EXHIBIT 10.28  
  
  
   
PLEDGE AGREEMENT  
  
 The following collateral is, in accordance with the terms and  
conditions set forth below, assigned as security for the present and future  
obligations of Xxxx Xxxxxx Xxxxxx (hereinafter called the "PLEDGOR") to SMTC  
Corporation, a Delaware corporation (together with its successors and assigns,  
hereinafter called the "LENDER") under the funding agreement dated the date  
hereof between the Pledgor and the Lender (the "FUNDING AGREEMENT") and under  
the promissory note(s) given by the Pledgor in favour of the Lender to which  
reference is made in the Funding Agreement (the "NOTES"):  
  
 all of the shares of common stock of SMTC Corporation owned by Xxxx  
 Xxxxxx Xxxxxx (the "PLEDGED SHARES").  
  
 For valuable consideration, receipt whereof is hereby acknowledged,  
the above collateral and all renewals thereof, substitutions therefor and  
accretions thereto and all income from any of the foregoing (the whole  
hereinafter called the "SECURITIES") are, subject to the provisions in the  
immediately following paragraph, hereby assigned to and are to be held by the  
Lender as general and continuing collateral security for the fulfilment of all  
obligations, present or future, matured or not, of the Pledgor to the Lender  
under the Funding Agreement and the Notes (hereinafter called the "OBLIGATIONS")  
and the Pledgor hereby agrees that immediately upon request by the Lender and in  
confirmation of the security interests hereby created, he shall execute and  
deliver to the Lender such further instruments, deeds, transfers, assurances and  
agreements, in form and substance as the Lender shall reasonably request,  
including any financing statements and amendments thereto, or any other  
documents, as required or advisable under Delaware law and any other applicable  
law to protect the security interests created hereunder. The Pledgor hereby  
irrevocably constitutes and appoints the Lender and any officer or agent  
thereof, with full power of substitution, as its true and lawful attorney-in-  
fact with full irrevocable power and authority in the place and stead of the  
Pledgor and in the name of the Pledgor or in its own name, for the purpose of  
carrying out the terms of this Pledge Agreement, to take any and all appropriate  
action and to execute any and all documents and instruments which may be  
necessary or desirable to accomplish the purposes of this Pledge Agreement  
without notice to or assent by the Pledgor including, without limitation,  
executing any endorsements, assignments or other instruments of conveyance or  
transfer with respect to the securities.  
  
 For greater certainty and notwithstanding any other provision in this  
Pledge Agreement with the exception of the immediately following sentence, the  
Pledgor shall, for so long as he is not in breach of any of the Obligations, be  
entitled to sell or otherwise transfer all or any portion of the securities and  
immediately prior to any such sale or transfer (a "DISPOSITION"), the subject  
securities shall be deemed to have been fully released as collateral security  
under this Pledge Agreement without further claim by the Lender. In order to  
sell or otherwise transfer all or any portion of the securities, the Pledgor  
shall:  
  
  
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 (a) provide the Lender with written notice of the disposition at least  
 five business days in advance of the effective date of the disposition  
 and receive proceeds from the disposition which have a fair market  
 value that is substantially equivalent to that of the subject  
 securities ("PROCEEDS");  
  
 (b) assign to the Lender, as collateral security under this Pledge  
 Agreement, any portion of the Proceeds which is not in the form of  
 cash or cash equivalents; and  
  
 (c) within two (2) business days of receipt or on such other terms as the  
 Lender acting reasonably may require, pay to the Lender, as a  
 repayment of the Notes, that portion of any Proceeds which are not  
 referred to in paragraph (b) above as is required to be paid by the  
 Pledgor in accordance with the terms of the Notes and the Funding  
 Agreement.  
  
 If the Pledgor fails to fulfil any of the Obligations, the Lender may:  
  
 (a) from time to time, sell at a public or private sale or otherwise  
 realize upon all or any of the securities for such price in money or  
 other consideration and upon such terms and conditions as it deems  
 best, the whole without advertisement or notice to the Pledgor or  
 others;  
  
 (b) without limiting the generality of paragraph (a), elect to accept the  
 securities in satisfaction of the Obligations, and the Lender shall  
 thereafter be entitled to the securities free from all rights and  
 interests therein of any other person, and the Lender may thereafter,  
 where applicable, surrender the securities for cancellation;  
  
 (c) hold all income from the securities and the proceeds of any  
 collection or realization of the securities, after deduction of all  
 expenses thereof, which with interest shall be borne by the Pledgor,  
 as security as aforesaid and/or applied against any of the Obligations  
 as the Lender deems best;  
  
 (d) compound, compromise, grant extensions, take and give up securities,  
 accept compositions, grant releases and discharges and otherwise deal  
 with the Pledgor and others and the securities and other securities as  
 it sees fit, without prejudice to any of its rights; and  
  
 (e) exercise all rights and powers and perform all acts of ownership in  
 respect of the securities to the same extent as the Pledgor might do  
 and the Pledgor shall forthwith repay all consequent outlay and  
 expense with interest.  
  
 The Lender need not present, protest, give any notice in connection  
with, prevent outlawry of, collect, enforce or realize any of the securities and  
need not protect or preserve them from, and is hereby released from all  
responsibility for, any depreciation in or loss of, value which they may suffer,  
and the Lender shall be bound to exercise in the keeping of the securities only  
the same degree of care as if they were the property of the Lender. All claims,  
present or future, of the Pledgor against any person liable upon or for the  
payment of any of the securities (the "ACCOUNT DEBTOR") are hereby assigned to  
the Lender. The Lender may, at any time, direct any Account Debtor to make  
payments on any of the securities (other than equity securities or  
  
  
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securities convertible into equity securities) to the Lender. The Lender is  
hereby appointed the irrevocable attorney of the Pledgor, with full powers of  
substitution, from time to time to endorse and/or transfer the securities or any  
of them to the Lender or its nominees.  
  
 Neither failure nor delay on the part of the Lender to exercise any  
right, remedy, power or privilege provided for herein or by statute or at law or  
in equity shall operate as a waiver thereof, nor shall any single or partial  
exercise of any such right, remedy, power or privilege preclude any other or  
further exercise thereof or the exercise of any other right, remedy, power or  
privilege.  
  
 Neither this Pledge Agreement nor any provisions hereof may be  
amended, modified, waived, discharged or terminated orally, but only by an  
instrument in writing signed by the party against which enforcement of the  
amendment, modification, waiver, discharge or termination is sought.  
  
 This Pledge Agreement and the security hereunder are in addition to  
and not in substitution for any other security held by the Lender and shall not  
operate as a merger of any simple contract debt or suspend the fulfilment of, or  
affect the rights, remedies and powers of the Lender in respect of, the  
Obligations or any securities held by the Lender for the fulfilment thereof.  
All rights and remedies existing hereunder are cumulative to, and not exclusive  
of, any rights or remedies otherwise available.  
  
 Wherever possible, each provision of this Pledge Agreement shall be  
interpreted in such manner as to be effective and valid under applicable law,  
but if any provision of this Pledge Agreement shall be prohibited by or invalid  
under applicable law, such provision shall be ineffective to the extent of such  
prohibition or invalidity, without invalidating the remainder of such provision  
or the remaining provisions of this Pledge Agreement.  
  
 This Pledge Agreement shall be a continuing agreement and shall have  
effect whenever and so often as any of the Obligations exist.  
  
 This Pledge Agreement shall be governed by and construed in accordance  
with the laws of the State of Delaware (without giving effect to its conflict of  
laws rules).  
  
 This Pledge Agreement shall be binding upon the Pledgor and the  
successors and assigns of the Pledgor and shall enure to the benefit of the  
Lender and its successors and assigns.  
  
 The Pledgor hereby acknowledges a copy of this Pledge Agreement.  
  
 Dated at this 26th day of July, 2000.  
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 SMTC CORPORATION  
  
 /s/ Xxxx Xxxxxx  
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 By: Xxxx Xxxxxx  
  
  
  
 /s/ Xxxxxxx Xxxxx  
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 By: Xxxxxxx X. Xxxxx  
  
  
 /s/ Xxxx Xxxxxx  
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 Xxxx Xxxxxx Xxxxxx