STAYING AHEAD OF
In the span of a generation, our children have gone from drawing with wax crayons to clicking a computer mouse. From searching a bulky encyclopedia to surfing the web. In many ways, AVX’s progress parallels this journey. Even people who might not consider themselves technologically literate will find their world filled with AVX components as electronic devices become a greater part of daily life.

AVX has become a major player in terms of new and advanced products serving the personal computer and communications industries. Desktop PCs, printers and cellular phones all use a significant number of our products. A single cellular phone, for example, has nearly 400 passive components inside. In the computer industry, size and performance have also changed dramatically. Gigabytes of data storage and 200 to 400 MHz micro-processors are now commonplace.

Fundamental to these advances are developments in component technology. As computer performance increases, the number of passive components required also increases. The latest generation of PCs can contain over 1200 devices like those made by AVX. These include smaller and higher performance parts, as well as new application specific components like our resistor and multilayer capacitor arrays.

Another major growth area is the demand for higher performance systems. The desktop computer is now operating at over 300 MHz. To meet the technical requirements of these systems, AVX has developed industry leading products with advanced low inductance and low ESR characteristics. These specifications will become even more critical as system frequencies inevitably increase towards 500 MHz and beyond.

Not only are the requirements for processing speed increasing, but the trend toward miniaturization continues unabated. AVX has developed new raw materials to shrink our products ever smaller while maintaining, if not increasing, performance.
SHAPING THE NEW
AVX has four main R&D facilities worldwide including a 60,000 square foot state-of-the-art Advanced Products Technology Center in Myrtle Beach, South Carolina, USA. Widely regarded as the most significant passive component development lab in the United States, this facility has contributed significantly to AVX’s premier position in providing customers with application-specific, leading-edge solutions.

Advanced Products’ mission is to develop new, “next-generation” components that enable our customers to do the same. AVX has sharpened its capability to read the market and to target the focus of its R&D. Increasingly, the marketplace rewards the ability to develop new products faster and a premium is placed on this ability.

AVX has developed new technologies to make prototypes faster. We’ve reduced the development cycle time by utilizing new software to do design and simulation studies. The Product Development Group has as its core function taking these products and ideas from R&D and building them to scale. This accelerates getting to market in a compressed time period. Our goal is to be first to market, ideally with a product protected by a patent. Since 1993, AVX has been granted significantly more patents than any North American competitor.

The utilization of new processes and new materials is the basis of a whole array of new products. A key area of focus is the fast growing integrated passive component (IPC) market. This is where combinations of devices are packaged together to provide space-saving or higher performance solutions. AVX is the leading supplier of thick film IPCs.

IPCs differentiate a significant portion of AVX’s product portfolio. They are a key in telecommunications and handheld products such as cellular phones. They can be customer specific and can lead to a whole new set of products, reflecting AVX’s ability to provide rapid design support for new product development.

In the connector field, AVX through its Elco subsidiary has developed patented technology for use in PCMCIA cards and mobile handsets. This has created closer customer relationships and market share growth.
Today’s medical breakthroughs are propelled by increased miniaturization, responsiveness and reliability of technology as much as by the hands of the healer. AVX’s unique solutions play a critical role in today's health care world and have done so since the early 1990s when our integrated passive components (IPCs) were first used in pacemakers. Today, AVX IPCs play a valuable role in a wide range of medical devices, such as pacemakers, hearing aids, defibrillators, implantable insulin pumps and nerve stimulators that allow a paralyzed person to reach and touch someone. Our products are also found in brain implantable devices that help treat epilepsy and Parkinson’s disease.

AVX recognizes that our success and that of our customers are interdependent. Given the significant trend to shorter and shorter product life cycles, AVX has structured an ongoing strategic interchange through which we match up our roadmaps of product evolution/revolution with those of our key customers. This intimacy with their developmental plans allows AVX to design products that better anticipate what will be needed and that enables us to be more attuned to microprocessor trends or upcoming platform changes. Working with customers who move their industries forward has helped AVX to develop “winning” products and to identify significant new market opportunities.

AVX has a proven ability to manage its business effectively and increase growth while keeping costs in line. It is the only US-based ceramic capacitor manufacturer and one of only two companies in the world that manufactures its own ceramic raw materials. It also designs much of its own automation equipment.

Recent plans have included a $65 million expansion of our ceramic capacitor facility in Coleraine, Northern Ireland, as well as the new 100,000 square foot, $20 million facility in Myrtle Beach, South Carolina, USA. The new manufacturing facility in Myrtle Beach will be a cleanroom facility that reduces handling and human error, thereby, providing higher production yields for the Company. With the premium placed on better quality/shorter product cycle times, AVX's growing edge in automation takes on additional strategic importance.
In the near future, a new space station orbiting high above the earth will become home to an international family of astronauts. As a leading passive component supplier in the space station and satellite programs, AVX components create a vital role for us in this mission’s orbital quest for knowledge.

Recognizing that AVX customers have become increasingly global in their business horizons, our company is well positioned to perform around the world. Working in close alignment with the global business plans of our customers, AVX now has 21 manufacturing locations across Europe, Asia and the Americas, and is uniquely positioned to support customers on a truly worldwide basis. The ability to deploy geographically sensitive sales and manufacturing support increases our service capabilities while often reducing our costs. To ensure that our systems can meet customer demands anywhere, AVX has also established key strategic partnerships with major distribution companies around the globe.

Customer communications, such as the time it takes to place orders with AVX, have been compressed from days to milliseconds. Electronic Data Interchange – computer-to-computer transfer of order information from the customer – isn’t only faster, it is better, eliminating input errors and paperwork delays. Raw materials orders, inventory drawdown and manufacturing scheduling can proceed from a single customer transmission. With a longer range view of our customers’ requirements, we are better able to plan the most efficient way to meet their needs. Customer Service Representatives are available 24 hours a day, 7 days a week through our Customer Information Systems.

Through continued communication with our customers and a focus on research and development, AVX will introduce some exciting new products this year and in years to come. With these resources, AVX has positioned itself on the cutting edge of the industry, poised for an even more successful future.
10 Facts You Should Know About AVX.

1 Shareholder Benefits
AVX is the only passive component supplier in North America to pay a dividend. We are the consistent leader in after-tax returns as a percentage of sales.

2 Enviable Position
AVX has cash on hand of $202 million with little debt. We are poised for acquisitions.

3 A Recognized Leader
AVX Chairman and CEO Benedict Rosen was named by Electronics Buyers News as one of the 25 “Hottest” electronics executives in North America.

4 What Others Buy, We Invent
AVX is the only North American capacitor producer that manufactures its own raw materials.

5 Innovation
With over 50 patents, AVX continues to solve our customers’ next-generation needs.

6 Covering the Market
AVX has 39 manufacturing and sales locations in 18 countries.

7 Quality Assured
All AVX manufacturing facilities are quality standard ISO9000 approved.

8 Out of This World
AVX products were used on the much-publicized Mars Pathfinder program.

9 Sports and Entertainment
AVX “plays” a role in formula one racing cars and animated robots in many theme park attractions.

10 Internet “Hot Spot”
Every month, people from more than 55 countries around the world seek out and visit our website (www.avxcorp.com).