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**AVX NONQUALIFIED SUPPLEMENTAL RETIREMENT PLAN**

*Amended and Restated as of January 1, 2005*

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THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES  
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

The Registration Statement filed by AVX Corporation (the "Corporation"), with the Securities and Exchange Commission, incorporates documents by reference which have not been presented herein or delivered herewith. Such documents (other than exhibits to such documents unless such exhibits are specifically incorporated by reference) are available upon written or oral request, without charge, directed to AVX Corporation, Post Office Box 867, Myrtle Beach, SC 29578 (telephone number (843) 448-9411, Attention: Espie Gonzalez. Those documents incorporated in the Registration Statement by reference are also incorporated by reference into the Prospectus which constitutes this document.

# **AVX NONQUALIFIED SUPPLEMENTAL RETIREMENT PLAN**

*Amended and Restated as of January 1, 2005*

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AGREEMENT made as of January 1, 2005 by AVX Corporation (hereinafter referred to as the "Company").

## **WITNESSETH**

**WHEREAS**, the Company has previously adopted, amended and restated effective January 1, 1998 the AVX Nonqualified Supplemental Retirement Plan (the "Plan") for the benefit of certain management or highly compensated employees; and

**WHEREAS**, the Company desires to amend the Plan to, among other things, merge the AVX Corporation SERP (the "SERP") into the Plan and comply with the American Jobs Creation Act of 2004; and

**WHEREAS**, it is now desired to restate the Plan, effective January 1, 2005;

**NOW, THEREFORE**, the Plan is hereby amended and restated, effective January 1, 2005, to read as follows:

### **SECTION 1 PURPOSE OF THE PLAN AND MERGER OF SERP**

The purpose of the Plan is to provide certain management or highly compensated employees of the Company with supplemental retirement benefits that might otherwise be lost due to the limitation on covered compensation under plans intended to qualify under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"). In this connection, effective January 1, 2005, the SERP shall be merged with and into the Plan.

### **SECTION 2 ELIGIBILITY TO PARTICIPATE**

An employee of the Company on January 1, 2005 who participated in the Plan or the SERP on December 31, 2004, shall continue to be eligible to participate in the Plan. Each other

employee of the Company on or after January 1, 2005 who is eligible to participate in the AVX Corporation Retirement Plan (the "Retirement Plan") and whose annual compensation is in excess of \$210,000 (or such higher amount as determined under Section 401(a)(17) of the Code), shall participate in the Plan as of the date his/her annual compensation exceeds \$210,000 (or such higher amount as determined under Section 401(a)(17) of the Code). An eligible employee who participates in the Plan is hereinafter referred to as a "Participant" and shall continue to be eligible to fully participate in the Plan regardless of whether such employee's annual compensation falls below the threshold amount indicated in this Section 2.

### **SECTION 3 BENEFITS**

3.1(a) Each employee who is eligible to participate in the Plan shall be entitled to make an irrevocable election, as specified in Section 3.2, to defer receipt of all or a portion of compensation otherwise payable by the Company to such employee. For purposes of the Plan, compensation shall include any amounts not includible in the gross income of the Participant due to any salary reduction agreement maintained with the Company under Sections 125, 132(f)(4) or 401(k) of the Code and any compensation deferred under Section 3.1(b).

3.1(b) In addition to the compensation deferred by a Participant under Section 3.1(a), each Participant shall be entitled to make an irrevocable election, as specified in Section 3.2, to defer receipt of compensation otherwise payable by the Company to such Participant for the calendar year commencing January 1, 2005, and each calendar year thereafter. The deferred amount may range from 1% of compensation to 3% of compensation in excess of \$210,000 (or such higher amount as determined under Section 401(a)(17) of the Code ). For purposes of the Plan, compensation shall include any amounts not indudible in the gross income of the Participant due to any salary reduction agreement maintained with the Company under Sections 125, 132(f)(4) or 401(k) of the Code and any compensation deferred under Section 3.1(a).

3.2 A Participant may elect to defer compensation pursuant to Section 3.1 by giving written notice to the Company. Such notice must be received by the Company prior to January 1, 2005, and thereafter prior to the first day of the calendar year to which such election is applicable. Notwithstanding the preceding sentence, in the first year in which an employee becomes eligible to participate, such newly eligible employee may make an election to defer compensation for services to be performed subsequent to such election within 30 days after the date such employee becomes eligible.

A Participant's initial election to defer compensation shall include a one-time irrevocable election as to the manner of payment of all amounts credited to such Participant's account, which shall be (i) a lump sum distribution, or (ii) installment payments over a period of years (not to exceed 10 years).

3.3 In addition to any compensation deferred by a Participant pursuant to Sections 3.1 and 3.2, the Company shall also defer an amount for each Participant, which amount shall be equal to the sum of the following:

- (a) A Company matching contribution equal to 100% of the amount deferred under Section 3.1(b) by such Participant on compensation between \$210,000 and \$600,000. Notwithstanding the preceding sentence, if a Participant does not defer compensation pursuant to the provisions of Section 3.1(b) hereof, but does defer compensation pursuant to Section 3.1(a), then, subject to Section 4.2, the Company will make a matching contribution hereunder of an amount equal to 100% of the first 3% of compensation deferred under Section 3.1(a); and
- (b) provided such Participant is an employee of the Company on December 31 of such year (unless employment is terminated during such year due to retirement, disability or death as determined under the Retirement Plan), an amount equal to the aggregate amount that would have been contributed by the Company on such Participant's compensation between \$210,000 and \$600,000 under the fixed and discretionary portions of the Retirement Plan (had there been no limit on compensation under the Retirement Plan, as required by Section 401(a)(17) of the Code).

For the purpose of determining the Company's contribution under this Section 3.3, the \$210,000 amount shall be increased in order to reflect any cost-of-living adjustment for each calendar year pursuant to Code Section 401(a)(17).

3.4 Notwithstanding anything contained herein to the contrary, if an employee defers compensation pursuant to Section 3.1(a) and has annual compensation below \$210,000 (or such higher amount as determined under Section 401(a)(17) of the Code) for purposes of the Retirement Plan, then the Company shall defer under this Plan an amount equal to the aggregate amount that would have been contributed by the Company to the Retirement Plan (fixed and discretionary and 401(k) Company matching contribution, subject to Section 4.2), on such Participant's compensation deferred pursuant to Section 3.1(a).

#### **SECTION 4 DEFERRED COMPENSATION ACCOUNTS**

4.1 In furtherance of the purposes of this Plan, the Company has established the Trust Under the AVX Corporation Deferred Compensation Plans (the "Trust") which is intended to be a "grantor trust" within the meaning of Subpart E, Part I, Subchapter J, Chapter 1, Subtitle A of the Code. The trustee of the Trust (the "Trustee") shall hold, invest and distribute any assets contributed to the Trust in accordance with the provisions thereof.

The AVX Stock Fund is an investment option under the Trust. Notwithstanding anything contained in the Plan or Trust to the contrary, the purchase price to be paid for shares of AVX Stock acquired by the Trust shall be equal to the fair market value of such shares and the maximum number of such shares that may be purchased during the existence of the Plan shall not exceed one (1) million shares.

4.2 Any compensation deferred by a Participant pursuant to Section 3.1(b) and the Company matching contribution thereon shall be invested in the AVX Stock Fund.

The Company matching contribution on a Participant's deferral of compensation under Section 3.1(a) shall, pursuant to the provisions of Section 3.3(a) or Section 3.4 hereof, be contingent upon such Participant investing such deferral (to the extent such deferral would be eligible for a Company matching contribution) in the AVX Stock Fund.

## **SECTION 5 DISTRIBUTION OF BENEFITS**

5.1 Each Participant shall be fully vested and shall have a nonforfeitable interest in his/her account.

5.2 Benefits under the Plan shall be payable to a Participant or beneficiary, as the case may be, upon the occurrence of one of the following events:

- (a) Separation from service (except a "specified employee", as defined in Code Section 409(A)(a)(2)(B)(i) of the Company, must wait at least six (6) months following separation from service before receiving a distribution);
- (b) disability, as defined in Code Section 409A(a)(2)(C); or
- (c) death.

5.3 In the event a Participant dies before all amounts credited to such Participant's account have been distributed to him/her, then the beneficiary designated by the Participant shall be paid the balance of such account. If a Participant shall fail to designate a beneficiary or if the beneficiary designated does not survive the Participant, then the beneficiary shall be deemed to be one of the following in the order named: (i) spouse, (ii) children, per stirpes and (iii) estate of the Participant. Such designation of beneficiary may be changed from time to time by the Participant filing a new designation with the Company.

5.4 The Trustee shall deduct from each payment under the Plan, any federal, state or local withholding or other taxes or charges which the Trustee may be required to deduct under applicable laws.

5.5 Notwithstanding anything contained in this Plan or Trust to the contrary, if at any time the Trust is determined by the Internal Revenue Service ("IRS") not to be a "grantor trust" with the result that the income of the Trust is not treated as income of the Company pursuant to



Subpart E of Subchapter J of the Code, or if a tax is finally determined by the IRS to be payable by the Participants or their beneficiaries in respect of any vested interests in their accounts prior to payment of such interest to the Participants or their beneficiaries, then the Board of Directors of the Company shall have the right in its sole and complete discretion to permit the distribution of an amount equal to such tax. For purposes of this Section 5.5, a final determination of the IRS shall be a decision rendered by the IRS which is no longer subject to administrative appeal within the IRS.

5.6 Notwithstanding anything contained herein to the contrary, a "derivative security" (as defined in rules issued by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934) issued under the Plan shall not be transferable by a Participant other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined under the Code.

## **SECTION 6 STATUS OF PLAN ASSETS**

6.1 The Trust assets are and shall remain at all times subject to the claims of the general creditors of the Company. Accordingly, the Company shall not create a security interest in the Trust assets in favor of the Participants (or their beneficiaries).

6.2 Except insofar as applicable law may otherwise require and subject to the provisions of the Trust, (i) no amount payable to or in respect of the Participants or their beneficiaries at any time under the Plan shall be subject in any manner to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, charge or encumbrance of any kind, and any attempt to so alienate, sell, transfer, assign, pledge, attach, charge or otherwise encumber any such amount, whether presently or thereafter payable, shall be void; and (ii) the Plan shall in no manner be liable for or subject to the debts or liabilities of the Participants or their beneficiaries.

## **SECTION 7 AMENDMENT AND TERMINATION**

The Plan may, at any time or from time to time, be amended, modified or terminated by the Company. However, no amendment, modification or termination of the Plan shall, without the consent of a Participant, adversely affect such Participant's rights with respect to amounts then accrued in his/her account.

## **SECTION 8 CLAIMS PROCEDURES**

8.1 For purposes of the Claims Procedure described in this Section 8, the following definitions shall apply:

(a) "Claim" shall mean a request made by a Claimant in accordance with this Section 8 for a benefit under the Plan.

(b) "Claimant" shall mean the Participant or a beneficiary who is in pay status on the date a Claim is submitted, or any person (or trust) who as of such date shall claim to be entitled to receive a benefit under the Plan.

8.2 Each Claimant shall have the right to submit a Claim with respect to a benefit sought under the Plan. A Claim must be in writing, signed by the Claimant and addressed and delivered to the Company. The Claim must state:

- (a) the amount of benefit claimed and the form of payment;
- (b) the specific provisions of the Plan and the specific provisions of law on which the Claimant relies in support of his Claim; and
- (c) all facts believed to be relevant to the Claim.

8.3 Upon receipt of a Claim, the Company shall consider the Claim and within ninety (90) days from the receipt of the Claim shall render a decision on the Claim and communicate the decision to the Claimant. If the Company denies the Claim in whole or in part, the Claimant

must be so notified in writing. The written denial must be addressed and delivered to the Claimant, and must set forth the following in a manner reasonably calculated to be understood by the Claimant:

- (a) the reason or reasons for denial of the Claim;
- (b) the specific provisions of the Plan and the specific provisions of law relied upon in reaching the determination;
- (c) a description of any additional material or information needed from the Claimant for the Claimant to perfect his Claim; and
- (d) a statement describing the Review Procedure set forth in Paragraph 8.4.

The failure of the Company to render a decision on the merits of a Claim shall be deemed to be a denial of the Claim, and notice of such a denial shall be deemed to have been given to the Claimant on the ninetieth (90<sup>th</sup>) day from receipt by the Company of the Claim.

8.4 When a Claim has been or is deemed to have been denied, the Claimant shall have the right, within sixty (60) days after the date he receives or is deemed to have been given notice that his Claim has been rejected in whole or in part, to the Review Procedure set forth in this Paragraph 8.4. This Procedure entitled the Claimant to appeal an adverse decision by the Company by delivering a written request for an appeal to the Company. The request must set forth the reasons why the Claimant believes the decision by the Company rejecting his Claim is erroneous and must be signed by the Claimant. Within thirty (30) days after the request for appeal is received, the Company shall conduct a full and fair review of the entire Claim and shall request the Claimant to present his views with respect to the merits of the Claim. For purposes of such an appeal, the Claimant shall be entitled to review all pertinent documents relating to the denial of his Claim. In addition, the Claimant may submit in writing all facts and legal

authorities in support of his position to the Company for consideration thereby. A decision with respect to the merits of the Claim must be rendered by the Company no later than sixty (60) days after the delivery of the written request for appeal. The Review decision must include specific reasons for the decision, including references to specific provisions of the Plan, facts and law, must be written in a manner reasonably calculated to be understood by the Claimant and must be delivered to the Claimant.

8.5 All references in this Section 8 to "Claimant" shall include the Claimant's representatives who the Claimant has authorized in writing to act on his behalf. After written authorization is delivered to the Company copies of all subsequent written communications to the Claimant and decisions with respect to his Claim must be delivered to both the Claimant and his authorized representative.

8.6 Pending the disposition of any Claim through the Claims Procedure of this Section 8, none of the Participant, any beneficiary or any Claimant shall be entitled to payment of any benefit in connection with such Claim.

## **SECTION 9 MISCELLANEOUS**

9.1 If the Company shall find that any person to whom any payment is payable under the Plan is unable to care for his/her affairs because of illness or accident, or is a minor, any payment due (unless a prior claim therefore shall have been made by a duly appointed guardian, committee or other legal representative) may be paid to a spouse, a child, a parent, or a brother or sister or to any person deemed by the Company to have incurred expense for such person otherwise entitled to payment, in such manner and proportions as the Company may determine. Any such payment shall be a complete discharge of the liabilities of the Company under the Plan.

9.2 Nothing contained herein shall be construed as conferring upon a Participant the right to continue in the employ of the Company as an executive or in any other capacity.

9.3 The Company (or such party or committee as the Company may designate) shall have full power and authority to interpret, construe and administer the Plan (except to the extent authority has been explicitly granted to the Trustee under the Trust) and such interpretation, construction, and actions hereunder, shall be binding and conclusive on all persons for all purposes. The Company, (or such party or committee as the Company may designate) shall not be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Plan unless attributable to willful misconduct or lack of good faith.

9.4 Titles to the Sections of the Plan are included for convenience only and shall not control the meaning or interpretation of any provision of the Plan.

9.5 Except to the extent preempted by federal law, this Plan and the Trust established hereunder shall be governed by and construed, enforced, and administered in accordance with the laws of the State of New York and the Trustee shall be liable to account only in the courts of the State of New York.

9.6 All expenses of administering the Plan and Trust shall be borne by the Company.

9.7 For Participants of the Plan who are subject to Section 16(b) of the Securities Exchange Act of 1934, the Company (or such party or committee as the Company may designate) may adopt such rules and procedures as it considers appropriate.

IN WITNESS WHEREOF, the Company has caused this restated Plan to be executed  
this 31<sup>st</sup> day of March, 2005.

ATTEST:

AVX CORPORATION

Christina L. Donelan

By:

[Signature]  
DIRECTOR BENEFITS/COMP.

Title

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**AMENDMENT TO THE**

**AVX NONQUALIFIED SUPPLEMENTAL RETIREMENT PLAN**

**WHEREAS**, AVX Corporation (the "Employer") heretofore adopted the AVX Nonqualified Supplemental Retirement Plan (the "Plan"); and

**WHEREAS**, the Employer reserved the right to amend the Plan; and

**WHEREAS**, the Employer heretofore amended the Plan from time to time, most recently to amend and restate the Plan effective as of January 1, 2005; and

**WHEREAS**, the Employer desires to further amend the Plan;

**NOW, THEREFORE**, the Plan is hereby amended as follows:

1. The last paragraph under Section 3.2 shall be amended, effective as of January 1, 2005, to read in its entirety as follows:

"A Participant's initial election to defer compensation shall include a one-time irrevocable election as to the manner of payment of all amounts credited to such Participant's account, which shall be (i) a lump sum distribution, or (ii) installment payments over a period of years (not to exceed 10 years). Each Participant with an account balance on December 31, 2004 who is an employee of the Company on January 1, 2005 shall make an irrevocable election prior to December 31, 2006 as to manner of payment, i.e., lump sum or installments, as described herein, of all amounts credited and to be credited to such Participant's account."

2. The first paragraph under Section 4.1 shall be amended, effective as of September 1, 2005, to read in its entirety as follows:

"4.1 In furtherance of the purposes of this Plan, the Company has established the AVX Nonqualified Supplemental Retirement Plan Rabbi Trust Agreement (the "Trust") which is intended to be a "grantor trust" within the meaning of Subpart E, Part I, Subchapter J, Chapter 1, Subtitle A of the Code. The trustee of the Trust (the "Trustee") shall hold, invest and distribute any assets contributed to the Trust in accordance with the provisions thereof."

3. Section 4.2 of the Plan shall be amended, effective as of January 1, 2005, to read in its entirety as follows:

"4.2 Any compensation deferred by a Participant pursuant to Section 3.1(b) shall initially be invested in the AVX Stock Fund, and any Company matching contribution thereon shall be invested in the AVX Stock Fund."

The Company matching contribution on a Participant's deferral of compensation under Section 3.1(a) shall, pursuant to the provisions of Section 3.3(a) or Section 3.4 hereof, be contingent upon such Participant initially investing such deferral (to the extent such deferral would be eligible for a Company matching contribution) in the AVX Stock Fund.

Notwithstanding anything contained herein to the contrary, effective September 1, 2005, if a Participant has attained age 55, such Participant may change the investment of any matching contributions made on his behalf in accordance with such rules and procedures as the Company may establish."

Except as hereinabove amended, the provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, the Employer, by its duly authorized officer, has caused this amendment to be executed on the 29 day of November, 2005.

**AVX CORPORATION**

By: 

Kurt Cummings  
Secretary  
AVX Corporation