

DATED 30th **November 2000**

TRANSFER AGREEMENT

**in respect of the AVX Limited Pension Scheme
and
the Varelco Limited Pension Fund**

THE TRUSTEES OF THE AVX LIMITED PENSION SCHEME

- and -

THE TRUSTEES OF THE VARELCO LIMITED PENSION FUND

- and -

AVX LIMITED

THIS AGREEMENT is made 30th November 2000

B E T W E E N

- (1) GEORGE HARRY DOUST, ROBERT JOHN LAWRENCE
KURT P CUMMINGS, MICHAEL JOHN SYMONDS, SIMON
HOWARD CUNDAY and PAUL CURTIS all care of AVX Limited, Fleet,
Hants, GU13 8BB : "the AVX Scheme Trustees" (which expression shall
include their successors as trustee or trustees);
- (2) ROBERT JOHN LAWRENCE, DENNIS EDWIN NICHOLS, GRAHAM
SIDLE and RICHARD JENKIN all care of AVX Limited, Exning Road,
Newmarket, Suffolk "the Varelco Fund Trustees" (which expression shall
include their successors as trustee or trustees);
- (3) AVX LIMITED (registered number 1235639) whose registered office is at
Admiral House, Harlington Way, Fleet, Hants, GU13 8BB ("AVX");

and references in this Agreement to "party" or "parties" shall be construed as a
reference to the parties referred to above or one or more of them as the case may be.

RECITALS

- (A) The AVX Scheme Trustees are the present trustees of the AVX Limited
Pension Scheme ("the AVX Scheme") which was constituted by an Interim
Trust Deed dated 16 November 1987 and is currently governed by a Definitive
Deed dated 20 September 1991 and Rules appended thereto, and an Amending
Deed dated 30 June 1997 ("the AVX Trust Deed and Scheme Rules").
- (B) The Varelco Fund Trustees are the present trustees of the Varelco Limited
Pension Fund ("the Varelco Fund") which is governed by a definitive trust
deed dated 23 December 1992 and rules appended thereto along with a Deed
of Amendment dated 12 July 1993, a Deed of Adherence dated 29 December
1995 and a Deed of Substitution dated 19 April 1996 and a Deed of
Amendment dated 11 October 2000. Collectively, the documentation referred
to in Recital B is referred to as "the Varelco Fund Trust Deed and Fund
Rules".

- (C) AVX is the Principal Employer of the AVX Scheme.
- (D) AVX is the Principal Employer of the Varelco Fund.
- (E) AVX has proposed and the AVX Scheme Trustees and the Varelco Fund Trustees have agreed to a transfer of the assets and liabilities of the Varelco Fund to the AVX Scheme in respect of the members and beneficiaries of the Varelco Fund ("the Transferring Members") so that the AVX Scheme assumes the liabilities of the Varelco Fund to and in respect of such persons.
- (F) The transfer referred to in recital (E) shall consist of all of the assets and liabilities of the Varelco Fund and is referred to in this agreement as "the Transfer". This Agreement records the terms of the Transfer.
- (G) Clause 7 of the Varelco Fund Trust Deed and Fund Rules provides that the Varelco Fund Trustees may, subject to the conditions set out and to the consent of the Principal Employer of the Varelco Fund, transfer assets from the Varelco Fund to another retirement benefits scheme.
- (H) AVX as Principal Employer of the Varelco Fund has in accordance with the requirements of the said Clause 7 approved the Transfer which approval shall be evidenced by AVX's execution of this Agreement.
- (I) The Transfer will be made on a no-consent basis in respect of the Transferring Members and the appropriate GN16 certificate will be issued by the actuary to the Varelco Fund to the Varelco Fund Trustees.
- (J) Clause 6 of the AVX Scheme Trust Deed and Scheme Rules provides that the AVX Scheme Trustees may, with the consent of the Principal Employer of the AVX Scheme, accept a transfer to the AVX Scheme of any cash sum or investment of another scheme on terms that the Member or other person in respect of whom the transfer is made shall be entitled to such benefits under the AVX Scheme as the AVX Scheme Trustees determine on the advice of the actuary to the AVX Scheme and with the Principal Employer's consent.

- (K) AVX, as Principal Employer of the AVX Scheme, has consented to the AVX Scheme Trustees accepting the Transfer in accordance with the requirements of the said Clause 6 which consent shall be evidenced by its execution of this Agreement.
- (L) The Transfer shall take place as and from the date set out in Clause 3 of this Agreement ("the Transfer Date") and shall be subject to the terms of this Agreement.
- (M) The AVX Scheme and the Varelco Fund are approved under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988. The Pension Schemes Office have been asked in writing to confirm their approval to the Transfer.
- (N) Announcements have been issued to each Transferring Member giving details of the Transfer ("the Announcements") and are annexed to this Agreement.

IT IS HEREBY AGREED THAT:-

Transfer

1. Subject to the parties complying with their obligations under Clauses 2 and 3, on and with effect from the Transfer Date the Varelco Fund Trustees shall procure the transfer to the AVX Scheme Trustees of all of the assets and liabilities of the Varelco Fund.

Benefits to be Provided

2. 2.1 Subject to completion of the Transfer, the AVX Scheme Trustees shall provide to every Transferring Member who, immediately prior to the Transfer Date, was entitled or prospectively or contingently entitled to benefits under the Varelco Fund Trust Deed and Fund Rules, benefits as detailed in the Announcements ("the Benefits").
- 2.2 The Varelco Fund Trust Deed and Fund Rules will be adopted by the AVX Scheme Trustees for the purpose of providing the Benefits and will continue to be used for the calculation and administration of Benefits to and in respect of a Transferring Member.

Conditions

3. The parties undertake to use their best endeavours to fulfil the following conditions by 28 February 2001 or as soon as possible thereafter and they agree that the Transfer Date shall be 30 March 2001 or, if later, the second working day after the day on which the following conditions are fulfilled:
 - 3.1 the Inland Revenue have consented to the Transfer and the AVX Scheme Trustees and the Varelco Fund Trustees have been notified of this;
 - 3.2 the appropriate GN16 certificate is completed by the actuary to the Varelco Fund and issued to the Varelco Fund Trustees; and
 - 3.3 the period since the Announcements were issued to all Transferring Members is at least one month.

No Material Changes

4. The parties undertake that (save in respect of the requirements of overriding legislation) until the Transfer Date there shall be no material changes, or additional or increased benefits granted under, the provisions of the AVX Scheme or the Varelco Fund. Prior to the Transfer Date both the AVX Scheme and the Varelco Fund shall be operated in the normal course of both arrangements in accordance with their respective terms.

Discharge / Receipt

5.
 - 5.1 The Transfer shall operate as a complete discharge to the Varelco Fund Trustees in respect of all liability under the Varelco Fund to the Transferring Members and no further benefits shall accrue or be payable to or in respect of any person under it.
 - 5.2 The AVX Scheme Trustees shall immediately acknowledge receipt in writing of any sum paid or assets transferred to it under this Agreement.

- 5.3 The AVX Scheme Trustees will indemnify the Varelco Fund Trustees for any expenses and liabilities they incur as a result of entering into this agreement or implementing it with the exception of any expenses and liabilities attributed to the wilful default of the Trustees so liable.
- 5.4 The AVX Scheme Trustees will indemnify the Varelco Fund Trustees for any expenses and liabilities which, but for their transfer to the AVX Scheme, could properly have been met from the assets of the Varelco Fund with the exception of any expenses and liabilities attributable to the wilful default of the Trustees sought to be made liable.
- 5.5 AVX will indemnify the AVX Scheme Trustees and the Varelco Fund Trustees for any expenses and liabilities they incur, which may not for whatever reason be reimbursed from the assets of the AVX Scheme, as a result of entering into this agreement or implementing it with the exception of any expenses and liabilities attributable to the wilful default of the Trustees so liable.

Rider

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- 6.1 **Ring Fencing**
This clause shall apply if the AVX Scheme commences to wind up within the period of two years following the Transfer Date.
- 6.2 The AVX Surplus, less any amount by which the AVX Surplus requires to be reduced under clause 6.3.3, shall be applied by the AVX Scheme Trustees in accordance with the provisions of the AVX Scheme Trust Deed and Scheme Rules in providing benefits or in augmenting or providing additional benefits for and in respect of AVX Scheme Beneficiaries only, subject to any applicable Inland Revenue Limits not being exceeded.
- 6.3 For the purpose of this clause:-
6.3.1 "AVX Surplus" means, subject to clause 6.3.2, at any time the aggregate of the following items (i) and (ii):-

- (i) the value of the assets of the AVX Scheme immediately before the Transfer takes place;
- (ii) the amount of contributions paid to the AVX Scheme after the Transfer Date by AVX or any other person in respect of AVX Scheme Beneficiaries

less the aggregate of the following items (iii) and (iv):-

- (iii) the value of the MFR liabilities of the AVX Scheme immediately before the Transfer takes place; and
- (iv) the value of all further MFR liabilities which accrue within the AVX Scheme after the Transfer Date in respect of AVX Scheme Beneficiaries.

6.3.2 Each of parts (i), (ii), (iii) and (iv) within the definition of "AVX Surplus" in clause 6.3.1 shall be adjusted in such manner and to such extent as the actuary to the AVX Scheme shall certify to be appropriate and reasonable to take account of investment returns, transfer payments made in respect of AVX Scheme Beneficiaries and other changes occurring between the time immediately before the Transfer takes place and the time as at which the calculation of the AVX Surplus falls to be made.

6.3.3 If as at the time as at which the calculation of the AVX Surplus falls to be made there are any MFR liabilities of the AVX Scheme, other than those specified in clause 6.3.1, which require under applicable law to be satisfied by the AVX Scheme but which cannot be met and satisfied out of the assets of the AVX Scheme except by the application of assets which would otherwise constitute part of the AVX Surplus, the AVX Surplus shall be reduced by the amount determined by the

actuary to the AVX Scheme to be necessary to enable such MFR liabilities to be satisfied.

- 6.3.4 "AVX Scheme Beneficiaries" means persons who are beneficiaries (including contingent beneficiaries) of the AVX Scheme immediately before the Transfer takes place;
- 6.3.5 "MFR liability" means the amount or value of the liability of a pension scheme to provide pension and related benefits calculated in accordance with the applicable legislation guidance note of the Institute and Faculty of Actuaries.
- 6.4 The Varelco Surplus, less any amount by which the Varelco Surplus requires to be reduced under clause 6.5.3, shall be applied by the AVX Scheme Trustees in accordance with the provisions of the AVX Scheme Trust Deed and Scheme Rules in providing benefits or in augmenting or providing additional benefits for and in respect of Varelco Fund beneficiaries only, subject to any applicable Inland Revenue Limits not being exceeded.
- 6.5 For the purpose of this clause:
- 6.5.1 "Varelco Surplus" means, subject to clause 6.5.2, at any time the aggregate of the following items (i) and (ii):-
- (i) The value of the assets of the Varelco Fund immediately before the Transfer takes place;
 - (ii) The amount of contributions paid to the AVX Scheme after the Transfer Date by AVX or any other person in respect of Varelco Fund beneficiaries;
- less the aggregate of the following items (iii) and (iv):-

- (iii) The value of the MFR liabilities of the Varelco Fund immediately before the Transfer takes place; and
 - (iv) The value of all further MFR liabilities which accrue within the AVX Scheme after the Transfer Date in respect of Varelco Fund beneficiaries.
- 6.5.2 Each of parts (i), (ii), (iii) and (iv) within the definition of “Varelco Surplus” in Clause 6.5.1 shall be adjusted in such manner and to such extent as the Actuary of the AVX Scheme shall certify to be appropriate and reasonable to take account of investment returns, transfer payments made in respect of Varelco Fund beneficiaries and other changes occurring between the time immediately before the Transfer takes place and the time as at which the calculation of the Varelco Surplus falls to be made.
- 6.5.3 If as at the time at which the calculation of the Varelco Surplus falls to be made there are any MFR liabilities of the AVX Scheme, other than those specified in clause 6.5.1, which require under applicable law to be satisfied by the AVX Scheme but which cannot be met and satisfied out of the assets of the AVX Scheme except by the application of assets which would otherwise constitute part of the Varelco Surplus, the Varelco Surplus shall be reduced by the amount determined by the Actuary to the AVX Scheme to be necessary to enable such MFR liabilities to be satisfied.
- 6.5.4 “Varelco Fund Beneficiaries” means persons who are beneficiaries (including continuing beneficiaries) of the Varelco Fund immediately before the Transfer takes place.

- 6.6 The provisions of the AVX Scheme Trust Deed and Scheme Rules are hereby amended to the extent necessary to give effect to this clause.

Transfer of Information

7. The Varelco Fund Trustees will transfer to the AVX Scheme Trustees all documents and data under their control. The AVX Scheme Trustees will make all documents and data transferred to them by the Varelco Fund Trustees available to the Varelco Fund Trustees on request.

8. **Headings and Governing Law**

- 8.1 The headings to the Clauses of this Agreement shall not affect its interpretation.

- 8.2 This Agreement shall be construed in accordance with English law.

Warranties

9. The Varelco Fund Trustees warrant to the AVX Scheme Trustees:

- 9.1 That the Varelco Fund is an exempt approved Scheme under Chapter I Part XIV of the Income and Corporation Taxes Act 1988 and a contracted out Scheme under the Pensions Schemes Act 1993;

- 9.2 That the full provisions governing the Varelco Fund and full details of the benefit entitlements thereunder were given to the actuary to the Varelco Fund for the purposes of providing the Actuarial Valuation of the Varelco Fund 5 April 2000.

10. The AVX Scheme Trustees warrant to the Varelco Fund Trustees:

- 10.1 That the AVX Scheme is an exempt approved scheme under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1998 and is a contracted out Scheme under the Pension Scheme Act 1993;

- 10.2 That the full provisions governing the AVX Scheme and full details of the benefit entitlements thereunder were given to the actuary to the AVX Scheme for the purposes of providing the Actuarial Valuation of the AVX Scheme as at 5 April 2000.

Actuarial Certificate
Section 67, Pensions Act 1995

In respect of the exercise of the amendment power under the trust documents governing the AVX Limited Pension Scheme (the "Scheme") for the purpose of modifying the Scheme as described in the Transfer Agreement dated November 2000 to which this certificate is appended, I confirm that, for the purposes of Section 67 of the Pensions Act 1995, in my opinion the modifications would not adversely affect any member's entitlement, or accrued rights (without his or her consent) acquired immediately before the amendment power is exercised.

Signed by the Actuary appointed under Section 47(1)(b) of the Pensions Act 1995.

Signature : *Paul McCarron*
Name : **Paul McCarron**
Qualification : Fellow of the Institute of Actuaries

Date : *24 November 2000*

EXECUTED AS A DEED and delivered by the parties hereto on the date which first appears in this deed.

THE TRUSTEES OF THE AVX LIMITED PENSION SCHEME

SIGNED AS A DEED by)
George Harry DOUST)
in the presence of)



Shattley
71 ST MICHAELS RD
ANDERSTOT
HANTS.

SIGNED AS A DEED by)
Robert John LAWRENCE)
in the presence of)



Joseph Leeman
24 WITAKFENIDEN LAY
FRIMLEY GREEN
LU16 6PJ.

SIGNED AS A DEED by)
Kurt P CUMMINGS)
in the presence of)



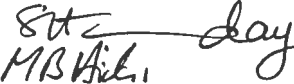
Genie G. Sullivan
1582 South Waccamaw Dr.
#13
Garden City, South Carolina
U.S.A. 29576

SIGNED AS A DEED by)
Michael John SYMONDS)
in the presence of)




A. K. Fuc
MISS A K MUTLOW
SEMBRY CLOSE
KINGSBURN
TG12 5HS

SIGNED AS A DEED by
Simon Howard CUNDAY
in the presence of


) 
) M.B. Hicks
)
47 YEDLAND PARK
IVY BRIDGE
DEVON
PL21 0YP.

SIGNED AS A DEED by
Paul CURTIS
in the presence of

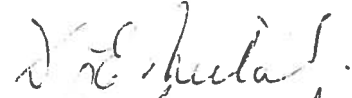
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) Ann Zealley
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ANN ZEALLEY
SNEYDHURST
BROADHEMPSTON, TOTNES TQ9 6AX

THE TRUSTEES OF THE VARELCO FUND

SIGNED AS A DEED by
Robert John LAWRENCE
in the presence of

) 
) Sarah Leonard
)
24 WIMBORFENDEN LANE
FRIMLEY GREEN
CRUIB 6PT.

SIGNED AS A DEED by
Dennis Edwin NICHOLS
in the presence of

) 
) David Bailey
)
4 NEW PATIT
FOURDITAM
C.7MBS

SIGNED AS A DEED by
Richard JENKIN
in the presence of

)
)
)

SIGNED AS A DEED by
Graham SIDLE
in the presence of

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)
)

Graham Sidle

K French

MR K FRENCH
29 HOLLY HOOK ROAD
SALMON WARDEN
ESSEX CB10 2AG.

EXECUTED AS A DEED by

AVX Limited

Acting by:

(*Don S. Zuck*) Director

(*R. Lawrence*) Director/Secretary