

AVX Corporation

Annual Report 2000



AVX

On
Target

On Target

Millions of times each day, AVX Corporation meets the needs of our customers by producing the highest quality, most innovative electronic passive components and connectors in the world. Our products store, filter, regulate and connect the energy flow in electronic circuits.

Hundreds of these components are found in every cell phone, laptop computer and desktop workstation. Our parts also make possible computerized functions in automobiles, pacemakers,

TABLE OF CONTENTS

***Selected
Financial Data*** Page 3

***Letter to
Shareholders*** Page 5

Global Alliances Page 8

Diverse Markets Page 10

Technology Leader Page 12

***Innovations That
Change Lives*** Page 14

Product & Glossary Page 16

Financial Report Page 22

***Shareholder
Information*** Page 41

***Board of Directors
& Corporate Officers*** Page 41

A Year That Exceeded Expectations

hearing aid devices and rockets bound for outer space.

As we move into and through the 21st Century, AVX is “On Target”. We are improving shareholder value; leveraging our global alliances and resources; finding truly innovative solutions, as our components and connectors simultaneously grow smaller and more complex. And we are maintaining the most reliable and cost-efficient manufacturing processes in the industry.

Our industry, built on technology, is awash in acronyms and jargon. To help you better understand the language that is used in our business, we’ve included a glossary of common terms found in this report. We hope the glossary and the report help you better understand why AVX is “On Target”.

This document contains forward-looking statements that are subject to risks and uncertainties that could cause results to differ materially from the performance indicated or implied by such statements. Risk factors relating to such statements are described in the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2000.

SELECTED FINANCIAL DATA

(in thousands, except per share data)

Year ended March 31,	1996	1997	1998	1999	2000
Income Statement Data:					
Net sales	\$1,207,761	\$1,126,178	\$1,267,653	\$1,245,473	\$1,630,273
Costs of sales	886,494	851,863	970,216	1,078,064	1,289,743
Gross profit	321,267	274,315	297,437	167,409	340,530
Selling, general and administrative expenses	116,586	102,369	110,737	114,104	119,299
Profit from operations	204,681	171,946	186,700	53,305	221,231
Interest income	5,096	7,536	11,268	7,946	8,671
Interest expense	(2,352)	(2,049)	(1,921)	(2,228)	(1,868)
Other, net	1,655	1,010	1,377	1,719	4,092
Income before income taxes	209,080	178,443	197,424	60,742	232,126
Provision for income taxes	71,344	57,102	62,773	19,226	75,194
Net income	\$ 137,736	\$ 121,341	\$ 134,651	\$ 41,516	\$ 156,932
Income per share:					
Basic ⁽¹⁾	\$ 0.79	\$ 0.69	\$ 0.76	\$ 0.24	\$ 0.90
Diluted ⁽¹⁾	\$ 0.79	\$ 0.69	\$ 0.76	\$ 0.24	\$ 0.90
Weighted average common shares outstanding:					
Basic ⁽¹⁾	174,350	176,000	176,219	174,132	173,424
Diluted ⁽¹⁾	174,432	176,078	176,560	174,167	174,977
Cash dividends declared per common share ⁽¹⁾	\$ 0.115	\$ 0.113	\$ 0.123	\$ 0.130	\$ 0.136
Other Data:					
EBITDA ⁽²⁾	\$ 276,246	\$ 255,198	\$ 275,745	\$ 149,752	\$ 324,573
Capital expenditures	110,487	93,954	100,374	97,715	172,421
Research, development and engineering expenses	30,000	33,000	36,000	42,000	51,000

As of March 31,	1996	1997	1998	1999	2000
Balance Sheet Data:					
Working capital	\$ 357,930	\$ 456,672	\$ 552,787	\$ 471,253	\$ 564,129
Total assets	867,516	949,307	1,048,653	1,058,040	1,308,331
Long-term debt	8,507	12,170	8,376	12,714	18,174
Stockholders' equity	624,000	731,969	850,884	830,641	982,021

(1) Previously reported amounts have been restated for the effect of the June 1, 2000, 2-for-1 stock split in the form of a 100% stock dividend.

(2) EBITDA is earnings before interest, taxes, depreciation and amortization.

AVX

SHAREHOLDERS

BENEFITED FROM

EFFECTIVE

STRATEGY

IMPLEMENTATION

AND OPERATING

PERFORMANCE.



LETTER TO SHAREHOLDERS

This past year AVX posted record sales of \$1.6 billion, compared with \$1.2 billion a year earlier. Net income for fiscal year 2000 was \$156.9 million or \$0.90 per share, compared with \$41.5 million or \$0.24 per share the previous year. This common share data has been adjusted to reflect the June 1, 2000, 2-for-1 stock split.

Demand for all our products remains strong. Drivers for this market include continued innovation in communications, wireless and consumer entertainment electronics, as well as advances in Internet connections and increasingly sophisticated electronic packages in cars. Technology breakthroughs are creating brisk sales of consumer-based electronic equipment manufactured by our customers. These drivers, coupled with additional capacity we put into place, propelled AVX to record sales in fiscal 2000.

Strong Consumer Markets Have Driven Robust Demand.

CAPACITY EXPANSION → CATALYST FOR RECORD SALES → A YEAR THAT EXCEEDED EXPECTATIONS

Our strategy of building production capacity ahead of demand positions us well to serve increased customer requirements. For example, worldwide capacity for tantalum capacitors has experienced compound annual growth of 20% over the last three years, with consumption in 2000 estimated at 27 billion units. Anticipating and responding to this surge, AVX invested more than \$100 million in fiscal 2000 to expand tantalum facilities in England, the Czech Republic and El Salvador. These expansions have made AVX one of the largest manufacturers of tantalum capacitors in the world. Accelerating our independence from rare metals, such as palladium, we also opened in fiscal 1999 our new nickel-ceramic plant in Myrtle

Benedict P. Rosen, Chairman and CEO, AVX Corporation, left
John S. Gilbertson, President, COO, AVX Corporation, right



Beach, South Carolina (USA).

Our shareholders benefited from this strong strategic implementation and operating performance. AVX's common stock price rose from \$8.00 at the start of our fiscal year, to \$37.90 at the close March 31, 2000, an increase of nearly 473% in shareholder value.*

PERFORMANCE DRIVERS

The growth across broad market segments that powered our business in fiscal 2000 is expected to continue.

Globally in 1999, more than 110 million

market growth. Worthy of mention are our uniquely close relationships with customers and suppliers, implementation of e-commerce initiatives and the benefits of our relationship with Japanese electronics giant Kyocera.

We work closely with our customers throughout the entire business process. They share their product planning information with us. From that point we jointly design products and delivery solutions. In many cases, our premier Research and Development efforts create new products to meet our customers' specific requirements. In other cases, we jointly

“AGGRESSIVE GROWING MARK TO GREATER REVENUE

personal computers were shipped, an increase of nearly 23% from the year before. PC sales are expected to grow at similar rates in 2000.

Wireless telephone growth is even more dynamic. The forecast for 2000 is for more than 400 million phones to be shipped, up nearly 40% from 1999. Small handheld devices, such as personal digital assistants (PDAs), represent a relatively new area of future growth. Forecasts for 2000 predict nearly 13 million PDAs will be shipped, an annual increase of more than 44%.

STRATEGIC ADVANTAGES

AVX's growth is built on more than simple

monitor supply-demand activities. This shared information helps ensure that our worldwide manufacturing facilities generate timely, uninterrupted product supply for our customers.

AVX was one of the first passive component manufacturers to create a Web presence. Our custom interactive modeling program for system designers was a key differentiator. We continue to invest in the Internet with a major update of our Web site released in March 2000.

Our alliance with Kyocera was a precursor to our many global capabilities and partnerships, a topic covered later in this report. Kyocera is our most valuable partner. The

alliance opens the Japanese market to AVX products and, with AVX handling global sales responsibility for Kyocera's electronic component products, the partnership expands our worldwide product portfolio.

LOOKING AHEAD

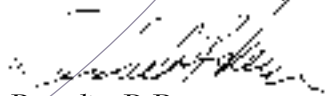
We expect continued growth throughout the coming year. Obviously, the solid economic growth most of the world is experiencing contributes to our optimism. Beyond this, our focus remains on expanding low-cost, high-quality manufacturing facilities and creating innovative, unique products and manufacturing processes.

Let me close by once again thanking our customers, whose continued support powers our success and our 18,000 employees –

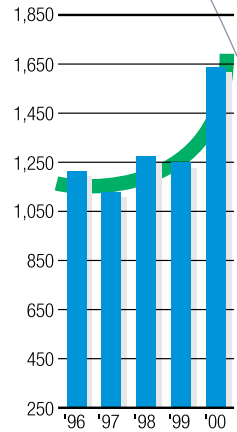
PURSUIT OF ETS HAS LED OVERALL RETURN.”

our most valuable asset. It is their dedication to excellence and customer service that continues to differentiate AVX from our competitors. It is this very dedication to excellence that keeps AVX on target.

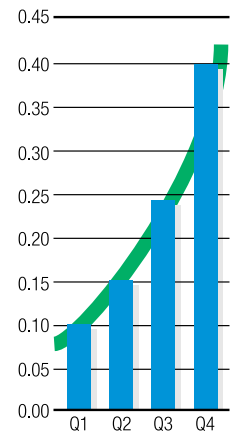
Finally, I want to thank our shareholders for their interest and support; giving us the resources to stay “On Target”. We look forward to meeting with you at our Shareholders’ Meeting at the Crown Reef Resort and Conference Center in Myrtle Beach, South Carolina, at 10:00 a.m. on Tuesday, July 25, 2000.



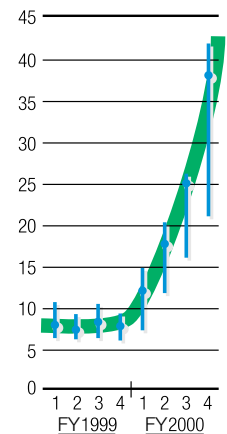
Benedict P. Rosen
Chairman and Chief Executive Officer
AVX Corporation



SALES
(IN MILLIONS)



QUARTERLY EPS*
(EARNINGS PER SHARE)
FY 2000



QUARTERLY STOCK PRICE*

*Figures reflect the effect of the June 1, 2000, 2-for-1 stock split.

AVX PRODUCES

COMPONENTS IN

27 FACILITIES

LOCATED IN 12

COUNTRIES AROUND

THE WORLD.



GLOBAL ALLIANCES – COORDINATED MARKETS & MANUFACTURING

AVX is ready with a worldwide manufacturing presence, a comprehensive product line and a marketing organization ready to respond simultaneously to global and local market trends.

In fiscal 2000, almost 60% of our net sales were outside North America, with Asia accounting for 32% and Europe for 26%. The capability to move production to the most appropriate locations – thereby reducing cost and time-to-market while increasing flexibility – has been a key to our success.

AVX has developed a key strategic sales network which includes AVX sales and marketing representatives, plus the world's premier component distributors. The network's ability to provide expert logistics, added-value services and local support has resulted in the further growth in customer usage of AVX products.

Our global alliances have grown dramatically in the last ten years. Our major

Our Global Alliances And Facilities Make AVX an “A” List Supplier.

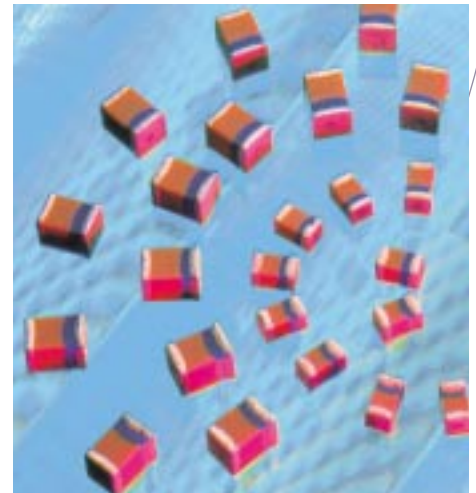
alliance with Kyocera opened the important Japanese market to AVX products. The acquisition of TPC, formerly the Passive Component Division of the French conglomerate Thomson-CSF, gave us facilities in France as well as in a number of important fast-growing markets, including Brazil, Malaysia and Taiwan.

Other emerging markets are playing a key role. In the Czech Republic, our Lanskrone plant recently shifted from assembly to full production of tantalum capacitors, cutting costs and production time. Additionally, the changes have made Lanskrone the largest AVX plant in the world. Planned expansion of our El Salvador facilities will also increase tantalum production.

AVX Israel is dedicated to SMD Thin-Film electronic components, widely used in the new generation cell phones, miniaturized computers and digital cameras. Planning is under way for a 100% expansion in production capacity at the Jerusalem operation.

Wherever marketing or manufacturing opportunities arise, AVX is prepared to deploy the appropriate resources to capitalize on them. Our global strategy is on target, ready to propel AVX growth into shareholder value.

The world's smallest tantalum capacitor is manufactured by AVX.



Telecommunications

On any given day, the majority of the world's telephone users could be using an AVX component. Voice and digital telecommunication products use our devices in handsets, switching systems, cell phones and both wired and wireless networks. When people talk, our components are part of their conversations.

Sub-Contractor (CEM)

Increasingly, electronics companies are finding it more efficient and cost-effective to outsource their manufacturing and assembly to "contract equipment manufacturers" (CEMs). AVX is a major supplier to these CEMs whose highly efficient manufacturing operations build units that will be sold under major computer and phone brand names.

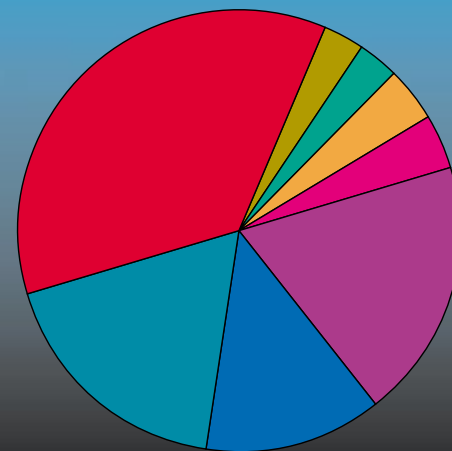
Military / Government

Radar systems, space rockets and even trains are kept on track and on course with AVX components. Some, like the glass dielectric capacitors, are built for extreme stability under temperatures as high as 200 degrees centigrade, the kind of heat found in jet engines. Other components are built to withstand the cold vacuum of space or the wear and tear of daily rail travel.

Information Technology

From personal digital assistants (PDAs) to personal computers, from photocopiers to fax machines, and modems to monitors, people use AVX components nearly every time they sit down at their desk or perform their daily tasks. This is true of both the office and the home.

DYNAMIC & DIVERSE MARKETS PROPEL GROWTH



Sales Percentages By Category

- Telecommunications 36%
- Information Technology Hardware 18%
- Instrumentation 13%
- Contract Equipment Manufacturers (CEMs) 19%
- Consumer 4%
- Military/Government 4%
- Automotive 3%
- Medical 3%

Automotive

As cars have become more computerized, extra attention is required to isolate the technology from electrical transmissions created by the car's engine and other mechanical components. AVX components help safely activate brake systems and air bags in wildly fluctuating temperatures, ranging from -55 degrees centigrade to +150 degrees centigrade.

Instrumentation

Scanning prices, measuring temperatures, monitoring production – gauges, dials and displays have shrunk in size as fast as their presence has proliferated. AVX's cost-efficient manufacturing along with ongoing research and development have enabled people to increase their professional productivity and personal enjoyment.

Consumer

Television sets, videocassette recorders, remote controls, microwaves, and even washing machines all use components that are produced by AVX. Some of the newest and increasingly popular consumer electronics – such as MP3 audio players and digital still and video cameras – employ sophisticated, miniature AVX components.

Medical

Using AVX microminiature passive components, our customers design electronic devices that change lives. These products include one of the world's smallest hearing aids, as well as implantable devices that bring hearing to the profoundly deaf, reduce tremors associated with Parkinson's disease, inhibit convulsive movements of epilepsy, or regain use to patients whose hands are paralyzed.

AVX WAS NAMED

“THE INDUSTRY

LEADER” IN A RECENT

MAJOR MARKET

SURVEY, SURPASSING

COMPETITORS BY A

WIDE MARGIN.



A RECOGNIZED TECHNOLOGY LEADER

In a survey by the respected trade publications *Electronics Business News* and *Electronic Engineering Times*, more than twice as many industry observers named AVX "the industry leader" over all other competitors. This recognition led to AVX being awarded the coveted Frost & Sullivan Market Engineering Product Quality Award. Frost & Sullivan, an independent international marketing consulting firm, presents this award to companies that "excel in the increasingly competitive global marketplace."

At AVX, customer communication, manufacturing excellence and superior service are the keys to quality.

"Customers and suppliers are sharing a lot more data," observes Willie King, AVX Director of Product Marketing.

"Communication with design engineers is the key to being on target in meeting the demands of tomorrow's market. Business is all about partnerships and working together to meet a need. If our customers are successful, we are

Our Manufacturing and Service Edge Makes AVX an International Leader in Quality.

successful," notes Craig Hunter, AVX Strategic Marketing Manager.

On the manufacturing side, delivering quality while controlling cost has been an AVX trademark. We are the only U.S. passive component producer to manufacture our own ceramic raw materials. This capability enables precise quality control while providing significant cost and flexibility advantages over our competitors.

For more than 20 years, AVX has directed labor-intensive manufacturing processes to El Salvador, Northern Ireland, Mexico and the Czech Republic. Additionally, we are reducing or replacing expensive materials, such as palladium, a rare metal found only in Russia and South Africa. Most recently, we've built two facilities designed to produce capacitors in which the base metal nickel replaces the need for palladium. One plant is in Coleraine, Northern Ireland and another 100,000-square-foot plant is in Myrtle Beach, South Carolina (USA).

New high temperature kilns used for nickel-based capacitor production.



AVX HOLDS

THE POSITION OF

A BOLD INNOVATOR

IN A WORLD

OF INCREASED

MINIATURIZATION

AND SHRINKING

ELECTRONICS

REAL ESTATE.



INNOVATIONS THAT CHANGE LIVES

At AVX, we pride ourselves on leading the technological advances of our industry.

While many AVX innovations are empowering the growth of consumer and communication electronics, others truly enhance people's lives. For instance, our devices are key components of hearing aids using cochlear implants that are considered the only medical treatment for certain types and levels of profound hearing loss. In special circumstances, children as young as 18 months, as well as adults, with hearing loss of 90 decibels in both ears may benefit from this device. The implanted technology is used with external components to capture, process, and focus more sound on the hearing nerve, resulting in better quality hearing than ever before.

AVX breakthroughs in performance and miniaturization are not limited to tantalum capacitors but also include connectors and integrated passive devices (IPDs) as well.

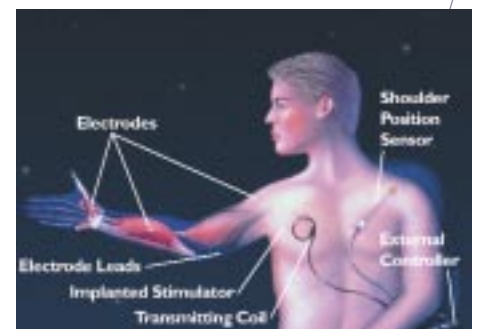
Innovative Manufacturing Processes And Products Are Creating Shareholder Value.

In 1999, AVX introduced one of the smallest connectors in the world. "These low profile connectors position us as a leader in today's space-constrained designs," says Carl Eggerding, Vice President of Technology. "Their small size gives our customers clear system design advantages."

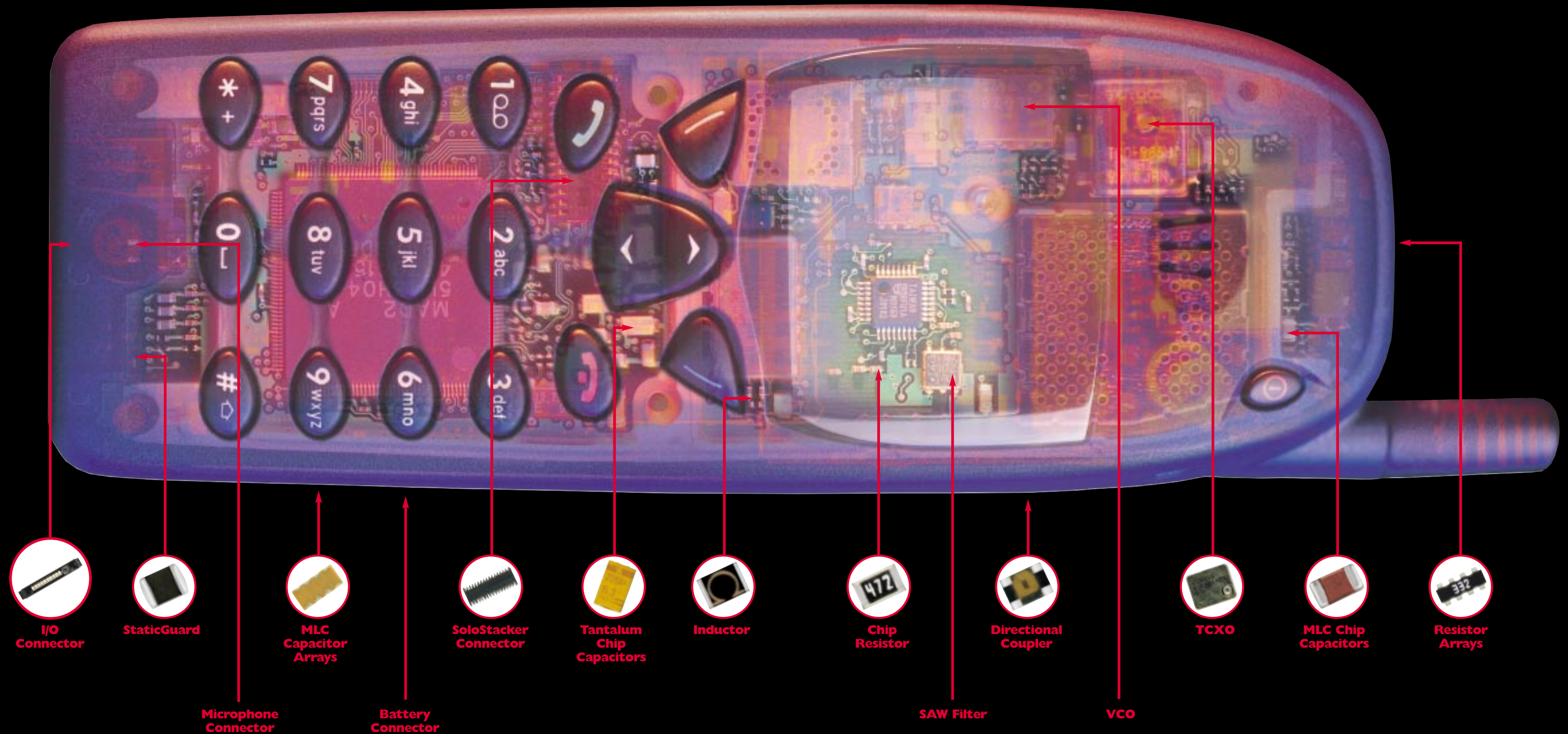
IPDs combine several functions in one smaller package. For example, one of our capacitor arrays combines four capacitors in one package, reducing required board space by 50%. "Integration of passive devices is the solution to miniaturization," says Robert Heistand, Manager of AVX IPD Research and Development.

By continually improving our products and processes, AVX remains an industry leader committed to the best quality for our customers and a better quality of life for their customers.

An implanted medical device using AVX components allows people with quadriplegia to regain the use of a paralyzed hand.



More Than 400 AVX Parts Could Be Used In A Cell Phone.



*Components shown are commonly used in the manufacture of cell phones and are for illustrative purposes only.





2000 FINANCIAL REPORT

TABLE OF CONTENTS

Management's Discussion and Analysis of Results of Operations and Financial Condition	Page 24
Report of Independent Accountants	Page 28
Consolidated Balance Sheets	Page 29
Consolidated Statements of Income	Page 30
Consolidated Statements of Stockholders' Equity	Page 31
Consolidated Statements of Cash Flows	Page 32
Notes to Consolidated Financial Statements	Page 33
Shareholder Information	Page 41

Management's Discussion and Analysis of Results of Operations and Financial Condition

General

The growth in sales during this fiscal year is due to the expansion of the worldwide demand for electronic components and to AVX's commitment over the past several years to (i) put plant and equipment in place around the world to increase production capacity in advance of our customers' requirements, and (ii) continue to invest in research, development and engineering in order to provide our customers with new generations of passive component and connector product solutions.

The expansion of the worldwide demand for electronic components has been led primarily by strong growth in the telecommunications and information technology hardware industries, as the use of electronics in all walks of life has become more widespread and sophisticated.

The following table sets forth the percentage relationships to net sales of certain income statement items for the periods presented.

Year Ended March 31,	1998	1999	2000
Net Sales	100.0%	100.0%	100.0%
Cost of sales	76.5	86.6	79.1
Gross profit	23.5	13.4	20.9
Selling, general and administrative expenses	8.7	9.2	7.3
Income before income taxes	15.6	4.9	14.2
Net income	10.6	3.3	9.6

Outlook

Our customers are forecasting an increase in demand for electronic components in order to meet expected demand for their end use products. The increase in worldwide demand for passive components has led to increased prices. As reflected in this year's sales results, we have significantly increased our production capacity in recent years through continued investment in plant and equipment. We believe that in addition to increased worldwide demand for electronic components, there are several other factors that provide opportunities for continued profitability, including (a) the continued decrease in the amount of precious metal used and the substitution of base metals for precious metals in our manufacture of multi-layer ceramic capacitors, (b) capacity expansion programs and continuous improvements in our production processes, (c) cost control measures and (d) the growth of advanced products and connector products through innovation and component design in conjunction with our customers.

Results of Operations

Year Ended March 31, 2000 Compared to Year Ended March 31, 1999

Net sales for the year ended March 31, 2000 increased 30.9% to \$1,630.3 million from \$1,245.5 million for the year ended March 31, 1999. The increase in revenue was attributable to the increased demand across all markets, particularly the telecommunications and information technology hardware industries. As a result of demand outpacing capacity, selling prices have stabilized and in many cases increased. Although sales of all product groups increased, surface mount and advanced products contributed heavily to the growth.

Gross profit for the year ended March 31, 2000 increased 103.4% to \$340.5 million (20.9% of net sales) from \$167.4 million (13.4% of net sales) for the year ended March 31, 1999. The improvement in gross profit in dollar terms and as a percentage of sales can be attributed to the favorable pricing environment, improvements in our manufacturing processes and higher throughput in our factories. Gross profit continues to be negatively impacted by the cost of palladium, currently a raw material used in the manufacture of certain multi-layer ceramic capacitors. The price we paid for palladium purchased during the year exceeded the price we paid for an equivalent amount purchased last year by approximately \$36.7 million. On June 2, 1998, we acquired the passive component business of Thomson-CSF (TPC). The TPC passive component business is not yet profitable, but efforts to stimulate more sales growth and reduce costs are ongoing.

Selling, general and administrative expenses for the year ended March 31, 2000 were \$119.3 million (7.3% of net sales), compared with \$114.1 million (9.2% of net sales) in the year ended March 31, 1999. The decline in selling, general and administrative expenses, as a percentage of sales, is a result of higher sales, offset in part by higher research and development costs.

Research, development and engineering expenditures, which encompass the personnel and related expenses devoted to developing new products, processes and technical innovations, were approximately \$51 million and \$42 million in fiscal 2000 and 1999, respectively. These costs were incurred as we continued to enhance existing product lines and develop new products.

As a result of the above factors, profit from operations for the year ended March 31, 2000 increased to \$221.2 million from \$53.3 million for the year ended March 31, 1999.

The results for the year ended March 31, 2000 include in other income a benefit of \$3.0 million as a result of a settlement for defective materials from a supplier and a \$2.4 million gain from the sale of a non-operating asset.

For the reasons set forth above, and higher interest income on invested cash offset in part by foreign currency

exchange losses, net income in the year ended March 31, 2000 increased to \$156.9 million (9.6% of net sales) from \$41.5 million (3.3% of net sales) for the year ended March 31, 1999.

Year Ended March 31, 1999 Compared to Year Ended March 31, 1998

Net sales for the year ended March 31, 1999 decreased 1.7% to \$1,245.5 million from \$1,267.7 million for the year ended March 31, 1998. Sales for the year ended March 31, 1999 include approximately \$85 million of sales from TPC. Exclusive of the acquisition of TPC, sales declined 8.5%, although global unit sales increased year over year. The decrease in revenue was attributable to a combination of factors, including, the negative impact of the Asian economic crisis on worldwide demand and prices, a softening of demand in the electronic components industry as customers reduced their level of inventory and suppliers reduced their lead times and the continued trend toward smaller part sizes, all of which contributed to lower average selling prices. Partially offsetting these overall effects was a 6.8% increase in sales of advanced products within the passive components group and an 8% increase in sales of connector products.

Gross profit as a percentage of net sales for the year ended March 31, 1999 decreased 10.1% to \$167.4 million (13.4% of net sales) from \$297.4 million (23.5% of net sales) for the year ended March 31, 1998. As indicated above, overall sales prices in fiscal 1999 were lower compared to fiscal 1998. Gross profit was also negatively impacted by the rising cost of palladium, a precious metal used in the manufacture of ceramic capacitors. Compared to fiscal 1998, the average market price for palladium during fiscal 1999 increased 152% to \$315 per troy ounce. The overall impact of rising palladium prices is estimated to have reduced gross profit for fiscal 1999 by \$16.7 million. Slightly lower throughput, which negatively impacts cost absorption, reflects soft demand and the intentional reduction in our inventory levels, also contributed to the decline in gross profit. Partially offsetting these factors were continued production efficiencies and improvements in production processes, as well as the impact of relatively higher sales of better margin advanced and connector products. Gross profit was also negatively impacted by costs associated with the integration of the TPC operation into our organization. Cost cutting measures and organizational changes initiated since the TPC acquisition are ongoing.

Selling, general and administrative expenses for the year ended March 31, 1999 were \$114.1 million (9.2% of net sales), compared with \$110.7 million (8.7% of net sales) in the year ended March 31, 1998. The increase is primarily attributable to the integration of the TPC operations and the amortization of goodwill related to the acquisition.

Research, development and engineering expenditures,

which encompass the personnel and related expenses devoted to developing new products, processes and technical innovations, were approximately \$42 million and \$36 million in fiscal 1999 and 1998, respectively. These costs were incurred as we continued to enhance existing product lines and develop new products.

As a result of the above factors, profit from operations for the year ended March 31, 1999, decreased to \$53.3 million from \$186.7 million for the year ended March 31, 1998.

For the reasons set forth above and lower interest income on invested cash, net income in the year ended March 31, 1999 decreased to \$41.5 million (3.3% of net sales) from \$134.6 million (10.6% of net sales) for the year ended March 31, 1998.

Financial Condition

Liquidity and Capital Resources

Our liquidity needs arise primarily from working capital requirements, dividends, capital expenditures and acquisitions. Historically, we have satisfied our liquidity requirements through internally generated funds. As of March 31, 2000, we had a current ratio of 3.0 to 1, \$175.7 million of cash and cash equivalents, \$982.0 million of stockholders' equity and an insignificant amount of long-term debt.

Net cash from operating activities was \$136.8 million for the year ended March 31, 1998, \$184.4 million for the year ended March 31, 1999 and \$178.2 million for the year ended March 31, 2000.

Purchases of property and equipment were \$100.4 million in fiscal 1998, \$97.7 million in fiscal 1999 and \$172.4 million for the year ended March 31, 2000. These expenditures related to expanding the production capabilities of the passive component and connector product lines. The carrying value for our equipment reflects the fact that depreciation expense for machinery and equipment is generally computed using the accelerated double-declining balance method. We continue to add additional capacity. We expect to purchase equipment totaling from \$200 million to \$230 million during the next fiscal year.

On June 2, 1998, we purchased the TPC passive component business for \$74.0 million, including the assumption of debt. Our net cash outlay was \$58.0 million.

During fiscal 1998, we invested \$5.3 million for a 41% interest in the research and development company, Electro-Chemical Research Ltd. (ECR). ECR has developed and patented a technology for high capacity electrical storage devices. We made an additional investment of \$2.7 million in May 2000 for an additional 10% interest in ECR.

Although the majority of our funding is internally generated, certain of our European subsidiaries have from time to time borrowed German deutsche marks, French

francs and Euros under various bank agreements. At March 31, 2000, outstanding balances under such agreements totaled \$30.3 million. These borrowings have been used for working capital requirements and to repay other outstanding obligations.

In fiscal 1998, 1999, and 2000 dividends of \$21.1 million, \$22.7 million and \$23.0 million, respectively, were paid to stockholders.

Pursuant to a previously authorized stock repurchase program, we are authorized to purchase up to 4.4 million shares of our common stock. We purchased 3,858,200 shares at a cost of \$31.7 million during fiscal 1999 but purchased no shares in fiscal 2000. The repurchased shares are held as treasury stock and are used to satisfy stock option exercises.

We have established reserves for our projected share of costs associated with the remediation of, and compliance with, environmental matters at various sites. Adjustments to such provisions and related expenditures have not been material in any of these periods.

Based on our financial condition as of March 31, 2000, we believe that cash on hand and expected to be generated from operating activities will be sufficient to satisfy our anticipated financing needs for working capital, capital expenditures, environmental clean-up costs, research, development and engineering expenses and any dividends to be paid for the foreseeable future.

Year 2000 Issues

We have not experienced any significant Year 2000 related system failures nor, to our knowledge, have any of our suppliers. We intend to monitor and test our own systems for ongoing Year 2000 compliance; and although we do not anticipate any significant disruptions as a result of Year 2000 related problems, because of the uncertainties inherent with the Year 2000 computer issue we cannot guarantee that Year 2000 problems will not have a material adverse effect on our operating results, financial position or cash flows.

Our Year 2000 project total cost was approximately \$5.3 million, which was funded through operating cash flows. We do not anticipate any additional material cost.

Recent Accounting Pronouncements

The Financial Accounting Standards Board has issued and amended Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS No. 133"). This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. We will be required to adopt SFAS No. 133 for the quarter ended June 30, 2001. Currently, we are evaluating this standard and the impact it will have on our consolidated financial statements.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, which provides guidance on revenue recognition and certain lease arrangements. This statement is effective for the quarter ended June 2000. The company believes it is in compliance with the statement.

Quantitative and Qualitative Disclosure About Market Risk

Foreign Currency

Our European sales, which accounted for approximately 26% of fiscal 2000 revenues, generally are denominated in local currencies while those in North America and Asia generally are denominated in U.S. dollars. Also, certain manufacturing and operating costs denominated in local currencies are incurred in Europe, Asia, Mexico and Central and South America. As a result, fluctuations in currency exchange rates affect our operating results and cash flow. In order to minimize the effect of movements in currency exchange rates, we periodically enter into forward exchange contracts to hedge external and intercompany foreign currency transactions. We do not hold or issue derivative financial instruments for speculative purposes. Currency exchange gains and losses have been immaterial during the periods presented.

Assuming a 10% hypothetical adverse change in all foreign currencies, with the resulting functional currency gains and losses translated into U.S. dollars at the spot rate, the resulting net loss in fair value of exchange contracts held would not be material to our results of operations, financial position or cash flows.

Euro

On January 1, 1999, certain member countries of the European Union established fixed conversion rates between their existing currencies and the European Union's common currency, the Euro. We have successfully completed all the necessary enhancements to our sales order, banking arrangements and operational procedures to ensure Euro compliance. We are able to process orders, invoice customers and accept payment in Euros throughout Europe. The introduction of the Euro has not had any material adverse impact upon us. We continue to monitor the risk of price erosion that could result from increased price transparency among countries using the Euro.

Precious Metals

We are at risk to fluctuations in prices for commodities used to manufacture our products, primarily palladium and tantalum.

Palladium, a precious metal used in the manufacture of a portion of our multi-layer ceramic capacitors, is primarily purchased from various companies in the form

of palladium sponge and ingot. The main areas of mining of palladium are in Russia and South Africa. Palladium is considered a commodity and is subject to price volatility and has fluctuated in a range of approximately \$145 to \$815 per troy ounce during the past three years. We have managed, through the use of forward purchase agreements and strategic spot buying, to purchase palladium at a cost below the average market cost for each of the past three years. We are addressing the volatility in the price of palladium by (i) adjusting the manufacturing process for the parts made with palladium to reduce the amount of the precious metal used in each part, and (ii) substituting base metals, such as nickel, in the production of multi-layer ceramic capacitors. We have constructed a new 100,000-square-foot production facility in Myrtle Beach, which began production during 1999 and is focusing on nickel-based products. We have also increased the square footage of our Northern Ireland production facility and purchased additional equipment to produce nickel-based products. Because of robust demand for ceramic parts, both palladium and nickel based production capacity is currently needed to satisfy our customers' needs.

Assuming a 10% hypothetical increase in the average cost of palladium purchased by AVX, gross profit for the year ended March 31, 2000 would have been negatively impacted by approximately \$8.9 million.

Tantalum powder is a principal material used in the manufacture of solid tantalum capacitors. This product is purchased under annual contracts through suppliers from various parts of the world at prices that are subject to periodic adjustment. We are a major consumer of the world's annual tantalum production. Although we believe that there is currently no problem with the procurement of tantalum powder and that the tantalum required by us has generally been available in sufficient quantity to meet requirements, the limited number of tantalum powder suppliers could lead to higher prices.

Assuming a 10% hypothetical increase in the average cost of tantalum purchased by AVX, gross profit for the year ended March 31, 2000 would have been negatively impacted by approximately \$8.8 million.

Interest Rate Exposure

Interest rate exposure is centrally managed by offsetting surplus cash and deposits against borrowings on a currency-by-currency basis. We maintain an insignificant amount of foreign currency denominated long-term and short-term debt. The terms of these borrowings range from 4 months to 36 months, with both fixed and variable interest rates. A 10% adverse movement in interest rates would not have a material impact on our operating results, financial position or cash flows.

Market for the Registrant's Common Equity and Related Stockholder Matters

Market for Common Stock

Our common stock is listed on the New York Stock Exchange and trades under the symbol "AVX." The following presents the high and low sale prices for our common stock for each quarter since the quarter ended June 30, 1998, as reported on the New York Stock Exchange Composite Tape.

On April 20, 2000, the Board of Directors approved a 2-for-1 stock split of our common stock effected in the form of a 100% stock dividend. The additional common stock was distributed on June 1, 2000 to holders of record on May 15, 2000. All references in this report to the number of shares, per share amounts, and market prices of the Company's common stock have been restated to reflect the increased number of shares outstanding.

	Year Ended March 31,			
	1999		2000	
	High	Low	High	Low
First Quarter	\$10 ² / ₃₂	\$7 ¹ / ₁₆	\$14 ¹ / ₂	\$7 ⁷ / ₁₆
Second Quarter	8 ³ / ₃₂	6 ¹ / ₁₆	20	12 ¹ / ₄
Third Quarter	10%	6%	25 ⁵ / ₃₂	16 ⁹ / ₃₂
Fourth Quarter	8 ³ / ₃₂	6 ⁹ / ₃₂	41 ² / ₃₂	21 ¹ / ₃₂

Holders of Record

At June 1, 2000, there were approximately 372 holders of record of the Company's Common Stock. In addition, there were numerous beneficial holders of the Common Stock, representing persons whose stock is in nominee or "street name" accounts through brokers.

Dividends

The Company has declared and paid cash dividends of \$.035 per share of Common Stock for the quarters ended December 31, 1999 and March 31, 2000. The Company declared and paid cash dividends for the quarters ended June 30, 1998, September 30, 1998, December 31, 1998, March 31, 1999, June 30, 1999 and September 30, 1999 of \$.033 per share of Common Stock. Future dividends, if any, will depend on the Company's future profitability and anticipated operating cash requirements.

Report of Independent Accountants

To the Board of Directors and Stockholders of AVX Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of AVX Corporation and its subsidiaries at March 31, 1999 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2000, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Priscilla Housheer
UP

Atlanta, Georgia
June 1, 2000

AVX Corporation and Subsidiaries Consolidated Balance Sheets

(in thousands, except per share data)

March 31,	1999	2000
Assets		
Current assets:		
Cash and cash equivalents	\$ 173,106	\$ 175,654
Accounts receivable, net	157,331	249,224
Inventories	277,393	356,406
Deferred income taxes	21,895	21,406
Other receivables	2,738	5,655
Prepaid and other	31,072	38,471
Total current assets	663,535	846,816
Property and equipment:		
Land	12,287	12,801
Buildings and improvements	142,661	173,370
Machinery and equipment	730,574	748,792
Construction in progress	58,692	77,224
	944,214	1,012,187
Accumulated depreciation	(639,966)	(639,380)
	304,248	372,807
Goodwill, net	78,790	72,495
Other assets	11,467	16,213
Total Assets	\$1,058,040	\$1,308,331

Liabilities and Stockholders' Equity

Current liabilities:		
Short-term bank debt	\$ 20,944	\$ 12,116
Current maturities of long-term debt	148	-
Accounts payable:		
Trade	46,737	83,921
Affiliates	32,311	65,096
Income taxes payable	11,995	37,815
Accrued payroll and benefits	41,055	44,855
Accrued expenses	39,092	38,884
Total current liabilities	192,282	282,687
Long-term debt	12,714	18,174
Deferred income taxes	6,115	4,894
Other liabilities	16,288	20,555
Total Liabilities	227,399	326,310
Commitments and contingencies (Notes 10 and 13)		
Stockholders' Equity		
Preferred stock, par value \$.01 per share:		
Authorized, 20,000 shares; None issued and outstanding	-	-
Common stock, par value \$.01 per share:		
Authorized, 300,000 shares; issued and outstanding, 176,368 shares for 1999 and 2000	1,764	1,764
Additional paid-in capital	324,146	335,481
Retained earnings	541,267	675,234
Accumulated other comprehensive income (loss)	(4,789)	(14,778)
Common stock in treasury, at cost, 3,858 and 1,875 shares for 1999 and 2000, respectively	(31,747)	(15,680)
Total Stockholders' Equity	830,641	982,021
Total Liabilities and Stockholders' Equity	\$1,058,040	\$1,308,331

See accompanying notes to consolidated financial statements.

AVX Corporation and Subsidiaries Consolidated Statements of Income

(in thousands, except per share data)

Years Ended March 31,	1998	1999	2000
Net sales	\$ 1,267,653	\$ 1,245,473	\$ 1,630,273
Cost of sales	970,216	1,078,064	1,289,743
Gross profit	297,437	167,409	340,530
Selling, general and administrative expenses	110,737	114,104	119,299
Profit from operations	186,700	53,305	221,231
Other income (expense):			
Interest income	11,268	7,946	8,671
Interest expense	(1,921)	(2,228)	(1,868)
Other, net	1,377	1,719	4,092
Income before income taxes	197,424	60,742	232,126
Provision for income taxes	62,773	19,226	75,194
Net income	\$ 134,651	\$ 41,516	\$ 156,932
Income per share:			
Basic	\$ 0.76	\$ 0.24	\$ 0.90
Diluted	\$ 0.76	\$ 0.24	\$ 0.90
Weighted average common shares outstanding:			
Basic	176,219.3	174,132.1	173,423.8
Diluted	176,559.7	174,167.0	174,976.8

See accompanying notes to consolidated financial statements.

AVX Corporation and Subsidiaries Consolidated Statements of Stockholders' Equity

(in thousands)

	Common Stock		Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)		Current Year's Comprehensive Income
	Number of Shares	Amount				Total		
Balance, March 31, 1997	176,000	\$1,760	\$ -	\$319,029	\$408,904	\$2,276	\$731,969	
Net income					134,651		134,651	\$134,651
Other comprehensive income						299	299	299
Dividends					(21,145)		(21,145)	
Exercise of stock options	367	4		4,480			4,484	
Tax benefit of stock option exercises				626			626	
Balance, March 31, 1998	176,367	1,764	-	324,135	522,410	2,575	850,884	\$134,950
Net income					41,516		41,516	\$ 41,516
Other comprehensive income (loss)						(7,364)	(7,364)	(7,364)
Dividends					(22,659)		(22,659)	
Exercise of stock options	1			11			11	
Treasury stock purchased	(3,858)		(31,747)				(31,747)	
Balance, March 31, 1999	172,510	1,764	(31,747)	324,146	541,267	(4,789)	830,641	\$ 34,152
Net income					156,932		156,932	\$156,932
Other comprehensive income (loss)						(9,989)	(9,989)	(9,989)
Dividends					(22,965)		(22,965)	
Exercise of stock options	1,983		16,067	6,208			22,275	
Tax benefit of stock option exercises				5,127			5,127	
Balance, March 31, 2000	174,493	\$1,764	\$(15,680)	\$335,481	\$675,234	\$(14,778)	\$982,021	\$146,943

See accompanying notes to consolidated financial statements.

AVX Corporation and Subsidiaries Consolidated Statements of Cash Flows

(dollars in thousands)

Years Ended March 31,	1998	1999	2000
Operating Activities:			
Net income	\$ 134,651	\$ 41,516	\$ 156,932
Adjustment to reconcile net income to net cash from operating activities:			
Depreciation and amortization	87,668	94,728	99,250
Deferred income taxes	(2,520)	(4,305)	(395)
Changes in operating assets and liabilities, net of effects of business acquired:			
Accounts receivable	11,621	2,269	(95,790)
Inventories	(77,053)	70,256	(83,627)
Accounts payable and accrued expenses	(3,772)	(20,804)	70,955
Income taxes payable	(9,507)	(3,318)	30,743
Other assets and liabilities	(4,327)	4,061	112
Net cash from operating activities	136,761	184,403	178,180
Investing Activities:			
Purchases of property and equipment	(100,374)	(97,715)	(172,421)
Equity investments	(5,300)	-	-
Business acquired, net of cash	-	(58,027)	-
Other	142	65	(1,154)
Loan to investee	-	-	(2,055)
Net cash used in investing activities	(105,532)	(155,677)	(175,630)
Financing Activities:			
Proceeds from issuance of debt	2,197	19,596	17,513
Repayment of debt	(3,464)	(22,675)	(16,239)
Dividends paid	(21,145)	(22,659)	(22,965)
Purchase of treasury stock	-	(31,747)	-
Exercise of stock options	4,482	11	22,275
Net cash used in financing activities	(17,930)	(57,474)	584
Effect of exchange rate on cash	14	(33)	(586)
Increase (decrease) in cash and cash equivalents	13,313	(28,781)	2,548
Cash and cash equivalents at beginning of period	188,574	201,887	173,106
Cash and cash equivalents at end of period	\$ 201,887	\$ 173,106	\$ 175,654

See accompanying notes to consolidated financial statements.

AVX Corporation and Subsidiaries

Notes to Consolidated Financial Statements

(dollars in thousands, except share data)

I. Summary of Significant Accounting Policies:

General:

AVX Corporation is a leading worldwide manufacturer and supplier of a broad line of passive electronic components and interconnect products. Components sold by the Company are used in virtually all types of electronic products for industries such as telecommunications, computers, automotive, medical and consumer electronics. The consolidated financial statements of AVX Corporation and its subsidiaries (the "Company" or "AVX") include the accounts of the Company and its subsidiaries. All significant intercompany transactions and accounts have been eliminated.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Other investments for which the Company does not control the financial and operational direction, are either accounted for using the equity method or are recorded at cost.

From January 1990 through August 15, 1995, the Company was wholly-owned by Kyocera Corporation ("Kyocera"). On August 15, 1995, Kyocera sold 22.9%, or 39,300,000 of the Company's common shares, and the Company sold an additional 4,400,000 common shares, in a public offering. In February 2000, Kyocera sold an additional 10,500,000 of AVX common shares. Kyocera currently owns approximately 70% of the Company's outstanding common shares.

Stock Split:

On April 20, 2000, the Board of Directors approved a 2-for-1 stock split of our common stock effected in the form of a 100% stock dividend. The additional common stock was distributed on June 1, 2000 to holders of record on May 15, 2000. All references in this report to the number of shares, per share amounts, and market prices of the Company's common stock have been restated to reflect the stock split and the resulting increased number of shares outstanding.

Cash Equivalents:

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Inventories:

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventory costs include material, labor and manufacturing overhead.

Property and Equipment:

Property and equipment are recorded at cost. Machinery and equipment are generally depreciated on the double-declining balance method. Buildings are depreciated on the straight-line method. The estimated useful lives used for computing depreciation are as follows: buildings and improvements - 10 to 31.5 years, and machinery and equipment - 3 to 10 years. Depreciation expense was \$85,858, \$90,858, and \$94,972 for the years ended March 31, 1998, 1999 and 2000, respectively.

The cost of maintenance and repairs is charged to expense as incurred. Upon disposal or retirement, the cost and accumulated depreciation of assets are eliminated from the respective accounts. Any gain or loss is reflected in income.

Goodwill:

Assets and liabilities related to business combinations accounted for as purchase transactions were recorded at their respective fair values on the dates of acquisition. Any excess of purchase price over such fair value ("Goodwill") is amortized on a straight-line basis over periods ranging from 20 to 40 years. The accumulated amortization as of March 31, 1999 and 2000 was \$22,972 and \$27,250, respectively. The carrying value of Goodwill is evaluated quarterly in relation to the operating performance and estimated future undiscounted cash flows of the related operating unit. Adjustments are made if the sum of expected future net cash flows is less than carrying value.

Income Taxes:

Deferred tax liabilities and assets are determined based on temporary differences between the bases of certain assets and liabilities for income tax and financial reporting purposes. The deferred tax assets and liabilities are classified according to the financial statement classification of the assets and liabilities generating the differences. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company does not provide for U.S. taxes on the undistributed earnings of foreign subsidiaries which are considered to be reinvested indefinitely. As of March 31, 2000, the amount of U.S. taxes on such undistributed earnings would have been approximately \$37,634.

Foreign Currency Activity:

Assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the exchange rate in effect at the balance sheet date. Operating accounts are translated at an average rate of exchange for the respective accounting periods. Translation adjustments result from the process of translating foreign currency

financial statements into U.S. dollars and are reported separately as a component of accumulated comprehensive income.

The Company enters into foreign currency exchange contracts and swaps to manage exposure to currency rate fluctuations on anticipated sales, purchases and intercompany transactions. These exchange agreements generally qualify for accounting as designated hedges. The realized and unrealized gains and losses on these contracts are deferred and included as a component of the related transaction. Any contracts that do not qualify as hedges for accounting purposes are marked to market with the resulting gains and losses recognized in other income or expense.

Revenue Recognition:

The Company delivers products to customers based upon firm orders. Revenue is recognized after the delivery of the product and assessment of collectability. Certain sales to distributors are under terms which allow for the affected distributors to receive price protection from the Company for actual sales at prices below anticipated sales prices. A portion of sales is made to distributors under agreements allowing limited rights of return. The Company provides an allowance for distributor adjustments based on historical experience.

Grants:

The Company receives employment and research grants from various non-U.S. governmental agencies which are recognized in earnings in the period in which the related expenditures are incurred. Capital grants for the acquisition of equipment are recorded as reductions of the related equipment cost and reduce future depreciation expense.

Use of Estimates:

The consolidated financial statements are prepared on the basis of generally accepted accounting principles. The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at March 31, 1999 and 2000 and reported amounts of revenues and expenses for each of the three years in the period ended March 31, 2000. Actual results could differ from those estimates and assumptions.

Research, Development and Engineering:

Research, development and engineering expenses totaled approximately \$36,000, \$42,000, and \$51,000 for the years ended March 31, 1998, 1999 and 2000, respectively, while research and development expenses included in these amounts totaled approximately \$21,001, \$20,622, and \$22,926 for the years ended March 31, 1998, 1999 and 2000, respectively. Research and development expenditures are expensed when incurred.

Stock-Based Compensation:

Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, allows

companies to record compensation cost for stock-based compensation plans at fair value or provide pro forma disclosures. The Company has chosen to continue to account for stock-based compensation using the method whereby compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock.

Treasury Stock:

In January 1998, the Company's Board of Directors approved a stock repurchase program whereby up to 4.4 million shares of common stock may be purchased from time to time at the discretion of management. As of March 31, 2000, the Company had in treasury 1,874,754 common shares at a cost of \$15,680. The repurchased shares are held as treasury stock and are available for general corporate purposes.

New Accounting Standards:

In June 1998, the Financial Accounting Standards Board issued and amended Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS No. 133"). This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The Company will be required to adopt SFAS No. 133 for the quarter ended June 30, 2001. Currently, the Company is evaluating this standard and the impact it will have on the Company's consolidated financial statements.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, which provides guidance on revenue recognition and certain lease arrangements. This statement is effective for the quarter ended June 2000. The company believes it is in compliance with the statement.

2. Earnings Per Share:

Basic earnings per share are computed by dividing net earnings by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share are computed by dividing net earnings by the sum of (a) the weighted average number of shares of common stock outstanding during the period and (b) the dilutive effect of potential common stock equivalents during the period.

The basic weighted average number of shares of common stock outstanding for the period were 176,219,286, 174,132,056, and 173,423,754 for the years ended March 31, 1998, 1999 and 2000, respectively.

The diluted weighted average number of shares of common stock and potential common stock equivalents outstanding for the period were 176,559,692, 174,167,000, and 174,976,840 for the years ended March 31, 1998, 1999 and 2000, respectively. Stock options are the only common stock equivalents and are therefore considered in the diluted earnings per share calculations. Common stock

equivalents are computed using the treasury stock method.

Common stock equivalents not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common stock were 15,329, 544,336 and 0 for the fiscal years ended 1998, 1999 and 2000, respectively.

3. Comprehensive Income:

The Company has adopted Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("SFAS No. 130"). The statement requires disclosure of total non-shareowner changes in equity. Total non-shareowner changes in equity include all changes in equity during a period except those resulting from investments by and distributions to shareowners.

The Company's total comprehensive income was \$134,950, \$34,152, and \$146,943 for the years ended March 31, 1998, 1999 and 2000, respectively. The only adjustment to net income in the periods was for foreign currency translation adjustments.

4. Accounts Receivable:

Accounts receivable at March 31 consisted of:

	1999	2000
Trade	\$183,033	\$273,052
Less: allowances for doubtful accounts, sales returns, distributor adjustments and discounts	(25,702)	(23,828)
	\$157,331	\$249,224

Charges to expense related to such allowances were approximately \$93,059, \$111,813, and \$82,323, and applications to such allowances were approximately \$87,746, \$109,558, and \$84,135 for the years ended March 31, 1998, 1999 and 2000, respectively.

5. Inventories:

Inventories at March 31 consisted of:

	1999	2000
Finished goods	\$ 91,551	\$110,180
Work in process	96,604	119,640
Raw materials and supplies	89,238	126,586
	\$277,393	\$356,406

6. Debt:

Long-term debt at March 31 consisted of:

	1999	2000
Deutsche mark and Euro loans at 3.76-4.39% due through 2003	\$ 12,862	\$ 18,174
Less: current maturities	(148)	-
	\$ 12,714	\$ 18,174

As of March 31, 2000, \$4.4 of long-term deutsche mark denominated debt and \$2.1 million of Euro denominated debt originally scheduled to mature on January 1, 2001 has been excluded from current maturities of long-term debt based on

the Company's intent and ability to extend the facilities.

The aggregate annual maturities of long-term debt are as follows:

2001	\$ -
2002	7,968
2003	10,206
	\$ 18,174

Long-term debt includes 24.0 million of deutsche mark loans and a 2.25 million Euro loan, all of which have variable rates of interest based on a market rate plus .25%. At March 31, 2000, these loans had a rate of 3.83% and 3.76%, respectively. The remaining loans of 6.0 million and 3.0 million deutsche marks carry fixed rates of 3.9% and 4.39%, respectively.

Short-term bank debt at March 31, 2000, consists primarily of borrowings incurred by the Company's European subsidiaries under 7.0 million and 2.0 million deutsche mark short-term working capital bank facilities bearing interest at market rates (between 3.9% and 4.39% at March 31, 2000) which extend through July 2000 and September 2000, respectively. In addition, the Company has two 50.0 million French franc working capital bank facilities bearing interest at market rates (3.42% as of March 31, 2000) which extend through September 2000.

Interest paid totaled \$1,426, \$1,575, and \$1,322 during the years ended March 31, 1998, 1999 and 2000, respectively.

7. Income Taxes:

For financial reporting purposes, after adjustments for certain corporate items, income before income taxes includes the following components:

	Years Ended March 31,		
	1998	1999	2000
Domestic	\$126,236	\$24,089	\$ 82,253
Foreign	71,188	36,653	149,873
	\$197,424	\$60,742	\$232,126

The provision (benefit) for income taxes consisted of:

	Years Ended March 31,		
	1998	1999	2000
Current:			
Federal/State	\$ 49,075	\$13,573	\$34,259
Foreign	17,487	13,096	42,623
	66,562	26,669	76,882
Deferred:			
Federal/State	(4,362)	(7,709)	(1,036)
Foreign	573	266	(652)
	(3,789)	(7,443)	(1,688)
	\$ 62,773	\$19,226	\$75,194

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

March 31,	1999		2000	
	Assets	Liabilities	Assets	Liabilities
Current:				
Sales and receivable reserves	\$ 9,489	\$ --	\$ 8,282	\$ --
Inventory reserves	3,441	--	2,776	--
Accrued expenses	8,965	--	10,348	--
	<u>\$21,895</u>	<u>\$ --</u>	<u>\$21,406</u>	<u>\$ --</u>
Non-current:				
Property and equipment depreciation	\$ 690	\$ 2,002	\$ 1,398	\$ 1,650
Accrued expenses	2,422	1,252	1,022	1,652
Other	--	7,934	--	4,198
Foreign income tax loss carryforwards	18,412	--	27,644	--
	21,524	11,188	30,064	7,500
Valuation allowance	(16,451)	--	(27,458)	--
	<u>\$ 5,073</u>	<u>\$11,188</u>	<u>\$ 2,606</u>	<u>\$ 7,500</u>

A reconciliation between the U.S. Federal statutory income tax rate and the Company's effective rate for income tax is as follows:

	Years Ended March 31,		
	1998	1999	2000
U.S. Federal statutory rate	35.0%	35.0%	35.0%
Increase (decrease) in tax rate resulting from:			
State income taxes, net of federal benefit	1.7	1.0	1.5
Taxes at different tax rates on foreign earnings	(3.6)	(9.5)	(9.5)
Change in valuation allowance	--	10.4	4.7
Other, net	(1.3)	(5.2)	0.7
Effective tax rate	<u>31.8%</u>	<u>31.7%</u>	<u>32.4%</u>

At March 31, 2000, certain of the Company's foreign subsidiaries in Europe had tax net operating loss carryforwards totaling approximately \$75,569, most with no expiration date. Accordingly, the Company's valuation allowances relate to deferred tax assets which are the result of the loss carryforwards in these jurisdictions. The valuation allowance increased \$16,076 during the year ended March 31, 1999, and increased \$11,007 during the year ended March 31, 2000.

Income taxes paid totaled \$76,013, \$26,084, and \$44,785 during the years ended March 31, 1998, 1999 and 2000, respectively.

8. Employee Retirement Plans:

Pension Plans:

The Company sponsors various defined benefit pension plans covering certain employees. Pension benefits provided to certain U.S. employees covered under collective bargaining agreements are based on a flat benefit formula. Effective December 31, 1995, the Company froze benefit accruals under its domestic non-contributory defined benefit pension plan for a significant portion of the employees covered under collective bargaining agreements. The Company's pension plans for certain European employees provide for benefits based on a percentage of

final pay. The Company's funding policy is to contribute the statutory required amount to the appropriate trust or government funds.

The change in the benefit obligation and plan assets of the U.S. and non-U.S. defined benefit plans for 1999 and 2000 were as follows:

Years ended March 31,	U.S. Plans		International Plans	
	1999	2000	1999	2000
Change in benefit obligation:				
Benefit obligation at beginning of year	\$23,187	\$23,103	\$50,471	\$57,767
Service cost	306	316	1,495	1,605
Interest cost	1,538	1,448	3,517	3,478
Plan participants' contributions	--	--	942	811
Actuarial loss (gain)	(854)	(1,866)	3,246	(677)
Benefits paid	(1,074)	(1,530)	(1,904)	(1,508)
Benefit obligation at end of year	<u>23,103</u>	<u>21,471</u>	<u>57,767</u>	<u>61,476</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	23,813	25,391	53,330	57,814
Actual return on assets	2,652	1,194	4,331	6,997
Employer contributions	--	--	1,485	1,374
Plan participants' contributions	--	--	942	811
Benefits paid	(1,074)	(1,530)	(1,904)	(1,508)
Other expenses	--	--	(370)	(165)
Fair value of plan assets at end of year	<u>25,391</u>	<u>25,055</u>	<u>57,814</u>	<u>65,323</u>
Funded status	2,288	3,584	47	3,847
Unrecognized actuary loss (gain)	(3,613)	(4,672)	(2,093)	(5,293)
Unrecognized prior service cost	174	152	426	373
Unrecognized transition obligation	65	44	54	34
Prepaid (accrued) benefit cost	\$ (1,086)	\$ (892)	\$ (1,566)	\$ (1,039)

The Company's assumptions used in determining the pension assets (liabilities) shown were as follows:

March 31,	1998	1999	2000
Assumptions:			
Discount rates	6.75-7.0%	6.0-7.0%	6.25-7.5%
Increase in compensation	3.0-4.0%	2.5-3.5%	2.5-4.0%
Expected long-term rate of return on plan assets	8.0-9.0%	7.5-9.0%	8.0-9.0%

Net pension cost related to these pension plans include the following components:

Years ended March 31,	1998	1999	2000
Service cost	\$ 1,613	\$ 1,802	\$ 1,921
Interest cost	4,613	5,055	4,926
Expected return on plan assets	(7,816)	(6,748)	(6,493)
Amortization of prior service cost	73	51	75
Amortization of transition obligation	43	43	42
Recognized actuarial loss (gain)	2,342	364	(144)
Net periodic pension cost	<u>\$ 868</u>	<u>\$ 567</u>	<u>\$ 327</u>

Savings Plans:

The Company sponsors retirement savings plans which allow eligible employees to defer part of their annual compensation. Certain contributions by the Company are discretionary and are determined by the Company's Board of Directors each year. The Company's contributions to the savings plans in the United States and Europe for the years ended March 31, 1998, 1999 and 2000, were approximately \$6,302, \$6,272, and \$6,268, respectively.

The Company sponsors non-qualified deferred compensation programs which permit key employees to annually elect to defer a portion of their compensation until retirement. A portion of the deferral is subject to a matching contribution by the Company. The employees select among various investment alternatives, with the investments held in separate trusts. The value of the participant's balance fluctuates based on the performance of the investments. At March 31, 2000, the market value of the trusts, \$5,013, is included as an asset and a liability of the Company in the accompanying balance sheet because the trusts' assets are available to AVX's general creditors in the event of the Company's insolvency.

9. Stock Based Compensation:

The Company has two fixed option plans. Under the 1995 Stock Option Plan, as amended, the Company may grant options to employees for the purchase of up to an aggregate of 6,300,000 shares of common stock. Under the Non-Employee Directors' Stock Option Plan, as amended, the Company may grant options for the purchase of up to an aggregate of 500,000 shares of common stock. Under both plans, the exercise price of each option equals the market price of the Company's stock on the date of grant and an option's maximum term is 10 years. Options granted under the 1995 Stock Option Plan vest as to 25% annually and options granted under the Non-Employee Directors' Stock Option Plan vest as to one-third annually.

The following table summarizes the transactions of the Company's stock option plans for the three-year period ended March 31, 2000:

	Number of Shares	Weighted Average Exercise Price
Unexercised options outstanding –		
March 31, 1997	3,277,000	\$11.56
Options granted	1,266,000	\$11.05
Options exercised	(367,000)	\$12.21
Options forfeited	(28,650)	\$11.27
Unexercised options outstanding –		
March 31, 1998	4,147,350	\$11.35
Options granted	916,600	\$ 8.05
Options exercised	(1,250)	\$ 9.06
Options forfeited	(406,550)	\$10.13
Unexercised options outstanding –		
March 31, 1999	4,656,150	\$10.60
Options granted	928,200	\$ 8.24
Options exercised	(1,996,722)	\$11.33
Options forfeited	(83,100)	\$ 8.57
Unexercised options outstanding –		
March 31, 2000	3,504,528	\$ 9.61
Price Range \$12.75-\$15.91 (weighted average contractual life 5.7 years)	743,328	\$13.15
Price Range \$7.50-\$9.97 (weighted average contractual life 8.1 years)	2,761,200	\$ 8.66
Exercisable options:		
March 31, 1998	1,068,500	\$12.04
March 31, 1999	2,103,762	\$11.60
March 31, 2000	1,289,628	\$11.07

The calculated fair value at date of grant for each option granted during the years ended March 31, 1998, 1999 and 2000 was \$4.30 to \$7.24, \$3.18 to \$4.30, and \$3.39 to \$7.39, respectively. The fair value of options at date of grant was estimated using the Black-Scholes model with the following weighted average assumptions:

	Years Ended March 31		
	1998	1999	2000
Expected life (years)	5	5	5
Interest rate	6.6%	6.6%	6.26-6.6%
Volatility	45%	45%	45-50%
Dividend yield	0.75-1.23%	1.23-1.63%	0.84-1.63%

If the estimated fair value of the options had been recognized as compensation expense over the vesting periods, income before income taxes would have been reduced by \$4,127 (\$3,408 after income taxes, or \$.02 per share), \$4,839 (\$3,980 after income taxes or \$.02 per share), and \$3,177 (\$2,616 after income taxes or \$.02 per share), for the years ended March 31, 1998, 1999 and 2000, respectively.

10. Commitments and Financial Instruments:

Commitments:

At March 31, 2000, the Company had contractual obligations for the acquisition or construction of plant and equipment aggregating approximately \$75,427.

The Company is a lessee under long-term operating leases primarily for office space, plant and equipment. Future minimum lease commitments under non-cancelable operating leases as of March 31, 2000, were as follows:

Years Ending March 31,

2001	\$ 7,945
2002	6,039
2003	5,969
2004	5,860
2005	4,236
Thereafter	11,223

Rental expense for operating leases was \$6,440, \$9,634, and \$9,184 for the years ended March 31, 1998, 1999 and 2000, respectively.

Financial Instruments:

At March 31, 2000, \$6,000 of the Company's intercompany borrowings by a European subsidiary were denominated in U.S. dollars. To reduce the exposure to foreign currency fluctuations, the subsidiary entered into foreign currency swaps which at March 31, 2000 fixed principal balance of the intercompany borrowings in U.K. sterling. In addition to the U.S. dollar, the Company conducts business in most European currencies and the Japanese yen. The Company's foreign currency contracts related to anticipated sales and purchases generally have maturities that do not exceed six months.

The Company enters into forward delivery contracts with certain suppliers for certain precious metals used in its production processes.

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. The Company places its cash and cash equivalents with high credit quality institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of entities comprising the Company's customer base and their dispersion across many different industries and countries. As of March 31, 2000, the Company believes that its credit risk exposure is not significant.

The following disclosure of the estimated fair value of financial instruments has been determined by the Company, using available market information and appropriate valuation methodologies. The fair value of financial instruments classified as current assets or liabilities including cash and cash equivalents, receivables and accounts payable approximate carrying value due to the short-term maturity of the instruments. The fair value of short-term and long-term debt approximate carrying value based on their effective interest rates compared to current market rates.

	March 31, 1999			March 31, 2000		
	Contract Amount	Carrying Amount	Unrealized Gain (Loss)	Contract Amount	Carrying Amount	Unrealized Gain (Loss)
Off-Balance Sheet Financial Instruments:						
Foreign currency contracts	\$46,968	\$ -	\$ (266)	\$104,453	\$ -	\$ (549)
Foreign currency swaps	11,000	(570)	(570)	6,000	(203)	(203)
Metal delivery contracts	-	-	-	5,853	-	(471)

11. Transactions With Affiliate:

The Company's businesses include the sale and distribution of electronic products manufactured by Kyocera.

The Company entered into transactions with Kyocera as follows:

	Years Ended March 31,		
	1998	1999	2000
Sales:			
Product and equipment sales to affiliates	\$ 25,725	\$ 14,247	\$ 20,743
Subcontracting activities	1,679	2,103	2,093
Commissions received	438	78	23
Purchases:			
Purchases of resale inventories, raw materials			
supplies, equipment and services	266,568	245,504	368,703
Commissions paid	87	72	325
Rent paid	1,137	1,141	1,192
Other:			
Dividends paid	15,883	17,200	17,529

12. Segment and Geographic Information:

The Company has three reportable operating segments: Passive Components, Connectors and Research and Development. The Company is organized, exclusive of research and development, on the basis of products being separated into six units. Five of the units which manufacture or distribute ceramic, tantalum, film and power capacitors, ferrites and other passive devices have been aggregated into the segment "Passive Components".

The Company evaluates performance of its segments based upon sales and operating profit. There are no intersegment revenues. For determining segment assets, cash and accounts receivable, which are centrally managed, are not readily allocable to operating segments.

The tables below present information about reported segments for the years ended March 31,

	1998	1999	2000
Net sales:			
Passive components	\$ 1,160,428	\$ 1,129,714	\$ 1,499,580
Connectors	107,225	115,759	130,693
Total	\$ 1,267,653	\$ 1,245,473	\$ 1,630,273
Operating profit:			
Passive components	\$ 211,416	\$ 67,257	\$ 234,686
Connectors	10,950	18,806	26,833
Research & development	(21,001)	(20,622)	(22,926)
Corporate administration	(14,665)	(12,136)	(17,362)
Total	\$ 186,700	\$ 53,305	\$ 221,231
Depreciation:			
Passive components	\$ 74,938	\$ 79,493	\$ 87,302
Connectors	7,329	7,545	4,890
Research & development	2,401	2,435	2,253
Corporate administration	1,190	1,385	527
Total	\$ 85,858	\$ 90,858	\$ 94,972
Assets:			
Passive components	\$ 570,335	\$ 560,982	\$ 722,592
Connectors	45,799	33,809	32,960
Research & development	17,252	19,475	14,198
Cash and accounts receivable	341,699	330,438	424,878
Goodwill	33,479	78,790	72,495
Corporate administration	40,089	34,546	41,208
Total	\$ 1,048,653	\$ 1,058,040	\$ 1,308,331
Capital expenditures:			
Passive components	\$ 89,790	\$ 90,952	\$ 163,669
Connectors	5,971	3,244	4,529
Research & development	4,613	3,519	4,223
Total	\$ 100,374	\$ 97,715	\$ 172,421

The following geographic data is based upon net sales generated by operations located within that geographic area and long lived assets based upon physical location. The Other category consists of Latin America and Israel.

For the year ended March 31,	1998	1999	2000
Net sales:			
United States	\$ 607,064	\$ 520,195	\$ 660,993
Europe	291,709	345,055	431,743
Asia	364,300	369,974	517,910
Other	4,580	10,249	19,627
Total	\$ 1,267,653	\$ 1,245,473	\$ 1,630,273
Property, plant and equipment, net:			
United States	\$ 127,360	\$ 129,937	\$ 136,041
Europe	119,869	129,016	184,034
Asia	2,818	10,384	12,092
Other	32,207	34,911	40,640
Total	\$ 282,254	\$ 304,248	\$ 372,807

No one customer has accounted for more than 10% of net sales in the past three years.

13. Environmental Matters and Contingencies:

The Company has been named as a potentially responsible party in state and federal administrative proceedings seeking contribution for costs associated with the correction and remediation of environmental conditions at various hazardous waste disposal sites. The Company continues to monitor these actions and proceedings and to vigorously defend its interests. The Company's ultimate liability in connection with environmental claims will depend on many factors, including its volumetric share of waste, the total cost of remediation and the financial viability of other companies that also sent waste to a given site. Once it becomes probable that the Company will incur costs in connection with remediation of a site and such costs can be reasonably estimated, the Company establishes or adjusts its reserves for its projected share of these costs. These reserves do not reflect any possible future insurance recoveries, which are not expected to be significant, but do reflect a reasonable estimate of cost sharing at multiple party sites. Based upon information known to the Company concerning the size of these sites, their years of operations and the number of past users, management believes that it has adequate reserves with respect to these matters. Such reserves for remediation, compliance and legal costs totaled \$2,729 at March 31, 2000. Actual costs may vary from these estimated reserves, but such costs are not expected to have a material adverse effect on the Company's financial condition or results of operations.

14. Acquisition:

On June 2, 1998, the Company purchased the passive component business of Thomson-CSF ("TPC") for \$74,000 (\$58,000 in cash and \$16,000 of assumed debt). The acquisition was accounted for as a purchase and funded through the use of working capital. Based upon market valuations of the fair values of the assets acquired and liabilities assumed the purchase price exceeded the fair value of net assets acquired by \$47,800, which is being amortized on a straight-line basis over 20 years. The results of operations of TPC are included in the accompanying financial statements from the date of acquisition.

15. Summary of Quarterly Financial Information (Unaudited):

Quarterly financial information for the years ended March 31, 1999 and 2000 is as follows:

	First Quarter		Second Quarter	
	1999	2000	1999	2000
Net sales	\$292,000	\$343,150	\$324,144	\$371,573
Gross profit	51,460	53,859	42,604	67,421
Net income	17,402	17,446	10,514	26,107
Basic earnings per share	.10	.10	.06	.15
Diluted earnings per share	.10	.10	.06	.15

	Third Quarter		Fourth Quarter	
	1999	2000	1999	2000
Net sales	\$310,718	\$416,412	\$318,611	\$499,138
Gross profit	36,914	87,792	36,431	131,458
Net income	6,052	42,507	7,548	70,872
Basic earnings per share	.03	.24	.04	.41
Diluted earnings per share	.03	.24	.04	.40

16. Subsequent Event:

On April 20, 2000, the Board of Directors approved a 2-for-1 stock split of our common stock effected in the form of a 100% stock dividend. The additional common stock was distributed on June 1, 2000 to holders of record on May 15, 2000. All references in this report to the number of shares, per share amounts, and market prices of the Company's common stock have been restated to reflect the stock split and the resulting increased number of common shares outstanding.

SHAREHOLDER INFORMATION

Annual Meeting

AVX's Annual Meeting of shareholders will be held at the Crown Reef Resort and Conference Center, 2913 South Ocean Boulevard, Myrtle Beach, South Carolina 29577 on Tuesday, July 25, 2000, at 10:00 a.m.

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

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

The American Stock Transfer and Trust Company
40 Wall Street
New York, New York 10005

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, 2000, 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) 448-6091
www.avxcorp.com

Independent Accountants

PricewaterhouseCoopers LLP
1100 Campanile Building
1155 Peachtree Street
Atlanta, Georgia 30309-3630

BOARD OF DIRECTORS

Benedict P. Rosen
Chairman of the Board
AVX Corporation⁺

Kazuo Inamori
Chairman Emeritus
Kyocera Corporation^{2,4}

Kensuke Itoh
Vice Chairman of the Board
Kyocera Corporation^{2,4}

Yasuo Nishiguchi
Kyocera Corporation

John S. Gilbertson
AVX Corporation

Donald B. Christiansen
AVX Corporation

Carroll A. Campbell, Jr.
American Council of Life Insurers^{1,2,3,5}

Rodney N. Lanthorne
Kyocera Corporation⁺

Henry C. Lucas
New York University^{1,3,5}

Richard Tressler
Pennsylvania State University^{1,2,3,5}

Michihisa Yamamoto
Kyocera Corporation

Masahiro Umemura
Kyocera Corporation⁺

Yuzo Yamamura
Kyocera Corporation

¹ Audit Committee
² Compensation Committee
³ Equity Compensation Committee
⁴ Executive Committee
⁵ Special Advisory Committee

CORPORATE OFFICERS

Benedict P. Rosen
Chief Executive Officer

John S. Gilbertson
President, Chief Operating Officer

Donald B. Christiansen
Chief Financial Officer;
Senior Vice President of Finance and Treasurer

C. Marshall Jackson
Senior Vice President of Sales and Marketing

Ernie Chilton
Senior Vice President of Tantalum

Allan Cole
Vice President of Sales

S.M. Chan
Vice President of Sales and Marketing - Asia

Alan Gordon
Vice President of Sales and Marketing - Europe

Carl Eggerding
Vice President of Technology

John Mann
Vice President of Quality

Roberto Salazar
Vice President of Latin American Operations

Kurt Cummings
Corporate Controller and Secretary

GLOSSARY OF COMMONLY USED TERMS

AccuGuard

AVX product name for thin-film fuses, which are commonly used in portable devices to protect against current surges.

Advanced Products

Specialty AVX devices that are usually designed to meet specific customer requirements. AVX Advanced Products are often used in the latest technology, enabling our customers to stay ahead of their market competitors.

Array

(see Integrated Passive Devices)

Base Metals

Metals, such as copper and nickel, are less expensive than precious metals, such as palladium, which is rare and more expensive than gold. AVX is increasing the production of parts using base metals in place of the more expensive metals.

Capacitance

The measure of the capacitor's ability to store electrical energy.

Capacitors

Energy storage devices made from two or more conducting plates separated by a nonconducting layer. Capacitor requirements vary from product to product for instance, cell phone needs are vastly different from those of computers.

Ceramics

Clay and other minerals, some metal and nonmetal, are mixed and then heated in high-oxygen environment ovens, known as kilns. The result is a brittle, heat-resistant substance that conducts electricity in controlled amounts.

Chip

Surface mount component.

Circuit Board

Flat surface used in most electronic equipment, which carries a configuration of electronically or electro-magnetically connected components.

Cochlea

Inner ear, snail shaped with thousands of tiny hair cells which convert vibrations of sound into electrical impulses and send these signals to the hearing nerve.

Connector

Device used to join an appliance to an energy source. AVX's connector division (formerly ELCO) has experienced above-average market growth in the last three years.

Directional Coupler

Samples output of cell phone to ensure proper power level.

Film Capacitor

Capacitor using plastic films, such as polyester or polypropylene, for the nonconducting dielectric layer.

Fiscal Year

Twelve months ended March 31.

Glass Dielectric Capacitors

A capacitor that uses layers of ceramic and glass to control the flow of electrical energy. Glass dielectric capacitors can withstand very high temperatures, such as those produced in a jet engine.

I/O Connector (Input/Output Connector)

Used for signals and battery charging.

Inductor

Device which resists a change in current, used in cell phones to select and filter high frequencies.

Integrated Passive Devices (IPD)

Multiple components fabricated and interconnected on a ceramic substrate.

Kiln

An oven that can reach up to 1300 degrees centigrade used in the process of manufacturing ceramic capacitors.

Low Profile

Components that, when mounted on a board, offer a low height dimension. The AVX 6250/6252 ultralow profile connector features a profile of only 0.9 mm, roughly the thickness of a credit card.

Motherboard

In personal computers, the motherboard usually contains the primary circuitry and processing chips. Other devices – such as disk drives, modems, and monitors – plug into the primary circuit board. As the size of electronics has shrunk, so has the size of motherboards, thus driving the requirement for small components, such as capacitors to be used.

Multilayer Ceramic Capacitors (MLC)

Widely used capacitors, made from ceramic material with up to 200 layers. Each layer is as thin as a human hair.

Palladium

A precious metal with very high conductance qualities. Its desirability is offset by the fact that it is available only in Russia and South Africa, and the price has risen dramatically in the last two years.

Passive Components

Devices that simply store, filter or conduct energy but do not generate a signal or energy. Common "passives" are capacitors, inductors and resistors.

Personal Digital Assistant (PDA)

Small, increasingly popular handheld computers that can keep personal calendars and address books, in addition to performing other functions. Many can synchronize information with a personal computer.

Resistor

Device which provides resistance to current flow, providing protection against surges.

SAW Filter

Surface Acoustic Wave filter.

Solostacker Connector™

One piece connector used to join two boards together.

SpinGuard

AVX product name for axial leaded ceramic capacitor. This product is most commonly used in smoke detectors. AVX is the world's largest manufacturer of axial-leaded ceramic capacitors.

Stacking Height

The height required by components mounted on printed circuit boards to avoid contact. In desktop computers this height might be nearly one-half inch. In the smaller handheld devices and cell phones used today, the height may be as small as 0.6 mm or the thickness of a thin coin.

StaticGuard

AVX product name for low-energy-rated transient voltage suppressors. The devices primarily prevent static electricity from damaging equipment and are commonly used in portable products, such as cell phones.

Surface Mount Device (SMD)

Devices attached directly to a circuit board, unlike leaded capacitors, which are attached to the board using wire leads. In recent years, there has been significant industry-wide growth in the use of SMDs.

Tantalum

A very hard, heavy gray metal that is extremely resistant to chemical and temperature attacks. This naturally occurring element is found in South Africa, Australia and parts of Asia. AVX imports tantalum in a powder form, and then presses it into shape to begin the process that creates capacitors. When tantalum is compressed 60%, it has a porous quality, which provides more surface area to store energy. It is a very stable material that can be pressed into capacitors as small as 0.9 mm. AVX's tantalum capacitors are used in many different types of electronics, including personal computers, aerospace electronics, communications and information systems.

TCXO (Temperature Controlled Clock Oscillator)

Provides precision and frequency used in wireless communication devices.

Thin-Film Capacitors

Capacitor manufactured using highly accurate "state-of-the-art" clean-room equipment with extremely tight tolerances.

VCO (Voltage Controlled Oscillator)

Controls system frequency used in wireless communication devices.

|Z|-Chip

Miniature resistor-capacitor combinations manufactured as a single chip.



Post Office Box 867 Myrtle Beach South Carolina 29578
www.avxcorp.com