

ACTUARIAL VALUATION AS AT 5 APRIL 2012 REPLACEMENT RECOVERY PLAN

AVX Limited Pension Scheme

This recovery plan has been revised by the Trustees of the AVX Limited Pension Scheme ("the Trustees") in July 2013 to satisfy the requirements of section 226 of the Pensions Act 2004, after obtaining the advice of Paul McCarron, the actuary to the Scheme. It is part of the Trustees' plan for meeting the statutory funding objective (defined in section 222 of the Pensions Act 2004), which is that the Scheme must have sufficient and appropriate assets to cover its technical provisions.

After discussions between the Trustees and the employer, this recovery plan has been agreed by the Employer, AVX Limited.

The recovery plan signed 9 April 2013 follows the actuarial valuation of the Scheme as at 5 April 2012, which revealed a shortfall in the assets, when measured against the Scheme's technical provisions, of £22.4m.

This replacement Recovery Plan allows for the agreed merger between the Defined Benefit section of the AVX Retirement Plan and AVX Limited Pension Scheme. The merger is scheduled to be effective from 30 September 2013, subject to completion of actuarial and legal due diligence along with the member communication process.

It will be reviewed, and may be revised, following the Trustees' next valuation under section 224 of the Pensions Act 2004, or earlier if the Trustees and AVX Limited agree.

Steps to be taken to ensure that the statutory funding objective is met

Under the recovery plan signed 9 April 2013, the Employer agreed to pay a contribution of £350K each month from 1 April 2013 to 31 December 2018 (inclusive), in order to correct the shortfall of £22.4m revealed following the 5 April 2012 valuation of the AVX Limited Pension Scheme.

Separately, AVX Limited has been paying recovery plan contributions of £48.5k per month to the AVX Retirement Plan for a number of years.

In anticipation of the merger, the funding position of the Defined Benefits section of the AVX Retirement Plan was updated to 5 April 2012 using the same assumptions as set out in the Statement of Funding Principles for the AVX Limited Pension Scheme. The resulting shortfall was £1.5m.

The Trustees of the AVX Limited Pension Scheme have agreed with the Employer that, if the merger proceeds, the combined shortfall of £23.9m will be addressed by adding together the current AVX Limited Pension Scheme and AVX Retirement Plan recovery plan contributions. Following the merger, the employer, AVX Limited, will pay a contribution of **£398.5K each month from 1 October 2013 onwards**. The payments will normally be made monthly, but the Trustees and Employer can agree for payments to be made earlier if appropriate.

As for the two separate pension plans pre-merger, the Recovery Plan contributions allow for the merged Scheme's administrative expenses, Pension Protection Fund (PPF) premiums and other levies.

The resulting Recovery Period is expected to last 6 years 2 months from the Pension Scheme's triennial valuation date of 5 April 2012. Hence, the projected end point for this post-merger Recovery Plan will be 31 May 2018.

AVX Limited and the Trustees have agreed that the Employer will continue with the combined Recovery Plan contributions of at least £398.5k each month until 31 May 2018, unless an interim triennial valuation or annual actuarial report establishes that the Scheme is fully funded against the Technical Provisions.

Period in which the statutory funding objective should be met

The shortfall is expected to be eliminated in 6 years and 2 months from the triennial valuation date of 5 April 2012, which is by 31 May 2018. This expectation is based on the following:

- The technical provisions have been calculated according to the method and assumptions set out in the statement of funding principles dated April 2013.
- The return on existing assets and the return on new contributions during the period will be as set out in the statement of funding principles dated April 2013, in the section headed "Assumptions used in calculating contributions payable under the Recovery Plan".
- The calculated shortfall for the AVX Retirement Plan as at the date of 5 April 2012 is £1.5m, using identical assumptions to the above statement of funding principles.

Progress towards the statutory funding objective being met

It is expected that 50% of the above Recovery Plan contributions will be paid in 3 years and 1 months' time from 5 April 2012, which is by 5 May 2015. This includes the £48.5K per month that has been and is scheduled to be paid to the Retirement Plan from 5 April 2012 up to the merger date of 30 September 2013.

Signed on behalf of AVX Limited	R. Lawrence	
Name	BERT LAWRENCE	
Position	DIRECTOR	
Date of signing	6th Aug 2013	

Signed on behalf of the Trustees of the AVX Limited Pension Scheme	M. J. McCann	
Name	Helen McCann	
Position	TRUSTEE	
Date of signing	6 th August 2013	

This recovery plan, dated August 2013 has been agreed by the Trustees of the AVX Limited Pension Scheme after obtaining actuarial advice from the Scheme Actuary:

Signature	Paul McCarron	
Scheme Actuary	Paul McCarron	
Qualification	Fellow of the Institute and Faculty of Actuaries	
Date of signing	6 August 2013	
Name of employer	Mercer Limited	
Address	Bedford House Bedford Street Belfast BT2 7DX	

