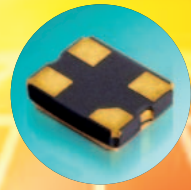
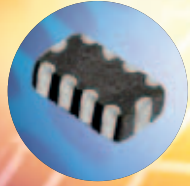


A **Strategy** in Touch  
With **Tomorrow**



2008 ANNUAL REPORT



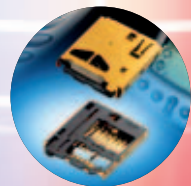
### Business Overview

■ AVX is a leading worldwide manufacturer and supplier of a broad line of passive electronic components. We have manufacturing, sales and distribution facilities located throughout the world. AVX is organized into three main segments: Passive components, KED Resale and Connectors.

■ The Passive Components segment consists primarily of surface mount and leaded ceramic capacitors, RF thick film and thin film components, tantalum capacitors, film capacitors, ceramic and film power capacitors, super capacitors, EMI filters, thick and thin film packages, varistors, thermistors, inductors and resistive products.

■ The KED Resale segment consists primarily of ceramic capacitors, frequency control devices, SAW devices, resistive products, RF modules, actuators, acoustic devices and connector products produced by Kyocera Electronics Corporation.

■ The Connectors segment consists primarily of Elco automotive, telecom and memory connectors manufactured by AVX.



### Fiscal-Year Highlights

- Invested in the ATC acquisition to broaden AVX product offerings in more sophisticated advanced products.
- Increased sales and maintained profitability in a challenging market place.
- Continued winning the respect of customers, reflected in numerous honors, including Frost & Sullivan's 2008 Global Capacitor Company of the Year award.
- Developed new products with additional added value to meet the need of our customers for more complex solutions.
- Further increased the dividend to share our progress with our shareholders.
- Maintained a considerable balance sheet with \$815.3 million in cash and investments and no bank debt at the end of the year.

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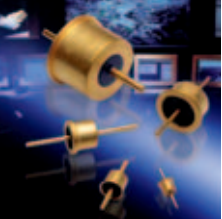
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## A Letter **From the President**

In this fiscal year, AVX's actions and results demonstrate that our strategy is on track.

### **AMERICAN TECHNICAL CERAMICS ACQUISITION**

Last year, AVX acquired the American Technical Ceramics Corporation – a successful, strong technology company for nearly 40 years. ATC is a leading manufacturer of high performance electrical components, including capacitors and thin film circuits for a broad range of complex applications.

This was a sound investment for a number of reasons. ATC has a history of solid sales growth. Its products have strong market credibility due to their much-desired high-reliability, high-frequency uses in aerospace and similar markets with mission-critical needs.

AVX will continue to use the ATC brand in the field, while enhancing its technology with capital strength and incorporating our global sales organization to give ATC a broader reach worldwide.

### **SEGMENTS**

Overall, sales increased \$120.8 million, or 8.1% in the year just ended, compared to a year earlier, due to the continuing strength across our three segments:

- **Passive components** sales increased \$66.7 million, or 7.5% over the prior year. Advanced Products with their more sophisticated technology and added value comprise an increasingly larger share of the passive segment's sales.
- **Kyocera Resale** sales increased to \$468.2 million, up 7.7% over the prior year.
- **AVX and KEC Resale Connectors** sales increased \$20.7 million, a 12.0% increase over a year earlier.

### **PAST CHALLENGES**

The last year was not without its challenges as macroeconomic issues dominated the year. Some of the issues affected the broad business climate, while others touched our business sector.

The medical device market, which had experienced fast growth in recent years, slowed. Yet, we are seeing renewed strength in early calendar year 2008 as the continuing drive by device makers to reduce the size of their products is resulting in a new series of offerings and increased functionality.

The US Dollar had both positive and negative effects as the year progressed. Weakness in the US Dollar increased the operating costs of our manufacturing sites in Europe, while making exports from the US more competitive across the world.

The energy and metal costs – particularly copper, silver, gold and platinum – were negatives that, to date, have not settled down. Some of this is a result of the weakness of the dollar, but other increases are due to demand and speculation. We will continue balancing our product offerings and rationalizing our manufacturing structures to offset some of these pressures.

Our continued focus on 1) increasing production efficiency while 2) controlling operating costs and 3) expanding capacity for value-added products will partially neutralize the effects of the US Dollar and increased materials costs going forward.

### **FUTURE CHALLENGES/OPPORTUNITIES**

The coming year has its challenges. The macroeconomic climate remains unclear for the near-term.

Several factors may work to minimize the potential negative impact. Our customers have leaner inventories than in the past. Industry capacity has been slow in coming during the current cycle. While there may be inventory adjustments, we expect them to be less severe than in the past.

This market has opportunities with the potential for further growth in the upcoming year. For instance, utilization of our more complex products continues to increase. In some cases, demand outstrips supply. The rapidity of technology change by our customers and the insatiable demand for smaller, better and faster devices from consumers continues to present growth opportunities for the supplier with the technology base to meet those demands.

### **MASAHIRO UMEMURA**

It is with profound sadness that we report the passing on December 25, 2007, of Masahiro Umemura, who had served as a director of the Company since 1990. Mr. Umemura was Vice Chairman of the Board and Representative Director of Kyocera Corporation. "Mark," as he was known to all those who worked with him over the years, was very active with AVX and was a friend to the corporation. He will be greatly missed.

### **NEW DIRECTORS**

I would also like to welcome Kensuke Itoh, Past Chairman of Kyocera Corporation and currently Advisor and Director of Kyocera Corporation, who rejoined our Board after a brief hiatus, and David DeCenzo, President of Coastal Carolina University, who joined the Board in July 2007. We are pleased to have their insight and expertise available to us.

I would also like to thank the entire Board of Directors, along with our employees, management team, customers and shareholders for their vital contributions to keeping our strategy on track this year.

Our shareholder meeting this year will be held on July 23, 2008, in Myrtle Beach, South Carolina.

John S. Gilbertson  
Chief Executive Officer and President  
AVX Corporation





## A Strategy on-Track for Long-Term Success

Look around you. Right now, as you read this report, survey your surroundings. What do you see? You see AVX's strategy at work. In that phone, that computer, that flat screen television. Look out the window. You'll see AVX at work in those automobiles, those multi-function cell phones, cell towers, and airplanes. Some of the people you spot will be wearing medical devices for the heart, hearing or diabetes. If you could look beyond – further than the eye can glimpse – you would see AVX's strategy at work in satellites and space stations.

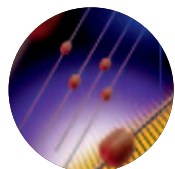
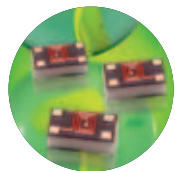
AVX passive products, multi-function advanced components and connectors are woven throughout our customers' products for solid business reasons. Our products are the result of a business strategy that values first-to-market innovation, long-term customer relationships, and mission-critical reliability.

### TECH SPEC 1

The new SpinGuard® utilizes the X5R dielectric offering a capacitance of 3.3µF at 10V.

### TECH SPEC 2

Products are available in molded radial, molded axial, and two-pin DIP leaded configurations. Capacitance values range from 1pF in axial leads and up to 4.7µF in radial leads. Voltages range from 50V to 200V in radial and axial lead configurations.



## First-to-Market Innovation

AVX's market-leading research and development produces numerous breakthrough products that lead the way for the industry.

In the next few years, cell phones will become as powerful as today's desktop computer – accessing the Internet, movies and other services. These higher data transfer rates require more energy. To answer this customer need, **AVX PulseCaps™** create pulses of power when needed, preserve energy and prolong the product's life and usefulness. The demand for Pulse Capacitors is expected to grow as battery-powered devices with high functionality proliferate.

Automatic light dimmers sense oncoming cars and lower the car's headlights. **AVX filters separate light signals** coming in, enabling the computer to determine if the light is from an oncoming car, the full moon or reflected light from a nearby building.

To improve the reliability of any electronic system in transient voltage environments – such as today's automobiles, where a variety of electronic signals abound – AVX pioneered **TransGuard® Multilayer Varistors**. Today, TransGuard® is used in consumer, medical, aerospace and transportation market sectors.

AVX further optimized the TransGuard® product line by integrating a filter capacitor, adding protection against voltage spikes and radio frequency interference from other circuits. In a further refinement of the TransFeed series, AVX created a **FeedThru Filter TransGuard®** model, offering maximum filtering. Using one TransFeed component eliminates the need for up to 5 other components – reducing required space and assembly time.

Working to reduce the space on a power supply board, AVX responded to this customer by creating a two-part tantalum stack. The customer was so pleased it expanded the **AVX solution to become the common platform** for all their government-related power supplies.

AVX set an **industry standard** when it worked with one avionics customer to create high reliability, very low ESR tantalum capacitors. The product was so successful it was adopted industry-wide by other avionics manufacturers.

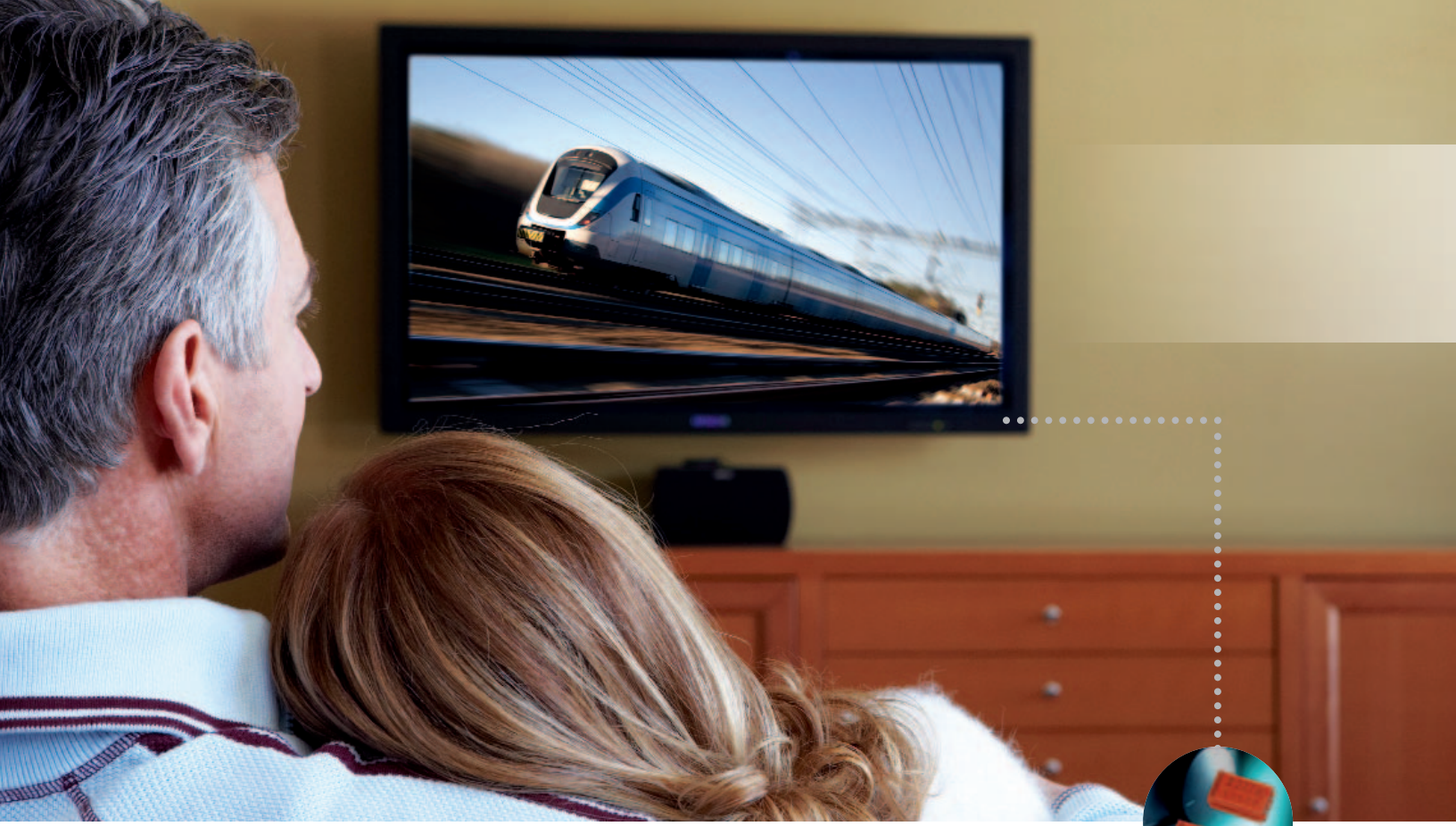
Last year, we added a new radial leaded ceramic capacitor to our **SkyCap® series**. It allows high capacitance with a package volume about half the size of previously available products. AVX is the first company to offer a radial leaded MLC capacitor with a 100V rating in such a small physical size.

Also **first to market** is a new entry in the **SpinGuard® series** of axial leaded capacitors. The capacitor is compliant with the new international environmental standards (RoHS) and is an ideal replacement for tantalum axial leaded devices.

AVX is the **first in the industry** to expand its portfolio of thru-hole advanced passive capacitors with several hundred new offerings in its **MIL-PRF-123 product series for defense and aerospace markets**. These parts represent improved capacitance values, higher voltages and new tolerances.







**THE SEARCH FOR NEW ENERGY & EFFICIENCY**

AVX parts are involved in nearly every dimension of the search for new energy sources, such as windmills that capture energy from the wind use power capacitors, as do solar cells that create electrical power from the sun's rays.

AVX parts also help make better use of the energy already available. Power control circuits for cell phones help preserve battery life. The circuits, which use parts produced by AVX, sense how close the phone is to a transmission tower or base station. The closer they are to the base station, the less power the phone uses to transmit, thus saving battery power.

Today's **exploration for oil** takes drilling out into the ocean, down as far as 60,000 feet and at temperatures up to 300°C. To find the potential pockets of oil, circuits several feet long must fit into the tight confines of the narrow drill casing in a very harsh environment. AVX parts are in there, stable and reliable.

AVX is working on a Department of Energy project to help develop **hybrid automobile engines**. AVX will play a key role in the development of the power capacitor for the hybrid's complex, advanced circuits. The task is even more challenging because it will need to withstand intense engine heat while offering a very affordable cost per unit.

**MEDICAL DEVICES –Enhancing the Quality of Life**

With smaller, more advanced parts, such as those developed by AVX, pacemaker manufacturers can produce one electronic "box" with **many pacemakers** inside. Just activate the unit and program it for whichever therapy is required.



AVX is working with customers that are developing **noninvasive defibrillators**. Rather than opening the chest, the unit is inserted through the leg into an artery or vein, much like a cardiac cath or angioplasty. Implanting the defibrillator then becomes outpatient surgery.

AVX parts play a key role in another breakthrough medical device. A new version of the **cochlear hearing implant** is for pediatric patients. As the child's hearing improves and their nerves take over, the unit automatically decreases the amount of electrical stimulation it requires.

Implantables aren't just for hearts and hearing anymore. Creatively engineered **neural applications** help with epilepsy and Parkinson's. Yet, even greater potential lies in the **control of depression** through the ability to stimulate the brain, changing the actual electrochemical balance.

Several device manufacturers are very close to creating an artificial pancreas that monitors the amount of insulin in the body and pumps the appropriate amount of insulin without any external human intervention.

**Strategy at Home and Beyond**

**HOME THEATRE SYSTEMS**

The newest "thin-screen" televisions unveiled this year are only 1.5 inches thick. To achieve this miniaturization, the manufacturer says that it completely redesigned the television's integrated components. The power supply is one-third the thickness of current models, with a cooling system that is now fanless.

When customers require smaller spaces with greater reliability, AVX can help. For greater reliability in high-cost Plasma and LCD TVs, AVX is replacing traditional aluminum electrolytic capacitors with the new OxiCap® devices.

**TRANSPORTATION**



Automobiles are increasingly becoming **computers on wheels**. Automakers are quickly replacing traditional wire harnesses with computer communication busses, as they shift from electromechanical to fully electronic functions. This change reduces weight, saves on expensive copper, improves mileage, and creates better reliability.



As the car becomes increasingly computerized, AVX parts – especially **filters** – will be needed to isolate the various electronic signals. They prevent the airbag from deploying when a driver turns on the windshield wiper or changes a channel on the radio – or – prevent the airbag from sending off a signal that locks up the brakes.



Active cruise control uses a video camera or radar that controls speeds up and down to keep pace with the car in front. AVX parts for **proximity detection** (backup systems) flow from defense and aerospace developments.

In Europe and Asia, a resurgence of **rail travel** is underway.



Manufacturers of the newer diesel electric engines need capacitors and connectors just as the makers of handheld music players. One major difference is the amount of power these systems must handle, resulting in capacitors that are nearly 3 feet high and just as wide.



*Scale comparison of standard capacitor and unit used on trains.*





## Long-Term **Customer Relationships**

AVX makes it a point to get close to its customers. To better understand their needs. To better anticipate the next request. To be THEIR solution provider. Customers regularly turn to us with a problem and AVX – with existing products or by developing a new product – creates a solution for the problem.

**Nearly 20 years ago**, a major energy exploration company asked that AVX create a capacitor that could function in downhole environments where the temperature was 200°C. This ET series of GLASS Caps is **still being used**.

A major defense contractor wanted to shrink the size of night vision surveillance devices. AVX worked with mechanical and electrical engineers to create a solution that not only saves space but improves vision quality, while reducing the electronic “noise” emitted by the system.

Another customer called with a one-week deadline to design a new radio for government use. AVX engineers created the special low temp BestCap® that helped the supplier win the contract.

As automobiles “morph” from mechanical devices to computers on wheels, our auto industry partners regularly work closely with AVX on solutions. For instance, design collaborations with automakers and their electronic module manufacturers identified **AVX Flexitem®** capacitors’ abilities to reduce or eliminate power problems due to connections broken from flexing. The solution increases automakers manufacturing yields while reducing costly warranty repairs and recalls.

Even in today’s world, where technology and the Internet can connect us instantly, a real person to talk with is important to customers. AVX maintains a **global network of sales people strategically positioned close to our customers** – a real person with real answers when customers need it.

Even when we can’t be there in person, AVX is standing by to help. One example is the **SpiTanII** new 1.6 version of the company’s popular **computer simulation program** for tantalum and **OxiCap®** niobium oxide capacitor ranges.

Designers can select a desired component by capacitance, rated voltage, case size, series or by specific part number. All basic parameters for the selected part are displayed – frequency characteristics of capacitance, ESR, impedance, DF and ripple current and ripple current voltage ratings.

With its **Quick Connect Program**, AVX aids design engineers by supplying within 48 hours samples of more than 200 different connectors. The program includes 10 of the most popular AVX FFC connector series.

In most cases, these connectors take considerable time to manufacture. By offering quick off-the-shelf samples, AVX decreases sample delivery time, speeding design and prototyping time for the customer.

## Enabling **Technology**

We make improvements in products that may not change performance or incorporate additional features, but make it easier for the customers to build their products. Their efficiency increases and manufacturing time and costs decrease.

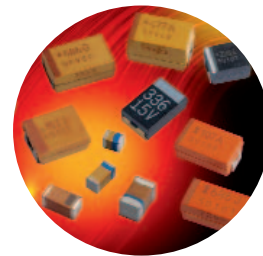


At one of the many design seminars that AVX holds around the world, a leading German auto electronics firm discussed their products with our engineers. As a result, AVX was able to **streamline the electronics manufacturer’s entire design** by using Advanced MultiLayer Varistors from AVX as both an EMI filter and a Transient Voltage Suppressor. Additionally, the parts maker decided to use AVX Niobium Oxide capacitors, reducing the circuit size and weight of power supply lines while improving performance and reliability.



### **TECH SPEC**

Version 1.6 of the SpiTanII® software contains 471 new part numbers.

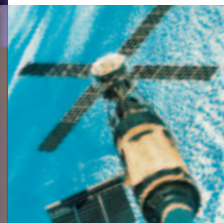






## Mission Critical **Reliability**

In many of our customers' products, reliability is important if not absolutely necessary. From implantable heart defibrillators to undersea cables that carry the Internet to many parts of the world. Even the windmills that capture wind power. Windmills are often placed in the most remote parts of the world, where maintenance is difficult and costly.



AVX is the **supplier of first choice** for capacitors in satellite deployment circuit applications. From solar panel deployment and stage separation to "waking up" space probes after landing on strange planets and moons, AVX components are preferred. They exhibit virtually no aging over decades of lab testing and demonstrate the best performance of any capacitor in extreme temperatures and space radiation environments. For these same reasons, AVX capacitors are used as a critical link in the spin stabilization control of satellites.

AVX spacecraft capacitors are so reliable that they are now **used as reference capacitors** for industrial and lab measurement applications on earth.

The evolution of aircraft from mechanical to electronic creations makes AVX an important element in the reliability of this mode of transportation.

Aircraft use a variety of **AVX capacitors in critical systems**. AVX EMI filters help prevent electronic signals from interfering with the growing number of an aircraft's electronic systems. Modified versions of this technology are built into automobiles' fuel efficiency systems, as well as computers, cell phones and PDAs to reduce system "noise." New generations of medical technology are also benefiting from these filter components.

Aircraft also use **AVX transient suppressors** in flight display systems and in the emergency deployments systems, such as exit ramps and on-board fire extinguishers. A modified version of this technology helps minimize the electronic noise from motors and relays. Along with reducing overall electronic system noise, this technology helps reduce the weight of vehicles, an important element in today's environment of high fuel costs.

### TECH SPEC

*Recently released new mirror-design multi-anode tantalum capacitors in TPM D-case with 2.9mm height provide almost identical ESR levels, compared with traditional E-case multi-anode construction with the lower profile of component at more convenient price.*

AVX parts have earned a unique reputation for reliability. **AVX tantalum capacitors** have become the preferred choice for embedded system applications thanks to their stability and reliability based on efficient self-healing systems and high capacitance values in small dimensions. "Embedded systems" are designed to operate continuously for years without failure...and to recover automatically if a failure does occur. Designs of the latest embedded computers in radar, sonar and digital signal processing contain as many as 70 tantalum capacitors on a single board.



### AN HONORED SUPPLIER

■ AVX was named the 2008 **Global Capacitor Company of the Year** by Growth Consulting Company Frost & Sullivan. According to the award, **"With a series of product innovations aimed to cope with the falling prices of capacitors, and for using the high rate of technical change to their advantage, AVX truly deserves the recognition as the Company of the Year in the Capacitor Market."**



■ AVX is honored for **best-in-class service** and received the (2006) Lear Supplier Hall of Fame Award. AVX was chosen from among 2,400 Lear suppliers globally for exceeding expectations and demonstrating excellence in quality, delivery, service competitiveness and customer satisfaction. Since the award's inception in 1998, only 76 awards have been presented.

■ For consecutive years – 2006 & 2007 – Electronic Products magazine honored AVX with the **product of the year** award.



## AVX Worldwide Manufacturing Locations

- 01 Sun Valley, California
- 02 Colorado Springs, Colorado
- 03 Juarez, Mexico
- 04 San Salvador, El Salvador
- 05 Olean, New York
- 06 Huntington Station, New York
- 07 Biddeford, Maine
- 08 Raleigh, North Carolina
- 09 Conway, South Carolina
- 10 Myrtle Beach, South Carolina
- 11 Jacksonville, Florida
- 12 Manaus, Brazil
- 13 Coleraine, Northern Ireland
- 14 Paignton, England
- 15 Saint Apollinaire, France
- 16 Betzdorf, Germany
- 17 Lanskroun, Czech Republic
- 18 Uherske Hradiste, Czech Republic
- 19 Jerusalem, Israel
- 20 Penang, Malaysia
- 21 Tianjin, China



## AVX Sales Channels (OEM 50%, Distribution 41%, EMS, 9%)

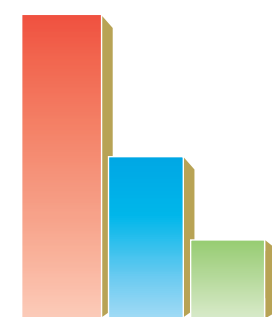
### Customer Segments

- Computers 23%
- Telecom 15%
- Wireless 13%
- Automotive 12%
- Consumer 12%
- Industrial 12%
- Military 6%
- Medical 5%
- Other 2%



### Product Categories

- Passive Components 59%
  - Advanced Products 27%
  - Tantalum 19%
  - Ceramics 13%
- Kyocera Resale 29%
- AVX and KEC Resale Connectors 12%



### Board of Directors

- Benedict P. Rosen<sup>2</sup>  
Chairman of the Board  
AVX Corporation
- Kazuo Inamori<sup>2,4</sup>  
Chairman Emeritus of the Board  
Kyocera Corporation
- Donald B. Christiansen<sup>1,5</sup>  
Retired
- David DeCenzo<sup>1,3,5</sup>  
President,  
Coastal Carolina University
- John S. Gilbertson<sup>4</sup>  
AVX Corporation
- Kensuke Itoh<sup>4</sup>  
Kyocera Corporation
- Makoto Kawamura<sup>2,3,4</sup>  
Kyocera Corporation
- Rodney Lanthorne<sup>4</sup>  
Kyocera Corporation
- Noboru Nakamura<sup>2,3,4</sup>  
Kyocera Corporation
- Joseph Stach<sup>1,2,3,5</sup>  
Retired

Yuzo Yamamura  
Kyocera Corporation

### Corporate Officers

- John S. Gilbertson  
Chief Executive Officer and President
- C. Marshall Jackson  
Executive Vice President of Sales  
and Marketing
- Carl Eggerding  
Vice President, Chief Technology Officer
- Kurt Cummings  
Vice President, Chief Financial Officer,  
Treasurer and Corporate Secretary
- S.M. Chan  
Vice President of Sales  
and Marketing—Asia
- Keith Thomas  
Vice President, President of Kyocera  
Electronic Devices

Peter Collis  
Vice President of Tantalum

Peter Venuto  
Vice President of North American and  
Europe Sales

John Sarvis  
Vice President of Ceramic Products

John Lawing  
Vice President of Advanced Products

### Stock Exchange

AVX's common stock is traded on the New  
York Stock Exchange (symbol: AVX).

### Stock Transfer Agent and Registrar

The American Stock Transfer and Trust  
Company  
1-800-937-5449 (Shareholders Services)  
www.amstock.com

Written shareholder correspondence and  
requests for transfers should be sent to:

The American Stock Transfer and Trust  
Company  
59 Maiden Lane, Plaza Level  
New York, New York 10038

### Investor Questions

Investment questions from security  
analysts, portfolio managers and  
shareholders about AVX, and requests for  
a copy of AVX's Annual Report on Form  
10-K for the fiscal year ended March 31,  
2008, filed with the Securities and  
Exchange Commission, should be directed  
to:

### Investor Relations

AVX Corporation  
P.O. Box 867  
Myrtle Beach, South Carolina 29578  
Telephone (843) 946-0466  
FAX (843) 916-7751  
www.avx.com

### Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
10 Tenth Street, Suite 1400  
Atlanta, Georgia 30309-3851

<sup>1</sup>Audit Committee

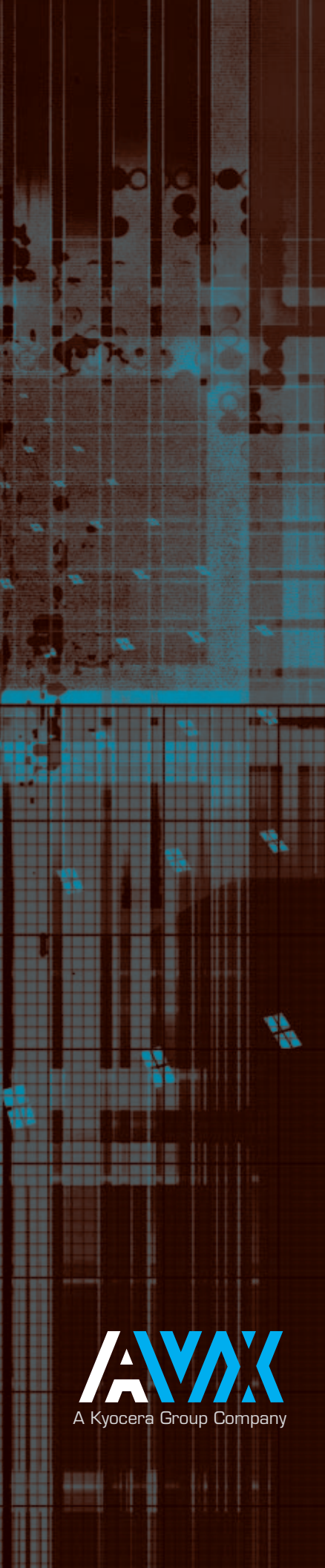
<sup>2</sup>Compensation Committee

<sup>3</sup>Equity Compensation Committee

<sup>4</sup>Executive Committee

<sup>5</sup>Special Advisory Committee





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