of its assets (including cash) or debt securities or any rights or warrants to purchase debt securities, assets or other securities of the Company, the Exercise Price shall be adjusted in accordance with the formula:

$$E' = E \times \frac{M - F}{M}$$

where:

E' = the adjusted Exercise Price.

E = the current Exercise Price.

M = the current market price per share of Common Stock on the record date mentioned below.

F = the fair market value on the record date of the assets, securities, rights or warrants distributable to one share of Common Stock. The Board of Directors shall reasonably determine the fair market value.

The adjustment shall be made successively whenever any such distribution is made and shall become effective immediately after the record date for the determination of stockholders entitled to receive the distribution.

This subsection (c) does not apply to regular quarterly cash dividends or rights, options or warrants referred to in subsection (b) of this Section 10.

If any adjustment is made pursuant to this subsection (c) as a result of the issuance of rights, options or warrants and at the end of the period during which any such rights, options or warrants are exercisable, not all such rights, options or warrants shall have been exercised, the Warrant shall be immediately readjusted as if "F" in the above formula was the fair market value on the record date of the indebtedness or assets actually distributed upon exercise of such rights, options or warrants divided by the number of shares of Common Stock outstanding on the record date. Notwithstanding anything to the contrary contained in this subsection (c), if "M-F" in the above

formula is less than $1.00 (or is a negative number) then in lieu of the adjustment otherwise required by this subsection (c), the Company shall distribute to the holders of the Warrants, upon exercise thereof, the evidences of indebtedness, assets, rights, options or warrants (or the proceeds thereof) which would have been distributed to such holders had such Warrants been exercised immediately prior to the record date for such distribution.

(d) Current Market Price.

In subsections (b) and (c) of this Section 10, the current market
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price per share of Common Stock on any date is the average of the Quoted Prices of the Common Stock for 30 consecutive trading days commencing 45 trading days before the date in question. In the absence of one or more quotations, the Board of Directors of the Company shall determine the current market price on the basis of such quotations as it reasonably considers appropriate.

(e) When De Minimis Adjustment May Be Deferred.

No adjustment in the Exercise Price need be made unless the adjustment would require an increase or decrease of at least 1% in the Exercise Price. Any adjustments that are not made shall be earned forward and taken into account in any subsequent adjustment.

All calculations under this Section 10 shall be made to the nearest
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cent or to the nearest 1/100th of a share, as the case may be.

(f) When No Adjustment Required.

No adjustment need be made for a transaction referred to in subsections (b) and (c) of this Section 10 if Warrant holders are to participate, without requiring the Warrants to be exercised, in the transaction on a basis and with notice that the Board of Directors of the Company reasonably determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction.

No adjustment need be made for a change in the par value or no par value of the Common Stock.

To the extent the Warrants become convertible into cash, no adjustment need be made thereafter as to the amount of cash into which such Warrants are exercisable. Interest will not accrue on the cash.

(g) Notice of Adjustment.

Whenever the Exercise Price is adjusted, the Company shall provide the notices required by Section 12 hereof.

(h) Voluntary Reduction.

The Company from time to time may reduce the Exercise Price by any amount for any period of time (including, without limitation, permanently) if such period is at least 20 days;

provided, however, that in no event may the Exercise Price be less than the par value of a share of Common Stock.

Whenever the Exercise Price is reduced, the Company shall mail to Warrant holders and the Warrant Agent a notice of the reduction. The Company shall mail the notice at least 15 days before the date the reduced Exercise Price takes effect. The notice shall state the reduced Exercise Price and the period it will be in effect.

A reduction of the Exercise Price does not change or adjust the Exercise Price otherwise in effect for purposes of this Section 10.

(i) Notice of Certain Transactions.

If:

(1) the Company takes any action that would require an adjustment in the Exercise Price pursuant to subsections (a) of this Section 10;

(2) the Company proposes to fix a record date for a dividend or distribution on the Common Stock to which subsection (b) of this Section 10 does not apply;

(3) the Company takes any action that would require a supplemental Warrant Agreement pursuant to subsection (g) of this Section 10; or

(4) there is a liquidation or dissolution of the Company,

the Company shall mail to Warrant holders a notice stating the

proposed record date for a dividend or distribution or the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, transfer, lease, liquidation or dissolution. The Company shall mail the notice at least 15 days before such date. Failure to mail the notice or any defect in it shall not affect the validity of the transaction.

(j) Reorganization of Company.

If the Company consolidates or merges with or into, or transfers or leases all or substantially all its assets to, any person, upon consummation of such transaction the Warrants shall automatically become exercisable for the kind and amount of securities, cash or other assets which the holder of a Warrant would have owned immediately after the consolidation, merger, transfer or lease if such holder had exercised the Warrant immediately before the effective date of the transaction; provided that (i) if the holders of Common Stock were entitled to exercise a right of election as to the kind or amount of securities, cash or other assets receivable upon such consolidation or merger, then the kind and amount of securities, cash or other assets for which each Warrant shall become exercisable shall be deemed to be the kind and amount so receivable per share by a plurality of the holders of Common Stock in such consolidation or merger or (ii) if a tender or exchange offer shall have been made to and accepted by the holders of Common Stock under circumstances in which, upon completion of such tender or exchange offer, the maker thereof, together with members of any group (within the meaning of Rule 13d-5(b)(l)

under the Exchange Act) of which such maker is a part, and together with any affiliate or associate of such maker (within the meaning of Rule 12b-2 under the Exchange Act) and any members of any such group of which any such affiliate or associate is a part, own beneficially (within the meaning of Rule l3d-3 under the Exchange Act) more than 50% of the outstanding shares of Common Stock, the holder of a Warrant shall be entitled to receive the highest amount of cash, securities or other property to which such holder would actually have been entitled as a shareholder if such Warrant holder had exercised the Warrant prior to the expiration of such tender or exchange offer, accepted such offer and all of the Common Stock held by such holder had been purchased pursuant to such tender or exchange offer, subject to adjustments (from and after the consummation of such tender or exchange offer) as nearly equivalent as possible to the adjustments provided for in this Section 10. Concurrently with the consummation of any such transaction, the person formed by or surviving any such consolidation or merger if other than the Company, or the person to which such sale or conveyance shall have been made, shall enter into a supplemental Warrant Agreement so providing and further providing for adjustments which shall be as nearly equivalent as may be practical to the adjustments provided for in this Section. The successor Company shall mail to Warrant holders a notice describing the supplemental Warrant Agreement.

If the issuer of securities deliverable upon exercise of Warrants under the supplemental Warrant Agreement is an affiliate of the formed, surviving, transferee or lessee person, that issuer shall join in the supplemental Warrant Agreement.

If this subsection (j) applies, subsections (a) and (b) of this Section 10 do not apply.

(k) Warrant Agent's Disclaimer.

The Warrant Agent shall have no duties or responsibilities under this Section 10, including, but not limited to, determining when an adjustment under this Section 10 should be made, how such adjustment should be made or what the adjustment should be. The Warrant Agent has no duty to determine whether any provisions of a supplemental Warrant Agreement under subsection (j) of this Section 10 are correct. The Warrant Agent makes no representation as to the

validity or value of any securities or assets issued upon exercise of Warrants. The Warrant Agent shall not be responsible for the Company's failure to comply with this Section.

(l) When Issuance or Payment May Be Deferred.

In any case in which this Section 10 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Company may elect to defer (with prompt written notice of such election to the Warrant Agent) until the occurrence of such event (i) issuing to the holder of any Warrant exercised after such record date the Warrant Shares and other capital stock of the Company, if any, issuable upon such exercise over and above the Warrant Shares and other capital stock of the Company, if any, issuable upon such exercise on the basis of the Exercise Price and (ii) paying to such holder any amount in cash in lieu of a fractional share pursuant to Section 11 hereof; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's

right to receive such additional Warrant Shares, other capital stock and cash upon the occurrence of the event requiring such adjustment.

(m) Adjustment in Number of Shares.

Upon each event that provides for an adjustment of the Exercise Price pursuant to this Section 10, each Warrant outstanding prior to the making of the adjustment shall thereafter evidence the right to receive upon payment of the adjusted Exercise Price that number of shares of Common Stock (calculated to the nearest ten millionth) obtained from the following formula:

$$N' = N \times \frac{E}{E'}$$

where:

N' = the adjusted number of Warrant Shares issuable upon exercise of a Warrant by payment of the adjusted Exercise Price.

N = the number of Warrant Shares previously issuable upon exercise of a Warrant by payment of the Exercise Price prior to adjustment.

E' = the adjusted Exercise Price.

E = the Exercise Price prior to adjustment.

(n) Form of Warrants.

Irrespective of any adjustments in the Exercise Price or the number or kind of shares purchasable upon the exercise of the Warrants, Warrants theretofore or thereafter issued may continue to express the same price and number and kind of shares as are stated in the Warrants initially issuable pursuant to this Agreement.

(o) Other Dilutive Events.

In case any event shall occur affecting the Company, or any entity in which the Company has a direct or indirect investment, as to which the provisions of this Section 10 are not strictly applicable, but the failure to make any adjustment would not fairly protect the purchase rights represented by the Warrants in accordance with the essential intent and principles of this Section then, in each such case, the Company shall appoint a firm of independent public accountants of recognized national standing which shall give their

opinion upon the adjustment, if any, on a basis consistent with the essential intent and principles established in this Section 10, necessary to preserve, without dilution, the purchase rights represented by the Warrants.

SECTION 11. Fractional Interests.

(a) The Company shall not be required to issue fractional Warrant Shares on the exercise of Warrants. If more than one Warrant shall be presented for exercise in full at the same time by the same holder, the number of full Warrant Shares which shall be issuable upon the

exercise thereof shall be computed on the basis of the aggregate number of Warrant Shares purchasable on exercise of the Warrants so presented. If any fraction of a Warrant Share would, except for the provisions of this Section 11, be issuable on the exercise of any Warrants (or specified portion thereof), the Company shall pay an amount in cash equal to the fair market value of such fractional Warrant Share as of the day immediately preceding the date the Warrant is presented for exercise, multiplied by such fraction.

(b) Warrants may be issued in fractional interests. Holders of fractional interests in Warrants will be entitled to purchase a number of Warrant Shares equal to the product obtained by multiplying the number of Warrant Shares issuable with respect to a full Warrant multiplied by the fractional interest owned by such holder in the Warrant.

(c) Whenever a payment for fractional Warrant Shares is to be made by the Warrant Agent, the Company shall (i) promptly prepare and deliver to the Warrant Agent a certificate setting forth in reasonable detail the facts related to such payment and the prices and/or formulas utilized in calculating such payments, and (ii) provide sufficient monies to the Warrant Agent in the form of fully collected funds to make such payments. The Warrant Agent shall be fully protected in relying upon such a certificate and shall have no duty with respect to, and shall not be deemed to have knowledge of any payment for fractional Warrant Shares under any Section of this Agreement relating to the payment of fractional Warrant Shares unless and until the Warrant Agent shall have received such a certificate and sufficient monies.

SECTION 12. Notices to Warrant holders. Upon any adjustment of the Exercise Price pursuant to Section 10, the Company shall promptly thereafter, and in any event within five days, (i) cause to be filed with the Warrant Agent a certificate executed by the Chief Financial Officer of the Company setting forth the Exercise Price after such adjustment and setting forth in reasonable detail the method of calculation and the facts upon which such calculations are based and setting forth the number of Warrant Shares (or portion thereof) issuable after such adjustment in the Exercise Price, upon exercise of a Warrant and payment of the adjusted Exercise Price, and (ii) cause to be given to each of the registered holders of the Warrant Certificates at his address appearing on the Warrant register written notice of such adjustments by first-class mail, postage prepaid. Where appropriate, such notice may be given in advance and included as a part of the notice required to be mailed under the other provisions of this Section 12. The Warrant Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained and shall have no duty with respect to and shall not be deemed to have knowledge of such adjustment unless and until it shall have received such certificate.

In case:

(a) the Company shall authorize the issuance to all holders of shares of Common Stock of rights, options or warrants to subscribe for or purchase shares of Common Stock or of any other subscription rights or warrants; or

(b) the Company shall authorize the distribution to all holders of shares of Common Stock of evidences of its indebtedness or assets (other than regular cash dividends or dividends payable in shares of Common Stock or

distributions referred to in subsection (a) of Section 10 hereof); or

(c) of any consolidation or merger to which the Company is a party and for which approval of any shareholders of the Company is required, or of the conveyance or transfer of the properties and assets of the Company substantially as an entirety, or of any reclassification or change of Common Stock issuable upon exercise of the Warrants (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or a tender offer or exchange offer for shares of Common Stock; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of the Company; or

(e) the Company proposes to take any action (other than actions of the character described in Section 10(a) hereof) which would require an adjustment of the Exercise Price pursuant to Section 10 hereof;

then the Company shall cause to be filed with the Warrant Agent and shall cause to be given to each of the registered holders of the Warrant Certificates at his address appearing on the Warrant register, at least 20 calendar days (or 10 calendar days in any case specified in clauses (a),(b) or (e) above) prior to the applicable record date hereinafter specified, or promptly in the case of events for which there is no record date, by first-class mail, postage prepaid, a written notice stating (i) the date as of which the holders of record of shares of Common Stock to be entitled to receive any such rights, options, warrants or distribution are to be determined, or (ii) the initial expiration date set forth in any tender offer or exchange offer for shares of Common Stock, or (iii) the date on which any such consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up is expected to become effective or consummated, and the date as of which it is expected that holders of record of shares of Common Stock shall be entitled to exchange such shares for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up. The failure to give the notice required by this Section 12 or any defect therein shall not affect the legality or validity of any distribution, right, option, warrant, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up, or the vote upon any action.

Nothing contained in this Agreement or in any of the Warrant Certificates shall be construed as conferring upon the holders thereof the right to vote or to consent or to receive notice as shareholders in respect of the meetings of shareholders or the election of Directors of the Company or any other matter, or any rights whatsoever as shareholders of the Company.

SECTION 13. Merger, Consolidation or Change of Name of Warrant Agent.

Any person into which the Warrant Agent may be merged or with which it may be consolidated, or any person resulting from any merger or consolidation to which the Warrant Agent shall be a party, or any person succeeding to the business of the Warrant Agent, shall be the successor to the Warrant Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such person would be eligible for appointment as a successor warrant agent under the provisions of Section 15. In case at the time such successor to the Warrant Agent shall succeed to the agency created by this Agreement, and in case at that time any of the Warrant Certificates shall have been countersigned but not delivered, any such successor to the Warrant Agent may adopt the countersignature of the original Warrant Agent; and in case at that time any of the Warrant Certificates shall not have been countersigned,

any successor to the Warrant Agent may countersign such Warrant Certificates either in the name of the predecessor Warrant Agent or in the name of the

successor to the Warrant Agent; and in all such cases such Warrant Certificates shall have the full force and effect provided in the Warrant Certificates and in this Agreement.

In case at any time the name of the Warrant Agent shall be changed and at such time any of the Warrant Certificates shall have been countersigned but not delivered, the Warrant Agent whose name has been changed may adopt the countersignature under its prior name, and in case at that time any of the Warrant Certificates shall not have been countersigned, the Warrant Agent may countersign such Warrant Certificates either in its prior name or in its changed name, and in all such cases such Warrant Certificates shall have the full force and effect provided in the Warrant Certificates and in this Agreement.

SECTION 14. Warrant Agent. The Warrant Agent undertakes the duties and obligations imposed by this Agreement (and no implied duties or obligations shall be read into this Agreement against the Warrant Agent) upon the following terms and conditions, by all of which the Company and the holders of Warrants, by their acceptance thereof, shall be bound:

(a) The statements contained herein and in the Warrant Certificates shall be taken as statements of the Company and the Warrant Agent assumes no responsibility for the correctness of any of the same except such as describe the Warrant Agent or action taken or to be taken by it. The Warrant Agent assumes no responsibility with respect to the distribution of the Warrant Certificates except as herein otherwise provided.

(b) The Warrant Agent shall not be responsible for any failure of the Company to comply with any of the covenants contained in this Agreement or in the Warrant Certificates to be complied with by the Company.

(c) The Warrant Agent may consult at any time with counsel of its own selection (who may be counsel for the Company) and the Warrant Agent shall incur no liability or responsibility to the Company or to any holder of any Warrant Certificate in respect of any action taken, suffered or omitted to be taken by it hereunder accordance with the opinion or the advice of such counsel.

(d) The Warrant Agent shall incur no liability or responsibility to the Company or to any holder of any Warrant Certificate for any action taken in reliance on any Warrant Certificate, certificate of shares, notice, resolution, waiver, consent, order, certificate, or other paper, document or instrument (whether in its original or facsimile form) believed by it to be genuine and to have been signed, sent or presented by the proper party or parties.

(e) The Company agrees (i) to pay to the Warrant Agent reasonable compensation for all services rendered by the Warrant Agent (including fees and expenses of its counsel) and to reimburse the Warrant Agent for all expenses, taxes and governmental charges and other charges and disbursements of any kind and nature incurred by the Warrant Agent in the preparation, delivery, execution, administration and amendment of this Agreement and the exercise and performance of its duties hereunder and (ii) to indemnify the Warrant Agent (and any predecessor Warrant Agent) and save it harmless against any and all claims (whether asserted by

the Company, a holder or any other person), damages, losses, fines, penalties, settlements, expenses (including taxes other than taxes based on the income of the Warrant Agent), liabilities, including judgments, costs and counsel fees and expenses, for any action taken, suffered or omitted to be taken by the Warrant Agent in connection with the execution of this Agreement and the acceptance and administration of this Agreement, except as a result of its gross negligence or willful misconduct (each as finally determined by a court of competent jurisdiction). The costs and expenses incurred in enforcing this right of indemnification shall be paid by the Company. The provisions of this Section 14 shall survive the expiration of the Warrants, the termination of this Agreement and the resignation or removal of the Warrant Agent.

(f) The Warrant Agent shall be under no obligation to institute any action, suit or legal proceeding or to take any other action likely to involve expense unless the Company or one or more registered holders of Warrant

Certificates shall furnish the Warrant Agent with reasonable security and indemnity satisfactory to it for any costs and expenses which may be incurred, but this provision shall not limit the power of the Warrant Agent to take such action as it may consider proper, whether with or without any such security or indemnity. All rights of action under this Agreement or under any of the Warrants may be enforced by the Warrant Agent without the possession of any of the Warrant Certificates or the production thereof at any trial or other proceeding relative thereto, and any such action, suit or proceeding instituted by the Warrant Agent shall be brought in its name as Warrant Agent and any recovery of judgment shall be for the ratable benefit of the registered holders of the Warrants, as their respective rights or interests may appear.

(g) The Warrant Agent, and any stockholder, affiliate, director, officer or employee of it, may buy, sell or deal in any of the Warrants or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Warrant Agent under this Agreement. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.

(h) The Warrant Agent shall act hereunder solely as agent for the Company, and its duties shall be determined solely by the provisions hereof. The Warrant Agent shall not be liable for any action taken, suffered or omitted to be taken by it in connection with this Agreement except for its own gross negligence or willful misconduct, each as finally determined by a court of competent jurisdiction. Anything to the contrary notwithstanding, in no event shall the Warrant Agent be liable for special, punitive, indirect, consequential or incidental loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Warrant Agent has been advised of the likelihood of such loss or damage. Any liability of the Warrant Agent under this Agreement will be limited to the amount of fees paid by the Company to the Warrant Agent.

(i) The Warrant Agent shall not at any time be under any duty or responsibility to any holder of any Warrant Certificate to make or cause to be made any adjustment of the Exercise Price or number of the Warrant Shares or other securities or property deliverable as provided in this Agreement, or to determine whether any facts exist which may require any of such adjustments, or with respect to the nature or extent of any such adjustments, when made, or

with respect to the method employed in making the same. The Warrant Agent shall not be accountable with respect to the validity or value or the kind or amount of any Warrant Shares or of any securities or property which may at any time be issued or delivered upon the exercise of any Warrant or with respect to whether any such Warrant Shares or other securities will when issued be validly issued and fully paid and nonassessable, and makes no representation with respect thereto.

(j) Notwithstanding anything in this Agreement to the contrary, neither the Company nor the Warrant Agent shall have any liability to any holder of a Warrant or other person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority prohibiting or otherwise restraining performance of such obligation; provided that the Company must use its reasonable best efforts to have any such order, decree or ruling lifted or otherwise overturned as soon as possible.

(k) With respect to the exercise by a holder of any Warrants in accordance with the terms of this Agreement and with respect to any other actions or omissions that may arise as a result of or under this Agreement, to the extent the Warrant Agent has any questions or uncertainties as to what actions it should take with respect thereto, the Warrant Agent may seek written direction from the Company as to what course of action the Warrant Agent should take and the Warrant Agent shall be fully protected and incur no liability in refraining from taking any action thereunder unless and until the Warrant Agent has received such written direction from the Company. Any application by the Warrant Agent for such written instructions from the Company may, at the option of the Warrant Agent, set forth in writing any action proposed to be taken or

omitted by the Warrant Agent under this Agreement and the date on and/or after which such action shall be taken or such omission shall be effective. The Warrant Agent shall not be liable for any action taken by, or omission of, the Warrant Agent in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the date any officer of the Company actually receives such application, unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Warrant Agent shall have received written instructions in response to such application specifying the action to be taken or omitted.

(l) No provision of this Agreement shall require the Warrant Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(m) Whenever in the performance of its duties under this Agreement the Warrant Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking , suffering or omitting to take any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the

Board, the President, a Vice President, the Treasurer or the Secretary of the Company and delivered to the Warrant Agent; and such certificate shall be full authorization and protection to the Warrant Agent for any action taken or suffered by it under the provisions of this Agreement in reliance upon such certificate.

(n) The Warrant Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the President, a Vice President, the Secretary or the Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and such instructions shall be full authorization and protection to the Warrant Agent, and the Warrant Agent shall not be liable for any action taken, suffered or omitted to be taken by it in accordance with instructions of any such officer.

(o) The Warrant Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Warrant Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, absent gross negligence or willful misconduct (each as finally determined by a court of competent jurisdiction) in the selection and continued employment thereof.

SECTION 15. Change of Warrant Agent. The Warrant Agent or any
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successor Warrant Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company. Upon such resignation or if the Warrant Agent shall become incapable of acting as Warrant Agent, the Company shall appoint a successor to such Warrant Agent. If the Company shall fail to make such appointment within a period of 30 days after it has been notified in writing of such resignation or incapacity by the Warrant Agent or by the registered holder of a Warrant Certificate, then the registered holder of any Warrant Certificate may apply to any court of competent jurisdiction for the appointment of a successor to the Warrant Agent. Pending appointment of a successor to such Warrant Agent, either by the Company or by such a court, the duties of the Warrant Agent shall be carried out by the Company. The holders of a majority of the unexercised Warrants shall be entitled at any time to remove the Warrant Agent and appoint a successor to such Warrant Agent. Such successor to the Warrant Agent must be approved by the Company, which shall not unreasonably withhold such approval. After appointment the successor to the Warrant Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Warrant Agent without further act or deed; but the former Warrant Agent upon payment of all

fees and expenses due it and its agents and counsel shall deliver and transfer to the successor to the Warrant Agent any property at the time held by it hereunder and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Failure to give any notice provided for in this Section 15, however, or any defect therein, shall not affect the legality or validity of the appointment of a successor to the Warrant Agent.

SECTION 16. Notices to Company and Warrant Agent. Any notice or demand authorized by this Agreement to be given or made by the Warrant Agent or by the registered holder of any Warrant Certificate to or on the Company shall be sufficiently given or made when and if delivered by facsimile transmission (provided confirmation of receipt is received

immediately thereafter) or deposited in the mail, first class or registered, postage prepaid, addressed (until another address is filed in writing by the Company with the Warrant Agent), as follows:

SMTC Corporation
635 Hood Road
Markham, Ontario, Canada L3R 4N6
Attention: President
Facsimile No.: (905) 479-5326

In case the Company shall fail to maintain such office or agency or shall fail to give such notice of the location or of any change in the location thereof, presentations may be made and notices and demands may be served at the office of the Warrant Agent designated for such purpose.

Any notice pursuant to this Agreement to be given by the Company or by the registered holder(s) of any Warrant Certificate to the Warrant Agent shall be sufficiently given when and if delivered by facsimile transmission (provided confirmation of receipt is received immediately thereafter) or deposited in the mail, first-class or registered, postage prepaid, addressed (until another address is filed in writing by the Warrant Agent with the Company) to the Warrant Agent as follows:

Mellon Investor Services LLC
500 Grant Street, Room 2122
Pittsburgh, PA 15258
Attention: Relationship Manager
Facsimile No.: (412) 236-8157

with a copy to:

Mellon Investor Services LLC
85 Challenger Road
Ridgefield Park, NJ 07660
Attention: General Counsel
Facsimile No.: (201) 296-4004

SECTION 17. Supplements and Amendments. The Company and the Warrant Agent may from time to time supplement or amend this Agreement without the approval of any holders of Warrant Certificates in order to cure any ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provision herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company and the Warrant Agent may deem necessary or desirable and which shall not in any way adversely affect the interests of the holders of Warrant Certificates. Prior to executing any such supplement or amendment, the Warrant Agent shall be entitled to rely on an officer's certificate of the Company to the effect that such amendment or supplement complies with the

terms of this Section. Notwithstanding anything in this Agreement to the contrary, the prior written consent of the Warrant Agent must be obtained in

connection with any supplement or amendment which alters the rights or duties of the Warrant Agent.

SECTION 18. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

SECTION 19. Termination. This Agreement will terminate on any earlier date if all Warrants have been exercised or expired without exercise. The provisions of Section 14 hereof shall survive such termination.

SECTION 20. Governing Law; Submission to Jurisdiction: Waiver of Jury Trial. This Agreement and each Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the internal laws of said State. Each party hereto hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York City for purposes of all legal proceedings arising out of or relating to this agreement or the transactions contemplated hereby. Each party hereto irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Each party hereto irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this agreement or the transactions contemplated hereby.

SECTION 21. Benefits of This Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company, the Warrant Agent and the registered holders of the Warrant Certificates any legal or equitable right, remedy or claim under this Agreement, and this Agreement shall be for the sole and exclusive benefit of the Company, the Warrant Agent and the registered holders of the Warrant Certificates.

SECTION 22. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

SMTC Corporation

By /s/ Paul Walker

Name: Paul Walker
Title: President and CEO

MELLON INVESTOR SERVICES LLC

By /s/ Cynthia Pacolay

Name: Cynthia Pacolay
Title: Vice President

EXHIBIT A

[Form of Series A Warrant Certificate]

[Face]

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SAID SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT.

EXERCISABLE ON OR BEFORE 5:00 P.M. NEW YORK CITY TIME ON FEBRUARY 11, 2007.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED SEPARATE FROM THE WARRANT HOLDER'S INTERESTS IN LOANS MADE BY WARRANT HOLDER UNDER THE AMENDED AND RESTATED CREDIT AND GUARANTEE AGREEMENT, DATED AS OF JULY 27, 2000 (AS AMENDED, SUPPLEMENTED AND OTHERWISE MODIFIED FROM TIME TO TIME), AMONG THE SMTC CORPORATION, HTM HOLDINGS, INC., SMTC MANUFACTURING CORPORATION OF CANADA, AND THE SEVERAL BANKS AND OTHER FINANCIAL INSTITUTIONS OR ENTITIES FROM TIME TO TIME PARTIES THERETO UNTIL AFTER DECEMBER 31, 2002.

THE SECURITIES EVIDENCED OR CONSTITUTED HEREBY ARE SUBJECT TO A RIGHT OF REPURCHASE BY SMTC CORPORATION UNTIL MARCH 31, 2003 FOR AN AMOUNT EQUAL TO TWICE THEIR EXERCISE PRICE.

A-1

No. ---- Warrants ----

Warrant Certificate

SMTC CORPORATION

This Warrant Certificate certifies that , or ----------

registered assigns, is the registered holder of Series A Common ----------

Stock Purchase Warrants expiring February 11, 2007 (the "Warrants") to purchase Common Stock, par value $0.01 per share (the "Common Stock"), of SMTC Corporation, a Delaware corporation (the "Company"). Each Warrant entitles the holder upon exercise to receive from the Company on or before 5:00 p.m. New York City Time on February 11, 2007, that number of fully paid and nonassessable shares of Common Stock (each, a "Warrant Share") as set forth below at the exercise price (the "Exercise Price") as determined pursuant to the Warrant Agreement referenced below payable in lawful money of the United States of America upon surrender of this Warrant Certificate and payment of the Exercise Price at the office or agency of the Warrant Agent, but only subject to the conditions set forth herein and in the Warrant Agreement referred to on the reverse hereof. Notwithstanding the foregoing, Warrants may be exercised without the exchange of funds pursuant to the net exercise provisions of Section 6 of the Warrant Agreement.

Each Warrant is initially exercisable for one share of Common Stock, and the initial Exercise Price per share of Common Stock for any Warrant is equal to $ per share. The Exercise Price and number of Warrant Shares --------

issuable upon exercise of the Warrants are subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

Warrants may be exercised at any time on or before 5:00 p.m. New York City Time on February 11, 2007 and to the extent not exercised by such time such warrants shall become void.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Warrant Certificate shall not be valid unless countersigned by the Warrant Agent, as such term is used in the Warrant Agreement.

This Warrant Certificate shall be governed and construed in accordance

with the internal laws of the State of New York.

IN WITNESS WHEREOF, SMTC Corporation has caused this Warrant Certificate to be signed by its President and by its Chief Financial Officer.

SMTC Corporation

By

[Name]
President

By

[Name]
Chief Financial Officer

Countersigned:

Dated:

Mellon Investor Services LLC,
as Warrant Agent

By

Authorized Signatory

[Form of Series A Warrant Certificate]

[Reverse]

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants expiring February 11, 2007 entitling the holder on exercise to receive shares of Common Stock, par value $0.01 per share, of the Company (the "Common Stock"), and are issued or to be issued pursuant to a Warrant Agreement dated as of February 8, 2002 (the "Warrant Agreement"), duly executed and delivered by the Company to Mellon Investor Services LLC, a New Jersey limited liability company, as warrant agent (the "Warrant Agent"), which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Warrant Agent, the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants. A copy of the Warrant Agreement may be obtained by the holder hereof upon written request to the Company.

Warrants may be exercised at any time on or before 5:00 p.m. New York City time on February 11, 2007. The holder of Warrants evidenced by this Warrant Certificate may exercise them by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Exercise Price as specified in the Warrant Agreement at the office of the Warrant Agent. In the event that upon any exercise of Warrants evidenced hereby the number of Warrants exercised shall be less than the total number of Warrants evidenced hereby, there shall be issued to the holder hereof or his assignee a new Warrant Certificate evidencing the number of Warrants not exercised. No adjustment shall be made for any dividends on any Common Stock issuable upon exercise of this Warrant.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price set forth on the face hereof and the number of shares of Common Stock issuable upon exercise may be adjusted. No fractions of a share of Common Stock will be issued upon the exercise of any Warrant, but the Company will pay the cash value thereof determined as provided in the Warrant Agreement.

The holders of the Warrants are entitled to certain registration rights with respect to the Common Stock purchasable upon exercise thereof. Said registration rights are set forth in full in a Registration Rights Agreement dated as of February 8, 2002, among the Company and certain investors named therein. A copy of the Registration Rights Agreement may be obtained by the holder hereof upon written request to the Company.

The holders of the Warrants have certain restrictions on transfer as outlined in the Warrant Agreement.

On or prior to March 31, 2003, the Company may repurchase any outstanding Warrants, as evidenced by this Warrant Certificate, at a price equal to twice their Exercise Price, if all outstanding commitments under the Credit Agreement have been paid in full and all commitments thereunder have been terminated and may purchase any shares of Common Stock

issued upon exercise of the Warrants ("Warrant Shares") at a price equal to three times their exercise price.

Warrant Certificates, when surrendered at the office of the Warrant Agent designated for such purpose by the registered holder thereof in person or by legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentation for registration of transfer of this Warrant Certificate at the office of the Warrant Agent a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company and the Warrant Agent may deem and treat the registered holder(s) thereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the holder(s) hereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary. Neither the Warrants nor this Warrant Certificate entitles any holder hereof to any rights of a stockholder of the Company.

EXHIBIT B

[Form of Series B Warrant Certificate]

[Face]

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SAID SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT.

EXERCISABLE ON OR BEFORE 5:00 P.M. NEW YORK CITY TIME ON DECEMBER 31, 2007.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED SEPARATE FROM THE WARRANT HOLDER'S INTERESTS IN LOANS MADE BY WARRANT HOLDER UNDER THE AMENDED AND RESTATED CREDIT AND GUARANTEE AGREEMENT, DATED AS OF JULY 27, 2000 (AS AMENDED, SUPPLEMENTED AND OTHERWISE MODIFIED FROM TIME TO TIME), AMONG THE SMTC CORPORATION, HTM HOLDINGS, INC., SMTC MANUFACTURING CORPORATION OF CANADA, AND THE SEVERAL BANKS AND OTHER FINANCIAL INSTITUTIONS OR ENTITIES FROM TIME TO TIME PARTIES THERETO UNTIL AFTER SEPTEMBER 30, 2003.

THE SECURITIES EVIDENCED OR CONSTITUTED HEREBY ARE SUBJECT TO FORFEITURE TO SMTC

CORPORATION UNTIL MARCH 31, 2003.

No. ---- Warrants ----

Warrant Certificate

SMTC CORPORATION

This Warrant Certificate certifies that ---------- , or registered assigns, is the registered holder of ---------- Series B Common Stock Purchase Warrants expiring December 31, 2007 (the "Warrants") to purchase Common Stock, par value $0.01 per share (the "Common Stock"), of SMTC Corporation, a Delaware corporation (the "Company"). Each Warrant entitles the holder upon exercise to receive from the Company on or before 5:00 p.m. New York City Time on December 31, 2007, that number of fully paid and nonassessable shares of Common Stock (each, a "Warrant Share") as set forth below at the exercise price (the "Exercise Price") as determined pursuant to the Warrant Agreement referenced below payable in lawful money of the United States of America upon surrender of this Warrant Certificate and payment of the Exercise Price at the office or agency of the Warrant Agent, but only subject to the conditions set forth herein and in the Warrant Agreement referred to on the reverse hereof. Notwithstanding the foregoing, Warrants may be exercised without the exchange of funds pursuant to the net exercise provisions of Section 6 of the Warrant Agreement.

Each Warrant is initially exercisable for one share of Common Stock, and the initial Exercise Price per share of Common Stock for any Warrant is equal to $ -------- per share. The Exercise Price and number of Warrant Shares issuable upon exercise of the Warrants are subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

Warrants may be exercised at any time on or before 5:00 p.m. New York City Time on December 31, 2007 and to the extent not exercised by such time such warrants shall become void.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Warrant Certificate shall not be valid unless countersigned by the Warrant Agent, as such term is used in the Warrant Agreement.

This Warrant Certificate shall be governed and construed in accordance with the internal laws of the State of New York.

IN WITNESS WHEREOF, SMTC Corporation has caused this Warrant Certificate to be signed by its President and by its Chief Financial Officer.

SMTC Corporation

By

[Name]
President

By

[Name]
Chief Financial Officer

Countersigned:

Dated:

Mellon Investor Services LLC
as Warrant Agent

By

Authorized Signatory

[Form of Series B Warrant Certificate]

[Reverse]

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants expiring December 31, 2007 entitling the holder on exercise to receive shares of Common Stock, par value $0.01 per share, of the Company (the "Common Stock"), and are issued or to be issued pursuant to a Warrant Agreement dated as of February 8, 2002 (the "Warrant Agreement"), duly executed and delivered by the Company to Mellon Investor Services LLC, a New Jersey limited liability company, as warrant agent (the "Warrant Agent"), which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Warrant Agent, the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants. A copy of the Warrant Agreement may be obtained by the holder hereof upon written request to the Company.

Warrants may be exercised at any time on or before 5:00 p.m. New York City time on December 31, 2007. The holder of Warrants evidenced by this Warrant Certificate may exercise them by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Exercise Price as specified in the Warrant Agreement at the office of the Warrant Agent. In the event that upon any exercise of Warrants evidenced hereby the number of Warrants exercised shall be less than the total number of Warrants evidenced hereby, there shall be issued to the holder hereof or his assignee a new Warrant Certificate evidencing the number of Warrants not exercised. No adjustment shall be made for any dividends on any Common Stock issuable upon exercise of this Warrant.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price set forth on the face hereof and the number of shares of Common Stock issuable upon exercise may be adjusted. No fractions of a share of Common Stock will be issued upon the exercise of any Warrant, but the Company will pay the cash value thereof determined as provided in the Warrant Agreement.

The holders of the Warrants are entitled to certain registration rights with respect to the Common Stock purchasable upon exercise thereof. Said registration rights are set forth in full in an Registration Rights Agreement dated as of February 8, 2002 among the Company and certain investors named therein. A copy of the Registration Rights Agreement may be obtained by the holder hereof upon written request to the Company.

The holders of the Warrants have certain restrictions on transfer as outlined in the Warrant Agreement.

On or prior to March 31, 2003, the Company may repurchase any outstanding Warrants, as evidenced by this Warrant Certificate, at a price equal to twice their Exercise Price, if all outstanding commitments under the Credit Agreement have been paid in full and all commitments thereunder have been terminated and may purchase any shares of Common Stock

issued upon exercise of the Warrants ("Warrant Shares") at a price equal to three times their exercise price.

The holders of the Warrants must surrender all outstanding Warrants to the Company if all outstanding obligations under the Credit Agreement are paid in full and all commitments thereunder are terminated on or before March 31, 2003.

Warrant Certificates, when surrendered at the office of the Warrant Agent designated for such purpose by the registered holder thereof in person or by legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentation for registration of transfer of this Warrant Certificate at the office of the Warrant Agent a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company and the Warrant Agent may deem and treat the registered holder(s) thereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the holder(s) hereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary. Neither the Warrants nor this Warrant Certificate entitles any holder hereof to any rights of a stockholder of the Company.

EXHIBT C

[Form of Series C Warrant Certificate]

[Face]

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SAID SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT.

EXERCISABLE ON OR BEFORE 5:00 P.M. NEW YORK CITY TIME ON FIFTH ANNIVERSARY OF ISSUE DATE.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED SEPARATE FROM THE WARRANT HOLDER'S INTERESTS IN LOANS MADE BY WARRANT HOLDER UNDER THE AMENDED AND RESTATED CREDIT AND GUARANTEE AGREEMENT, DATED AS OF JULY 27, 2000 (AS AMENDED, SUPPLEMENTED AND OTHERWISE MODIFIED FROM TIME TO TIME), AMONG THE SMTC CORPORATION, HTM HOLDINGS, INC., SMTC MANUFACTURING CORPORATION OF CANADA, AND THE SEVERAL BANKS AND OTHER FINANCIAL INSTITUTIONS OR ENTITIES FROM TIME TO TIME PARTIES THERETO UNTIL THE LATER OF DECEMBER 31, 2002 OR NINE MONTHS FROM THEIR DATE OF ISSUANCE.

THE SECURITIES EVIDENCED OR CONSTITUTED HEREBY ARE SUBJECT TO FORFEITURE TO SMTC CORPORATION UNTIL MARCH 31, 2003.

No. ---- Warrants ----

Warrant Certificate

SMTC CORPORATION

This Warrant Certificate certifies that ----------, or registered assigns, is the registered holder of ---------- Series C Common

Stock Purchase Warrants expiring [ ] (the "Warrants") to purchase
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Common Stock, par value $0.01 per share (the "Common Stock"), of SMTC Corporation, a Delaware corporation (the "Company"). Each Warrant entitles the holder upon exercise to receive from the Company on or before 5:00 p.m. New York City Time on [ ], that number of fully paid and nonassessable shares
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of Common Stock (each, a "Warrant Share") as set forth below at the exercise price (the "Exercise Price") as determined pursuant to the Warrant Agreement referenced below payable in lawful money of the United States of America upon surrender of this Warrant Certificate and payment of the Exercise Price at the office or agency of the Warrant Agent, but only subject to the conditions set forth herein and in the Warrant Agreement referred to on the reverse hereof. Notwithstanding the foregoing, Warrants may be exercised without the exchange of funds pursuant to the net exercise provisions of Section 6 of the Warrant Agreement.

Each Warrant is initially exercisable for one share of Common Stock, and the initial Exercise Price per share of Common Stock for any Warrant is equal to $1.33 per share. The Exercise Price and number of Warrant Shares issuable upon exercise of the Warrants are subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

Warrants may be exercised at any time on or before 5:00 p.m. New York City Time on [ ] and to the extent not exercised by such time such
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warrants shall become void.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Warrant Certificate shall not be valid unless countersigned by the Warrant Agent, as such term is used in the Warrant Agreement.

This Warrant Certificate shall be governed and construed in accordance with the internal laws of the State of New York.

IN WITNESS WHEREOF, SMTC Corporation has caused this Warrant Certificate to be signed by its President and by its Chief Financial Officer.

SMTC Corporation

By

[Name]
President

By

[Name]
Chief Financial Officer

Countersigned:

Dated:

Mellon Investor Services LLC
as Warrant Agent

By

Authorized Signatory

[Form of Series C Warrant Certificate]

[Reverse]

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants expiring [ ] entitling the holder on
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exercise to receive shares of Common Stock, par value $0.01 per share, of the Company (the "Common Stock"), and are issued or to be issued pursuant to a Warrant Agreement dated as of February 8, 2002 (the "Warrant Agreement"), duly executed and delivered by the Company to Mellon Investor Services LLC, a New Jersey limited liability company, as warrant agent (the "Warrant Agent"), which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Warrant Agent, the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants. A copy of the Warrant Agreement may be obtained by the holder hereof upon written request to the Company.

Warrants may be exercised at any time on or before 5:00 p.m. New York City time on [ ]. The holder of Warrants evidenced by this Warrant
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Certificate may exercise them by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the Exercise Price as specified in the Warrant Agreement at the office of the Warrant Agent. In the event that upon any exercise of Warrants evidenced hereby the number of Warrants exercised shall be less than the total number of Warrants evidenced hereby, there shall be issued to the holder hereof or his assignee a new Warrant Certificate evidencing the number of Warrants not exercised. No adjustment shall be made for any dividends on any Common Stock issuable upon exercise of this Warrant.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price set forth on the face hereof and the number of shares of Common Stock issuable upon exercise may be adjusted. No fractions of a share of Common Stock will be issued upon the exercise of any Warrant, but the Company will pay the cash value thereof determined as provided in the Warrant Agreement.

The holders of the Warrants are entitled to certain registration rights with respect to the Common Stock purchasable upon exercise thereof. Said registration rights are set forth in full in a Registration Rights Agreement dated as of February 8, 2002, among the Company and certain investors named therein. A copy of the Registration Rights Agreement may be obtained by the holder hereof upon written request to the Company.

The holders of the Warrants have certain restrictions on transfer as outlined in the Warrant Agreement.

On or prior to March 31, 2003, the Company may repurchase any outstanding Warrants, as evidenced by this Warrant Certificate, at a price equal to twice their Exercise Price, if all outstanding commitments under the Credit Agreement have been paid in full and all commitments thereunder have been terminated and may purchase any shares of Common Stock

issued upon exercise of the Warrants ("Warrant Shares") at a price equal to three times their exercise price.

The holders of the Warrants must surrender all outstanding Warrants to the Company if all outstanding obligations under the Credit Agreement are paid in full and all commitments thereunder are terminated on or before March 31, 2003.

Warrant Certificates, when surrendered at the office of the Warrant Agent designated for such purpose by the registered holder thereof in person or by legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentation for registration of transfer of this Warrant Certificate at the office of the Warrant Agent a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company and the Warrant Agent may deem and treat the registered holder(s) thereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the holder(s) hereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary. Neither the Warrants nor this Warrant Certificate entitles any holder hereof to any rights of a stockholder of the Company.

Election to Purchase

(To Be Executed Upon Exercise Of Warrant)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to receive shares of Common
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Stock and herewith tenders payment for such shares to the order of SMTC Corporation in the amount of $ in accordance with the terms hereof
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unless the holder is exercising Warrants pursuant to the net exercise provisions of Section 6 of the Warrant Agreement. The undersigned requests that a certificate for such shares be registered in the name of , whose
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address is and that such shares be delivered to
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whose address is . If said
- ---------- -------- ----------
number of shares is less than all of the shares of Common Stock purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the remaining balance of such shares be registered in the name of ,
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whose address is , and that such Warrant Certificate be
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delivered to , whose address is .
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Signature:

Date:

Signature Guaranteed:

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

To the Board of Directors of SMTC Corporation

We consent to the incorporation by reference in the registration statement (No. 333-44250) on Form S-8 and the registration statement (No. 333-33208) on Form S-3 of SMTC Corporation of our report dated February 12, 2002, except as to note 24, which is as of March 19, 2002, with respect to the consolidated balance sheets of SMTC Corporation (formerly HTM Holdings, Inc.) as of December 31, 2000 and 2001, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2001, and the related financial statement schedule, which report appears in the December 31, 2001, annual report on Form 10-K of SMTC Corporation.

/s/ KPMG LLP

Chartered Accountants
Toronto, Canada
March 27, 2002