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SMTC CORP
Form DEF 14A
March 29, 2002

SCHEDULE 14A

(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934

Filed by the Registrant [X]
Filed by a party other than the Registrant []

Check the appropriate box:

- Preliminary proxy statement Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive proxy statement
- Definitive additional materials
- Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

SMTC CORPORATION
(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)
(NAME OF PERSON(S) FILING PROXY STATEMENT, IF OTHER THAN THE REGISTRANT)

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- (1) Amount previously paid:

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- (3) Filing Party:

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[LOGO] smtc
defining manufacturing solutions

635 HOOD ROAD
MARKHAM, ONTARIO
CANADA L3R 4N6

April 5, 2002

Dear Stockholder:

You are cordially invited to attend the 2002 Annual Meeting of Stockholders (the "Annual Meeting") of SMTC Corporation to be held at the Crowne Plaza Toronto Centre, located at 225 Front Street West, Toronto, Ontario, Canada M5V 2X3 on Tuesday, May 7, 2002, at 2:00 p.m., Eastern Daylight Time.

Details of the business to be conducted at the Annual Meeting are given in the attached proxy statement and Notice of Annual Meeting of Stockholders. You should read with care the proxy statement that describes the nominees for director and presents other important information about the proposals.

Whether or not you plan to attend, and regardless of the number of shares you own, it is important that your shares be represented at the Annual Meeting. You are accordingly urged to complete, sign, date and promptly return the accompanying proxy in the enclosed postage-prepaid envelope. If you send in your proxy card and then decide to attend the Annual Meeting to vote your shares in person, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the proxy statement.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in our Company. We look forward to seeing you at the Annual Meeting.

Sincerely,

/s/ Paul Walker

Paul Walker
President and
Chief Executive Officer
SMTC Corporation

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MARKHAM, ONTARIO
CANADA L3R 4N6

NOTICE OF 2002 ANNUAL MEETING OF
STOCKHOLDERS TO BE HELD MAY 7, 2002

The Annual Meeting of Stockholders (the "Annual Meeting") of SMTC Corporation, a Delaware corporation (the "Company"), will be held at the Crowne Plaza Toronto Centre, located at 225 Front Street West, Toronto, Ontario, Canada M5V 2X3 on Tuesday, May 7, 2002, at 2:00 p.m., Eastern Daylight Time,

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for the following purposes:

1. To elect three Class II directors to serve until the 2005 Annual Meeting of Stockholders and until their successors are elected and qualified in accordance with the by-laws of the Company.
2. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

The foregoing items of business are more fully described in the proxy statement which is attached and made a part hereof.

The Board of Directors has fixed the close of business on Tuesday, March 19, 2002 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, YOU ARE URGED TO MARK, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN THE POSTAGE-PREPAID ENVELOPE PROVIDED TO ENSURE YOUR REPRESENTATION AND THE PRESENCE OF A QUORUM AT THE ANNUAL MEETING. IF YOU SEND IN YOUR PROXY CARD AND THEN DECIDE TO ATTEND THE ANNUAL MEETING TO VOTE YOUR SHARES IN PERSON, YOU MAY STILL DO SO. YOUR PROXY IS REVOCABLE IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN THE PROXY STATEMENT.

By Order of the Board of Directors,

/s/ Derrick D' Andrade
Derrick D'Andrade
Secretary

Markham, Ontario
April 5, 2002

SMTC CORPORATION
635 HOOD ROAD
MARKHAM, ONTARIO
CANADA L3R 4N6

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS

General Information

The Board of Directors of SMTC Corporation, a Delaware corporation (the "Company"), is soliciting the enclosed proxy form from our stockholders. The proxy will be used at our 2002 Annual Meeting of Stockholders to be held at 2:00 p.m., Eastern Daylight Time on Tuesday, May 7, 2002, at the Crowne Plaza Toronto Centre, 225 Front Street West, Toronto, Ontario, Canada M5V 2X3.

This Proxy Statement contains important information regarding our annual meeting. Specifically, it identifies the proposal on which you are being asked to vote, provides information that you may find useful in determining how to vote, and describes voting procedures.

We use several abbreviations in this proxy statement. We refer to our company as "SMTC" or the "Company." We call our board of directors the "Board." References to "fiscal 2001" mean our 2001 fiscal year, which began on January 1, 2001 and ended on December 31, 2001.

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This Proxy Statement and the accompanying proxy are being sent by mail to common stockholders, the trustee for the special voting share and holders of exchangeable shares on or about April 5, 2002. The solicitation of proxies will be conducted by mail and the Company will bear all attendant costs. The Company will reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Proxies may be solicited by certain of the Company's directors, officers and regular employees, without additional compensation, personally or by telephone, facsimile or telegram.

Who May Attend And Vote?

Each holder of the Company's common stock, par value \$.01 per share ("Common Stock"), is entitled to one vote for each share of Common Stock owned as of the record date, and CIBC Mellon Trust Company (the "Trustee"), the holder of the Company's special voting share (the "Special Voting Share"), is entitled to one vote for each exchangeable share (an "Exchangeable Share") of SMTC Manufacturing Corporation of Canada ("SMTC Canada"), a subsidiary of the Company, outstanding as of the record date, March 19, 2002 (other than Exchangeable Shares owned by the Company and its affiliates). Holders of Common Stock and the Special Voting Share are collectively referred to as "Stockholders." Votes cast with respect to Exchangeable Shares will be voted through the Special Voting Share by the Trustee as directed by the holders of Exchangeable Shares, except votes cast with respect to Exchangeable Shares whose holders request to vote directly in person as proxy for the Trustee at the Annual Meeting. On the record date, 23,132,220 shares of our Common Stock were issued and outstanding, one share of the Company's Special Voting Stock was issued and outstanding and 5,557,559 Exchangeable Shares of SMTC Canada were issued and outstanding (excluding Exchangeable Shares owned by the Company and its affiliates, which are not voted). Each Exchangeable Share is exchangeable at any time, at the option of its holder, for one share of Common Stock.

At least ten days before the 2002 Annual Meeting of Stockholders, SMTC will make a complete list of the Stockholders entitled to vote at the Annual Meeting open to the examination of any Stockholder for any purpose germane to the Annual Meeting at its principal executive offices at 635 Hood Road, Markham, Ontario, Canada L3R 4N6. The list will also be made available to Stockholders present at the Annual Meeting.

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How Do I Vote?

As a Stockholder, you have the right to vote on certain business matters affecting the Company. The proposal that will be presented at the Annual Meeting, and upon which you are being asked to vote, is discussed in the section entitled "The Proposal". Each share of SMTC Common Stock you own entitles you to one vote. The Trustee is entitled to one vote for each Exchangeable Share of SMTC Canada outstanding as of the record date (other than Exchangeable Shares owned by the Company and its affiliates). The enclosed proxy card indicates the number of shares you own.

By signing and returning the proxy card according to the enclosed instructions, you are enabling the individuals named on the proxy card to vote your shares at the meeting in the manner you indicate. We encourage you to sign and return the proxy card even if you plan to attend the meeting. In this way, your shares will be voted even if you are unable to attend the meeting. Your

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shares will be voted as you direct on the proxy card. If you attend the meeting, you may deliver your completed proxy card in person or fill out and return a ballot that will be supplied to you. In the absence of instructions on a properly executed proxy, proxies from holders of Common Stock will be voted FOR the Proposal.

Votes with respect to Exchangeable Shares represented by valid voting instructions received by the Trustee will be cast by the Trustee in accordance with those instructions. If a properly executed voting instruction card is not received by the Trustee from a holder of Exchangeable Shares, the votes to which such holder is entitled will not be exercised.

What Does the Board of Directors Recommend?

If you submit the proxy card but do not indicate your voting instructions, the persons named as proxies on your proxy card will vote in accordance with the recommendations of the Board of Directors. The Board recommends that you vote FOR the three nominees for director identified in the Proposal.

What Vote Is Required For The Proposal?

A majority of the shares entitled to vote, present in person or represented by proxy, constitutes a quorum for the transaction of business at the Annual Meeting. For the election of directors, the three candidates receiving the greatest number of affirmative votes (a "plurality vote") of the votes attached to shares of Common Stock and the Special Voting Share will be elected.

An automated system administered by the Company's transfer agent will tabulate votes cast by proxy at the Annual Meeting, and an officer of the Company will tabulate votes cast in person at the Annual Meeting.

Shares represented by proxies that indicate an abstention or a "broker non-vote" will be counted as shares that are present and entitled to vote on the matter for purposes of determining the presence or absence of a quorum. A "broker non-vote" exists with respect to any shares represented at the Annual Meeting held by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter. With respect to the Proposal requiring a plurality vote, broker non-votes will have no effect. Further, an abstention will have no effect on the outcome of the vote on the Proposal.

May I Change My Vote After I Return My Proxy Card?

Yes. A proxy may be revoked by the Stockholder giving the proxy at any time before it is voted by written notice of revocation delivered to the Company prior to the meeting, and a prior proxy is automatically revoked by a Stockholder giving a subsequent proxy or attending and voting at the Annual Meeting. Attendance at the Annual Meeting in and of itself does not revoke a prior proxy.

Holders of Exchangeable Shares who wish to direct the Trustee to cast the votes attached to the Special Voting Share on their behalf should follow carefully the instructions provided by the Trustee, which accompany this Proxy Statement. The procedure for instructing the Trustee differs in certain respects from the procedure for delivering a proxy, including the place for depositing the instructions and the manner for revoking the proxy.

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THE PROPOSAL: ELECTION OF DIRECTORS

The number of directors on the Board is currently fixed at nine. The Company's Amended and Restated Certificate of Incorporation and By-laws divide the Company's Board of Directors into three classes. The members of each class of directors serve staggered three year terms.

In July 2001, David Dominik resigned from our Board of Directors and from the Audit Committee of the Board. The Board accepted his resignation and appointed Blair Hendrix to fill the vacancy created by Mr. Dominik's resignation from each of the Board and the Audit Committee and to serve for the remainder of Mr. Dominik's term, which expires at the annual meeting of stockholders in 2004.

In August 2001, Prescott Ashe informed the Company that he was resigning as a member of the Board of Directors of the Company and as a member of the Compensation Committee. In October 2001, the Board appointed William Brock to the Board of Directors to fill the vacancy created by the resignation of Mr. Ashe from the Board for the remainder of Mr. Ashe's term, which expires at the annual meeting of stockholders in 2002. The Board also appointed Mr. Brock to the Audit Committee of the Board.

In January 2002, Anthony Sigel resigned from the Board of Directors and as a member of the Nominating Committee and the Audit Committee. In March 2002, the Board of Directors appointed Khalil Barsoum to fill the vacancy on the Board created by Mr. Sigel's resignation for the remainder of Mr. Sigel's term, which expires at the annual meeting of stockholders in 2002.

The Board is composed of three Class I directors (Blair Hendrix, Gary Walker and Paul Walker), three Class II directors (Khalil Barsoum, Mark Benham and William Brock) and three Class III directors (Stephen Adamson, Michael Griffiths and Ian Loring), whose terms will expire upon the election and qualification of directors at the Annual Meeting of Stockholders held in 2004, 2002 and 2003, respectively. At each Annual Meeting of Stockholders, directors will be elected for a full term of three years to succeed those directors whose terms are expiring.

At this Annual Meeting, the Stockholders will elect three Class II directors, each to serve a three year term until the 2005 Annual Meeting of Stockholders and until a qualified successor is elected and qualified or until the director's earlier resignation or removal. The three directors whose terms of office expire at the 2002 Annual Meeting have been nominated for re-election to our Board of Directors. The Board has no reason to believe that any of the nominees named below will be unable or unwilling to serve as a director if elected. If, however, any nominee cannot or will not serve as a director, the persons named on your proxy card may vote for a substitute nominee designated by the Board.

Certain information about the Board nominees is furnished below.

Class II Director Nominees

Khalil Barsoum has served as a director since March 2002. Mr. Barsoum retired from IBM Corporation in October 2001 as General Manager, Communications Sector, after a career of 35 years. In the capacity of General Manager, Communications Sector, Mr. Barsoum had global responsibility for serving clients in telecommunications, service provider, utilities, media and entertainment industries. During his 35 year tenure at IBM, he also held the positions of Chairman and Chief Executive of IBM UK Holdings (1997) and President and CEO of IBM Canada (1995-1996).

Mark Benham has served as a director since July 1999. Mr. Benham was a

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co-founder of Celerity Partners, Inc., a private equity investment firm, and has been a Partner of that firm since 1992. Previously he was a Senior Investment Officer of Citicorp Venture Capital, Ltd., and prior to that he was an advisor to Yamaichi UniVen Co., Ltd., the venture capital subsidiary of Yamaichi Securities International. Mr. Benham is also a director of DDi Corp.

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William Brock has served as a director since October 2001. Mr. Brock retired from The Toronto-Dominion Bank in January 2000 as Deputy Chairman and Director, after a career of 37 years. From March 2000 to February 2001, he was President and CEO of Dover Industries, a Toronto Stock Exchange listed company, which manufactures ice cream cones, flour, and assorted disposable fast food paper products. Presently, he is also a director of Dynacare Inc., a leading provider of clinical laboratory services in North America; Chairman, Board of Trustees, Heritage Trust at the University of Guelph; and Chairman of The University of Western Ontario's Capital Campaign.

The three nominees receiving the highest number of affirmative votes of the votes attached to the Common Stock and the Special Voting Share, voting together as a single class, represented and voting on the Proposal at the Annual Meeting will be elected Class II directors of the Company to serve their respective terms or until their successors have been elected and duly qualified.

THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES NAMED ABOVE.

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DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth our directors and executive officers, their ages as of March 31, 2002, the positions currently held by each person and their place of residence. All of the directors and executives have been with us since the former SMTC Corporation ("Surface Mount") combined with HTM Holdings, Inc. ("HTM") in July 1999 to form the current SMTC Corporation, except in the case of certain directors and officers as indicated in their biographies.

Name and Place of Residence -----	Age ---	Office -----
Paul Walker..... Unionville, Ontario	44	President, Chief Executive Officer and Director (1) (2) (5)
Philip Woodard..... Newmarket, Ontario	47	Chief Operating Officer (2)
Gary Walker..... Monte Sereno, California	41	Executive Vice President, Business Programs Management and Director (2)
Derrick D'Andrade..... Richmond Hill, Ontario	48	Executive Vice President, Engineering and Quality and Secretary (2)

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Stanley Plzak.....	54	Executive Vice President, North American Operations
Appleton, Wisconsin		
Gary Itenson.....	42	Senior Vice President, Business Development and Supplier Strategy
Toronto, Ontario		
Frank Burke.....	48	Chief Financial Officer and Treasurer (2)
Toronto, Ontario		
Blair Hendrix.....	37	Director (3) (4)
Wellesley, Massachusetts		
William Brock.....	65	Director (1) (3) (4) *
Toronto, Ontario		
Ian Loring.....	35	Director (5)
San Francisco, California		
Stephen Adamson.....	45	Director (4) (5)
Los Angeles, California		
Mark Benham.....	50	Director*
Woodside, California		
Michael Griffiths.....	50	Director (1) (3)
Toronto, Ontario		
Khalil Barsoum.....	57	Director*
Toronto, Ontario		

- (1) Also a member of the board of directors of SMTC Canada.
- (2) Also an officer of SMTC Canada.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.
- (5) Member of the Nominating Committee.

* Biography appears above under "The Proposal."

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Paul Walker has served as President and Chief Executive Officer and as a director of SMTC since its inception in 1998. He is also an officer and director of SMTC Canada. He co-founded Surface Mount, a predecessor to SMTC Corporation, in 1985. Previously he was employed at Brock Electronics, a manufacturer and distributor of production equipment for the electronics industry, as Director of Business Management from 1982 to 1985 and at Motorola Canada, an integrated communications and embedded electronics solutions provider, as Program Director from 1979 to 1982. Paul Walker is the brother of SMTC's Executive Vice President, Business Programs Management, Gary Walker.

Philip Woodard joined Surface Mount in 1992 as Vice President, Materials. He currently serves as our Chief Operating Officer. Previously he was employed at Motorola Canada, an integrated communications and embedded electronics solutions provider, from 1977 to 1992 where he progressed through various positions to Director of Materials.

Gary Walker currently serves as Executive Vice President, Business Programs Management. He has been a director of SMTC since its inception in 1998. He is also an officer of SMTC Canada. He co-founded Surface Mount, a predecessor to

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SMTC Corporation, in 1985. Previously he was employed at Brock Electronics, a manufacturer and distributor of production equipment for the electronics industry, as a Manufacturers Representative from 1982 to 1985 and at Motorola Canada, an integrated communications and embedded electronics solutions provider, from 1980 to 1982. Gary Walker is Paul Walker's brother.

Derrick D'Andrade co-founded Surface Mount in 1985. Formerly Vice President, Engineering, he was previously employed at Motorola Canada as Manufacturing Engineering Manager from 1979 to 1985 and at Sunbeam Canada, a manufacturer of home appliances, as Manufacturing Manager from 1975 to 1979.

Stanley Plzak joined SMTC as our Executive Vice President, Design and Sub-Assembly Operations, upon our acquisition of Pensar Corporation in July 2000, and since May 2001, he has served as our Executive Vice President, North American Operations. Mr. Plzak was a founder and director of Pensar and served as its President and Chief Executive Officer since its inception in 1983. His career includes various technical, managerial, and executive positions in industrial controls, medical, marine propulsion and electronics manufacturing services industries, and he has served as a member of the adjunct faculty of the University of Wisconsin. He is currently a director and the chairman of the board of the IPC (Association Connecting the Electronics Industries).

Gary Itenson joined Surface Mount in April 1996. Previously, he was employed at Future Electronics, an electronics components distributor, from 1981 to 1996 where his career progressed from field sales to sales management to strategic account/multi-region sales management to division general management.

Frank Burke joined SMTC as Chief Financial Officer in October 2001. He also serves as Chief Financial Officer of SMTC Canada. Previously, he was employed at Magna International Inc., the world's largest integrated manufacturer of automotive parts to original equipment manufacturers, from 1987 to 2001, where he progressed from Manager, Corporate Finance to Vice-President and Treasurer.

Blair Hendrix has served as a director since July 2001. Mr. Hendrix joined Bain Capital, LLC, a private equity investment firm, in 2000 as a Vice President. Prior to joining Bain Capital he was Executive Vice President and Chief Operating Officer of DigiTrace, Inc., a medical technology and service company. Previously Mr. Hendrix was a management consultant with Corporate Decisions, Inc., working in the specialty manufacturing, retail and healthcare industries. Mr. Hendrix also serves as a director of Dade Behring, Inc., Trade, Inc. and Vivra Asthma and Allergy.

Ian Loring has served as a director since June 2000. Mr. Loring joined Bain Capital, LLC, a private equity investment firm, in 1996. He has been a managing director at Bain Capital since January 2001 and was a principal there from 1997 to 2000. From 1993 to 1996, Mr. Loring was a Vice President at Berkshire Partners,

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where he worked in the speciality manufacturing, technology and retail industries. Mr. Loring also serves as a director of Therma-Wave, Inc.

Stephen Adamson has served as a director since July 1999. Mr. Adamson is Managing Partner of Celerity Partners, Inc., a private equity investment firm. Mr. Adamson has been with Celerity Partners, Inc. since July 1995. Mr. Adamson is also a director of Financial Pacific Insurance Group, Inc.

Michael Griffiths has served as a director since July 1999. Mr. Griffiths has been President of Kilmer Van Nostrand Co. Limited, or KVN, a private

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investment holding company, since 2000 and has served there in various other capacities since 1979. Previously, Mr. Griffiths was a manager with Clarkson Gordon Chartered Accountants (now Ernst & Young), a public accounting firm, with responsibility for the audit, tax and related management matters of a variety of public clients.

Information Regarding the Board of Directors and its Committees

During fiscal 2001, the Board held 31 meetings and acted by unanimous written consent on four occasions. No director, except William Brock, Ian Loring and Gary Walker, attended fewer than 75% of all of the fiscal 2001 meetings of the Board and its committees on which he served after becoming a member of the Board.

The Board has three standing committees: the Nominating Committee, the Audit Committee and the Compensation Committee.

The Nominating Committee of the Board of Directors consists of Stephen Adamson, Ian Loring and Paul Walker. Prior to his resignation from the Board and the committees on which he served, Anthony Sigel was a member of the Nominating Committee. It did not meet in separate session during fiscal 2001. The Nominating Committee identifies, screens and recommends qualified candidates to fill vacancies on the Board of Directors. The Nominating Committee does not consider nominees recommended by stockholders to fill vacancies on the Board.

The Audit Committee, which met five times in fiscal 2001, consists of William Brock, Michael Griffiths and Blair Hendrix. Prior to their resignations from the Board and the committee(s) on which they served, David Dominik and Anthony Sigel were members of the Audit Committee. The Audit Committee recommends engagement of the Company's independent auditors and is primarily responsible for reviewing (i) the scope of the independent auditors' annual audit and their compensation and independence, (ii) the general policies and procedures of the Company with respect to accounting and financial controls and (iii) any change in accounting principles, significant audit adjustments proposed by the auditors and any recommendations that the auditors may have with respect to policies and procedures.

The Board adopted and approved a charter for the Audit Committee in July 2000, and the Audit Committee evaluates its sufficiency on an annual basis. In February 2002, the Board approved a revised charter, a copy of which is attached hereto as Appendix A.

All Audit Committee members are "independent" as defined under Rule 4200(a)(15) of the National Association of Securities Dealers' ("NASD") listing standards and as required by Rule 4350(d)(2)(A) of the NASD's listing standards, except Mr. Hendrix, who serves as a non-independent director of the Audit Committee. Mr. Hendrix is a Vice President at Bain Capital, LLC. Investment funds affiliated with Bain Capital, LLC, taken together as a group, are our largest stockholder. Mr. Hendrix was appointed to serve as a member of the Board of Directors and as a member of the Audit Committee in July 2001. The Board of Directors has determined that the addition of Mr. Hendrix to the Audit Committee is an appropriate and acceptable appointment because of his extensive industry and financial expertise and background as well as his familiarity with Company's accounting practices and that his appointment is required by the best interests of the Company and its stockholders. The Board of Directors has determined that Mr. Hendrix's appointment to the Audit Committee complies with the conditions stipulated by Rule 4350(d)(2)(B) of the NASD's listing standards that allow "one non-independent director" to serve on the Audit Committee of the Board of Directors under exceptional and limited circumstances.

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The Compensation Committee currently consists of Stephen Adamson, William Brock and Blair Hendrix. Prior to his resignation from the Board and the committee on which he served, Prescott Ashe was a member of the Compensation Committee. The Compensation Committee did not meet in separate session in 2001. The general duties of the Compensation Committee are (i) to provide a general review of the Company's compensation and benefit plans and (ii) to review and establish compensation practices and policies for the officers of the Company.

Compensation of Directors

We pay no additional remuneration to our employees for serving as directors or on committees. We generally pay no compensation to our non-employee directors for serving on the Board or on any committee, except that in October 2001 the Board approved a compensation arrangement for William Brock and in March 2002 the Board approved a compensation arrangement for Khalil Barsoum. Under those arrangements, we pay each of Mr. Brock and Mr. Barsoum a \$25,000 base fee per year for serving on our Board and meeting fees of \$500 for Board conference calls or Board Committee meetings and \$1,000 for full Board meetings. We also granted to Mr. Brock in October 2001 an option to purchase 25,000 shares of our common stock with an exercise price of \$0.80 per share and to Mr. Barsoum in March 2002 an option to purchase 25,000 shares of our common stock with an exercise price of \$2.31 per share. We expect to grant to each of Mr. Brock and Mr. Barsoum an option to purchase 2,500 shares on each anniversary of his appointment as a non-employee director.

Compensation Committee Interlocks and Insider Participation

No interlocking relationship exists between any member of the Company's Board or Compensation Committee and any member of the Board of Directors or compensation committee of any other company, nor has any interlocking relationship existed in the past.

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AUDIT COMMITTEE REPORT

Notwithstanding anything to the contrary set forth in any of SMTC's previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings, including this proxy statement, in whole or in part, the following report shall not be incorporated by reference into any such filings.

The Audit Committee of the Board of Directors currently consists of three directors, William Brock, Michael Griffiths and Blair Hendrix. The duties of the Audit Committee are (i) to review with management and the independent auditors the scope and results of any and all audits, the nature of any other services provided by the independent auditors, the independence of the auditors, changes in the accounting principles applied to the presentation of the Company's financial statements, and any comments by the independent auditors on the Company's policies and procedures with respect to internal accounting, auditing and financial controls, (ii) to review the consistency and reasonableness of the financial statements contained in the Company's quarterly and annual reports prior to filing them with the Securities and Exchange Commission (or with any other regulatory authority) and discuss the results of these quarterly reviews, annual audits and any other matters required to be communicated by the independent auditors under generally accepted auditing standards, and (iii) to make recommendations to the board of directors on the

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engagement of the independent auditors. The Board of Directors has adopted a written charter of the Audit Committee, the sufficiency of which is evaluated each year by the Audit Committee.

Consistent with its duties, the Audit Committee has reviewed and discussed with the Company's management the audited financial statements for the year ended December 31, 2001. KPMG LLP issued their unqualified report dated February 12, 2002, except as to note 24 which is as of March 19, 2002, on SMTC's financial statements.

The Audit Committee has also discussed with KPMG LLP the matters required to be discussed by AICPA Statement on Auditing Standards No. 61, "Communication with Audit Committees." The Audit Committee has also received the written disclosures and the letter from KPMG LLP required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees," and has discussed with KPMG LLP its independence as an auditor. The Audit Committee has also considered whether KPMG LLP's provision of non-audit services is compatible with its independence.

Based on these reviews and discussions, the Audit Committee has recommended to the Board of Directors that SMTC's audited financial statements for the year ended December 31, 2001 be included in the Annual Report on Form 10-K for the fiscal year then ended.

By the Audit Committee of the Board of Directors:

William Brock
Michael Griffiths
Blair Hendrix

March 2002

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RELATED PARTY TRANSACTIONS

Stockholders Agreement

Certain of our current stockholders and optionholders are parties to a stockholders agreement that, among other things, provides for registration rights and contains provisions regarding the transfer of shares.

Directors' Relationships with Major Stockholders

Certain of our current directors are affiliated with our major stockholders. Paul Walker and Gary Walker are executive officers, stockholders and directors. Blair Hendrix and Ian Loring are affiliated with Bain. Stephen Adamson and Mark Benham are affiliated with Celerity. Michael Griffiths is affiliated with Kilmer.

Purchases from an Affiliate of Major Stockholders

Investment funds affiliated with Bain and Celerity are also stockholders of DDi Corp., one of our suppliers. Our transactions with DDi Corp., which totaled approximately \$3.2 million in 2001, are on equivalent terms as those with our other suppliers.

Certain Loans and Payments Made to Executive Officers

In connection with the exchange and reclassification of certain of Gary

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Walker's shares of stock of SMTC Canada into common stock of SMTC in July 2000, we agreed to fund any tax liability incurred by Mr. Walker as a result of the exchange by making an interest-free loan to him and to compensate him for any tax payable by him on any imputed interest on such loan. As of December 31, 2001, we had lent \$690,000 to Mr. Walker under this arrangement. The loan is secured by a first priority security interest over all of Mr. Walker's shares of capital stock of SMTC and will be repayable on a pro-rata basis at such time and to the extent that Mr. Walker receives after-tax cash proceeds in respect of such shares.

In connection with the acquisition of Pensar, we requested that the former stockholders of Pensar file an election that allows us to deduct for income tax purposes the goodwill related to the acquisition. We lent \$4,546,000, on an interest-free basis, to the former stockholders of Pensar, including Stanley Plzak, 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 SMTC held by the stockholders and will be repayable on a pro-rata basis at such time and to the extent that the stockholders receive cash proceeds in respect of such shares, with the balance due on July 27, 2004.

The options granted in fiscal 2001 to each of the named executive officers named in the Summary Compensation Table are indicated in the Long-Term Compensation column.

The Company and each of Paul Walker, Philip Woodard, Gary Walker, Derrick D'Andrade and Stanley Plzak have entered into employment agreements as more fully described under "Employment Arrangements".

SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 15, 2002, information regarding beneficial ownership. The table sets forth the number of shares beneficially owned and the percentage ownership for:

- . each person who is known by us to own beneficially more than 5% of our outstanding shares of common stock;
- . each executive officer named in our summary compensation table and each director; and
- . all executive officers and directors as a group.

As of March 15, 2002, our outstanding equity securities (including exchangeable shares of our subsidiary, SMTC Canada) consisted of 28,689,779 shares.

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Unless otherwise indicated below, to our knowledge, all persons listed below have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law. Unless otherwise indicated below, each entity or person listed below maintains a mailing address of c/o SMTC Corporation, 635 Hood Road, Markham, Ontario, Canada L3R 4N6.

The number of shares beneficially owned by each stockholder is determined under rules promulgated by the Securities and Exchange Commission. The information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting or investment power and any shares as to which the individual or entity has the right to acquire

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beneficial ownership within 60 days after March 15, 2002 through the exercise of any stock option, warrant or other right. The inclusion in the following table of those shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner.

Name and Address -----	Shares Beneficially Owned(*)			Percent of Shares Beneficially Owned
	Shares	Options	Total	
Principal Stockholders:				
Bain Capital Funds(1) (2)	3,838,137	--	3,838,137	13.4
c/o Bain Capital, LLC				
111 Huntington Avenue				
Boston, Massachusetts 02199				
Celerity EMSIcon, LLC(1)	3,480,927	--	3,480,927	12.1
c/o Celerity Partners				
11111 Santa Monica Boulevard				
Suite 1127				
Los Angeles, California 90025				
Kilmer Electronics Group Limited.....	2,045,263	--	2,045,263	7.1
Scotia Plaza, Suite 2700				
P.O. 127				
40 King Street West				
Toronto, Ontario, Canada M5H 3Y2				
RBC Global Investment Management Inc.,	1,512,800	--	1,512,800	5.2
RT Investment Management Holdings Inc.,				
The Royal Trust Company,				
and Royal Mutual Funds Inc. (3)				
(addresses are listed in footnote 3)				
Directors and Executive Officers:				
Paul Walker(4)	1,376,394	37,500	1,413,894	4.9
Philip Woodard(5)	379,483	25,820	405,303	1.4
Gary Walker.....	1,479,904	12,500	1,492,404	5.2
Derrick D'Andrade(6)	1,189,894	12,500	1,202,394	4.2
Stanley Plzak.....	356,605	--	356,605	1.2
Blair Hendrix.....	--	--	--	--
William Brock.....	--	5,000	5,000	#
Ian Loring(1) (7)	133,034	--	133,034	#
Stephen Adamson(1) (8)	3,480,927	--	3,480,927	12.1
Mark Benham(1) (8)	3,480,927	--	3,480,927	12.1
Michael Griffiths.....	--	--	--	--
Khalil Barsoum.....	--	5,000	5,000	#
All Directors and executive officers as a group (14 persons)	8,403,241	167,890	8,571,131	29.7

* The number of shares of common stock deemed outstanding on March 15, 2002 with respect to a person or group includes (a) 28,689,779 shares outstanding

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on such date and (b) all options that are currently exercisable or will be exercisable within 60 days of March 15, 2002 by the person or group in question.

- # Represents an amount less than 1.0% of shares outstanding.
- (1) The shares of common stock included in the table include shares held through investment in EMSIcon Investments, LLC. Each member of EMSIcon Investments, LLC has sole voting and investment power as to shares held on such member's behalf by EMSIcon Investments, LLC.
 - (2) Includes shares of common stock held by Bain Capital Fund VI, L.P., ("Fund VI"); BCIP Associates II ("BCIP II"), BCIP Associates II-B ("BCIP II-B"), BCIP Associates II-C ("BCIP II-C"); Sankaty High Yield Asset Partners, L.P. ("Sankaty"); Bain Capital V Mezzanine Fund, L.P. ("Mezzanine"); BCM Capital Partners, L.P. ("BCM"); and BCIP Trust Associates II ("BCIP Trust II") and collectively with Fund VI, BCIP II, BCIP II-B, BCIP II-C, Sankaty, Mezzanine and BCM, the "Bain Capital Funds". Does not include shares owned by other stockholders that are subject to the Stockholders Agreement.
 - (3) Holdings as of December 31, 2001 as reported on Schedule 13G/A filed with the Securities and Exchange Commission on February 15, 2002 jointly by RBC Global Investment Management Inc. ("RBC GIM"), RT Investment Management Holdings Inc. ("RTIM"), The Royal Trust Company ("RT") and Royal Mutual Funds Inc. ("RMFI", and collectively, the "RT Entities"). The RT Entities report each having shared power to vote or to direct the vote of all of such shares of common stock and shared power to dispose or direct the disposition of all of such shares. The RT Entities report that accounts managed on a discretionary basis by RBC GIM, a wholly-owned subsidiary of RTIM, are known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from, the sale of such shares. (RMFI, a wholly-owned subsidiary of Royal Bank of Canada, is the manager of accounts and has delegated its investment management duties RBC GIM.) The Royal Canadian Growth Fund, an account managed by RBC GIM and an account for which RT serves as trustee, owns more than five percent of SMTC's common stock. The addresses of the principal business office of each entity are as follows: RBC Global Investment Management Inc., Royal Trust Tower, 77 King Street West, Suite 3800, Toronto, Ontario M5K 1H1; RT Investment Management Holdings Inc., Royal Trust Tower, P.O. Box 97, 77 King Street West, Suite 3900, Toronto, Ontario M5K 1G8; The Royal Trust Company, Royal Trust Tower, P.O. Box 7500, Station A, 77 King Street West, 6th Floor, Toronto, Ontario M5W 1P9; and Royal Mutual Funds Inc., Royal Trust Tower, P.O. Box 7500, Station A, 77 King Street West, Toronto, Ontario M5W 1P9.
 - (4) Consists of shares owned by P.N. Walker Consulting Inc. Paul Walker is the sole stockholder of P.N. Walker Consulting Inc. and may be deemed to beneficially own shares owned by P.N. Walker Consulting Inc. 389,718 of such shares are exchangeable shares of SMTC Canada.
 - (5) 141,422 of such shares are exchangeable shares of SMTC Canada.
 - (6) Consists of shares owned by Nichal, Inc. Derrick D'Andrade is the sole stockholder of Nichal, Inc. and may be deemed to beneficially own shares owned by Nichal, Inc. 375,718 of such shares are exchangeable shares of SMTC Canada.
 - (7) The shares of common stock included in the table represent shares held by BCIP II-B. Mr. Loring is a managing director of Bain Capital, LLC and is a partner of BCIP II-B and accordingly may be deemed to beneficially own shares owned by such funds. Mr. Loring disclaims beneficial ownership of any such shares in which he does not have a pecuniary interest. The address of Mr. Loring is c/o Bain Capital, LLC, 111 Huntington Avenue, Boston, Massachusetts 02199.
 - (8) Mr. Benham and Mr. Adamson are both managing members of Celerity EMSIcon, LLC and accordingly may be deemed to beneficially own shares owned by Celerity EMSIcon, LLC. Mr. Benham and Mr. Adamson disclaim beneficial ownership of any such shares in which they do not have a pecuniary interest. The address for Mr. Benham and Mr. Adamson is c/o Celerity Partners, 11111 Santa Monica Boulevard, Suite 1127, Los Angeles, California 90025.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

Compensation Committee Report

Notwithstanding anything to the contrary set forth in any of SMTC's previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings, including this proxy statement, in whole or in part, the following report and the performance graph on page 18 shall not be incorporated by reference into any such filings.

The Compensation Committee is currently composed of three directors: Stephen Adamson, William Brock and Blair Hendrix. The Compensation Committee is responsible for providing a general review of the Company's compensation and benefit plans to ensure that they meet corporate objectives, reviewing the Chief Executive Officer's recommendations on compensation of all officers, adopting and changing major compensation policies and practices, reporting its recommendations to the whole Board of Directors for approval and authorization and administering the Company's stock plans. The Compensation Committee also has the power to select directors and officers to receive awards under the SMTC Corporation/SMTC Manufacturing Corporation of Canada 2000 Equity Incentive Plan. No member of this committee was an officer or employee of SMTC during fiscal 2001.

Compensation Philosophy. SMTC has developed and implemented compensation policies and plans that seek to align the financial interests of SMTC's senior management with the interests of its stockholders. SMTC seeks to reward performance in those quantitative areas believed to be important to the long-term interests of stockholders, namely enhanced profitability, return on invested capital and the successful implementation of the Company's business plan. SMTC believes that any success in these quantitative areas also evidences success in qualitative areas relating to the work environment for SMTC employees, employee training and employee opportunity for advancement.

SMTC seeks to provide total compensation packages that will attract the best talent to SMTC, motivate individuals to perform at their highest levels, reward outstanding performance and retain executives whose skills are critical for building long-term stockholder value.

Elements of Compensation. The guiding principle of the Compensation Committee is to provide the Company's senior management with competitive compensation opportunities based upon their contributions to the financial success of the Company and their personal performance. It is the Compensation Committee's objective to make a portion of senior management's compensation contingent upon the Company's performance as well as upon his or her own level of performance. Accordingly, the compensation package for senior management is generally comprised of three components: (i) base salary, which reflects individual performance and is designed to be competitive with salary levels in the industry, (ii) discretionary performance awards payable in cash and tied to the Company's achievement of financial performance targets and (iii) long-term stock-based incentive awards, which strengthen the alignment of interests between the executive officers and the Company's stockholders.

General. With respect to SMTC's senior management, compensation is determined in consultation with the Compensation Committee by the President and Chief Executive Officer. Compensation of all senior management, including that of officers party to employment agreements, including the Chief Executive

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Officer, is or has been founded on the policies and general guidelines described below. SMTC's officers serve at the pleasure of the Board.

Base Salary. The base salaries for officers are determined on the basis of the following factors: experience, personal performance, average salary levels for comparable positions within and without the industry and changes from year to year in an officer's functional responsibilities. The weight given to each of these factors varies from individual to individual.

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Performance Awards. Bonuses may be earned by executive officers on the basis of the Company's achievement of certain corporate financial performance goals established for each fiscal year.

Long-Term Compensation. Executive compensation is generally comprised of a combination of cash compensation and grants of options under the SMTC Corporation/SMTC Manufacturing Corporation of Canada 2000 Equity Incentive Plan (the "Plan"). Stock options are generally awarded during the year on a discretionary basis. Stock options are intended to offer an equity incentive for superior performance and to foster the retention of key personnel through awards structured to vest and become exercisable over time, provided that the individual remains employed by SMTC. There is no set formula for the award of options. Factors considered in making option awards to employees and executives of SMTC generally include prior grants to such individual, the importance of retaining such individual's services, such employee's potential to contribute to the success of SMTC and such employee's past contributions to SMTC. The actual options granted in fiscal 2001 to each of the named executive officers is indicated in the table labeled "Option Grants in Fiscal 2001" appearing on page 17 of this proxy statement.

In January 2002, at the recommendation of the Compensation Committee, the Board 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"). None of these options was granted to the named executive officers. The Compensation Committee made this recommendation to the Board because the \$19.88 options had an exercise price significantly above the Company's trading price at that time and during several months prior to that time. The Committee believed that the \$19.88 options were unlikely to be exercised in the foreseeable future and that, as a result, they did not function as an adequate incentive. Upon cancellation of \$19.88 options surrendered by various holders, the pool of shares as to which options may be granted under the Plan was increased by 1,087,000.

The Compensation Committee in 2002 will strive to structure an option grant program that creates better performance incentives for management and that will maximize the value of the Company's common stock for its current stockholders.

Employment Agreements with Executive Officers. Each of Paul Walker, our Chief Executive Officer, Philip Woodard, Gary Walker, Derrick D'Andrade and Stanley Plzak is party to an employment agreement with the Company. Each of such officers receives a base salary and, with the exception of Mr. Plzak, is eligible for an annual bonus based on achievement by the Company of certain EBITDA (earnings before interest expense, income taxes, depreciation and amortization) and/or other targets. In this regard, the compensation of each of such officers, including that of the Chief Executive Officer, is tied to corporate performance. For details regarding these employment agreements, see "Employment Arrangements" on page 16 of this proxy statement.

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Compensation Committee

Stephen Adamson
 William Brock
 Blair Hendrix

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Executive Compensation

The following table sets forth information concerning the compensation for the years ended December 31, 2001, 2000 and 1999 on a pro forma basis for our chief executive officer and four other most highly compensated executive officers at the end of our last fiscal year. For ease of reference, we collectively refer to these executive officers throughout this section and elsewhere in this proxy statement as our "named executive officers."

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation(1)		Long Term Compensation		All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Restricted Stock Awards (\$)	Securities Underlying Options (#)	
Paul Walker(2).....	2001	300,000 (4)	--	--	--	--
President and Chief Executive Officer	2000	284,339 (3)	--	--	150,000 (5)	--
	1999	168,612	--	--	--	--
Philip Woodard(2).....	2001	200,000 (7)	--	--	--	--
Chief Operating Officer	2000	227,471 (6)	--	--	50,000 (5)	--
	1999	134,889	--	--	26,640 (8)	--
Gary Walker(2).....	2001	200,000	--	--	--	--
Executive Vice President, Business Programs Management	2000	200,000	--	--	50,000 (5)	--
	1999	200,000	--	--	--	--
Derrick D'Andrade(2).....	2001	200,000 (10)	--	--	--	--
Executive Vice President, Engineering and Quality	2000	227,471 (9)	--	--	50,000 (5)	--
	1999	134,889	--	--	--	--
Stanley Plzak(11).....	2001	275,000	--	--	--	--
Executive Vice President, North American Operations	2000	294,650 (12)	58,450 (13)	--	--	--
	1999	--	--	--	--	--

- (1) Excludes perquisites and other personal benefits because such compensation did not exceed the lesser of \$50,000 or 10% of the total annual salary and bonus for any of the named executive officers.
- (2) Compensation information for Messrs. Walker, Woodard, Walker and D'Andrade includes compensation paid by Surface Mount during periods prior to the July 30, 1999 combination of Surface Mount and HTM, and by SMTC during periods after the combination.
- (3) Includes deferred compensation earned by Mr. Walker in 1999 of \$34,339 and 2000 of \$81,695.

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- (4) Includes deferred compensation earned by Mr. Walker in 2001 of \$148,029.
- (5) Represents options to purchase shares of our common stock at an exercise price of \$16.00 per share.
- (6) Includes deferred compensation earned by Mr. Woodard in 1999 of \$27,471 and 2000 of \$65,356.
- (7) Includes deferred compensation earned by Mr. Woodard in 2001 of \$70,868.
- (8) Represents options to purchase shares of our common stock at an exercise price of \$5.36 per share.
- (9) Includes deferred compensation earned by Mr. D'Andrade in 1999 of \$27,471 and 2000 of \$65,356.
- (10) Includes deferred compensation earned by Mr. D'Andrade in 2001 of \$70,868.
- (11) Mr. Plzak has been with SMTC since the acquisition of Pensar Corporation in July 2000.
- (12) The portion of Mr. Plzak's salary in 2000 paid to him prior to SMTC's acquisition of Pensar Corporation equals \$178,877. The portion of Mr. Plzak's salary in 2000 paid to him from and after SMTC's acquisition of Pensar Corporation equals \$115,773.
- (13) Paid to Mr. Plzak in the period following SMTC's acquisition of Pensar Corporation.

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Employment Arrangements

Paul Walker is currently employed as our President and Chief Executive Officer pursuant to an employment agreement dated July 30, 1999, which was effective until December 31, 2001 and will automatically renew for successive one-year terms unless it is terminated by the parties in accordance with its terms. This agreement has been automatically renewed pursuant to its terms through December 31, 2002. Under the current terms of his employment agreement, Mr. Walker receives a salary of \$300,000 per year and is eligible for an annual bonus based upon our achievement of certain EBITDA (earnings before interest expense, income taxes, depreciation and amortization) targets. Mr. Walker's employment agreement contains customary confidentiality provisions and a non-compete clause which is effective during the term of the agreement, for one year following termination of his employment if he is terminated for cause, and, under certain other circumstances, for two years following the termination of his employment. In the event Mr. Walker's employment is terminated by us without cause, or by Mr. Walker for good reason, the employment agreement provides that we will pay Mr. Walker his base salary for two years following such termination.

Philip Woodard is currently employed as our Chief Operating Officer, pursuant to an employment agreement dated July 30, 1999, which was effective until December 31, 2001 and will automatically renew for successive one-year terms unless it is terminated by the parties in accordance with its terms. This agreement has been automatically renewed pursuant to its terms through December 31, 2002. Under the employment agreement, Mr. Woodard receives a salary of \$200,000 per year and is eligible for an annual bonus based upon our achievement of certain EBITDA targets. Mr. Woodard's employment agreement contains customary confidentiality provisions and a non-compete clause which is effective during the term of the agreement, for one year following termination of his employment if he is terminated for cause, and, under certain other circumstances, for two years following the termination of his employment. In the event Mr. Woodard's employment is terminated by us without cause, or by Mr. Woodard for good reason, the employment agreement provides that we will pay Mr. Woodard his base salary for two years following such termination.

Gary Walker is currently employed as our Executive Vice President, Business Programs Management pursuant to an employment agreement dated July 30, 1999,

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which was effective until December 31, 2001 and will automatically renew for successive one-year terms unless it is terminated by the parties in accordance with its terms. This agreement has been automatically renewed pursuant to its terms through December 31, 2002. Under the employment agreement, Mr. Walker receives a salary of \$200,000 per year and is eligible for an annual bonus based upon our achievement of certain EBITDA targets. Mr. Walker's employment agreement contains customary confidentiality provisions and a non-compete clause which is effective during the term of the agreement, for one year following termination of his employment if he is terminated for cause, and, under certain other circumstances, for two years following the termination of his employment. In the event Mr. Walker's employment is terminated without cause, or by Mr. Walker for good reason, the employment agreement provides that we will pay Mr. Walker his base salary for two years following such termination.

Derrick D'Andrade is currently employed as our Executive Vice President, Engineering and Quality pursuant to an employment agreement dated July 30, 1999, which was effective until December 31, 2001 and will automatically renew for successive one year terms unless it is terminated by the parties in accordance with its terms. This agreement has been automatically renewed pursuant to its terms through December 31, 2002. Under the employment agreement, Mr. D'Andrade receives a salary of \$200,000 per year and is eligible for an annual bonus based upon our achievement of certain EBITDA targets. Mr. D'Andrade's employment agreement contains customary confidentiality provisions and a non-compete clause which is effective during the term of the agreement, for one year following termination of his employment if he is terminated for cause and, under certain other circumstances, for two years following the termination of his employment. In the event Mr. D'Andrade's employment is terminated by us without cause, or by Mr. D'Andrade for good reason, the employment agreement provides that we will pay Mr. D'Andrade his base salary for two years following such termination.

Stanley Plzak is currently employed as our Executive Vice President, North American Operations, pursuant to an employment agreement dated July 27, 2000, which was effective until December 31, 2001 and will automatically renew for successive one-year terms unless it is terminated by the parties in accordance with its

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terms. This agreement has been automatically renewed pursuant to its terms through December 31, 2002. Under the employment agreement, Mr. Plzak receives a salary of \$275,000 per year. Mr. Plzak's employment agreement contains customary confidentiality provisions and a non-compete clause which is effective during the term of the agreement, for one year following termination of his employment if he is terminated for cause, and, under certain other circumstances, for the period during which he continues to receive his base salary following the termination of his employment. In the event Mr. Plzak's employment is terminated by us without cause, or by Mr. Plzak for good reason, the employment agreement provides that we will pay Mr. Plzak his base salary for one year following such termination.

Option Grants in Last Fiscal Year

The following table sets forth information concerning grants of options to purchase shares of our common stock made to the named executive officers during the fiscal year ended December 31, 2001.

OPTION GRANTS IN FISCAL 2001

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Individual Grants							
-	Name	Number of	Percent of	Potential Realizable Value			
		Options	Options	Stock Price Appreciation			
		Granted	Granted to	Exercise	Expiration	for Option Term	
		(#)	Employees in	Price Per	Date	5%(\$)	10%(\$)
			Fiscal 2001	Share (\$)			
			(%)				
	Paul Walker.....	0	--	--	--	--	--
	Philip Woodard...	0	--	--	--	--	--
	Gary Walker.....	0	--	--	--	--	--
	Derrick D'Andrade	0	--	--	--	--	--
	Stanley Plzak....	0	--	--	--	--	--

Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table sets forth information for the named executive officers concerning stock option exercises during out last fiscal year.

AGGREGATED OPTION EXERCISES IN FISCAL 2001
AND FISCAL YEAR-END OPTION VALUES

Name	Shares Acquired	Value	Number of Securities	Value of Unexercised
	On Exercise	Realized	Options At Fiscal Year-End	In-The-Money Options At
	(#)	(\$)	(Exercisable/Unexercisable)	Fiscal Year-End
			(#)	(Exercisable/Unexercisable)
				(\$)(1)
Paul Walker.....	0	--	37,500/112,500	0/0
Philip Woodard...	0	--	25,820/50,820	0/0
Gary Walker.....	0	--	12,500/37,500	0/0
Derrick D'Andrade	0	--	12,500/37,500	0/0
Stanley Plzak....	0	--	0/0	0/0

(1) The closing price of SMTC's common stock on December 31, 2001, the last trading day of fiscal 2001, was \$1.29.

STOCK PERFORMANCE GRAPH

The following graph sets forth the Company's total cumulative stockholder return as compared to the Nasdaq Composite Index and a peer group chosen by the Company for fiscal 2001 (the "Peer Group"). The Peer Group is comprised of the following companies: ACT Manufacturing, Inc., Benchmark Electronics, Inc., Manufacturers' Services Ltd., PEMSTAR Inc., Plexus Corp., SMTC Corporation and Viasystems Group Inc.

The total stockholder return assumes \$100 invested on July 21, 2000 in Common Stock of the Company, the Nasdaq Composite Index and the Peer Group of

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companies that, like the Company, (i) are publicly-traded and (ii) are mid-tier providers of advanced electronics manufacturing services. Total return assumes reinvestment of dividends. Historical stock price performance is not necessarily indicative of future price performance.

COMPARISON OF CUMULATIVE TOTAL RETURN AMONG SMTC CORPORATION, NASDAQ COMPOSITE INDEX AND PEER GROUP INDEX

[CHART]

	SMTC CORPORATION	PEER GROUP	NASDAQ COMPOSITE INDEX
	-----	-----	-----
7/21/00	100.00	100.00	100.00
9/30/00	134.38	98.74	89.61
12/31/00	85.16	43.65	60.07
3/31/01	18.75	28.64	45.29
6/30/01	18.07	35.49	53.08
9/30/01	6.49	21.64	36.86
12/31/01	9.50	23.45	48.04

ASSUMES \$100 INVESTED ON JULY 21, 2000
ASSUMES DIVIDEND REINVESTED
FISCAL YEAR ENDED DECEMBER 31, 2001

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INDEPENDENT AUDITORS

The Board of Directors, upon the recommendation of the Audit Committee, has selected KPMG LLP as independent auditors for the year ending December 31, 2002. KPMG LLP acted as independent auditors for SMTC for the year ending December 31, 2001. Fees to SMTC for professional services rendered by KPMG LLP during fiscal 2001 were as follows: Audit Fees: \$379,000; Audit Related Fees: \$398,000, which were in connection with securities filings (\$83,000) and acquisition related services (\$315,000); Financial Information Systems Design and Implementation Fees: \$0; and All Other Fees: \$360,000, which were in connection with tax related services. We expect that representatives from KPMG LLP will be present at the Annual Meeting and will be available to respond to appropriate questions and have the opportunity to make a statement if they desire.

ADDITIONAL INFORMATION

Stockholder Proposals

In order for Stockholder proposals that are submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to be considered by SMTC for inclusion in the proxy material for SMTC's 2003 Annual Meeting of Stockholders, they must be received by the Secretary of SMTC on or before December 3, 2002 at its principal executive office, 635 Hood Road, Markham, Ontario, Canada L3R 4N6.

For proposals that Stockholders intend to present at the 2003 Annual Meeting of Stockholders outside the processes of the Rule 14a-8 of the Exchange Act, unless the Stockholder notifies SMTC of such intent on or before February 16, 2003, any proxy that management solicits for such annual meeting will confer on the holder of the proxy discretionary authority to vote on the proposal so long as such proposal is properly presented at the meeting.

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Notwithstanding the foregoing, our Amended and Restated By-Laws set forth procedures Stockholders must comply with to make nominations for election to the Board of Directors. Such nominations must be made by notice in writing delivered or mailed to the Secretary of SMTC and received at SMTC's principal executive office, 635 Hood Road, Markham, Ontario, Canada L3R 4N6 not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. If the annual meeting is not held within 30 days before or after such anniversary date, then such nomination must have been delivered to or mailed and received by the Secretary not later than the close of business on the 10th day following the date on which the notice of the meeting was mailed or such public disclosure was made, whichever occurs first. Such notice must set forth (a) as to each proposed nominee (i) the name, age, business address and, if known, residence address of each such nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of SMTC beneficially owned by each such nominee, and (iv) any other information concerning the nominee that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Exchange Act, including such person's written consent to be named as a nominee and to serve as a director if elected; and (b) as to the Stockholder giving the notice (i) the name and address, as they appear on SMTC's books, of such Stockholder and (ii) the class and number of shares of SMTC that are beneficially owned by such Stockholder. SMTC may require any proposed nominee to furnish such other information as may reasonably be required to determine the eligibility of such proposed nominee to serve as a director of SMTC. If such procedures are not complied with, the chairman of the meeting may determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedures and the defective nomination will be disregarded.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and any persons who directly or indirectly hold more than ten percent of the Company's Common Stock ("Reporting Persons") to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC") on Forms 3, 4 and 5. Reporting Persons are required by SEC regulations to furnish the Company with copies of all Forms 3, 4 and 5 they file.

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Based on the Company's review of copies of such forms it has received from its executive officers, directors and greater than ten-percent beneficial owners, each of Stanley Plzak, William Brock and Frank Burke failed to file their initial Form 3's on a timely basis. On February 14, 2002 each of William Brock and Frank Burke filed Form 5's to report their initial holdings. Gary Itenson filed a Form 5 to report a transaction in the Company's common stock in 2001 that he had not previously reported.

Other Matters

The Company knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is intended that proxies in the enclosed form will be voted in respect thereof in accordance with the judgments of the persons voting the proxies.

It is important that the proxies be returned promptly and that your shares be represented. Stockholders are urged to mark, date, execute and promptly return the accompanying proxy card in the enclosed envelope.

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Financial Statements and Form 10-K Annual Report

SMTC's audited financial statements for the fiscal year ended December 31, 2001 and certain other related financial and business information of SMTC are contained in SMTC's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, as filed by SMTC with the SEC on March 29, 2002 (including exhibits). Copies of such Annual Report on Form 10-K, including financial statements, may be obtained without charge by contacting SMTC Corporation, 635 Hood Road, Markham, Ontario, Canada L3R 4N6, Attention: Investor Relations.

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APPENDIX A

AUDIT COMMITTEE CHARTER

ORGANIZATION

There shall be a committee of the Board of Directors to be known as the Audit Committee. The Audit Committee shall be composed of at least three directors each of whom shall be an "independent director" as defined in Annex A to this charter unless the Board of Directors shall have determined that membership on the committee by not more than one individual who is not an "independent director" is required by the best interests of the corporation and its shareholders. Each member of the Audit Committee shall be able to read and understand fundamental financial statements including a company's balance sheet, income statement and cash flow statement. In addition at least one member must have had past employment experience in finance or accounting or any other comparable experience that has resulted in the member's financial sophistication.

STATEMENT OF POLICY

The Audit Committee shall provide assistance to the Board of Directors in fulfilling its responsibility to the shareholders, potential shareholders, and investment community relating to corporate accounting, reporting practices of the company, and the quality and integrity of the financial reports of the company. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the directors, the independent auditors, the internal auditors, if any, and the financial management of the company. The company's independent auditors are ultimately responsible to the Board of Directors and the Audit Committee, as representatives of the company's shareholders, and these shareholder representatives have the ultimate authority and responsibility for selecting, evaluating, and, where appropriate, replacing the outside auditor (or nominating the outside auditor to be proposed for shareholder approval in any proxy statement).

RESPONSIBILITIES

In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting practices of the company are in accordance with all requirements and are of the highest quality.

In carrying out these responsibilities, the Audit Committee will:

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- . Elect a member of the Audit Committee to serve as Chairman of the Audit Committee.
- . Meet as a Committee at least four times per year to carry out the responsibilities outlined in this Charter. The Committee shall also meet at least once per year in executive session with each of the independent auditor, the head of the internal audit department, if any, and the officers of the company.
- . Review and recommend to the directors the independent auditors to be selected to audit the financial statements of the company and its divisions and subsidiaries, if any; and where appropriate replace the independent auditor.
- . Take appropriate action to oversee the independence of the company's outside auditor including the following:
 - . Receive from the independent auditors each year a formal written statement delineating all relationships between the auditor and the company consistent with Independent Standards Board Standard 1.

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- . Actively engage in a dialogue with the auditor regarding any disclosed relationships or services that may impact the objectivity and independence of the auditor.
- . In consultation with the independent accountants and the internal auditors, if any, review the integrity of the company's financial reporting process and consider the independent auditor's judgments about the quality and appropriateness of the corporation's accounting principles.
- . Review major changes to the company's auditing and accounting principles and practices as suggested by the independent accountants, management, or the internal auditing department, if any.
- . Meet with the independent auditors and financial management of the company to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof review such audit, including any comments or recommendations of the independent auditors.
- . Review with the independent auditors, the company's internal auditor, if any, and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the company, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper. Further, the Audit Committee periodically should review company policy statements to determine their adherence to any code of conduct prescribed by the Board.
- . Review the internal audit function of the company, if any, including the independence and authority of its reporting obligations, the proposed audit plans for the coming year, and the coordination of such plans with the independent auditors.

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- . Receive prior to each meeting, a summary of findings from completed internal audits, if any, and a progress report on any proposed internal audit plan, if any, with explanations for any deviations from the original plan.
- . Review the annual audited financial statements and related documents prior to filing or distribution with management and the independent auditors to determine that the independent auditors are satisfied with the disclosure and content of the financial statements to be presented to the shareholders. Any changes in accounting principles should be reviewed.
- . Review with financial management and the external auditors the company's quarterly financial results and related documents prior to the release of earnings and the company's quarterly financial statements prior to filing or distribution. Discuss any significant changes to the Company's accounting principles.
- . Provide sufficient opportunity for the independent auditors and internal auditors, if any, to meet with the members of the Audit Committee without members of management present. Among the items to be discussed in these meetings are the independent auditors' evaluation of the company's financial, accounting, and auditing personnel, and the cooperation that the independent auditors received during the course of the audit.
- . Review accounting and financial human resources and succession planning within the company.
- . Submit the minutes of all meetings of the Audit Committee to, or discuss the matters discussed at each committee meeting with, the Board of Directors.
- . Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.

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ANNEX A

"Independent director" means a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which, in the opinion of the company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Without limiting the generality of the foregoing, the following persons shall not be considered independent:

- (a) a director who is employed by the company or any of its affiliates for the current year or any of the past three years;
- (b) a director who accepts any compensation from the company or any of its affiliates in excess of \$60,000 during the previous fiscal year, other than compensation for board service, benefits under a tax-qualified retirement plan, or non-discretionary compensation;
- (c) a director who is a member of the immediate family of an individual who is, or has been in any of the past three years, employed by the company or any of its affiliates as an executive officer. Immediate family includes a person's spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law and anyone who resides in such person's home;

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- (d) a director who is a partner in, or a controlling shareholder or an executive officer of, any for-profit business organization to which the company made, or from which the company received, payments (other than those arising solely from investments in the company's securities) that exceed 5% of the company's or business organization's consolidated gross revenues for that year, or \$200,000, whichever is more, in any of the past three years;
- (e) a director who is employed as an executive of another entity where any of the company's executives serve on that entity's compensation committee.

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FORM OF PROXY CARD FOR SMTC CORPORATION'S 2002 ANNUAL MEETING

SMTC CORPORATION

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF SMTC CORPORATION FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 7, 2002

The undersigned, having received the Notice of Annual Meeting of Stockholders and the Proxy Statement on behalf of the Board of Directors of SMTC Corporation (the "Company"), hereby appoints each of Paul Walker, Frank Burke and Blair Hendrix as proxies of the undersigned (with full power of substitution) to attend the Annual Meeting of Stockholders of SMTC Corporation to be held on May 7, 2002 at 2:00 p.m. Eastern Daylight Time at the Crowne Plaza Toronto Centre, 225 Front Street West, Toronto, Ontario, Canada M5V 2X3 and all adjournments thereof (the "Annual Meeting") and to vote all shares of Common Stock of SMTC Corporation that the undersigned would be entitled to vote, if personally present, in regard to all matters which may come before the Annual Meeting, and without limiting the general authorization hereby given, the undersigned directs that his or her vote be cast as specified in this Proxy.

This Proxy when properly executed will be voted in the manner specified herein. If no specification is made, the Proxies will be voted FOR the nominees. If any of the nominees are not available to serve, this Proxy may be voted for a substitute. This Proxy delegates discretionary authority with respect to matters not known or determined at the time of solicitation of this Proxy. The undersigned hereby revokes any other proxy previously granted to vote the same shares of Common Stock at the Annual Meeting.

SEE REVERSE SIDE. If you wish to vote in accordance with the recommendations of the Board of Directors, just sign on the reverse side. You need not mark any boxes.

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

Please mark your vote as indicated in this example: [X]

The Board of Directors recommends a vote FOR the following matter:

The election of three FOR WITHHELD Nominees: Khalil Barsoum

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directors to Class II, for a
term ending 2005.

Mark Benham
William Brock

INSTRUCTION: To withhold authority to vote for any individual nominee, write that nominee's name in the space provided below.

PLEASE PROMPTLY MARK, SIGN, DATE AND RETURN THIS PROXY FORM USING THE ENCLOSED ENVELOPE.

I plan to attend the meeting.

I do not plan to attend the meeting.

Signature _____ Date _____

Signature _____ Date _____

NOTE: Please sign name exactly as it appears on this proxy card. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by an authorized person.

[LOGO] smtc
defining manufacturing solutions

Notice to Exchangeable Shareholders

Our records show that you own exchangeable shares ("Exchangeable Shares") in the capital of SMTC Manufacturing Corporation of Canada ("SMTC Canada"), a Canadian company. The Exchangeable Shares provide you with economic and voting rights which are, as nearly as practicable, equivalent to those of holders of shares of common stock of SMTC Corporation, the U.S. parent of SMTC Canada, including the right to attend and vote at meetings of the common stockholders of SMTC Corporation. SMTC Corporation (the "Company") will be holding an annual meeting (the "Annual Meeting") of its common stockholders on May 7, 2002 to elect three Class II directors to serve until the 2005 Annual Meeting.

At such Annual Meeting you will have voting rights, as described below, equal to the number of Exchangeable Shares you hold. You are permitted to instruct CIBC Mellon Trust Company, the Trustee under the Voting and Exchange Trust Agreement, as to how the Trustee is to vote your Exchangeable Shares at the Annual Meeting of SMTC Corporation. If you do not give voting instructions,

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the Trustee will not be entitled to exercise the voting rights attached to your Exchangeable Shares. Alternatively, you may instruct the Trustee to give you, or a person designated by you, a proxy to exercise personally the voting rights attached to your Exchangeable Shares. To instruct the Trustee as to how you wish to exercise your voting rights, you must complete, sign, date and return the enclosed voting instruction card to the Trustee by 5:00 p.m., Eastern Daylight Time, on May 3, 2002. Whether or not you plan to attend, please sign, date and return the voting instruction card in the envelope provided in order to ensure that your Exchangeable Shares will be represented at the Annual Meeting.

You have the right to revoke any instructions to the Trustee by giving written notice of revocation to the Trustee or by executing and delivering to the Trustee a later-dated voting instruction card. No notice of revocation or later-dated voting instruction card however, will be effective unless received by the Trustee prior to 5:00 p.m., Eastern Daylight Time, on May 3, 2002.

Non-Registered Holders

Only registered holders of Exchangeable Shares of SMTC Canada are permitted to instruct the Trustee as to how to vote their Exchangeable Shares at the Annual Meeting or to attend and vote at the Annual Meeting in person or by proxy as described above. You may be a beneficial owner of Exchangeable Shares (a "Non-Registered Holder") if your Exchangeable Shares are registered either:

- (i) in the name of an intermediary (an "Intermediary") with whom you deal in respect of the Exchangeable Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, and similar plans; or
- (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

SMTC Corporation has distributed copies of the Notice of Annual Meeting, the Proxy Statement dated April 5, 2002 and the Notice to Exchangeable Shareholders (collectively, the "Meeting Materials") to Intermediaries who are required to forward these Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. If you are a Non-Registered Holder who has not waived the right to receive Meeting Materials you will be given either:

- (i) a voting instruction card which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Exchangeable Shares beneficially owned by you but which is otherwise blank. This voting instruction card need not be signed by you. In this case, if you wish to direct the voting of the Exchangeable Shares held by you or attend and vote at the Annual Meeting (or have another person attend and vote on your behalf) you should properly complete the voting instruction card and deposit it with CIBC Mellon Trust Company, Proxy Department, 200 Queens Quay East, Unit 6, Toronto, Ontario, M5A 4K9 or by fax to (416) 368-2502 prior to 5:00 p.m., Eastern Daylight Time, on May 3, 2002; or
- (ii) a voting instruction form which must be completed and signed by you in accordance with the directions on the voting instruction form.

The purpose of these procedures is to permit you, as a Non-Registered Holder, to direct the voting of the Exchangeable Shares you beneficially own or to attend and vote at the Annual Meeting, in person or by proxy. Non-Registered Holders should carefully follow the instructions of their Intermediaries and

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their service companies.

A Non-Registered Holder may revoke a voting instruction card/form given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction card/form that is not received by the Intermediary at least seven days prior to the Annual Meeting.

Information relating to SMTC Corporation

Exchangeable Shares are exchangeable on a one-for-one basis for shares of common stock of SMTC Corporation and you, as a holder of Exchangeable Shares, are entitled to receive dividends from SMTC Canada payable at the same time as and equivalent to, on a per-share basis, any dividends paid by SMTC Corporation to holders of its shares of common stock. As a result of the economic and voting equivalency between the Exchangeable Shares and shares of common stock of SMTC Corporation you, as a holder of Exchangeable Shares, will have a participating interest determined by reference to SMTC Corporation not SMTC Canada. Accordingly, it is information relating to SMTC Corporation that is relevant to you and enclosed in this package is SMTC Corporation's Proxy Statement which we urge you to read carefully.

Markham, Ontario
April 5, 2002

VOTING INSTRUCTION CARD

DIRECTION GIVEN BY REGISTERED HOLDERS OF
EXCHANGEABLE SHARES OF SMTC MANUFACTURING CORPORATION
OF CANADA FOR THE MAY 7, 2002 ANNUAL MEETING
OF STOCKHOLDERS OF SMTC CORPORATION

The undersigned, having read the Notice of Annual Meeting of Stockholders regarding the annual meeting (the "Annual Meeting") of common stockholders of SMTC Corporation (the "Company") to be held at the Crowne Plaza Toronto Centre, located at 225 Front Street West, Toronto, Ontario on Tuesday, May 7, 2002 at 2:00 p.m. (Eastern Daylight Time), the Proxy Statement dated April 5, 2002 and the accompanying Notice to Exchangeable Shareholders, receipt of each of which is hereby acknowledged, does hereby instruct and direct CIBC Mellon Trust Company (the "Trustee"), pursuant to the provisions of the Voting and Exchange Trust Agreement (the "Agreement") dated as of July 27, 2000, among the Company, SMTC Manufacturing Corporation of Canada ("SMTC Canada"), SMTC Nova Scotia Company, and the Trustee, as follows:

(PLEASE NOTE: IF NO DIRECTION IS MADE AND YOU SIGN BELOW, THE TRUSTEE IS HEREBY AUTHORIZED AND DIRECTED TO VOTE FOR ITEM 1 BELOW AND AS TO ANY OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING TO VOTE IN ITS DISCRETION.)

(PLEASE SELECT ONE OF A, B OR C)

- A. Exercise or cause to be exercised, whether by proxy given by the Trustee to a representative of the Company or otherwise, the undersigned's voting rights at the Annual Meeting, or any postponement or adjournment thereof, as follows:

(PLEASE COMPLETE THE FOLLOWING ONLY IF YOU HAVE SELECTED ALTERNATIVE A.)

1. To vote FOR or WITHHOLD VOTE or, if no specification is made, to vote FOR the election of Khalil Barsoum, Mark Benham and William Brock as Class II directors to serve until the 2005 annual meeting of

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stockholders and until their successors are elected and qualified in accordance with the by-laws of the Company.

To withhold authority to vote for any individual nominee, write that nominee's name in the space provided below.

- 2. To vote, in its discretion, upon any and all matters incident to the foregoing and such other business as may legally come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

(IF YOU HAVE SELECTED ALTERNATIVE A, PLEASE GO DIRECTLY TO THE SIGNATURE LINE ON THIS PAGE.)

- B. [] Deliver a proxy card to the undersigned at the Annual Meeting with respect to all Exchangeable Shares of SMTC Canada held by the undersigned on the record date for the Annual Meeting so that the undersigned may exercise personally the undersigned's voting rights at the Annual Meeting or any postponement or adjournment thereof.

(IF YOU HAVE SELECTED ALTERNATIVE B, PLEASE GO DIRECTLY TO THE SIGNATURE LINE ON THIS PAGE.)

- C. [] Deliver a proxy card to _____ to attend and act for and on behalf of the undersigned at the Annual Meeting with respect to all the Exchangeable Shares of SMTC Canada held by the undersigned on the record date for the Annual Meeting with all the powers that the undersigned would possess if personally present and acting thereat including the power to exercise the undersigned's voting rights at the Annual Meeting or any postponement or adjournment thereof.

(IF YOU HAVE SELECTED ALTERNATIVE C, PLEASE GO DIRECTLY TO THE SIGNATURE LINE ON THIS PAGE.)

Executed on the _____ day of _____, 2002

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

NOTES:

- (1)A shareholder has the right to appoint a person to represent him/her at the Annual Meeting by inserting in the space provided in Alternative C the name of the person the shareholder wishes to appoint. Such person need not be a shareholder.
(2)To be valid, this voting instruction card must be signed and deposited with CIBC Mellon Trust Company, Proxy Department, 200 Queens Quay East, Unit 6, Toronto, Ontario, M5A 4K9 in the enclosed return envelope or by fax to (416) 368-2502 prior to 5:00 p.m., Eastern Daylight Time, on Friday, May 3, 2002 or, if the Annual Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any adjourned Annual Meeting.
(3)If an individual, please sign exactly as your Exchangeable Shares are

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registered.

If the shareholder is a corporation, this voting instruction card must be executed by a duly authorized officer or attorney of the shareholder and, if the corporation has a corporate seal, its corporate seal should be affixed. If Exchangeable Shares are registered in the name of an executor, administrator or trustee, please sign exactly as the Exchangeable Shares are registered. If the Exchangeable Shares are registered in the name of the deceased or other shareholder, the shareholder's name must be printed in the space provided. This voting instruction card must be signed by the legal representative with his/her name printed below his/her signature and evidence of authority to sign on behalf of the shareholder must be attached to this voting instruction card.

In many cases, Exchangeable Shares beneficially owned by a holder (a "Non-Registered Holder") are registered in the name of a securities dealer or broker or other intermediary, or clearing agency. Non-Registered Holders should, in particular, review the section entitled "Non-Registered Holders" in the accompanying Notice to Exchangeable Shareholders and carefully follow the instructions of their intermediaries.

- (4) If a share is held by two or more persons, each should sign this voting instruction card.
- (5) If this voting instruction card is not dated in the space provided, it is deemed to bear the date on which it is mailed to the shareholder.