

## AVX NONQUALIFIED SUPPLEMENTAL RETIREMENT PLAN

WHEREAS, AVX Corporation (the "Company") heretofore adopted the "AVX Nonqualified Supplemental Retirement Plan" (the "Plan"), an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of the United States Code of Federal Regulations Section 2520.104-23 and Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA"); and

WHEREAS, the Company desires to amend the Plan to satisfy the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code");

NOW, THEREFORE, effective January 1, 2008, the Plan is amended and restated to comply with Section 409A of the Code, with the Plan being operated in good faith compliance with Code Section 409A for the period January 1, 2005 to January 1, 2008.

### SECTION 1. PURPOSE OF PLAN

The Plan is unfunded and is maintained for the purpose of providing deferred compensation to a select group of management and highly compensated employees of the Company within the meaning of the United States Code of Federal Regulations Section 2520.104-23 and Sections 201(2), 301(a)(3) and 401(a)(1) of the ERISA. The Plan will be administered in accordance with such purpose and in accordance with the provisions of Section 409A of the Code.

### SECTION 2. DEFINITIONS

- 2.1 "Administrator" means the Board or the committee or subcommittee appointed pursuant to Section 15.1.
- 2.2 "Beneficiary" means the person or entity determined to be a Participant's beneficiary pursuant to Section 13.
- 2.3 "Board" means the board of directors of the Company.
- 2.4 "Code" means the Internal Revenue Code of 1986, as amended from time to time.
- 2.5 "Company" means AVX Corporation.
- 2.6 "Compensation" means compensation paid to a Participant by the Company for the Plan Year as reflected on Form W-2, increased by any amounts deferred under a salary reduction agreement through the Retirement Plan, a cafeteria (Code Section 125) plan maintained by the Company, or under Code Section 132(f)(4).
- 2.7 "Disability" means a condition in which the Participant:
- (a) is unable to engage in any substantial gainful activity by reason of any medically

determinable physical or mental impairment which, in the opinion of the Administrator, can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or

- (b) is, by reason of any medically physical or mental impairment which, in the opinion of the Administrator, can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company;

2.8 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.9 "Participant" means an employee of the Company who is eligible to participate in the Plan pursuant to Section 3.

2.10 "Plan" means the AVX Nonqualified Supplemental Retirement Plan, as set forth herein and as amended from time to time.

2.11 "Plan Year" means the calendar year.

2.12 "Retirement Plan" means the AVX Corporation Retirement Plan.

### SECTION 3. ELIGIBLE EMPLOYEES

An employee of the Company on January 1, 2008 who participated in the Plan on December 31, 2007, shall continue to be eligible to participate in the Plan. Each other employee of the Company on or after January 1, 2008 who is eligible to participate in the Retirement Plan and whose Compensation is in excess of the amount determined under Section 401(a)(17) of the Code for the year, shall participate in the Plan as of the date his or her Compensation exceeds the applicable amount. An eligible employee who participates in the Plan shall continue to be eligible to participate in the Plan regardless of whether such employee's Compensation falls below the threshold amount indicated in this Section 3.

### SECTION 4. ELECTION TO DEFER COMPENSATION

A Participant may elect to defer a specified percentage of his or her Compensation (from one percent (1%) to one hundred percent (100%)) for a Plan Year by filing an election with the Administrator (pursuant to Section 5) on or prior to November 30 (or such other date not later than December 31 that the Administrator may specify) of the preceding Plan Year. Any such election so made shall not be binding for any following Plan Year, and thus a new election must be filed for any following Plan Year on or before November 30 (or such other date not later than December 31 that the Administrator may specify) of the immediately preceding Plan Year. Provided, however, that, subject to the provisions of Section 409A of the Code, a Participant who first becomes eligible to participate in the Plan after the beginning of a Plan Year shall be entitled to make a deferral election (with respect to Compensation to be earned after the date of the election) within thirty (30) days of becoming eligible.

A Participant may also elect to make an additional deferral election under the Plan. In this regard, a Participant may elect to defer from one percent (1%) to three percent (3%) of his or her Compensation in excess of the applicable Code Section 401(a)(17) limit for the Plan Year. Any such additional deferral election shall be subject to the election conditions of the preceding paragraph.

Finally, each Participant may elect to establish a separate "in-service withdrawal account", to which shall be credited such portion of his deferrals and any Company contributions made on his behalf under Section 7 as the Participant may designate, and subject to the provisions of Section 11, which shall be distributed as of a date selected by the Participant on the election form used to make his or her initial deferral election (or, via a subsequent election, by December 31, 2008, in accordance with, and subject to, IRS Notice 2007-86).

## SECTION 5. MANNER OF ELECTION

Any election made by a Participant pursuant to this Plan shall be made by executing such form(s) as the Administrator shall from time to time prescribe.

## SECTION 6. ACCOUNTS

If a Participant elects to establish an "in-service withdrawal account" under Section 4, such account shall be established and maintained on the Company's books and shall record (a) any Compensation deferred by the Participant under the Plan, and any Company contributions made on his behalf, which the Participant has elected to be credited to such account, and (b) the allocation of any hypothetical investment experience. There shall also be established for each Participant a separate "retirement account" which shall record (a) any Compensation deferred by the Participant, and any Company contributions made on his behalf, under the Plan which the Participant has not elected to be credited to the "in-service withdrawal account" and (b) the allocation of any hypothetical investment experience.

## SECTION 7. COMPANY CONTRIBUTIONS

For each Plan Year, the Company shall allocate to the account of each Participant an amount equal to one hundred percent (100%) of the first three percent (3%) of the Participant's Compensation deferred under the Plan for the year pursuant to the first paragraph under Section 4, provided the Participant had elected to have at least three percent (3%) of his Compensation deferred under the Plan for the year hypothetically invested in the AVX Stock Fund pursuant to Section 9 below.

In addition, for each Plan Year, the Company shall contribute to the account of each Participant an amount equal to one hundred percent (100%) of the Participant's Compensation (not in excess of six hundred thousand dollars (\$600,000)) deferred under the Plan for the year pursuant to the second paragraph under Section 4.

Notwithstanding the above, under no circumstances will matching contributions under this Section 7 and those matching contributions provided under the Retirement Plan exceed \$18,000 in total during any plan year.

Finally, for each Plan Year, if the Participant is employed by the Company on December 31 of such year (or

is not employed due to his or her retirement, disability or death during such year, as determined under the Retirement Plan), the Company shall allocate to the account of such Participant an amount equal to the additional amount that would have been contributed by the Company to the Retirement Plan on such Participant's Compensation not in excess of six hundred thousand dollars (\$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. Provided, however, that, if any such Participant defers Compensation under Section 4, the Company shall allocate to the account of such Participant an amount equal to the additional amount that would have been contributed by the Company to the Retirement Plan on behalf of the Participant under the fixed and discretionary portions of the Retirement Plan on such Participant's Compensation deferred under Section 4.

## SECTION 8. ADJUSTMENTS TO ACCOUNTS

Each Participant's account(s) shall be reduced by the amount of any distributions to the Participant from the applicable account, and by any federal, state and/or local tax withholding and any social security withholding tax as may be required by law. Pursuant to procedures established by the Administrator, each Participant's account(s) shall be adjusted as of each business day the New York Stock Exchange is open to reflect the earnings or losses of any hypothetical investment media as may be designated by the Administrator.

## SECTION 9. INVESTMENT OF ACCOUNTS

For purposes of determining the amount of earnings and appreciation and losses and depreciation to be credited to a Participant's account(s), each Participant's account(s) (except for any amounts deferred under the Plan pursuant to the second paragraph under Section 4 and any matching contributions made under Section 7) shall be deemed invested in the investment options (designated by the Administrator as available under the Plan) as the Participant may elect, from time to time, in accordance with such rules and procedures as the Administrator may establish. Any amounts deferred under the Plan pursuant to the second paragraph under Section 4 and any matching contributions made under Section 7 shall be deemed to be invested in the AVX Stock Fund, an option deemed to be invested primarily in shares of Company stock, with a portion deemed invested in cash and cash equivalents for liquidity purposes; provided, however, that upon attaining age fifty-five (55), a Participant may elect to change the investment of any matching contributions made on his behalf in accordance with such rules and procedures as the Company may establish. However, no provision of the Plan shall require the Company to actually invest any amounts in any fund or in any other investment vehicle.

## SECTION 10. VESTED STATUS

Each Participant shall have a nonforfeitable (vested) right to the fair market value of his or her account(s).

## SECTION 11. TIME AND MANNER OF DISTRIBUTION

Distribution of a Participant's "retirement account" (within the meaning of Section 6) shall be made or commence within ninety (90) days following the Participant's Disability or his or her "separation from

service" with the Company (within the meaning of Section 409A of the Code).

However, if the Company is subject to the provisions of Section 409A(2)(B)(i) of the Code, and if distribution is to be made or commence as a result of the Participant's separation from service with the Company, and if the Participant is a "specified employee" of the Company (as determined under said Section 409A), distribution of the Participant's retirement account shall be made or commence six (6) months following his separation from service. For purposes of identifying a "specified employee," the definition of compensation under Section 1.415(c)-2(a) of the Income Tax Regulations shall apply, the specified employee identification date shall be December 31, and the specified employee effective date shall be the first day of the fourth month following such identification date.

Each Participant shall elect, on the election form used to make his or her initial deferral election (or, via a subsequent election, by December 31, 2008, in accordance with, and subject to, IRS Notice 2007-86), either of the following modes of distribution for his retirement account:

- (a) a single lump sum payment; or
- (b) annual installments over a period of up to ten (10) years, the amount of each installment to equal the balance of the Participant's retirement account immediately prior to the installment divided by the number of installments remaining to be paid. Each subsequent installment shall be made on the first day of the calendar month following the one (1) year anniversary of the prior payment.

A Participant may subsequently elect to change the mode of distribution of his retirement account, subject to the following conditions: (i) any such election may not take effect until twelve (12) months after the date on which the election is made; and (ii) payment with respect to such election must be deferred for a period of at least five (5) years from the date on which payment would otherwise have been made or commence.

Subject to Section 12 below, any "in-service" withdrawal account established for a Participant under Section 6 shall be distributed in a lump-sum cash payment, as of the date previously designated by the Participant. Provided, however, that a Participant may subsequently elect to delay the date on which distribution of his in-service withdrawal account is to be made, subject to the following conditions: (i) the subsequent election must be made at least twelve (12) months prior to the date the in-service withdrawal account was scheduled to be paid, and (ii) payment must be deferred for a period of at least five (5) years from the date on which payment was initially to have been made.

## **SECTION 12. DEATH BENEFIT**

In the event of the death of a Participant, the balance of the Participant's retirement account and, if applicable, in-service withdrawal account shall be distributed to the Participant's Beneficiary, in a single lump-sum payment, within ninety (90) days following the Participant's death.

## **SECTION 13. BENEFICIARY DESIGNATION**

A Participant may designate the person or persons to whom the Participant's account(s) under the Plan shall be paid in the event of the Participant's death, by filing a designation of beneficiary form with the

Administrator. If no Beneficiary is designated, or no Beneficiary survives the Participant, payment shall be made to the Participant's surviving spouse, or if none, to the Participant's estate. If a Beneficiary survives the Participant but dies before the balance payable to the Beneficiary has been distributed, any remaining balance shall be paid to the Beneficiary's estate.

## SECTION 14. DOMESTIC RELATIONS ORDERS

If a domestic relations order issued by any court of proper authority directs assignment of all or any portion of a Participant's account(s) to the Participant's spouse or former spouse as part of a divorce settlement, the portion so assigned shall be distributed, in a lump-sum, to the spouse or former spouse within ninety (90) days following the date on which the order was received by the Administrator or, if later, following the close of the Plan Year in which the order clearly specifies the amount to be assigned and any other terms necessary to comply with such order and with the provisions of Code Section 409A.

## SECTION 15. PLAN ADMINISTRATION

**15.1 Administration.** The Plan shall be administered by the Board or, in the discretion of the Board, a committee or subcommittee of the Board (the "Committee"), appointed by the Board and composed of at least two members of the Board. All references in the Plan to the Administrator shall be understood to refer to the Committee or the Board, whoever shall administer the Plan.

Where the Committee serves as Administrator, in the event that a vacancy on the Committee occurs on account of the resignation of a member or the removal of a member by vote of the Board, a successor member shall be appointed by vote of the Board. The Administrator shall select one of its members as Chairman and shall hold meetings at such times and places as it may determine. A majority shall constitute a quorum, and acts of the Administrator at which a quorum is present, or acts reduced to or approved in writing by all its members, shall be the valid acts of the Administrator.

The Administrator is authorized to interpret and construe any provision of the Plan, to determine eligibility and benefits under the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, to adopt such forms as it may deem appropriate for the administration of the Plan, to provide for conditions and assurances deemed necessary or advisable to protect the interests of the Company and to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to the express provisions of the Plan or the provisions of Section 409A of the Code and the regulations and rulings promulgated thereunder. The Administrator shall be responsible for the day-to-day administration of the Plan. Determinations, interpretations or other actions made or taken by the Administrator under the Plan shall be final and binding for all purposes and upon all persons.

### **15.2 Review Procedure.**

- (a) Pursuant to procedures established by the Administrator, claims for benefits under the Plan made by a Participant or Beneficiary (the "claimant") must be submitted in writing to the Administrator.

If a claim is denied in whole or in part, the Administrator shall notify the claimant within ninety (90) days (or forty-five (45) days if the claim relates to a determination of Disability)

after receipt of the claim (or within one hundred eighty (180) days (or seventy-five (75) days for a Disability claim), if special circumstances require an extension of time for processing the claim, and provided written notice indicating the special circumstances and the date by which a final decision is expected to be rendered is given to the claimant within the initial ninety (90) day period, or forty-five (45) day period, as the case may be). If notification is not given in such period, the claim shall be considered denied as of the last day of such period and the claimant may request a review of the claim.

The notice of the denial of the claim shall be written in a manner calculated to be understood by the claimant and shall set forth the following:

- (i) the specific reason or reasons for the denial of the claim;
  - (ii) the specific references to the pertinent Plan provisions on which the denial is based;
  - (iii) a description of any additional material or information necessary to perfect the claim, and an explanation of why such material or information is necessary; and
  - (iv) a statement that any appeal of the denial must be made by giving to the Administrator, within sixty (60) days (or one hundred eighty (180) days in the case of a Disability claim) after receipt of the denial of the claim, written notice of such appeal, such notice to include a full description of the pertinent issues and basis of the claim.
- (b) Upon denial of a claim in whole or part, the claimant (or his duly authorized representative) shall have the right to submit a written request to the Administrator for a full and fair review of the denied claim, to be permitted to review documents pertinent to the denial, and to submit issues and comments in writing. Any appeal of the denial must be given to the Administrator within the period of time prescribed under (a)(iv) above. If the claimant (or his duly authorized representative) fails to appeal the denial to the Administrator within the prescribed time, the Administrator's adverse determination shall be final, binding and conclusive.

The Administrator may hold a hearing or otherwise ascertain such facts as it deems necessary and shall render a decision which shall be binding upon both parties. The Administrator shall advise the claimant of the results of the review *within sixty (60) days (or forty-five (45) days in the case of a Disability claim) after receipt of the written request for the review*, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible but not later than one hundred twenty (120) days (or ninety (90) days in the case of a Disability claim) after receipt of the request for review. If such extension of time is required, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The decision of the review shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based. The decision of the Administrator shall be final, binding and conclusive.

## SECTION 16. FUNDING

**16.1 Plan Unfunded.** The Plan is unfunded for tax purposes and for purposes of Title I of ERISA. Accordingly, the obligation of the Company to make payments under the Plan constitutes solely an unsecured (but legally enforceable) promise of the Company to make such payments, and no person, including any Participant or Beneficiary shall have any lien, prior claim or other security interest in any property of the Company as a result of this Plan. Any amounts payable under the Plan shall be paid out of the general assets of the Company and each Participant and Beneficiary shall be deemed to be a general unsecured creditor of the Company.

**16.2 Rabbi Trust.** The Company may create a grantor trust to pay its obligations hereunder (a so-called rabbi trust), the assets of which shall be, for all purposes, the assets of the Company. In the event the trustee of such trust is unable or unwilling to make payments directly to Participants and Beneficiaries and such trustee remits payments to the Company for delivery to Participants and Beneficiaries, the Company shall promptly remit such amount, less applicable income and other taxes required to be withheld, to the Participant or Beneficiary.

## SECTION 17. AMENDMENT

The Company, by resolution of the Board, shall have the right to amend, suspend or terminate the Plan at any time subject to the provisions of Section 409A of the Code; provided, however, that no such action shall, without the Participant's consent, impair the Participant's right with respect to any existing account(s) under the Plan. The termination of the Plan, with respect to some or all of the Participants, and any resulting distribution of the account balances of such affected Participants, shall be made in accordance with the provisions of Section 409A of the Code and shall not constitute the impairment of such Participant's rights hereunder.

## SECTION 18. SUCCESSORS AND ASSIGNS

The provisions of this Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns, and the Participant, his or her Beneficiaries, heirs, legal representatives and assigns.

## SECTION 19. ASSIGNMENT

A Participant's right to the amount credited to his or her account(s) under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of the Participant or the Participant's Beneficiary.

## SECTION 20. NO CONTRACT OF EMPLOYMENT

Nothing contained herein shall be construed as a contract of employment between a Participant and the Company, or as a right of the Participant to continue in employment with the Company, or as a limitation of the right of the Company to discharge the Participant at any time, with or without cause.



## SECTION 21. GOVERNING LAW

This Plan shall be interpreted in a manner consistent with Code Section 409A and the guidance issued thereunder by the Department of the Treasury and the Internal Revenue Service and shall also be subject to and construed in accordance with the provisions of ERISA, where applicable, and otherwise by the laws of the State of South Carolina, without regard to the conflict of law provisions of any jurisdiction.

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IN WITNESS WHEREOF, the Company, by its duly authorized officer, has caused this Plan to be executed as of the 30 day of December, 2007.

AVX CORPORATION

By: \_\_\_\_\_

Authorized Officer

*Kurt Cummings*  
VP CFO