

**AVX LIMITED PENSION SCHEME
SUMMARY FUNDING STATEMENT
2015**

Dear Member

Summary Funding Statement

The purpose of this statement is to give members the latest details of the AVX Limited Pension Scheme's ("the Scheme") funding position and show the steps being taken to reduce the shortfall. It takes account of the combined financial position of the Scheme and the AVX Retirement Plan following the merger that was completed on 30 September 2013. All references to the "Scheme" include those pensions that have been merged in from the AVX Retirement Plan.

Measuring the Scheme's Financial Position

If you are an active contributing member then each year you are earning benefits in the Scheme linked to your Pensionable Salary. If you have left the Scheme, you have earned benefits during your Scheme membership which will be payable on retirement. If you have retired then you will be receiving a pension from the Scheme. The estimated cost of providing the benefits earned to date by all the active members and those who have left the Scheme together with the pension benefits already in payment are known as the Scheme's liabilities.

Money is collected from the active members and AVX ("contributions"). It is then invested to help provide the benefits due. It is held in a communal fund, completely separate from the assets of the Company and this fund is used to pay benefits as they fall due. The value of the communal fund is known as the Scheme's assets.

To check the Scheme's funding position the value of its liabilities is compared to its assets. If the Scheme has fewer assets than liabilities, it is said to have a "shortfall". If the assets exceed the liabilities there is said to be a "surplus". Every three years an actuarial valuation is carried out. On the years between valuations, annual updates known as actuarial reports are completed.

What was the Scheme's financial position at the most recent valuation date?

The latest full actuarial valuation of the Scheme took place prior to the merger and showed that on 5 April 2012:

The value of the liabilities was	£82.0 million
The Scheme's assets were valued at	£59.6 million
This means that there was a shortfall of	£22.4 million
This equates to an ongoing funding level of	73%

Our objective as Trustees is to move the funding position to 100% in an appropriate timeframe (see further below) and we expect this to occur as a result of additional contributions from AVX along with returns on the Scheme's assets.

The Pensions Regulator has powers to make any directions following a valuation as to:

- The level of benefits available from the Scheme going forward
- The method or assumptions used to calculate the liabilities or the length and structure of the Recovery Plan
- The contributions that should be paid under the schedule of contributions

At the last valuation, the Trustees and Company agreed the method and assumptions to be adopted and the contributions to be paid. The Regulator did not have to use these powers.

What is the Scheme's current financial position?

Last time we wrote to you we reported that the approximate update (ie an actuarial report) to 5 April 2013 showed a shortfall of £20.9m for the combined scheme, which equates to a funding level of 80%. Since then, a further actuarial report as at 5 April 2014 has been completed which showed that the Scheme's financial position had improved and the shortfall was £7.2m. This is shown below:

Effective Date : 5 April 2014	Combined Scheme
	£m
Value of liabilities	94.9
Value of assets	87.7
Shortfall of assets compared to liabilities	7.2
Funding level, ie, asset value as a percentage of liability value	92%

The next full actuarial valuation is due as at 5 April 2015. This is currently under way and the result of the valuation will be communicated as part of the next Summary Funding Statement.

Is the shortfall going to be paid off, and if so, how will this be done?

AVX has agreed to pay combined contributions of £398k per month (ie £4.8m per annum) to the Scheme, with a target date of 31 May 2018 to reach a 100% funding level. This will be reviewed by the Trustees and AVX as part of the actuarial valuation as at 5 April 2015.

Is my pension guaranteed?

Our aim is for there to be enough money in the Scheme to pay pensions now and in the future, but this depends on the Company carrying on in business and continuing to pay for the Scheme.

If the Company goes out of business or decides to stop paying for the Scheme, it is expected to pay the Scheme enough money to buy all the benefits built up by members from an insurance company. This is known as the Scheme being "wound-up".

We have reviewed the Company's financial position and consider it to be strong. We also take into account the legally enforceable guarantee by AVX Corporation to stand over AVX Limited's financial liability to the Scheme.

The comparison of the Scheme's assets to the cost of hypothetically buying the benefits from an insurance company is known as the "solvency position".

The solvency position is shown below for information although the Company has no intention to allow the Scheme to be wound up. The solvency position is calculated as part of the actuarial valuation every three years.

Is there enough money in the Scheme to provide my full benefits if the Scheme was wound-up?

As part of the 2013 merger of the Pension Scheme and Retirement Plan, the wind up position was calculated as at 5 April 2013 as follows:

The estimated liabilities if the Scheme were to be wound-up were	£142.4 million
The Scheme's assets were	£81.9 million
This means that there was a shortfall of	£60.5 million

The funding position showed that the Scheme's assets could not have paid for full benefits of all members to be provided by an insurance company if the Scheme had wound-up at that date. This is not at all unusual given that winding the Scheme up and securing benefits with an insurance company is much more expensive than continuing to run it.

You should note however, that the actual shortfall would depend on the cost of purchasing annuities with an insurance company, and this might be more, or less, than the estimate provided above.

The fact that we have shown the solvency position does not mean that the Company is thinking of winding up the Scheme. It is just another piece of information we hope will help you understand the financial security of your benefits. The updated wind up position will be calculated as part of the 5 April 2015 valuation.

What happens if the Scheme is wound-up and there is not enough money to pay for all my benefits?

As indicated previously, the Trustees currently consider this possibility to be hypothetical only. In saying so, we bear in mind the considerable financial strength of AVX Limited along with the legally enforceable guarantee to stand over the Pension Scheme by AVX Corporate, the US Parent Company. Although the funding position of the Scheme is in deficit, the Scheme continues to pay all members' benefits, in full, as they fall due.

Further information and guidance is available on the PPF website at www.pensionprotectionfund.org.uk.

Where can I get more information?

If you have any other questions, or would like any more information, please write to Ms H McCann, AVX Limited, Hillmans Way, Coleraine, BT52 2DA or Kathryn Rae (the Scheme administrator) at Mercer Limited, 1 George Square, Glasgow, G2 1AL. Kathryn's e-mail address is Kathryn.Rae@mercer.com.

A list of documents which provide further information is shown below. If you want us to send you a copy of any of these documents please let us know. We will continue to send you a Summary Funding Statement each year, so if you have already left the Company and changed address you should advise Ms McCann or Ms Rae in writing so that we can update our records.

The Trustees of the AVX Limited Pension Scheme

Additional documents available on request

The Statement of Investment Principles

This explains how we (the Trustees) invest the money paid into the Scheme.

The Statement of Funding Principles

This explains how we (the Trustees) plan to manage the Scheme with the aim of being able to continue to provide the benefits that members have built up.

The Schedule of Contributions

This shows how much money is being paid into the Scheme by the Company and the contributing members, and includes a certificate from the Actuary showing that it is sufficient.

The Annual Report and Accounts of the AVX Limited Pension Scheme

This shows the Scheme's income and expenditure in the last Scheme year.

The Formal Actuarial Valuation Report as at 5 April 2012

This contains the details of the Actuary's check of the Scheme's situation as at 5 April 2012.

The Scheme's Explanatory Booklet

This is the members' handbook for the Scheme. You will have been given a copy when you joined.