



August 23, 2016

**Re: *AVX GX Broadband Capacitors – Presidio Lawsuit***

Dear Valued Customer:

With substantial regret, we must inform you that the court in the Presidio lawsuit has issued an injunction precluding AVX from selling the GX Broadband product after November 15, 2016. AVX has exercised all avenues to settle this dispute directly with Presidio and through the courts at considerable expense. AVX's position was - and continues to be - that our product does not infringe upon Presidio patents. In the interest of continuity and assurance of supply for our customers, attempts to negotiate reasonable licensing terms with Presidio were made, but were not successful.

AVX is exploring alternatives in order to extend the November 15<sup>th</sup> deadline, but there can be no assurance that this product can be shipped by AVX after that date. Product already in the hands of customers or distributors will not be affected.

Also, as a result of this case, the Court mandated that AVX pay a \$1.58 per unit fee to Presidio on past and future shipments. Therefore, AVX must immediately raise the price of all GX product by this amount for future shipments. We are not asking you for this amount for past shipments. AVX will absorb this loss, however, going forward we must collect this fee to make the business viable for at least the next three months.

Accordingly, AVX shipments of GX products are immediately suspended. We ask that you submit new NCNR PO's by August 31, 2016 at a price \$1.58 above current pricing for the quantities of GX products desired to be shipped prior to November 15, 2016. AVX will respond within one week on the number of pieces that can be shipped prior to that date.

Shipments will resume immediately upon receipt of PO's with the \$1.58 Presidio court mandated fee added to the current sales price. AVX will make every effort to ship the quantity necessary for your operations by November 15<sup>th</sup>.

Also, we will inform you of the distributors carrying stock if that is an avenue you desire to pursue. You always have the option of discussing further supply arrangements, or the level of fee that has been demanded, with Presidio.

We will continue to pursue other avenues to continue to supply product beyond the November 15<sup>th</sup> deadline, with both Presidio and the courts, as well as product substitutions.

We apologize for this inconvenience caused by Presidio's long-running campaign to utilize their intellectual property. We expended both money and internal resources to settle this dispute, and frankly were surprised by the verdict and the court rulings against us. We look forward to working with you during this difficult time and we will work very hard to ship what you need to keep your operations going.

If you have any questions, please contact me, or the following senior managers in your region:

Americas: Bob Gourdeau, GM Sales, Americas

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Regards,

A handwritten signature in black ink that reads "Pete Venuto". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Pete Venuto  
Senior Vice President, Sales  
AVX Corporation  
[pete.venuto@avx.com](mailto:pete.venuto@avx.com)