

**AVX LIMITED PENSION SCHEME
SUMMARY FUNDING STATEMENT
JANUARY 2013**

Why have you sent me this Summary Funding Statement?

We are the Trustees of the AVX Limited Pension Scheme (the "Scheme"). We look after the Scheme on behalf of you, the members, and we send you a statement like this each year to let you know about the Scheme's financial security. The financial position of the Scheme can affect the benefits you will receive, so we recommend you read through this statement.

Further details can be found on the Scheme's website for members at

<http://www.mercerbelong.com/client/AVXPensionScheme/>

This site was specially designed for members of the Scheme and we encourage you to visit it. It includes the short form version of the Trustees' Report and Accounts that we make available to members each year, and which brings you up to date with the Scheme's main developments during the year.

How is the Scheme's financial security measured?

If you have left the Scheme, you will have earned benefits during your membership which will be payable on retirement. If you have retired then you will be receiving a pension. Also, following closure of the Paignton site, there is a small number of active contributing members who continue to earn benefits in the Scheme linked to their salary.

The estimated long term cost of providing these is known as the Scheme's 'liabilities'.

Money is collected from AVX (and the remaining active members). These amounts of money are known as contributions. Once contributions are received, they are invested to help provide the benefits due for all members.

All contributions are held in a communal fund, completely separate from AVX. The amount of money invested is known as the Scheme's assets. The large majority of the contributions required to fund the Scheme come from AVX.

To check the Scheme's financial security, we are assisted by a qualified and independent person. This person is known as the Actuary and he compares the value of the Scheme's liabilities 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".

The Actuary provides us with an in-depth look at the Scheme's finances at least every three years. This is called an actuarial valuation. The latest actuarial valuation of the Scheme took place with an effective date of 5 April 2012 and this has recently been finalised. This Summary Funding Statement provides you with the outcome of the 2012 valuation.

What is the Scheme's financial position?

The latest actuarial valuation of the Scheme 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

At 5 April 2012 the Scheme's funding level was 73%. This means that the assets were 73% of their target value as 5 April 2012. Our objective as Trustees is to move this to 100% as quickly as possible and we expect this to occur as a result of additional contributions from AVX along with returns on the Scheme's assets.

How has the Scheme's financial position changed since you last carried out an actuarial valuation?

When the previous valuation was carried out, on 5 April 2009, the shortfall was estimated to be £25.7 million. The funding level of the Scheme was 60% ie the assets were valued as being 60% of their target value on that date..

Since 5 April 2009 the Scheme's financial position has improved and the shortfall was £22.4 million as at 5 April 2012 with a funding level of 73% as described above. In line with current legislation the Actuary provides annual approximate updates of the Scheme's funding position, and the following table summarises this information for the three years to 5 April 2012.

Effective Date	5 April 2009	5 April 2010	5 April 2011	5 April 2012
Value of liabilities (£m)	64.0	65.1	65.3	82.0
Value of assets (£m)	38.3	49.0	53.7	59.6
Shortfall of assets compared to liabilities (£m)	25.7	16.1	11.6	22.4
Funding level, ie, asset value as a percentage of liability value	60%	75%	82%	73%

The above table shows that, that over the three year period to 5 April 2012, the funding position improved. The shortfall reduced from £25.7 million to £22.4 million and the funding level increased from 60% to 73%.

The key positive contributing factor toward this improvement was the substantial additional contributions paid by AVX during the period of £350k per month ie £4.2m each year. This amounted to £12.6 between the two valuations and represents a very substantial commitment to the Scheme by AVX. Together with good returns on the Scheme's investments, these contributions helped increase the value of the Scheme's assets from £38.3m to £59.6m.

Simultaneously, the value of the Scheme's liabilities increased from £64.0m to £82.0m, largely due to a reduction in long term interest rates and improving life expectancy of the Scheme's membership (which means that pensions will be paid for a longer period of time).

However, as Trustees, we are pleased to note that the Scheme's funding position has got closer to 100% during the last three years, improving from 60% at April 2009 to 73% by April 2012.

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

The Company agreed to make up the shortfall at 5 April 2012 of £22.4 million by continuing to pay additional contributions of £350K per month (ie £4.2 million per year) from 1 January 2013 to 31 December 2018 inclusive. These contributions are in addition to the cost of ongoing benefit accrual for active members and are designed to pay off the funding deficit over six years.

To calculate the amount of the shortfall, assumptions have to be made about what will happen in the future, for example, the rate at which the Scheme's assets will grow. The position as at the time of the next scheduled full valuation (5 April 2015) will then be reviewed in the light of actual experience since 5 April 2012 and the shortfall contributions are recalculated when these figures are available.

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

Following each actuarial valuation, the Scheme Actuary advises us what contributions should be paid into the Scheme so that we can expect to be able to continue to pay members' 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.

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.

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

The actuarial valuation at 5 April 2012 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.

The liabilities if the Scheme were to be wound-up were	£110.4 million
The Scheme's assets were	£59.6 million
This means that there was a shortfall of	£50.8 million

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.

Pension
Protection
Fund

Although the funding position of the Scheme is in deficit, the Scheme continues to pay all members benefits, in full, as they fall due.

As we told you in previous pension reports, the Government has set up the Pension Protection Fund (PPF) to protect benefits to members if a company that sponsors a pension scheme becomes insolvent and the scheme and the Company do not have enough money to cover the cost of buying all members' benefits with an insurer.

The pension you would receive from the PPF may be less than the full benefit earned in the Plan, depending on your age, when the Plan commences winding up and when benefits are earned.

Very broadly, these are currently:

- 100% of the benefits for any members who are over normal pension age and pensioners who retired on ill-health grounds;
- 90% of the benefits of all other members who have not yet reached normal retirement age (subject to a cap of £30,644.85 pa as at April 2012)

The annual increases the PPF provides to pensions in payment will be lower than those of the Plan.

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

Can I leave the Scheme before I am due to retire?

If you are an active contributing member, you can leave the Scheme before you reach retirement and your pension will be based on your service and salary at your date of leaving. Your pension benefits may be left paid up in the Scheme to be paid at retirement or transferred to another pension arrangement.

Similarly, if you already left the Scheme before retiring and have a deferred benefit in the Scheme, you can if you wish transfer your benefits to another pension arrangement prior to retirement.

If you are thinking of leaving 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 Mr RJ Lawrence, AVX Limited, Prospect House, 6 Archipelago, Lyon Way, Frimley, Surrey, GU16 7ER or Gillian Rodgers (the Scheme administrator) at Mercer Limited, 1 George Square, Glasgow, G2 1AL. Gillian's e-mail address is gillian.rodgers@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 Mr Lawrence or Ms Rodgers in writing so that we can update our records.

Scheme Website – <http://www.mercerbelong.com/client/AVXPensionScheme/>

We would like to take this opportunity to remind you again of a new website that we have set up to provide you with a central point with online access to information regarding your Scheme.

The new website contains the following:

- The Trustees and their contact details;
- Explanatory booklets for the Scheme;
- Trust Deed and Rules;
- Annual audited Trustees' Report and Accounts;
- Your contact at Mercer Limited, the advisors to the AVX Pension Scheme;
- Information on the Scheme's financial position and contributions being paid by the Company.
- Current news
- The Trustees' short form report and accounts for members.

Expression of Wish Form

The Scheme generally provides a lump sum benefit or a pension in the event of the death of a member. It is very helpful for members to keep their expression of wish form up to date so that the Trustees can see who you would like any lump sum to go to in the event of your death.

A blank Expression of Wish form is attached to this report for you to complete. We would encourage you to do so and return it to Mr Lawrence at AVX in Frimley, at the address shown on the Expression of Wish form.

The Trustees of the AVX Limited Pension Scheme January 2013

Additional documents available on request

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 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.

EXPRESSION OF WISH FORM

To: The Trustees of the AVX Limited Pension Scheme (the "Scheme")

Mr RJ Lawrence
Prospect House
6 Archipelago
Lyon Way
Frimley
Surrey
GU16 7ER

Please use CAPITAL letters to complete this form but before doing so, read the special notes on the back of this form. Once completed, please send the form to the above address.

Surname

Mr/Mrs/Miss/Ms

First name(s)

National Insurance Number

I direct that any lump sum benefit payable from the Scheme on my death be paid by the Trustees in accordance with the Scheme Rules, or other official document governing the scheme.

Where the Trustees have discretion to whom to pay the lump sum benefit, I wish the Trustees to consider the people and/or organisations I have nominated below as beneficiaries and to pay the benefit in the proportions shown. I understand that the nomination is only an expression of my wishes and is not binding on the Trustees. I also understand that, although I may change my nomination at any time in the future, I cannot direct the Trustees to pay the benefit in any way other than at their complete discretion.

1.	Name	2.	Name
	Address		Address
	Relationship		Relationship
	Proportion		Proportion
3.	Name	4.	Name
	Address		Address
	Relationship		Relationship
	Proportion		Proportion

I authorise the Trustees and their advisers to hold, and in the event of my death, to use this information in accordance with the requirements of the Data Protection Act, 1998.

Signed

Dated

Special notes

1. Under present law, any lump sum death benefits payable under the Scheme at the discretion of the Trustees direct to your beneficiaries can be paid without any tax liability. Your beneficiaries are defined in the Scheme Rules or other official document governing the scheme and may include your family, other relatives, dependants and any person or organisation (e.g. a charity) you nominate in writing to the Trustees.
2. You should tell the Trustees who you wish to be treated as your beneficiary(ies) by filling in the form overleaf. If you do not complete this form, the Trustees will allocate benefits in their absolute discretion and those people you would wish to benefit may not receive any benefits.
3. You should always keep your nominations up to date following any changes in your personal circumstances. You can change any of your nominations whenever you want. To do this you should complete a new Expression of Wish form.
4. Although the form allows space for up to 4 nominations, there is no restriction on the number of people and/or organisations you can nominate. Please specify your nominations in a letter to the Trustees if the form does not meet your needs. It is important to state for each nominated beneficiary what proportion of the total lump sum you wish them to receive. Please make sure the proportions add up to 100%.
5. The Trustees will give every consideration to your wishes before paying any lump sums on death; however, to ensure that the payment can be made without any UK tax liability arising, your nomination is not legally binding on them.
6. The information you provide will be used for the purpose of administering benefits under the Scheme. It will be held, in strict confidence, by the Scheme administrators on behalf of the Trustees.