

SMTC CORP
Form 10-K/A
May 14, 2009
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K /A

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 4, 2009

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

For the transition period from to

Commission File Number 0-31051

SMTC CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

98-0197680

(IRS Employer Identification Number)

635 Hood Road, Markham, Ontario, Canada

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(Address of Principal Executive Offices)

L3R 4N6

(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value \$.01 per share	Nasdaq Global Market

Toronto Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of common stock of the registrant held by non-affiliates of the registrant was approximately \$33.5 million on June 29, 2008, including the value of the common stock for which the exchangeable shares of the registrant's subsidiary, SMTC Manufacturing Corporation of Canada, are exchangeable. For purposes of the foregoing sentence, the term "affiliate" includes each director and executive officer of the registrant and each holder of more than 10% of the registrant's common stock. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The computation of the aggregate market value is based upon the closing price of the common stock as reported on The Nasdaq National Market on June 29, 2008, the last business day of the registrant's most recently completed second quarter.

As of March 31, 2009, SMTC Corporation had 13,900,785 shares of common stock, par value \$0.01 per share, and one share of special voting stock, par value \$0.01 per share, outstanding. As of March 31, 2009, SMTC Corporation's subsidiary, SMTC Manufacturing Corporation of Canada, had 745,548 exchangeable shares outstanding, excluding 7,202,762 exchangeable shares owned by the Company's wholly-owned subsidiary, SMTC Nova Scotia Company, each of which is exchangeable for one share of common stock of SMTC Corporation.

Table of Contents

SMTC Corporation

Amendment No. 1 to

2008 Annual Report on Form 10-K/A

TABLE OF CONTENTS

	Page
PART III	
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	4
<u>Item 11. Executive Compensation</u>	7
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	14
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	16
<u>Item 14. Principal Accountant Fees and Services</u>	16
PART IV	
<u>Item 15. Exhibit Index</u>	18
<u>SIGNATURES</u>	19
Exhibit 31.1	
Exhibit 31.2	
Exhibit 32.1	
Exhibit 32.2	

Table of Contents

Explanatory Note

This Amendment No. 1 (Amendment No. 1) to the Annual Report on Form 10-K of SMTC Corporation (SMTC , the Company , we or us) for fiscal year ended January 4, 2009 as filed with the SEC on April 6, 2009 (the 2008 Annual Report), is being filed to include the information required in Part III (Items 10, 11, 12, 13 and 14) of the 2008 Annual Report.

This Amendment No. 1 does not affect any other portion of the 2008 Annual Report, other than the filing of new Exhibits 31.1, 31.2, 32.1, and 32.2, which are being filed herewith. Additionally, except as specifically referenced herein, this Amendment No. 1 does not reflect any event occurring after April 6, 2009, the filing date of the 2008 Annual Report.

DISCLAIMER

This Amendment No. 1 contains statements regarding future individual and company performance targets and goals. These targets and goals are disclosed in the limited context of our compensation programs and should not be understood to be statements of management's expectations or estimates of results or other guidance. We specifically caution investors not to apply these statements to other contexts.

Table of Contents**Item 10. Directors, Executive Officers and Corporate Governance****DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth our directors and executive officers, their ages as of April 30, 2009, the positions currently held by each person and their place of residence.

Name and Place of Residence	Age	Office
John Caldwell	59	President and Chief Executive Officer and Director (1)(2)
<i>Toronto, Ontario</i>		
Jane Todd	46	Senior Vice President, Finance, and Chief Financial Officer (2)
<i>Aurora, Ontario</i>		
Steven Hoffrogge	44	Senior Vice President, Business Development
<i>Aurora, Ontario</i>		
Don G. Simpson	46	Senior Vice President, Manufacturing and Engineering
<i>Newmarket, Ontario</i>		
Paul Blom	47	Senior Vice President, Supply Chain Management
<i>Aurora, Ontario</i>		
Wayne McLeod	69	Director and Chair of the Board (3)(4)(5)
<i>Toronto, Ontario</i>		
Thomas Cowan	59	Director (3)(4)(5)
<i>Stamford, Connecticut</i>		
Alex Walker	43	Director (3)(4)(5)
<i>Stouffville, Ontario</i>		
John Marinucci	52	Director (3)(4)(5)
<i>Oakville, Ontario</i>		
David Sandberg	36	Director
<i>New York, New York</i>		

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

John Caldwell has served as a director since March 2003, as the President and Chief Executive Officer of the Company since October 2003 and was Chair of the Board from March 2004 to August 2005. Previously, he was an independent consultant and corporate director, and from October 2002 to September 2003, he held positions in the Mosaic Group Inc. (a marketing services provider) as Chair of the Restructuring

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Committee of the Board; in Geac Computer Corporation Limited (a computer software company) as a consultant from December 2001 to October 2002 and as President and Chief Executive Officer from October 2000 to December 2001; and in CAE Inc. (a flight simulation and training services company) from January 1988 to October 1999, including President and Chief Executive Officer from June 1993 to October 1999 and Chief Financial Officer from 1988 to 1992. Mr. Caldwell also serves on the boards of directors of Advanced Micro Devices Inc., Faro Technologies, Rothmans Inc., and IAMGOLD Corporation.

Jane Todd joined the Company in July 2004 as Senior Vice President, Finance, and Chief Financial Officer. Ms. Todd brings leadership experience from both a technology and manufacturing background. Prior to joining SMTC, Ms. Todd served as the Chief Financial Officer of each of the following companies: a spin-off of General

Table of Contents

Electric, Dell Canada, Beamscope and Azerty Inc., a U.S. subsidiary of Abitibi-Consolidated. Ms. Todd is a Chartered Accountant and holds a Masters of Business Administration.

Steven Hoffrogge joined the Company in 2000 as part of the Company's acquisition of Pensar Corporation and serves as our Senior Vice President, Business Development. Previous positions at the Company include Vice President, Business Programs Management and Senior Director, IBM Global Accounts. Prior to joining SMTC, Mr. Hoffrogge was employed at Pensar Corporation, a regional EMS provider, from 1993 to 2000 where he progressed through various positions to Director of Sales.

Wayne McLeod has served as a director since February 2005 and Chair of our Board since August 2005. Mr. McLeod served as President, Chief Executive Officer and Chairman of CCL Industries during his term there from 1980-1999. He is currently a member of the boards of directors of Morguard Corp., New Flyer Industries Inc., and Richards Packaging Inc., all listed on the Toronto Stock Exchange. He also serves on the Board of the Institute of Corporate Directors.

Thomas Cowan has served as a director since March 2003. Mr. Cowan is currently CEO of Vecker Corporation. From January 2005 to December 2005 Mr. Cowan was Executive in Residence at RockRidge Capital Partners. From December 2001 to December 2004, Mr. Cowan was Chairman, President and CEO of OutlookSoft Corporation. From March 2000 to December 2001, Mr. Cowan served as Chairman and President of Vcommerce Corporation. Previously he served for over 20 years in various financial and general management positions at IBM Corporation.

John Marinucci was appointed director in June 2008. Mr. Marinucci served as President and CEO of New Flyer Industries Inc., from 2002 to 2009. Prior to 2002, he served as President and COO for National Steel Car and is a former President of the Canadian Association of Railway Suppliers. Mr. Marinucci currently sits on the Board of Directors for New Flyer Industries Inc., CWB Group and Weststart-CALSTART. Mr. Marinucci is a chartered accountant and is a member of the Institute of Corporate Directors.

Alex Walker was appointed director in June 2008. Mr. Walker is currently Founder and Managing Director of Blackmore Partners Inc., a strategy and financial advisory firm. Prior to joining Blackmore Partners in 2007, Mr. Walker held CEO, COO, and CFO roles for private and public technology and manufacturing companies, such as Cube Route Inc., Abridgean Inc., Divine Inc., GNC Inc., and Guernsey Bel. Mr. Walker has served on the boards of several companies. He received an MBA from the University of Chicago and a Mechanical Engineering Degree from Queen's University.

David Sandberg was appointed director in April 2009. Mr. Sandberg is currently the managing member, founder, and portfolio manager of Red Oak Partners, LLC, a NY-based hedge fund, founded in March 2003 and co-manager and co-founder of Pinnacle Fund LLP, founded in 2008. Red Oak Partners LLC is SMTC's largest shareholder. Previously, Mr. Sandberg co-managed JH Whitney & Co's Green River Fund from 1998-2002. Mr. Sandberg received a BA in Economics and a BS in Industrial Management from Carnegie Mellon University.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND ITS COMMITTEES

During 2008, the Board held twelve (12) meetings. The Board has three standing committees: the Nominating and Governance Committee, the Audit Committee and the Compensation and Management Development Committee.

The Nominating and Governance Committee

The Nominating and Governance Committee of the Board of Directors consisted of all independent directors in 2008 subsequent to the 2008 Annual General Meeting. The Nominating and Governance Committee (i) identifies individuals qualified to become members of the Board, (ii) selects, or recommends that the Board

Table of Contents

select, the director nominees for the next annual meeting of Stockholders, (iii) develops and recommends to the Board a set of corporate governance principles applicable to the Company and (iv) oversees the evaluation of the Board and its dealings with management and the committees of the Board. During 2008, the mandate of the Nominating and Governance Committee was undertaken by the full Board of Directors. Accordingly, the Nominating and Governance Committee did not meet in separate session during 2008. The Board approved a written charter for the Nominating and Governance Committee in April 2004, which is available on the Company's website at www.smtc.com.

The Audit Committee

The Audit Committee, which met four (4) times in 2008, consisted of William Brock, Thomas Cowan and Wayne McLeod for the first half of the year, subsequent to the Annual General Meeting of 2008, all independent Directors were members of the Audit Committee. Until December 10, 2008, William Brock served on the Audit Committee. The Board has determined that Mr. Brock and Mr. McLeod are audit committee financial experts as defined by the Securities and Exchange Commission. Subsequent to the resignation of Mr. Brock, Mr. Marinucci assumed the role of Chairman of the Audit Committee. Mr. Marinucci is an audit committee financial expert as defined by the Securities and Exchange Commission.

The Audit Committee (i) appoints, oversees and replaces, if necessary, the Company's independent auditor, (ii) assists the Board of Directors oversight and review of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, and the performance of the Company's independent auditor and (iii) prepares the Audit Committee Report included in this proxy statement.

The Board adopted and approved a revised written charter for the Audit Committee in April 2004, which was attached as an annex to the Company's proxy statement filed in connection with its 2007 annual meeting of stockholders. The Audit Committee evaluates the sufficiency of its charter on an annual basis.

The Compensation and Management Development Committee

The Compensation Committee currently consists of all independent members of the Board of Directors. Until March 24, 2008, Stephen Adamson served on the Compensation Committee, and until December 10, 2008, William Brock served on the Compensation Committee. The Compensation Committee met two (2) times in separate sessions in 2008. 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 compensation practices and policies and establish compensation for the officers of the Company.

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 10% 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.

Based on the Company's review of copies of such forms it has received from its executive officers, directors and greater than 10% beneficial owners, the Company believes that during the period ended January 4, 2009, all Section 16(a) filing requirements applicable to its Reporting Persons were met in a timely manner.

Code of Ethics

The Company has adopted a Code of Ethics and Conduct applicable to all employees, including the principal executive officer, principal financial officer and principal accounting officer. A copy of the Code of Conduct is available on our website at www.smtc.com.

Table of Contents**Stockholder Nomination**

There have been no material changes to the procedures by which stockholders may recommend nominees to the board of directors.

Item 11: Executive Compensation**SUMMARY COMPENSATION TABLE**

The table below provides information concerning the compensation of our executive officers.

In the Salary column, we disclose the base salary paid to each of our executive officers.

In the Deferred Stock Units and Option Awards columns, we disclose the compensation expense related to awards of options in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS 123R), without reduction for assumed forfeitures. For deferred stock units, the SFAS 123R fair value is calculated using the closing price on the NASDAQ Global Market of our stock at each balance sheet date. The SFAS 123R fair value of our stock options is calculated based on assumptions summarized in Note 6 to our audited consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended January 4, 2009, as amended, and for which we recognize expense ratably over the vesting period.

In the column All Other Compensation, we disclose the sum of the dollar value of all other compensation that could not properly be reported in other columns of the Summary Compensation Table, including perquisites and amounts reimbursed for the payment of taxes.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Option Awards (\$ (a))	All Other Compensation (\$ (b))	Total (\$)
John Caldwell	2008	\$ 501,003	\$ 150,978	\$ 40,334	\$ 692,315
President and Chief Executive Officer	2007	\$ 498,855	\$ 79,673	\$ 38,624	\$ 617,152
Jane Todd	2008	\$ 236,898	\$ 61,687	\$ 20,073	\$ 318,658
Senior Vice President, Finance and Chief Financial Officer	2007	\$ 235,002	\$ 38,041	\$ 17,125	\$ 290,167
Steve Hoffrogge	2008	\$ 257,538	\$ 59,934	\$ 19,355	\$ 336,827
Senior Vice President, Business Development	2007	\$ 255,477	\$ 45,212	\$ 88,743	\$ 389,433

(a) The amounts disclosed in this column represent the expense we recorded in accordance with SFAS 123R during fiscal 2008 and 2007 for the following option awards. The fair values of these option awards were calculated based on assumptions summarized in Note 6 to our audited consolidated financial statements.

- (i) Mr. Caldwell was granted 100,000 stock options for Common Stock on November 10, 2008 with a Black-Scholes fair value of \$0.51 per share and an exercise price of \$0.70 per share, the closing price of the Company's Common Stock on the date of grant. Mr. Caldwell was granted 115,000 stock options for Common Stock on November 14, 2007 with a Black-Scholes fair value of \$1.00 per share and an exercise price of \$1.64 per share, the closing price of the Company's Common Stock on the date of grant. These shares vest in three equal, annual installments, beginning on the first anniversary of the date of grant. In accordance with SFAS 123R, we record expense for this grant ratably over the three-year vesting period.

Table of Contents

- (ii) Ms. Todd was granted 50,000 stock options for Common Stock on November 10, 2008 with a Black-Scholes fair value of \$0.51 per share and an exercise price of \$0.70 per share, the closing price of the Company's Common Stock on the date of grant. Ms. Todd was granted 50,000 stock options for Common Stock on November 14, 2007 with a Black-Scholes fair value of \$1.00 per share and an exercise price of \$1.64 per share, the closing price of the Company's Common Stock on the date of grant. These shares vest in three equal, annual installments, beginning on the first anniversary of the date of grant. In accordance with SFAS 123R, we record expense for this grant ratably over the three-year vesting period.
- (iii) Mr. Hoffrogge was granted 50,000 stock options for Common Stock on November 10, 2008 with a Black-Scholes fair value of \$0.51 per share and an exercise price of \$0.70 per share, the closing price of the Company's Common Stock on the date of grant. Mr. Hoffrogge was granted 50,000 stock options for Common Stock on November 14, 2007 with a Black-Scholes fair value of \$1.00 per share and an exercise price of \$1.64 per share, the closing price of the Company's Common Stock on the date of grant. These shares vest in three equal, annual installments, beginning on the first anniversary of the date of grant. In accordance with SFAS 123R, we record expense for this grant ratably over the three-year vesting period.
- (b) The amount shown as All Other Compensation represents the sum of the following:
 - (i) Mr. Caldwell's employment agreement provides for the following perquisites: in 2008, car allowance of \$33,768, professional dues valued at \$938 and medical benefits valued at \$5,628; in 2007 car allowance of \$33,505, professional dues of \$5,584 and medical benefits of \$3,723.
 - (ii) Ms. Todd's employment agreement provides for the following perquisites: in 2008, car allowance of \$13,507, professional dues of \$938 and medical benefits valued at \$5,628; in 2007, car allowance of \$13,402, professional dues of \$1,396 and medical benefits of \$3,723.
 - (iii) Mr. Hoffrogge's employment agreement provides for the following perquisites: in 2008, car allowance of \$13,726, medical benefits valued at \$5,628; in 2007, car allowance of \$13,402, medical benefits of \$3,723, financial planning benefits of \$5,584 and tax equalization payments of \$66,034.

EMPLOYMENT AGREEMENTS

On March 30, 2007, SMTC Canada entered into an employment agreement and a Deferred Share Unit agreement with Mr. Caldwell. Under the terms of the agreements, Mr. Caldwell is entitled to an annual base salary of CDN\$534,000, which may be increased by the Board of Directors of SMTC Canada (the SMTC Canada Board). Mr. Caldwell is also entitled to receive a short term bonus which will be determined by the SMTC Canada Board, a car allowance and certain other standard benefits. In the event that Mr. Caldwell is terminated without cause or, following a change of control, is terminated without cause or constructively discharged, he is entitled to a lump sum payment of two years base salary and any target bonus determined by the SMTC Canada Board. The employment agreement provides for customary non-competition and non-solicitation provisions which continue during the term of the agreement and for two years from the date of termination. Pursuant to the Deferred Share Unit agreement referred to above and a Deferred Share Unit agreement dated February 7, 2005, within 60 days following the termination of his employment (or within 10 days following a change of control), Mr. Caldwell will be entitled to a payment in respect of the units granted thereunder, based upon the fair market value of the Company's common stock.

On March 30, 2007, SMTC Canada entered into an employment agreement with Ms. Todd. Under the terms of the agreement, Ms. Todd is entitled to an annual base salary of CDN\$252,500, which may be increased by the SMTC Canada Board. Ms. Todd is also entitled to receive a short term bonus with a target of 50% of her base salary if certain financial and individual performance targets to be determined by the SMTC Canada Board are met, as well as a car allowance and certain other standard benefits. In the event that Ms. Todd is terminated without cause, she is entitled to salary continuance of twelve months plus one month for every year of service after twelve years of service, up to a maximum of eighteen months. The employment agreement provides for customary non-solicitation provisions which continue during the term of the agreement and for eighteen months from the date of termination.

Table of Contents

On March 30, 2007, SMTC Canada entered into an employment agreement with Mr. Hoffrogge. Under the terms of the agreement, Mr. Hoffrogge is entitled to an annual base salary of CDN\$274,500 (subject to gross up to provide the equivalent after tax income that he would have earned as a resident of the U.S.), which may be increased by the SMTC Canada Board. Mr. Hoffrogge is also entitled to receive a short term bonus with a target of 50% of his base salary (subject to gross up to provide the equivalent after tax income that he would have earned as a resident of the U.S.) if certain financial and individual performance targets to be determined by the SMTC Canada Board are met, as well as a car allowance, reimbursement for tax advice of up to CDN\$6,000 per year and certain other standard benefits. In the event that Mr. Hoffrogge is terminated without cause, he is entitled to salary continuance of twelve months plus one month for every year of service after twelve years of service, up to a maximum of eighteen months. The employment agreement provides for customary non-solicitation provisions which continue during the term of the agreement and for twelve months from the date of termination.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table provides information regarding unexercised stock options and equity incentive plan awards for each executive officer outstanding as of the end of fiscal 2008. Each outstanding award is represented by a separate row which indicates the number of securities underlying the award.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Option Awards Equity Incentive Plan Awards:				Stock Awards(a)			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
John Caldwell	3,000		\$ 3.75	5/6/2013				
	200,000		\$ 1.55	10/6/2014				
	150,000	50,000(b)	\$ 1.27	3/15/2015				
	66,666	33,334(c)	\$ 2.50	11/16/2016				
	38,333	76,667(c)	\$ 1.64	11/14/2012				
	100,000(c)	\$ 0.70	11/10/2013					
Jane Todd	30,000		\$ 2.75	7/6/2014				
	37,500	12,500(b)	\$ 1.17	3/15/2015				
	26,667	13,333(c)	\$ 2.50	11/16/2016				
	16,667	33,333(c)	\$ 1.64	11/14/2012				
	50,000(c)	\$ 0.70	11/10/2013					
Steve Hoffrogge	600		\$ 15.00	4/25/2012				
	600		\$ 25.00	4/25/2012				

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800		\$ 40.00	4/25/2012
30,000			
37,500		\$ 4.00	3/12/2014
26,667	12,500(b)		
16,667		\$ 1.17	3/15/2015
	13,333(c)		
		\$ 2.50	11/16/2016
	33,333(c)		
		\$ 1.64	11/14/2012
	50,000(c)		
		\$ 0.70	11/10/2013

- (a) The Company has no outstanding stock awards.
- (b) The shares underlying this award vest by 25% each year beginning on the first anniversary date of the grant.
- (c) The shares underlying this award vest in three equal, annual installments, beginning on the first anniversary of the date of grant.

Table of Contents**POST-TERMINATION COMPENSATION AND CHANGE OF CONTROL PAYMENTS**

Mr. Caldwell's employment was governed by an employment agreement dated February 7, 2005, until that employment agreement was superceded by an employment agreement dated August 15, 2006. With respect to the other executive officers prior to fiscal year 2007, the terms of employment regarding compensation and termination benefits were governed by terms outlined in individual offers of employment. In March of 2007, we amended the employment agreement with Mr. Caldwell, and the employment arrangements for Mr. Hoffrogge, Ms. Todd and Mr. Simpson were formalized into employment agreements that mirrored the provisions outlined in each original offer letter. There are no changes between Mr. Caldwell's prior agreement and the offer letters that had been in place with Mr. Hoffrogge, Ms. Todd and Mr. Simpson as compared to the new employment agreements with respect to any of the termination provisions detailed in this section.

Termination Without Cause

The executive officers have employment agreements with the Company that provide compensation upon termination for other than cause.

Under the agreements, the Company provides its executive officers, except for the Chief Executive Officer, with benefits equal to:

- a) Salary continuation for a period of twelve (12) months, plus one (1) month for every completed year of active employment beyond ten (10) years of service, in the case of Mr. Simpson, and beyond twelve (12) years of service, in the case of Ms. Todd and Mr. Hoffrogge, to a maximum of eighteen (18) months of salary continuance, and
- b) benefits continuation for the severance period.

In the event that, prior to the end of the salary continuation period, the executive officer obtains alternative employment that provides total remuneration that is at least 75% of the executive officer's total compensation previously provided by the Company, then the salary continuation payments will be discontinued and the Company will provide a lump sum payment, less applicable deductions, that is equivalent to 50% of the then remaining salary continuation payments that the executive officer would have been entitled to.

The Chief Executive Officer's employment agreement also provides compensation upon termination for other than cause. Under this agreement, the Company provides the Chief Executive Officer a lump sum payment, less applicable statutory deductions, equivalent to two times the aggregate base salary and benefits plus the target bonus payable under the Incentive Plan.

In the event that an executive officer is terminated without cause and is the recipient of the compensation described above, the executive officer must adhere to certain non-solicitation and confidentiality covenants in his or her respective employment agreement in order to receive such compensation during the severance period. Specifically, such executive officer cannot solicit any of the Company's customers or employees for a period of eighteen (18) months, and he or she cannot disclose or make use of any of the Company's confidential information in the same manner that was agreed to in the employment agreement. If the executive officer violates any of these covenants during the salary continuation period, all salary continuation payments and any rights to such will be terminated.

Based on a hypothetical termination date of January 4, 2009, the severance benefits for the executive officers are as follows:

	Base Salary	Car	Benefits	Bonus	Total
John Caldwell	\$ 1,002,006	\$ 67,536	\$ 11,256	\$ 1,002,006	\$ 2,082,804
Jane Todd	\$ 236,898	\$ 13,507	\$ 5,628		\$ 256,033
Steve Hoffrogge	\$ 343,384	\$ 18,010	\$ 5,628		\$ 367,022

Table of Contents

Termination in the Event of a Change of Control

The Company has included a change of control provision in the employment agreement of the Chief Executive Officer. In the event of a change of control as described below, if within six months following the change of control the Chief Executive Officer is terminated without cause or is constructively dismissed, the Chief Executive Officer is entitled to a lump sum payment, less applicable statutory deductions, equivalent to two times the aggregate base salary plus the target bonus payable under the Incentive Plan. In establishing this provision, the Board of Directors considered the market competitiveness of the arrangement and the Company's ability at the time to retain a qualified Chief Executive Officer.

Based on a hypothetical termination date of December 31, 2008, the severance benefit in the event of a change of control for the Chief Executive Officer is \$2,082,804.

In the Chief Executive Officer's employment agreement, a change of control is defined as follows:

- a) the acquisition, directly or indirectly and by any means whatsoever, by any one stockholder, or group of stockholders acting jointly or in concert, of more than 50% of the outstanding voting shares of the Company; or
- b) a sale by the Company (in one or more transactions) of all or substantially all of its assets to an unrelated third party, or other liquidation or dissolution; or
- c) a merger, consolidation, arrangement or other reorganization of the Company which results in the Company's stockholders owning less than 50% of the voting shares of the resulting entity.

Termination as a Result of the Privatization of the Company

In the event that the Company's common shares cease to be publicly traded or the Company ceases to be an SEC registrant (except by reason of a change of control where the executive officer continues as Chief Executive Officer of a successor public company), the Chief Executive Officer may at his option, deem his employment to have been terminated without cause. He would then be entitled to all of the benefits specific to him described above in Termination Without Cause.

Accelerated Vesting of Stock Options in the Event of a Change of Control

The 2000 Plan contains provisions to protect the executive officers in the event of a change of control, defined in the 2000 Plan as a covered transaction.

In the 2000 Plan, a covered transaction is defined as any of:

- (i) a consolidation or merger in which the Company is not the surviving corporation or which results in the acquisition of all or substantially all of the Company's then outstanding Common Stock by a single person or entity or by a group of persons and/or entities acting in concert,
- (ii) a sale or transfer of all or substantially all of the company's assets, or
- (iii) a dissolution or liquidation of the Company.

In the event of a covered transaction:

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- a) all outstanding awards shall vest and if relevant become exercisable, immediately prior to the covered transaction;
- b) all deferrals, other than deferrals of amounts that are neither measured by reference to nor payable in shares of Common Stock or exchangeable shares, shall be accelerated, immediately prior to the covered transaction; and
- c) upon consummation of a covered transaction, all awards then outstanding and requiring exercise shall be forfeited unless, in each case, such awards and deferrals are assumed by the acquiring or surviving entity or its affiliate.

Table of Contents

In connection with any covered transaction in which there is an acquiring, a surviving entity or in which all or substantially all of the Company's then outstanding Common Stock is acquired, the Compensation Committee may provide for substitute or replacement awards from, or the assumption of awards by, the company, the acquiring or surviving entity or its affiliates, as applicable.

Termination in the Event of Disability

The employment agreements of the executive officers provide for termination in the event of a partial or total disability of an executive officer.

Partially or Totally Disabled means any physical or mental incapacity, disease or affliction, as determined by a legally qualified medical practitioner, which prevents the executive officer from performing the essential duties of his position.

In the event that the executive officer is Partially or Totally Disabled for a period of six (6) months or less, he shall receive all remuneration including bonuses, payments and rights including all benefits provided for under the employment agreement, as if he were regularly and fully employed.

In the event that the executive officer is Partially or Totally Disabled for a continuous period of more than six (6) months, the Company shall be entitled to terminate the employment of the executive officer by giving written notice to the executive officer. In the event of a termination of employment under these circumstances, the executive officer shall be entitled to the salary continuance benefits that would have been payable if the termination was involuntary and not for cause (as described above).

COMPENSATION OF DIRECTORS

From January 1st, 2005 to December 31st, 2008, director compensation was governed by a plan presented to the Board in September of 2004 (the 2005 Compensation Plan). Under the 2005 Compensation Plan, we paid the Chairman of the Board a \$75,000 base fee per year, and each independent director a \$40,000 base fee per year, for serving on our Board, meeting fees of \$600 for Board or committee conference calls and \$1,200 for full Board meetings or committee meetings. Over the course of each director's service, a minimum of \$25,000 of the annual base fee due to such director each year is paid in the form of shares of Common Stock or deferred share units, until a \$100,000 threshold is attained. Thereafter, the director's fees are paid all in cash. Members of the Audit Committee received an annual retainer of \$4,000, with the Chairman of the Audit Committee receiving an additional annual retainer of \$2,000. Members of other committees received an annual retainer of \$2,000, with the respective Chairman of each committee receiving an additional annual retainer of \$3,000.

In 2008, the Company completed a Director Compensation benchmarking analysis using publicly available data from fourteen North American public EMS companies with revenues in the range of \$118 million to \$2.9 billion. With respect to director compensation, the Company concluded that the compensation paid to directors was below average within the group. If the larger peers were excluded from the group, our director compensation was in line with industry norms.

In November 2008, the Board approved a revised compensation plan effective January 1st, 2009 for independent directors (the 2009 Compensation Plan). Pursuant to the 2009 Compensation Plan, independent directors will earn a retainer of CDN \$50,000 per year for serving on our Board. The Chairman of the Board will earn an additional retainer of CDN \$15,000, the Chairman of the Audit Committee will earn an additional retainer of CDN \$6,000 and the Chairman of all other committees will earn an additional retainer of CDN\$3,000. Board fees will be reduced on a prorated basis for non-attendance. The Members of the Board are also required over a five year period to own shares valued at CDN \$50,000.

Table of Contents

We pay no additional remuneration to our employees for serving as directors or on committees. The following table outlines the compensation to the Board of Directors for the year ended January 4, 2009:

Name and Principal Position	Year	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Deferred Share Units (\$ (a))	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Wayne McLeod	2008	\$ 75,000		\$ 12,500			\$ 87,500
William Brock	2008	\$ 38,226		\$ 12,500			\$ 50,726
Thomas Cowan	2008	\$ 35,200		\$ 12,500			\$ 47,770
Stephen Adamson	2008	\$ 4,250					\$ 4,250
John Marinucci	2008	\$ 30,500					\$ 30,500
Alex Walker	2008	\$ 32,750					\$ 32,750

(a) The amounts disclosed in this column represent the expense recorded in accordance with SFAS 123R during fiscal 2008.

Table of Contents**Item 12: Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The following table sets forth, as of May 1, 2009, 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 May 1, 2009, our outstanding equity securities (including exchangeable shares of our subsidiary, SMTC Canada, other than holdings of SMTC Nova Scotia Company, a subsidiary of SMTC Canada) consisted of 14,646,333 shares.

Unless otherwise indicated below, to our knowledge, all persons listed below have sole voting and investment power with respect to their shares, 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 beneficial ownership within 60 days after May 1, 2009 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	Shares Beneficially Owned		Percentage of Shares Beneficially Owned(*)
		Options/Warrants	Total	
Principal Stockholders:				
Red Oak Partners LLC(1) 145 4 th Avenue, Suite 15A New York, New York, 10003	2,482,192		2,482,192	16.9%
Bain Capital Funds(2)(3) c/o Bain Capital, LLC 111 Huntington Avenue Boston, Massachusetts 02199	767,627		767,627	5.2%
Directors and Executive Officers:				
John Caldwell(4)		507,999	507,999	3.7%
Jane Todd		123,334	123,334	0.9%
Steven G. Hoffrogge	3,200	125,334	125,334	0.9%
Thomas Cowan		3,000	3,000	#
Wayne McLeod(5)	15,000		15,000	0.1%
Alex Walker				
John Marinucci				
David Sandberg (1)	2,482,192		2,482,192	16.9%
All Directors and Executive Officers as a group (8 persons)	2,500,392	869,333	3,260,059	23.5%

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* The number of shares of Common Stock deemed outstanding on May 1, 2009 with respect to a person or group includes (a) 14,646,333 shares outstanding on such date (including shares of Common Stock issuable

Table of Contents

upon exchange of exchangeable shares of our subsidiary, SMTC Canada, other than exchangeable shares held by SMTC Nova Scotia Company, a subsidiary of SMTC Canada) and (b) all options that are currently exercisable or will be exercisable within 60 days of May 1, 2009 by the person or group in question.

Represents an amount less than 1.0% of shares outstanding.

- (1) Holdings as of March 5, 2009 as reported on Form 4 filed with the Securities and Exchange Commission on March 5, 2009 by Red Oak Partners, LLC. The Red Oak Fund, LP (the Fund); Red Oak Partners, LLC (the General Partner), which is the general partner of the Fund; and David Sandberg, who is the managing member of the General Partner, report having shared power to vote or to direct the vote of all of such shares of Common Stock and power to dispose or direct the disposition of all of such shares.
- (2) 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.
- (3) 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).
- (4) Includes options to purchase 307,999 shares of the Company s Common Stock and options to purchase 200,000 exchangeable shares of SMTC Canada,
- (5) Represents 15,000 exchangeable shares of SMTC Canada. Subject to applicable legal requirements, the exchangeable shares of SMTC Canada are exchangeable on a one-for-one basis for shares of Common Stock of SMTC at the option of the holder.

Equity Compensation Plan Information

The Company maintains the Amended and Restated SMTC (HTM) 1998 Equity Incentive Plan (the 1998 Plan), which was approved by the Board of Directors and the stockholders of the Company as of September 30, 1998 and which amended and restated the plan as initially adopted by the Board of Directors and the stockholders of the Company as of July 30, 1999. The Company also maintains the SMTC Corporation/SMTC Manufacturing Corporation of Canada 2000 Equity Incentive Plan (the 2000 Plan), which was adopted by the Board of Directors and the stockholders of the Company in July of 2000. The Board of Directors and the stockholders of the Company approved an amendment to the 2000 Plan in April 2004 and May 2004, respectively and a second amendment to the 2000 Plan in March 2007 and May 2007, respectively (the Amended 2000 Plan).

The following table gives information about awards under the 1998 Plan and the Amended 2000 Plan as of January 4, 2009:

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a)) (c)
Equity compensation plans approved by stockholders:	1,742,893	\$ 1.97	210,548(1)(2)

Notes:

- (1) Pursuant to the terms of the Amended 2000 Plan, the number of shares of Stock that may be issued under Awards granted under the Amended 2000 Plan (including Stock that may be issued on the exchange of Exchangeable Shares issuable under Awards) shall not exceed (A) 1,800,000 plus (B) as of the first day of each fiscal year (commencing with the fiscal year beginning in 2008) of the Company during the life of the Plan, an additional number of shares determined by the Board but not to exceed 1% of the total number of shares of Stock actually outstanding on such date. Notwithstanding the preceding sentence, no more than

Table of Contents

1,700,000 shares of Stock may be delivered in satisfaction of any incentive stock options awarded under the Amended 2000 Plan.

(2) The number of Exchangeable Shares that may be issued under Awards granted under the Amended 2000 Plan shall not exceed 750,000.

Item 13: Certain Relationships and Related Transactions, and Director Independence

RELATED PARTY TRANSACTIONS

Stockholders Agreement

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

Settlement Agreement

On June 10, 2008, we entered into a global settlement agreement (the Settlement Agreement) with Red Oak Partners LLC, our largest shareholder, of which Mr. Sandberg is managing director, founder and portfolio manager. Pursuant to the Settlement Agreement, we agreed to undertake various actions in relation to our corporate governance, including implementing the restructuring of the board described in Proposal No. 2.

Employment Arrangements

The Company and each executive officer have entered into employment agreements. Each of these employment arrangements is more fully described under Employment Agreements.

DIRECTOR INDEPENDENCE

The Board has determined that each of Thomas Cowan, John Marinucci, David Sandberg, Alex Walker and Wayne McLeod is an independent director as defined in the rules of the NASDAQ Global Market (NASDAQ Rules). Stephen Adamson and William Brock were also considered to be independent directors.

All members of the Nominating and Governance Committee are independent directors as defined in and as required by NASDAQ Rules.

All Audit Committee members are independent directors as defined in NASDAQ Rules and Rule 10A-3(b)(1) under the Securities and Exchange Act of 1934, and as required by NASDAQ Rules.

All Compensation Committee members are independent directors as defined in and as required by NASDAQ Rules.

Item 14: Principal Accountant Fees and Services

KPMG LLP acted as independent auditors for the Company for the period ended January 4, 2009.

Fees to the Company for professional services rendered by KPMG LLP during 2007 and 2008 were as follows: *Audit Fees*: U.S.\$700,500 for 2007 and U.S.\$ 632,200 for 2008; *Tax Fees*: U.S.\$27,900 for 2007 and U.S.\$ 5,300 for 2008, which were in connection with tax compliance matters; and *All Other Fees*: \$0 for each of 2007 and 2008.

In April 2004, the Board adopted an Audit and Non-Audit Services Pre-Approval Policy for the Audit Committee. Under the policy, the Audit Committee has pre-approved certain audit and audit related services, tax services and other services. The Audit Committee has determined that the provision of those services that are

Table of Contents

pre-approved in the policy will not impair the independence of the auditor. The provision of services by the auditor which are not pre-approved in the policy are subject to separate pre-approval by the Audit Committee. The policy also pre-approved certain specified fee levels for the specific services. Payments in excess of these specified levels are subject to separate pre-approval by the Audit Committee.

The Audit Committee has considered whether KPMG LLP's provision of non-audit services is compatible with its independence. 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.

Table of Contents

PART IV

Item 15. EXHIBIT INDEX

Exhibit Number	Document
31.1	Certification of John Caldwell pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated May 14, 2009.
31.2	Certification of Jane Todd pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated May 14, 2009.
32.1	Certification of John Caldwell pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated May 14, 2009.
32.2	Certification of Jane Todd pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated May 14, 2009.

Table of Contents

SIGNATURES

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

SMTC CORPORATION

By: /s/ John Caldwell

John Caldwell

President and Chief Executive Officer

(Principal Executive Officer)

SMTC CORPORATION

By: /s/ Jane Todd

Jane Todd

Chief Financial Officer

**(Principal Financial and Accounting
Officer)**

Date: May 14, 2009