

**AVX LIMITED PENSION SCHEME
SUMMARY FUNDING STATEMENT
2017**

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 continue to improve the overall funding position. We recommend you take some time to read it, since the Scheme's financial security could affect the benefits you will ultimately receive. We will send you a similar statement each year to keep you up to date.

Measuring the Scheme's Financial Position

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 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 AVX ("contributions") and the Trustees invest this to help provide your benefits. 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".

We carry out an in-depth look at the Scheme's finances at least every three years. This is called an actuarial valuation. We ask a qualified, independent professional, known as an Actuary, to do this. We also ask the Actuary to review the financial security of the Scheme more regularly. When this is done we receive an actuarial report summarising the Actuary's conclusions.

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

The latest actuarial report of the Scheme showed that on 5 April 2017:

The value of the liabilities was	£124.1 million
The Scheme's assets were valued at	£124.3 million
This means that there was a surplus of	£0.2 million
This equates to an ongoing funding level of	100%

We are required to inform you whether a payment has been made to the employer, as permitted under the Pensions Act 1995, since we last sent you a Summary Funding Statement. We can confirm that no such payment has been made.

Our objective as Trustees is to maintain the funding position at 100% or above and this has been accomplished by additional contributions from AVX along with investment returns on the Scheme's assets.

How has the Scheme's financial position changed since the last summary funding statement?

When we last sent you a summary funding statement we reported that the Scheme was estimated to have a shortfall of £4.8 million at 5 April 2015.

Since 5 April 2015 the Scheme's financial position has improved and the surplus was £0.2 million at 5 April 2017 as described above. The improvement in the Scheme's financial position is due to the Company making extra contributions into the Scheme and the investment return on the Scheme's assets, offset to an extent with an increase in liabilities due to changes in financial conditions.

How much money is paid into the Scheme each year?

The Company had previously agreed to pay £4.5 million p.a. payable monthly from 5 April 2015 to 30 April 2016 inclusive with the aim of paying off the shortfall by 30 April 2016. However, the Company has agreed to continue paying contributions on a discretionary basis at the existing rate of £4.5 million p.a. payable monthly in order to build up a buffer for potential adverse future experience. There are no longer any active members accruing benefits or contributing to the Scheme.

What types of assets does the Scheme invest in?

We invest contributions in a diversified range of assets. We are currently targeting the amount invested in particular classes of assets, at 5 April 2017 these were as follows:

39% Growth Portfolio (equities, alternatives, property)

61% Matching Portfolio (index linked/fixed rate bonds and gilts, UK credit)

The Matching Portfolio contains assets which aim to "match" the Scheme's liabilities by reducing the volatility of the Scheme's funding position (i.e. the chance of surpluses or deficits arising in future). The Growth Portfolio aims to deliver investment returns over the long-term that exceed the returns available in the Matching Portfolio, although the returns are expected to be more volatile. Over time, the Scheme has a strategy in place to gradually reduce the amount of assets held in the Growth Portfolio and correspondingly increase its holdings in the Matching Portfolio.

How do the Trustees know what contributions should be paid into the Scheme?

Following each actuarial valuation, the Actuary advises us what contributions should be paid into the Scheme so that we can expect to be able to continue to pay people's pensions. We then agree a level of contribution for the Scheme with the Company and record this in a document called the Schedule of Contributions.

We review and update the Schedule of Contributions at least each time the Scheme has an actuarial valuation.

The valuation and schedule of contributions follow standards we have set out in a Statement of Funding Principles. This document describes how we will manage the Scheme with the aim of being able to continue to pay people's pensions.

We are required to tell you whether the Pensions Regulator has used its legal powers to make directions as to any of:

- 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

The Regulator has not used its powers in relation to the Scheme and therefore the Scheme is not subject to any directions.

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?

An approximate wind up position was calculated as at 5 April 2017 as follows:

The estimated liabilities if the Scheme were to be wound-up were	£171.5 million
The Scheme's assets were	£124.3 million
This means that there was a shortfall of	£47.2 million
This equates to a funding level of	73%

The solvency position at the previous valuation on 5 April 2015 was a shortfall of £48.0 million (funding level of 68%).

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.

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 Corporation, 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.

If the Scheme winds up without enough money to buy all the members' benefits with an insurance company then, unless the company can afford to pay the difference, you are unlikely to receive the full benefits you were expecting. To help members in this situation, the Government set up the Pension Protection Fund (PPF). The PPF pays a legally defined level of benefits to members of eligible UK pension schemes in certain situations where the scheme does not have enough money to cover the cost of buying this level of benefits for members with an insurance company and the company is insolvent and so cannot provide extra finance.

If the Scheme were to be wound up and go into the PPF, the pension you would receive from the PPF may be less than the full benefit you have earned in the Scheme, depending on your age and when your benefits were earned.

Further information and guidance is available on the PPF website at www.pensionprotectionfund.org.uk. Or you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

Options for deferred members

Your pension benefits may be left in the Scheme to be paid at retirement or transferred to another pension arrangement. If you are thinking of transferring your benefits out of the Scheme for any reason, you should consult a professional advisor, such as an independent financial advisor, before taking any action. The law prevents us from providing you with financial advice.

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 Lorraine Mech (the Scheme administrator) at Mercer Limited, 1 George Square, Glasgow, G2 1AL. Lorraine's e-mail address is lorraine.mech@mercerc.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 Mech in writing so that we can update our records.

Yours sincerely

The Trustees of the AVX Limited Pension Scheme

Additional documents available on request

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 Statement of Investment Principles

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

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 2015

This contains the details of the Actuary's check of the Scheme's situation as at 5 April 2015.

The Actuarial Report as at 5 April 2017

This contains the details of the actuary's check of the Scheme's situation as at 5 April 2017.

The Scheme's Explanatory Booklet

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