UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For Quarter Ended May 31, 2002

Commission file number 0-28839

AUDIOVOX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	13-1964841
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

150 Marcus Blvd., Hauppauge, New York	11788
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (631) 231-7750

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Number of shares of each class of the registrant's Common Stock outstanding as of the latest practicable date.

Class	Outstanding at July 8, 2002
Class A Common Stock	21,525,383 Shares
Class B Common Stock	2,260,954 Shares

AUDIOVOX CORPORATION

I N D E X

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share data)

	November 30, 2001	May 31, 2002
		(unaudited)
Assets		
Current assets:		
Cash	$ 3,025	$ 803
Accounts receivable, net	227,209	211,723
Inventory, net	225,662	264,925
Receivable from vendors	6,919	19,629
Prepaid expenses and other current assets	7,632	8,160
Deferred income taxes, net	11,997	12,281
Total current assets	482,444	517,521
Investment securities	5,777	5,468
Equity investments	10,268	10,706
Property, plant and equipment, net	25,687	26,489
Excess cost over fair value of assets acquired and other intangible assets, net	4,742	5,231
Deferred income taxes, net	3,148	--
Other assets	1,302	1,090
	$ 533,368	$ 566,505
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 57,162	$ 156,187
Accrued expenses and other current liabilities	41,854	38,472
Income taxes payable	3,035	2,140
Bank obligations	92,213	3,605
Notes payable	5,267	5,239
Total current liabilities	199,531	205,643
Bank obligations	--	9,363
Long-term debt, less current installments	--	8,122
Capital lease obligation	6,196	6,170
Deferred compensation	3,844	4,224
Deferred income taxes	--	2,426
Total liabilities	209,571	235,948
Minority interest	1,851	9,442
Stockholders' equity:		
Preferred stock, liquidation preference of $2,500	2,500	2,500
Common stock:		
Class A; 60,000,000 authorized; 20,615,846 issued at November 30, 2001 and May 31, 2002, 19,706,309 outstanding at November 30, 2001 and May 31, 2002	207	207
Class B convertible; 10,000,000 authorized; 2,260,954 issued and outstanding	22	22
Paid-in capital	250,785	249,287
Retained earnings	82,162	82,667
Accumulated other comprehensive loss	(6,344)	(6,182)
Treasury stock, at cost, 909,537 Class A common stock at November 30, 2001 and May 31, 2002	(7,386)	(7,386)
Total stockholders' equity	321,946	321,115
Commitments and contingencies		
Total liabilities and stockholders' equity	$ 533,368	$ 566,505

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
For the Three and Six Months Ended May 31, 2001 and May 31, 2002
(In thousands, except share and per share data)
(unaudited)

	Three Months Ended May 31, 2001	Three Months Ended May 31, 2002	Six Months Ended May 31, 2001	Six Months Ended May 31, 2002
Net sales	$ 276,814	$ 304,603	$ 605,117	$ 493,200
Cost of sales	266,091	280,778	567,303	451,558
Gross profit	10,723	23,825	37,814	41,642
Operating expenses:				
Selling	7,371	7,631	14,393	14,385
General and administrative	10,577	15,856	21,711	26,508
Warehousing and assembly	5,956	5,889	11,302	11,735
Total operating expenses	23,904	29,376	47,406	52,628
Operating loss	(13,181)	(5,551)	(9,592)	(10,986)
Other income (expense):				
Interest and bank charges	(1,453)	(1,038)	(2,459)	(2,002)
Equity in income of equity investments	1,191	557	2,561	861
Gain on issuance of subsidiary shares	--	15,825	--	15,825
Other, net	531	(246)	601	(11)
Total other income, net	269	15,098	703	14,673
Income (loss) before provision for (recovery of) income taxes and cumulative effect of a change in an accounting principle	(12,912)	9,547	(8,889)	3,687
Provision for (recovery of) income taxes	(4,649)	5,092	(3,191)	3,422
Net income (loss) before cumulative effect of a change in accounting for negative goodwill	(8,263)	4,455	(5,698)	265
Cumulative effect of a change in accounting for negative goodwill	--	--	--	240
Net income (loss)	$ (8,263)	$ 4,455	$ (5,698)	$ 505
Net income (loss) per common share (basic):				
Income (loss) before cumulative effect of a change in accounting for negative goodwill	$ (0.38)	$ 0.20	$ (0.26)	$ 0.01
Cumulative effect of a change in accounting for negative goodwill	--	--	--	0.01
Net income (loss) per common share	$ (0.38)	$ 0.20	$ (0.26)	$ 0.02
Net income (loss) per common share (diluted):				
Income (loss) before cumulative effect of a change in accounting for negative goodwill	$ (0.38)	$ 0.20	$ (0.26)	$ 0.01
Cumulative effect of a change in accounting for negative goodwill	--	--	--	0.01
Net income (loss) per common share	$ (0.38)	$ 0.20	$ (0.26)	$ 0.02
Weighted average number of common shares outstanding (basic)	21,920,990	21,967,263	21,787,738	21,967,263
Weighted average number of common shares outstanding (diluted)	21,920,990	22,007,598	21,787,738	22,005,508

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Six Months Ended May 31, 2001 and May 31, 2002
(In thousands)
(unaudited)

	May 31, 2001	May 31, 2002
Cash flows from operating activities:		
Net income (loss)	$ (5,698)	$ 505
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Gain on issuance of subsidiary shares	--	(15,825)
Depreciation and amortization	2,119	2,314
Provision for bad debt expense	331	1,269
Equity in income of equity investments	(2,561)	(861)
Minority interest	(382)	(477)
Deferred income tax expense	124	5,290
Gain on disposal of property, plant and equipment, net	(1)	(12)
Cumulative effect of a change in accounting for negative goodwill	--	(240)
Changes in:		
Accounts receivable	80,347	16,315
Receivable from vendors	(3,638)	(12,710)
Inventory	(96,956)	(39,384)
Accounts payable, accrued expenses and other current liabilities	(34,903)	101,556
Income taxes payable	(6,274)	(895)
Deferred compensation	1,890	380
Investment securities - trading	(1,890)	(380)
Prepaid expenses and other, net	733	(2,108)
Net cash (used in) provided by operating activities	(66,759)	54,737
Cash flows from investing activities:		
Proceeds from issuance of subsidiary shares	--	22,399
Purchase of acquired business	--	(7,107)
Purchases of property, plant and equipment, net	(1,342)	(1,630)
Proceeds from distribution from equity investment	709	359
Net cash (used in) provided by investing activities	(633)	14,021
Cash flows from financing activities:		
Borrowings (repayments) of bank obligations, net	65,221	(78,856)
Proceeds from issuance of convertible subordinated debentures	--	8,107
Payment of dividend to minority shareholder of subsidiary	(1,034)	--
Principal payments on capital lease obligation	(14)	(26)
Proceeds from exercise of stock options and warrants	2,320	--
Principal payments on subordinated debentures	(486)	--
Repurchase of Class A common stock	(1,382)	--
Net cash provided by (used in) financing activities	64,625	(70,775)
Effect of exchange rate changes on cash	(10)	(205)
Net decrease in cash	(2,777)	(2,222)
Cash at beginning of period	6,431	3,025
	$ 3,654	$ 803
Cash at end of period		

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Three and Six Months Ended May 31, 2001 and May 31, 2002 (unaudited)
(Dollars in thousands, except share and per share data)

(1) Basis of Presentation

The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and include all adjustments, which include only normal recurring adjustments, which, in the opinion of management, are necessary to present fairly the consolidated financial position of Audiovox Corporation and subsidiaries (the Company) as of November 30, 2001 and May 31, 2002, the consolidated statements of operations for the three and six month periods ended May 31, 2001 and May 31, 2002, and the consolidated statements of cash flows for the six month periods ended May 31, 2001 and May 31, 2002. The interim figures are not necessarily indicative of the results for the year.

Accounting policies adopted by the Company are identified in Note 1 of the Notes to Consolidated Financial Statements included in the Company's 2001 Annual Report filed on Form 10-K.

In fiscal 2001, the Company adopted the provisions of Emerging Issue Task Force Issue (EITF) No. 00-10, "Accounting for Shipping and Handling Fees and Costs", which requires the Company to report all amounts billed to a customer related to shipping and handling as revenue. The Company includes all costs incurred for shipping and handling as cost of sales. The Company has reclassified such billed amounts, which were previously netted in cost of sales to net sales. As a result of this reclassification, net sales and cost of goods sold were increased by $503 and $809 for the three and six months ended May 31, 2001, respectively.

During the quarter ended May 31, 2002, the Company adopted the provisions of EITF Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products". As a result of adopting EITF 01-9 in 2002, the Company has reclassified co-operative advertising, market development funds and volume incentive rebate costs, which were previously included in selling expenses, to net sales. As a result of this reclassification, net sales and selling expenses were (increased) reduced by ($180) and $2,570 for the three and six months ended May 31, 2001, respectively. Net sales and selling expenses were increased for the three months ended May 31, 2001 rather than reduced as a result of the adoption of EITF 01-9 because of the reversals of previously established co-operative advertising, market development funds and volume incentive rebate costs exceeded the provisions for such accruals during this period. The adoption of EITF 01-9 reduced net sales and selling expenses by $14,093 and $16,508 for the three and six months ended May 31, 2002, respectively.

(2) Supplemental Cash Flow Information

The following is supplemental information relating to the consolidated statements of cash flows:

	Six Months Ended May 31, 2001	Six Months Ended May 31, 2002
Cash paid during the period:		
Interest (excluding bank charges)	$1,392	$1,152
Income taxes (net of refunds)	$2,037	$ 500

During the six months ended May 31, 2001 and May 31, 2002, the Company recorded a net unrealized holding gain (loss) relating to available-for-sale marketable securities, net of deferred taxes, of $420 and ($414), respectively, as a component of accumulated other comprehensive loss.

(3) Business Acquisition

On March 15, 2002, Code Systems, Inc., a wholly-owned subsidiary of Audiovox Electronics Corp., purchased the assets of Code-Alarm, Inc., an automotive security product company. The purchase price consisted of approximately $7,100, paid in cash at the closing, and a debenture (CSI Debenture) whose value is linked to the future earnings of Code Systems, Inc. The payment of any amount under the terms of the CSI Debenture is based on performance and is scheduled to occur in the first calendar quarter of 2006. The Company accounted for the transaction in accordance with the purchase method of accounting. As a result of the transaction, goodwill of $212 was recorded. The allocation of the purchase price is pending the final determination of certain acquired balances. Any payments made under the terms of the CSI Debenture in the future will be reflected as a component of goodwill. Proforma results of operations for the three and six month periods ended May 21, 2001 and 2000 were not provided as the amounts were deemed immaterial to the consolidated financial statements of the Company.

(4) Co-operative Advertising Allowances, Market Development Funds and Volume Incentive Rebates

The accrual for co-operative advertising allowances, market development funds and volume incentive rebates at November 30, 2001 and May 31, 2002 was $10,366 and $21,028, respectively, and represents management's best estimate of amounts owed under these arrangements. During the three and six months ended May 31, 2001, $5,762 and $8,277, respectively, and, during the three and six months ended May 31, 2002, $1,536 and $1,566, respectively, were recorded into income representing revisions to previously established co- operative advertising allowances, market development funds and volume incentive rebate accruals. Due to uncertainties inherent in the estimation process, it is at least reasonably possible that the accrual will be further revised in the near term.

(5) Inventory

The markets in which the Company competes are characterized by declining prices, intense competition, rapid technological change and frequent new product introductions. The Company maintains a significant investment in inventory and, therefore, is subject to the risk of losses on write-downs to market and inventory obsolescence. During the quarters ended February 28, 2002 and May 31, 2002, the Company recorded inventory write-downs to market of $1,040 and $2,290, respectively, as a result of the recent reduction of selling prices primarily related to digital hand-held phones in anticipation of new digital technologies. It is reasonably possible that additional write-downs to market may be required in the future, however, no estimate can be made of such losses. In addition, given the anticipated emergence of new technologies in the wireless industry, the Company will need to sell existing inventory quantities of current technologies to avoid further write-downs to market. No guarantee can be made that further reductions in the carrying value of this or other models will not be required in the future.

At May 31, 2002, the Company had on hand 512,838 units in the amount of $115,054, which has been recorded in inventory and accounts payable on the accompanying consolidated balance sheet. The Company has an arrangement with the manufacturer of the phones, which provides for, among other things, extended payment terms. The payment terms are such that the payable is non-interest bearing, and the Company is not required to pay for the phones until shipment has been made to the Company's customers.

(6) Net Income (Loss) Per Common Share

A reconciliation between the numerators and denominators of the basic and diluted income (loss) per common share is as follows:

	Three Months Ended May 31, 2001	Three Months Ended May 31, 2002	Six Months Ended May 31, 2001	Six Months Ended May 31, 2002
Net income (loss) (numerator for basic income per share)	$ (8,263)	$ 4,455	$ (5,698)	$ 505
Interest on 6 1/4% convertible subordinated debentures, net of tax	--	--	5	--
Adjusted net income (loss) (numerator for diluted income per share)	$ (8,263)	$ 4,455	$ (5,693)	$ 505
Weighted average common shares (denominator for basic income per share)	21,920,990	21,967,263	21,787,738	21,967,263
Effect of dilutive securities:				
6 1/4% convertible subordinated debentures	--	--	--	--
Employee stock options and stock warrants	--	40,335	--	38,245
Weighted average common and potential common shares outstanding (denominator for diluted income per share)	21,920,990	22,007,598	21,787,738	22,005,508
Net income (loss) per common share (basic):				
Income (loss) before cumulative effect of a change in accounting for negative goodwill	$ (0.38)	$ 0.20	$ (0.26)	$ 0.01
Cumulative effect of a change in accounting for negative goodwill	--	--	--	0.01
Net income (loss) per common share	$ (0.38)	$ 0.20	$ (0.26)	$ 0.02
Net income (loss) per common share (diluted):				
Income (loss) before cumulative effect of a change in accounting for negative goodwill	$ (0.38)	$ 0.20	$ (0.26)	$ 0.01
Cumulative effect of a change in accounting for negative goodwill	--	--	--	0.01
Net income (loss) per common share	$ (0.38)	$ 0.20	$ (0.26)	$ 0.02

Stock options and warrants totaling 2,789,504 and 2,177,252 for the three and six months ended May 31, 2001, respectively, were not included in the net loss per common share calculation because their effect would have been anti-dilutive. Stock options and warrants totaling 2,457,200 and 2,598,450 for the three and six months ended May 31, 2002, respectively, were not included in the net income per common share calculation because their effect would have been anti-dilutive.

(7) Comprehensive Income (Loss)

The accumulated other comprehensive loss of $6,344 and $6,182 at November 30, 2001 and May 31, 2002, respectively, on the accompanying consolidated balance sheets is the net accumulated unrealized loss on the Company's available-for-sale investment securities of $1,021 and $1,435 at November 30, 2001 and May 31, 2002, respectively, and the accumulated foreign currency translation adjustment of $5,323 and $4,747 at November 30, 2001 and May 31, 2002, respectively.

The Company's total comprehensive income (loss) was as follows:

	Three Months Ended May 31, 2001	Three Months Ended May 31, 2002	Six Months Ended May 31, 2001	Six Months Ended May 31, 2002
Net income (loss)	$(8,263)	$ 4,455	$(5,698)	$ 505
Other comprehensive income (loss):				
Foreign currency translation adjustments	18	799	51	576
Unrealized gain (loss) on securities:				
Unrealized holding gain (loss) arising during period, net of tax	811	(65)	420	(414)
Other comprehensive loss, net of tax	829	734	471	162
Total comprehensive income (loss)	$(7,434)	$ 5,189	$(5,227)	$ 667

The change in the net unrealized gain (loss) arising during the periods presented above are net of tax benefit (expense) of $497 and ($40) for the three months ended May 31, 2001 and May 31, 2002, respectively, and $257 and ($254) for the six months ended May 31, 2001 and May 31, 2002, respectively.

(8) Segment Information

The Company has two reportable segments which are organized by products: Wireless and Electronics. The Wireless segment primarily markets wireless handsets and accessories through domestic and international wireless carriers and their agents, independent distributors and retailers. The Electronics segment sells autosound, mobile electronics and consumer electronics, primarily to mass merchants, power retailers, specialty retailers, new car dealers, original equipment manufacturers (OEM), independent installers of automotive accessories and the U.S. military.

The Company evaluates performance of the segments based upon income before provision for income taxes. The accounting policies of the segments are the same as those for the Company as a whole. The Company allocates interest and certain shared expenses, including treasury, legal and human resources, to the segments based upon estimated usage. Intersegment sales are reflected at cost and have been eliminated in consolidation. A royalty fee on the intersegment sales, which is eliminated in consolidation, is recorded by the segments and included in other income (expense). Certain items are maintained at the Company's corporate headquarters (Corporate) and are not allocated to the segments. They primarily include costs associated with accounting and certain executive officer salaries and bonuses and certain items including investment securities, equity investments, deferred income taxes, certain portions of excess cost over fair value of assets acquired, jointly-used fixed assets and debt. The jointly-used fixed assets are the Company's management information systems, which are used by the Wireless and Electronics segments and Corporate. A portion of the management information systems costs, including depreciation and amortization expense, are allocated to the segments based upon estimates made by management. During the six months ended May 31, 2001 and May 31, 2002, certain advertising costs were not allocated to the segments. These costs pertained to an advertising campaign that was intended to promote overall Company awareness, rather than individual segment products. Segment identifiable assets are those which are directly used in or identified to segment operations.

	Wireless	Electronics	Corporate	Elimin-ations	Consolidated Totals
Three Months Ended May 31, 2001					
Net sales	$ 202,024	$74,790	--	-	$ 276,814
Intersegment sales (purchases)	(92)	92	--	-	--
Pre-tax income (loss)	(15,769)	3,196	$ (339)	-	(12,912)
Three Months Ended May 31, 2002					
Net sales	$ 214,057	$90,546	--	-	$ 304,603
Intersegment sales (purchases)	(25)	25	--	-	--
Pre-tax income (loss)	(8,229)	4,622	13,154	-	9,547

	Wireless	Electronics	Corporate	Elimin- ations	Consolidated Totals
Six Months Ended May 31, 2001					
Net sales	$ 465,678	$139,439	--	--	$ 605,117
Intersegment sales (purchases)	(213)	213	--	--	--
Pre-tax income (loss)	(12,445)	5,507	$ (1,951)	--	(8,889)
Total assets	326,741	125,579	367,447	$(296,934)	522,833
Six Months Ended May 31, 2002					
Net sales	$ 331,649	$161,551	--	--	$ 493,200
Intersegment sales (purchases)	(15)	15	--	--	--
Pre-tax income (loss)	(14,775)	7,320	$ 11,142	--	3,687
Total assets	371,777	142,650	284,959	$(232,881)	566,505

(9) Transactions With a Major Supplier

(a) Audiovox Communications Corp. Dividend

In February 2001, the Board of Directors of Audiovox Communications Corp. (ACC), declared a dividend payable to its shareholders, Audiovox Corporation, a then 95% shareholder, and Toshiba Corporation (Toshiba), a then 5% shareholder for their respective share of net income for the previous fiscal years. ACC paid Toshiba its share of the dividend, which approximated $1,034 in the first quarter of 2001. There were no dividends declared during 2002, due to the net loss of ACC during 2001.

(b) Issuance of Subsidiary Shares

On May 29, 2002, Toshiba purchased an additional 20% of ACC for $23,900 in cash, bringing Toshiba's total ownership interest in ACC to 25%. In addition, an $8,100 convertible subordinated note (the Note) was issued to Toshiba. The Note bears interest at a per annum rate equal to 1 3/4% and interest is payable annually on May 31st of each year, commencing May 31, 2003. The unpaid principle amount shall be due and payable, together with all unpaid interest, on May 31, 2007 and automatically renews for an additional five years. In accordance with the provisions of the Note, Toshiba may convert the balance of the Note into additional shares of ACC in order to maintain a maximum 25% interest in ACC.

In connection with the transaction, ACC and Toshiba formalized a distribution agreement whereby ACC will be Toshiba's exclusive distributor for the sale of Toshiba products in the United States, Canada, Mexico, and all countries in the Caribbean and Central and South America through May 29, 2007. Also, in accordance with the terms of the stockholders agreement, upon the termination of the distribution agreement in accordance with certain terms of the distribution agreement, Toshiba maintains a put right and Audiovox Corp. a call right, to repurchase all of the shares held by the other party for a price equal to the fair market value of the shares as calculated in accordance with the agreement. Audiovox's call right is only exercisable if Toshiba elects to terminate the distribution agreement after its initial five (5) year term.

Additionally, ACC entered into an employment agreement with the President and Chief Executive Officer (the Executive) of ACC through May 29, 2007. Under the agreement, ACC is required to pay the Executive an annual base salary of $500 in addition to an annual bonus equal to 2% of ACC's annual earnings before income taxes. Audiovox Corp., under the employment agreement, was required to establish and pay a bonus of $3,200 to key employees of ACC, including the Executive, to be allocated by the Executive. The bonus was for services previously rendered, and, accordingly, the bonus has been included in general and administrative expenses in the accompanying statements of operations for the three and six months ended May 31, 2002. The Executive was required to utilize all or a portion of the bonus allocated to him to repay the remaining outstanding principal and accrued interest owed by the Executive to the Company pursuant to the unsecured promissory note in favor of Audiovox Corp. Subsequent to May 31, 2002, the Executive was paid $1,800 less the amount outstanding under the promissory note of $651.

As a result of the issuance of ACC's shares, the Company recognized a gain of $15,825 ($9,811 after provision for deferred taxes). The gain on the issuance of the subsidiary's shares has been recognized in the accompanying consolidated statements of operations.

(10) Business Combinations and Goodwill and Other Intangible Assets

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires that purchase method of accounting be used for all future business combinations and specifies criteria intangible assets acquired in a business combination must meet to be recognized and reported apart from goodwill. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives, and reviewed for impairment in accordance with SFAS No. 121, "Accounting for the impairment of Long-Live Assets to be Disposed Of".

The Company early adopted the provisions of SFAS No. 141 and SFAS No. 142 as of December 1, 2001. As a result of adopting the provisions of SFAS No. 141 and 142, the Company did not record amortization expense relating to its goodwill during the six month period ended May 31, 2002, which approximated $142 during the prior six months ended May 31, 2001. The Company was not required under SFAS No. 142 to assess the useful life and residual value of its goodwill as the Company's goodwill is equity method goodwill, and, as such, will continue to be evaluated for impairment under SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of."

As required by the adoption of SFAS No. 142, the Company reassessed the useful lives and residual values of all acquired intangible assets to make any necessary amortization period adjustments. Based upon that assessment, no adjustments were made to the amortization period of residual values of other intangible assets.

In accordance with SFAS No. 142, the Company wrote-off its unamortized negative goodwill of $240 as of the date of adoption, which has been reflected in the consolidated statements of operations as a cumulative effect of a change in accounting principle.

(11) Product Return

During the quarter ended February 28, 2001, Wireless refunded approximately $21,000 to a customer, who is a wireless carrier, for the return of approximately 97,000 tri-mode phones. During January 2001, Wireless also purchased 93,600 of the same model of tri-mode phone for a cost of $12.4 million. As a result of changes in the marketplace for wireless products, the selling price of the phones has been reduced below the original cost. The Company did not record a write-down on these phones as they expected to receive a full refund or partial credit from the manufacturer of the phones during the second quarter of 2001. In April 2001, the Company received a credit from the manufacturer of $12.4 million. The credit was applied against the carrying value of the phones on hand which approximated 190,600 phones, which are appropriately recorded at the lower of cost or market. All of these phones were subsequently sold.

(12) Sales/Leaseback Transaction

In April 2000, AX Japan purchased land and a building (the Property) from Shintom Co., Ltd. (Shintom) for 770,000,000 Yen (approximately $7,300) and entered into a leaseback agreement whereby Shintom leased the Property from AX Japan for a one-year period. This lease is being accounted for as an operating lease by AX Japan. Shintom is a stockholder who owns all of the outstanding preferred stock of the Company and is a manufacturer of products purchased by the Company through its previously-owned equity investee, TALK Corporation (TALK). The Company currently holds stock in Shintom and has previously invested in Shintom convertible debentures.

The purchase of the Property by AX Japan was financed with a 500,000,000 Yen ($4,671) subordinated loan obtained from Vitec Co., Ltd. (Vitec), a 150,000,000 Yen loan ($1,397) from Pearl First (Pearl) and a 140,000,000 Yen loan ($1,291) from the Company. The land and building have been included in property, plant and equipment, and the loans have been recorded as notes payable on the accompanying consolidated balance sheets as of November 30, 2001 and May 31, 2002. Vitec is a major supplier to Shintom, and Pearl is an affiliate of Vitec. The loans bear interest at 5% per annum, and principle was payable in equal monthly installments over a six-month period beginning six months subsequent to the date of the loans. The loans from Vitec and Pearl are subordinated completely to the loan from the Company, and, in liquidation, the Company receives payment first.

Upon the expiration of six months after the transfer of the title to the Property to AX Japan, Shintom had the option to repurchase the Property or purchase all of the shares of stock of AX Japan. This option could be extended for one additional six month period. The option to repurchase the building is at a price of 770,000,000 Yen plus the equity capital of AX Japan (which in no event can be less than 60,000,000 Yen) and can only be made if Shintom settles any rent due AX Japan pursuant to the lease agreement. The option to purchase the shares of stock of AX Japan is at a price not less than the aggregate par value of the shares and, subsequent to the purchase of the shares, AX Japan must repay the outstanding loan due to the Company. If Shintom does not exercise its option to repurchase the Property or the shares of AX Japan, or upon occurrence of certain events, AX Japan can dispose of the Property as it deems appropriate. The events which result in the ability of AX Japan to be able to dispose of the Property include Shintom petitioning for bankruptcy, failing to honor a check, failing to pay rent, etc. If Shintom fails, or at any time becomes financially or otherwise unable to exercise its option to repurchase the Property, Vitec has the option to repurchase the Property or purchase all of the shares of stock of AX Japan under similar terms as the Shintom options.

AX Japan had the option to delay the repayment of the loans for an additional six months if Shintom extended its options to repurchase the Property or stock of AX Japan. In September 2000, Shintom extended its option to repurchase the Property and AX Japan delayed its repayment of the loans for an additional six months.

In March 2001, upon the expiration of the additional six-month period, the Company and Shintom agreed to extend the lease for an additional one-year period. In addition, Shintom was again given the option to purchase the Property or shares of stock of AX Japan after the expiration of a six-month period or extend the option for one additional six-month period. AX Japan was also given the option to delay the repayment of the loans for an additional six months if Shintom extended its option for an additional six months.

In connection with this transaction, the Company received 100,000,000 Yen ($922) from Shintom for its 2,000 shares of TALK stock. The Company had the option to repurchase the shares of TALK at a purchase price of 50,000 Yen per share, with no expiration date. Given the option to repurchase the shares of TALK, the Company did not surrender control over the shares of TALK and, accordingly, had not accounted for this transaction as a sale. In August 2000, the Company surrendered its option to repurchase the shares of TALK. As such, the Company recorded a gain on the sale of shares in the amount of $427 in August 2000.

AX Japan had the option to delay the repayment of the loans for an additional six months if Shintom extended its options to repurchase the Property or stock of AX Japan. In September 2001, Shintom extended its option to repurchase the Property and AX Japan delayed its repayment of the loans for an additional six months.

In March 2002, upon the expiration of the additional six-month period, the Company and Shintom agreed to extend the lease for an additional one-year period. In addition, Shintom was again given the option to purchase the Property or shares of stock of AX Japan after the expiration of a six-month period or extend the option for one additional six-month period. AX Japan was also given the option to delay the repayment of the loans for an additional six months if Shintom extended its option for an additional six months.

(13) Debt Convenants

The Company maintains a revolving credit agreement with various financial institutions. The credit agreement contains several convenants requiring, among other things, minimum levels of pre-tax income and minimum levels of net worth. Additionally, the agreement includes restrictions and limitations on payments of dividends, stock repurchases and capital expenditures. During the year ended November 30, 2001, the Company was not in compliance with certain of its pre-tax income covenants and had not received a waiver. Accordingly, the Company recorded its bank obligations in current liabilities at November 30, 2001. The Company subsequently obtained a waiver for such violations. During the quarter ended February 28, 2002, the Company was not in compliance with certain of its pre-tax income covenants and obtained a waiver for the quarter ended February 28, 2002 which also deleted reference to the pre-tax income covenant for the two consecutive quarters ended May 31, 2002. The Company was in compliance with all other covenants as of and for the quarter ended May 31, 2002.

(14) Income Taxes

Quarterly tax provisions are generally based upon an estimated annual effective tax rate per taxable entity including evaluations of possible future events and transactions and are subject to subsequent refinement or revision. When the Company is unable to estimate a part of its income or loss, or the related tax expense or benefit, the tax expense or benefit applicable to that item is reported in the interim period in which the income or loss occurs. During the quarter and six months ended May 31, 2002, the tax benefit from certain expenses arising during these periods could not be reasonably estimated and additional valuation allowances were recorded for continuing losses in certain states relating to the Wireless segment, which resulted in an increase in the Company's annual effective tax rate for these periods.

A reconciliation of the provision for income taxes computed at the Federal statutory rate to the reported provision for (recovery of) income taxes is as follows:

	Three Months Ended May 31, 2001		Three Months Ended May 31, 2002		Six Months Ended May 31, 2001		Six Months Ended May 31, 2002	
Tax provision at Federal statutory rate	$(4,520)	(35.0%)	$ 3,341	35.0%	$(3,111)	(35.0%)	$ 1,290	35.0%
State income taxes, net of Federal benefit	34	0.3	586	6.1	157	1.8	610	16.5
Increase (decrease) in beginning-of-the-year balance of the valuation allowance for deferred tax assets	(14)	(0.1)	210	2.2	165	1.9	398	10.8
Foreign tax rate differential	(57)	(0.4)	49	0.5	(190)	(2.2)	57	1.5
Non-deductible items	86	0.7	1,168	12.2	175	2.0	1,227	33.3
Other, net	(178)	(1.5)	(262)	(2.7)	(387)	(4.4)	(160)	(4.3)
	$(4,649)	(36.0%)	$ 5,092	53.3%	$(3,191)	(35.9%)	$ 3,422	92.8%

(15) Contingencies

The Company is a defendant in litigation arising from the normal conduct of its affairs. The impact of the final resolution of these matters on the Company's results of operations or liquidity in a particular reporting period is not known. Management is of the opinion, however, that the litigation in which the Company is a defendant is either subject to product liability insurance coverage or, to the extent not covered by such insurance, will not have a material adverse effect on the Company's consolidated financial position.

During 2001, the Company, along with other suppliers, manufacturers and distributors of hand-held wireless telephones, was named as a defendant in five class action lawsuits alleging damages relating to exposure to radio frequency radiation from hand-held wireless telephones. These class actions have been consolidated and transferred to a Multi-District Litigation Panel before the United States District Court of the District of Maryland. There are various procedural motions pending and no discovery has been conducted to date. The Company has asserted indemnification claims against the manufacturers of the hand-held wireless telephones. The Company is vigorously defending these class action lawsuits. The Company does not expect the outcome of any pending litigation to have a material adverse effect on its consolidated financial position.

The Company has guaranteed a $300 line of credit with a financial institution on behalf of one of its equity investments and has established standby letters of credit to guarantee the bank obligations of Audiovox Communications Sdn. Bhd. and Audiovox Venezuela.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company markets its products under the Audiovox brand as well as private labels through a large and diverse distribution network both domestically and internationally. The Company operates through two marketing groups: Wireless and Electronics. Wireless consists of Audiovox Communications Corp. (ACC), a 75%-owned subsidiary of Audiovox, and Quintex, which is a wholly-owned subsidiary of ACC. ACC markets wireless handsets and accessories primarily on a wholesale basis to wireless carriers in the United States and to carriers overseas. Quintex is a small operation for the direct sale of handsets, accessories and wireless telephone service.

The Electronics Group consists of three wholly-owned subsidiaries, Audiovox Electronics Corp. (AEC), American Radio Corp. and Code Systems, Inc. and three majority-owned subsidiaries, Audiovox Communications (Malaysia) Sdn. Bhd., Audiovox Holdings (M) Sdn. Bhd. and Audiovox Venezuela, C.A. The Electronics Group markets automotive sound and security systems, electronic car accessories, home and portable sound products, FRS radios, in-vehicle video systems, flat-screen televisions, DVD players and navigation systems. Sales are made through an extensive distribution network of mass merchandisers, power retailers and others. In addition, the Company sells some of its products directly to automobile manufacturers on an OEM basis.

Financial Reporting Release No. 60, which was recently released by the Securities and Exchange Commission (SEC), requires all companies to include a discussion of critical accounting policies or method used in the preparation of financial statements. Note 1 of the Notes to the Consolidated Financial Statements included in the Company's 2001 Annual Report filed on Form 10- K includes a summary of the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The following is a brief discussion of the more critical accounting policies and methods used by the Company.

In addition, Financial Reporting Release No. 61 was recently released by the SEC to require all companies to include a discussion to address, among other things, liquidity, off-balance sheet arrangements, contractual obligations and commercial commitments.

Critical Accounting Policies

General

The consolidated financial statements of the Company are prepared in conformity with accounting principles generally accepted in the United States of America. As such, the Company is required to make certain estimates, judgments and assumptions that management believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The significant accounting policies which the Company believes are the most critical to aid in fully understanding and evaluating the reported consolidated financial results include the following:

Revenue Recognition

The Company recognizes revenue from product sales at the time of shipment and passage of title to the customer. The Company also records an estimate of returns. Management continuously monitors and tracks such product returns and records a provision for the estimated amount of such future returns, based on historical experience and any notification the Company receives of pending returns. While such returns have historically been within management's expectations, a significant product return was recorded in the first quarter of 2001, which was netted against revenue. The Company cannot guarantee that it will continue to experience the same return rates that it has in the past. Although the Company generally does not give price protection to its customers, on occasion, the Company will offer such price protection to its customers. The Company accrues for price protection when such agreements are entered into with its customers, which is netted against revenue. There can be no assurances that the Company will not need to offer price protection to its customers in the future. Any significant price protection agreements or increase in product returns could have a material adverse impact on the Company's operating results for the period or periods in which such price protection is offered or returns materialize.

Accounts Receivable

The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current credit worthiness, as determined by a review of their current credit information. The Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified. The Company's reserve for estimated credit losses at May 31, 2002 was $7,008. While such credit losses have historically been within management's expectations and the provisions established, the Company cannot guarantee that it will continue to experience the same credit loss rates that have been experienced in the past. Since the Company's accounts receivable is concentrated in a relatively few number of customers, a significant change in the liquidity or financial position of any one of these customers could have a material adverse impact on the collectability of the Company's accounts receivables and future operating results.

Trade and Promotional Allowances

The Company offers trade and promotional co-operative advertising allowances, market development funds and volume incentive rebates to certain of its customers. These arrangements allow customers to take deductions against amounts owed to the Company for product purchases or entitle them to receive a payment from the Company. The Company negotiates varying terms regarding the amounts and types of arrangements dependant upon the products involved, customer or type of advertising. These arrangements are made primarily on a verbal basis. The Company initially accrues for all of its co-operative advertising allowances, market development funds and volume incentive rebates as this represents the Company's full obligation. With respect to the volume incentive rebates, the customers are required to purchase a specified volume of a specified product. The Company accrues for the rebate as product is shipped. When specified volume levels are not achieved, and, therefore, the customer is not entitled to the funds, the Company revises its estimate of its liability. The accrual for co-operative advertising allowances, market development funds and volume incentive rebates at May 31, 2002 was $21,028. The Company continuously monitors the requests made by its customers and revises its estimate of the liability under these arrangements based upon the likelihood of its customers not requesting the funds. The Company's estimates of amounts requested by its customers in connection with these arrangements may prove to be inaccurate, in which case the Company may have understated or overstated the provision required for these arrangements. In the future, if the liability for these arrangements is determined to be overstated, the Company would be required to recognize such additional operating income at the time such determination is made. Likewise, if the liability for these arrangements is determined to be understated, the Company would be required to recognize such additional operating expenses at the time the customer makes such requests. Therefore, although the Company makes every effort to ensure the accuracy of its estimates, any significant unanticipated changes in the purchasing volume of its customers could have a significant impact on the liability and the Company's reported operating results.

Inventories

The Company values its inventory at the lower of the actual cost to purchase and/or the current estimated market value of the inventory less expected costs to sell the inventory. The Company regularly reviews inventory quantities on-hand and records a provision for excess and obsolete inventory based primarily on the Company's estimated forecast of product demand. As demonstrated in recent years, demand for the Company's products can fluctuate significantly. A significant sudden increase in the demand for the Company's products could result in a short-term increase in the cost of inventory purchases while a significant decrease in demand could result in an increase in the amount of excess inventory quantities on-hand. In addition, the Company's industry is characterized by rapid technological change and frequent new product introductions that could result in an increase in the amount of obsolete inventory quantities on-hand. In such situations, the Company generally does not obtain price protection from its vendors, however, on occasion, the Company has received price protection which reduces the cost of inventory. There can be no assurances that the Company will be successful in negotiating such price protection from its vendors in the future. Additionally, the Company's estimates of future product demand may prove to be inaccurate, in which case the Company may have understated or overstated the provision required for excess and obsolete inventory. In the future, if the Company's inventory is determined to be overvalued, it would be required to recognize such costs in its cost of goods sold at the time of such determination. Likewise, if the Company does not properly estimate the lower of cost or market of its inventory and it is therefore determined to be undervalued, it may have over-reported its cost of goods sold in previous periods and would be required to recognize such additional operating income at the time of sale. Therefore, although the Company makes every effort to ensure the accuracy of its forecasts of future product demand, any significant unanticipated changes in demand or technological developments could have a significant impact on the value of the Company's inventory and its reported operating results. During the quarters ended February 28, 2002 and May 31, 2002, the Company recorded inventory write-downs to market of $1,040 and $2,290, respectively, as a result of the recent reduction of selling prices primarily related to digital hand-held phones in anticipation of new digital technologies. It is reasonably possible that additional write-downs to market may be required in the future, however, no estimate can be made of such losses. In addition, given the anticipated emergence of new technologies in the wireless industry, the Company will need to sell existing inventory quantities of current technologies to avoid further write-downs to market.

Warranties

The Company offers warranties of various lengths to its customers depending upon the specific product. The Company's standard warranties require the Company to repair or replace defective product returned to the Company during such warranty period at no cost to the customer. The Company records an estimate for warranty related costs based upon its actual historical return rates and repair costs at the time of sale, which are included in cost of sales. The estimated liability for future warranty expense amounted to $8,766 at May 31, 2002, which has been included in accrued expenses and other current liabilities. While the Company's warranty costs have historically been within its expectations and the provisions established, the Company cannot guarantee that it will continue to experience the same warranty return rates or repair costs that have been experienced in the past. A significant increase in product return rates, or a significant increase in the costs to repair the Company's products, could have a material adverse impact on its operating results for the period or periods in which such returns or additional costs materialize.

Results of Operations

The following table sets forth for the periods indicated certain statements of operations data for the Company expressed as a percentage of net sales:

	Percentage of Net Sales			
	Three Months Ended May 31,		Six Months Ended May 31,	
	2001	2002	2001	2002
Net sales:				
Wireless				
Wireless products	70.3%	68.1%	74.4%	64.3%
Activation commissions	2.5	2.0	2.3	2.7
Residual fees	0.1	0.2	0.2	0.2
Other	0.1	--	0.1	--
Total Wireless	73.0	70.3	77.0	67.2
Electronics				
Mobile electronics	13.3	18.9	11.6	19.7
Consumer electronics	8.5	6.3	6.3	7.1
Sound	5.0	4.5	4.9	5.9
Other	0.2	--	0.2	0.1
Total Electronics	27.0	29.7	23.0	32.8
Total net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	96.1	92.2	93.8	91.6
Gross profit	3.9	7.8	6.2	8.4
Selling	2.7	2.5	2.4	2.9
General and administrative	3.8	5.2	3.6	5.3
Warehousing and assembly	2.2	1.9	1.9	2.4
Total operating expenses	8.7	9.6	7.8	10.6
Operating loss	(4.8)	(1.8)	(1.6)	(2.2)
Interest and bank charges	(0.5)	(0.3)	(0.4)	(0.4)
Equity in income in equity investments	0.4	0.2	0.4	0.2
Gain on issuance of subsidiary shares	--	5.2	--	3.2
Other, net	0.2	(0.1)	0.1	--
Income (loss) before provision for (recovery of) income taxes	(4.7)	3.2	(1.5)	0.8
Provision for (recovery of) income taxes	(1.7)	1.7	(0.6)	0.7
Change in accounting principle	--	--	--	--
Net income (loss)	(3.0%)	1.5%	(0.9%)	0.1

Consolidated Results
Three months ended May 31, 2001 compared to three months ended May 31, 2002

The net sales and percentage of net sales by marketing group and product line for the three months ended May 31, 2001 and May 31, 2002 are reflected in the following table:

	Three Months Ended			
	May 31, 2001		May 31, 2002	
Net sales:				
Wireless				
Wireless products	$194,631	70.3%	$207,342	68.1%
Activation commissions	6,830	2.5	6,200	2.0
Residual fees	440	0.1	482	0.2
Other	123	0.1	33	--
Total Wireless	202,024	73.0	214,057	70.3
Electronics				
Mobile electronics	36,864	13.3	57,626	18.9
Consumer electronics	23,389	8.5	19,075	6.3
Sound	13,970	5.0	13,583	4.5
Other	567	0.2	262	--
Total Electronics	74,790	27.0	90,546	29.7
Total	$276,814	100.0%	$304,603	100.0%

Net sales for the second quarter of 2002 were $304,603, an increase of $27,789, or 10.0%, from 2001. The increase in net sales was in both marketing groups. Sales from our international subsidiaries decreased from 2001 by approximately $513 or 8.0%. Gross margins were 7.8% in 2002 compared to 3.9% in 2001. The increase in gross margins was primarily due to a wireless inventory write-down of $13,500 in the second quarter of 2001 as compared to $2,290 in the second quarter of 2002. In addition, there was a change in the overall mix of sales for wireless products to electronics products which have a higher gross margin. Operating expenses increased to $29,376 from $23,904, respectively, a 22.9% increase. This increase was primarily in general and administrative expenses and was related to bonuses of $3,200 paid to ACC personnel (See Note

9(b)). As a percentage of sales, operating expenses increased to 9.6% in 2002 from 8.7% in 2001. Operating loss for 2002 was $5,551 compared to $13,181 in 2001. Pre-tax profit was $9,547 during 2002 compared to a pre-tax loss of $12,912 in 2001. During the second quarter of 2002, Toshiba, a major supplier of wireless products, purchased an additional 20% of the Company's subsidiary, ACC. ACC issued the additional shares for $23,900 and an $8,100 1 3/4% convertible subordinated note to Toshiba for $32,000. As a result of the transaction, the Company recognized a gain of $15,825 ($9,811 after provision for deferred taxes) (See Note 9(b)).

Six months ended May 31, 2001 compared to six months ended May 31, 2002

The net sales and percentage of net sales by marketing group and product line for the six months ended May 31, 2001 and May 31, 2002 are reflected in the following table:

	Six Months Ended			
	May 31, 2001		May 31, 2002	
Net sales:				
Wireless				
Wireless products	$450,375	74.4%	$317,021	64.3%
Activation commissions	14,117	2.3	13,468	2.7
Residual fees	901	0.2	1,140	0.2
Other	285	0.1	20	--
Total Wireless	465,678	77.0	331,649	67.2
Electronics				
Mobile electronics	70,233	11.6	97,171	19.7
Consumer electronics	38,338	6.3	35,005	7.1
Sound	29,598	4.9	28,731	5.9
Other	1,270	0.2	644	0.1
Total Electronics	139,439	23.0	161,551	32.8
Total	$605,117	100.0%	$493,200	100.0%

Net sales for the six months ended May 31, 2002 were $493,200, a decrease of $111,917, or 18.5%, from 2001. The decrease in net sales was primarily in the Wireless Group which was slightly offset by an increase in the Electronics Group. Sales from our international subsidiaries decreased from 2001 by approximately $598 or 4.9%. Gross margins were 8.4% in 2002 compared to 6.2% in 2001. The increase in gross margins was primarily due to a wireless inventory write-down in the second quarter of 2001 that did not recur in 2002 to the same extent and a change in the overall mix of sales for wireless products to electronics products which have a higher gross margin. Operating expenses increased to $52,628 from $47,406, respectively, a 11.0% increase primarily due to bonuses of $3,200 paid to ACC personnel (See Note 9(b)). As a percentage of sales, operating expenses increased to 10.6% in 2002 from 7.8% in 2001. Operating loss for 2002 was $10,986 compared to $9,592 in 2001. Pre-tax income was $3,687 during 2002 compared to a pre-tax loss of $8,889 in 2001.

During the second quarter of 2002, Toshiba, a major supplier of wireless products, purchased an additional 20% of the Company's subsidiary, ACC. ACC issued the additional shares and an $8,100 1 3/4% convertible subordinated note to Toshiba for $32,000. As a result of the transaction, the Company recognized a gain of $15,825 ($9,811 after provision for deferred taxes) (See Note 9(b)).

Wireless Results
Three months ended May 31, 2001 compared to three months ended May 31, 2002

The following table sets forth for the periods indicated certain statements of operations data for the Wireless Group as expressed as a percentage of net sales:

	Three Months Ended			
	May 31, 2001		May 31, 2002	
Net sales:				
Wireless products	$ 194,631	96.3%	$ 207,342	96.9%
Activation commissions	6,830	3.4	6,200	2.9
Residual fees	440	0.2	482	0.2
Other	123	0.1	33	--
	202,024	100.0%	214,057	100.0%
Gross profit	(3,336)	(1.7)	6,858	3.2
Total operating expenses	10,461	5.2	14,084	6.6
Operating loss	(13,797)	(6.8)	(7,226)	(3.4)
Other expense	(1,972)	(1.0)	(1,003)	(0.4)
Pre-tax loss	$ (15,769)	(7.8)%	$ (8,229)	(3.8)%

Net sales were $214,057 in the second quarter of 2002, an increase of $12,033, or 6.0%, from last year. Unit sales of wireless handsets increased by 80,000 units in 2002, or 5.8%, to approximately 1,470,000 units from 1,390,000 units in 2001. This increase was primarily due to the sales of 1X phones, which commenced during the latter part of the second quarter. The average selling price of handsets increased to $137 per unit in 2002 from $132 per unit in 2001. This increase was primarily due to the introduction and sales of new digital technologies during the latter part of the second quarter and reduction of older analog and digital products. Gross profit margins increased to 3.2% in 2002 from (1.7)% in 2001, primarily due to the introduction of newer, higher margined products and an inventory write-down of $13,500 as compared to $2,290 in 2002. Operating expenses increased to $14,084 from $10,461. Selling expenses decreased from last year, primarily in commissions. The decrease was partially offset by an increase in advertising. General and administrative expenses increased from 2001, primarily due to bonuses of $3,200 paid to ACC personnel (See Note 9(b)). Warehousing and assembly expenses increased during 2002 from last year, primarily in field warehousing expense. Operating loss for 2002 was $7,226 compared to last year's $13,797.

Six months ended May 31, 2001 compared to six months ended May 31, 2002

The following table sets forth for the periods indicated certain statements of operations data for the Wireless Group as expressed as a percentage of net sales:

	Six Months Ended			
	May 31, 2001		May 31, 2002	
Net sales:				
Wireless products	$ 450,375	96.7%	$ 317,021	95.6%
Activation commissions	14,117	3.0	13,468	4.1
Residual fees	901	0.2	1,140	0.3
Other	285	0.1	20	--
	465,678	100.0%	331,649	100.0%
Gross profit	10,949	2.3	11,188	3.4
Total operating expenses	20,627	4.4	23,398	7.1
Operating loss	(9,678)	(2.1)	(12,210)	(3.7)
Other expense	(2,767)	(0.6)	(2,565)	(0.8)
Pre-tax loss	$ (12,445)	(2.7%)	$ (14,775)	(4.5%)

Net sales were $331,649 in the second quarter of 2002, a decrease of $134,029, or 28.8%, from last year. Unit sales of wireless handsets decreased by 789,000 units in 2002, or 25.2%, to approximately 2,345,000 units from 3,134,000 units in 2001. This decrease was primarily due to a delay in carrier approvals of the new 1X phones during the first quarter. These phones started to sell in the latter part of the second quarter. The average selling price of handsets decreased to $131 per unit in 2002 from $137 per unit in 2001. This decrease was primarily due to sales of older digital until the latter part of the second quarter, when the new 1X phones were marketed. Gross profit margins increased to 3.4% in 2002 from 2.3% in 2001, primarily due to the sales of new, higher margined products and an inventory write-down in 2001 which did not recur in 2002. Operating expenses increased to $23,398 from $20,627. Selling expenses decreased from last year, primarily in commissions, partially offset by an increase in advertising. General and administrative expenses increased from 2001, primarily due to bonuses of $3,200 paid to ACC personnel (See Note 9(b)) and bad debt expense. Warehousing and assembly expenses decreased during 2002 from last year, primarily in tooling expenses, partially offset by increases in direct labor and temporary personnel. Operating loss for 2002 was $12,210 compared to last year's $9,678.

Management believes that the wireless industry will continue to be extremely competitive in both price and technology. As the growth in the wireless marketplace has slowed, carrier customer purchasing practices have changed and pricing pressures have intensified. During the quarters ended February 28, 2002 and May 31, 2002, the Company recorded inventory write-downs to market of $1,040 and $2,290, respectively, as a result of the recent reduction of selling prices primarily related to digital hand-held phones in anticipation of new digital technologies. It is reasonably possible that additional write-downs to market may be required in the future, however, no estimate can be made of such losses. In addition, given the anticipated emergence of new technologies in the wireless industry, the Company will need to sell existing inventory quantities of current technologies to avoid further write-downs to market. This has and could continue to affect gross margins and the carrying value of inventories in the future. As the market for digital products becomes more competitive, the Company may be required to further adjust the carrying value of its inventory in the future. Industry and financial market forecasts call for slower growth in the global handset market. Currently, there is a global surplus of handsets, both at manufacturer and carrier levels. The over-supply situation is abating, but may continue to impact the Company in the future. There is also the potential for shortages in the availability of certain wireless components and parts which may affect our vendors' ability to provide handsets to us on a timely basis, which may result in delayed shipments to our customers and decreased sales.

Electronics Results
Three months ended May 31, 2001 compared to three months ended May 31, 2002

The following table sets forth for the periods indicated certain statements of income data and percentage of net sales by product line for the Electronics Group:

	Three Months Ended			
	May 31, 2001		May 31, 2002	
Net sales:				
Mobile electronics	$ 36,864	49.3%	$ 57,626	63.6%
Consumer electronics	23,389	31.3	19,075	21.1
Sound	13,970	18.7	13,583	15.0
Other	567	0.7	262	0.3
Total net sales	74,790	100.0	90,546	100.0
Gross profit	14,050	18.8	16,969	18.7
Total operating expenses	10,607	14.2	12,344	13.6
Operating income	3,443	4.6	4,625	5.1
Other income (expense)	(247)	(0.3)	(3)	--
Pre-tax income	$ 3,196	4.3%	$ 4,622	5.1%

Net sales increased $15,756 to $90,546 compared to last year's $74,790, an increase of 21.1%. Mobile electronics sales increased 56.3% compared to last year to $57,626, primarily due to increases in mobile video. Consumer electronics sales decreased 18.4% from last year. Sound sales decreased 2.8% from last year to $13,583. Net sales in the Company's Malaysian subsidiary increased from last year by approximately 1.5%. The Company's Venezuelan subsidiary experienced a decrease of 17.8% in sales from last year primarily from OEM. Gross margins of the Electronics Group were 18.7% in 2002 and 18.8% in 2001. Operating expenses increased $1,737 from last year to $12,344, $888 from the addition of Code Systems (See Note 3). As a percentage of sales, operating expenses decreased to 13.6% from 14.2%. Selling expenses increased from last year, primarily in commissions. General and administrative expenses increased from 2001, primarily in salaries and payroll taxes. Warehousing and assembly expenses decreased from 2001, primarily in direct labor, partially offset by an increase in assembly expenses. Operating income was $4,625 compared to last year's $3,443.

Six months ended May 31, 2001 compared to six months ended May 31, 2002

The following table sets forth for the periods indicated certain statements of income data and percentage of net sales by product line for the Electronics Group:

	Six Months Ended May 31, 2001		Six Months Ended May 31, 2002	
Net sales:				
Mobile electronics	$ 70,233	50.4%	$ 97,171	60.1%
Consumer electronics	38,338	27.5	35,005	21.7
Sound	29,598	21.2	28,731	17.8
Other	1,270	0.9	644	0.4
Total net sales	139,439	100.0	161,551	100.0
Gross profit	26,855	19.2	30,465	18.9
Total operating expenses	20,674	14.8	23,351	14.5
Operating income	6,181	4.4	7,114	4.4
Other income (expense)	(674)	(0.5)	206	0.1
Pre-tax income	$ 5,507	3.9%	$ 7,320	4.5%

Net sales increased $22,112 to $161,551 compared to last year's $139,439 an increase of 15.9%. Mobile electronics sales increased 38.4% compared to last year to $97,171 primarily due to increases in mobile video. Consumer electronics sales decreased 8.7% from last year. Sound sales decreased 2.9% from last year to $28,731. Net sales in the Company's Malaysian subsidiary decreased from last year by approximately 3.0% which reflects the continuing slowing economy in the Far East and the decline in OEM sales in Malaysia. The Company's Venezuelan subsidiary experienced a decrease of 6.9% in sales from last year primarily from OEM. Gross margins of the Electronics Group were 18.9% in 2002 and 19.2% in 2001. The decrease in gross profit margin was primarily in mobile and consumer electronics, which typically have lower gross margins. Operating expenses increased $2,677 from last year to $23,351. As a percentage of sales, operating expenses decreased to 14.5% from 14.8%. Selling expenses increased from last year, primarily in commissions. General and administrative expenses increased from 2001, primarily in salaries, bad debt expense and insurance expense . Warehousing and assembly expenses increased from 2001, primarily in assembly expenses and tooling expenses, partially offset by a decrease in direct labor. Operating income was $7,114 compared to last year's $6,181.

The Company believes that the Electronics Group has an expanding market with a certain level of volatility related to both domestic and international new car sales. As the Company moves further into the Consumer Electronics market, it may become susceptible to changes in overall economic conditions. Also, certain of its products are subject to price fluctuations which could affect the carrying value of inventories and gross margins in the future. The Electronics Group may also experience additional competition in the mobile video category as more distributors enter the market and from increased competition in the Malaysian and Venezuelan markets. Global economic uncertainty could also affect the markets for our products.

Other Income and Expense

Interest expense and bank charges decreased by $415 and $457 for the three and six months ended May 31, 2002, respectively, compared to the same periods last year. The decrease was due to lower levels of interest-bearing debt, in addition to lower interest rates. Equity in income of equity investments decreased $634 and $1,700 for the three and six months ended May 31, 2002, respectively, as compared to the same periods last year. For the three and six months ended May 31, 2001 and 2002, Audiovox Specialty Applications, LLC represented the majority of equity in income of equity investments. The decrease was primarily due to a sales program with one customer that did not renew in 2002. During the quarter, Toshiba purchased an additional 20% of the Company's subsidiary, ACC, a supplier of wireless products. The Company recognized a gain of $15,825 ($9,811 after provision for deferred taxes) in connection with the issuance of 20% of ACC's shares to Toshiba (See Note 9(b)).

Provision for Income Taxes

The effective tax (recovery) rate for the three and six months ended May 31, 2002 was 53.3% and 92.8% compared to last year's (36.0%) and (35.9%), respectively, for the comparable periods. During the quarter and six months ended May 31, 2002, the tax benefit from certain expenses arising during these periods could not be reasonably estimated and additional valuation allowances were recorded for continuing losses in certain states relating to the Wireless segment which resulted in an increase in the Company's annual effective tax rate for these periods.

Liquidity and Capital Resources

The Company has historically financed its operations primarily through a combination of available borrowings under bank lines of credit and debt and equity offerings. As of May 31, 2002, the Company had working capital (defined as current assets less current liabilities) of $311,878, which includes cash of $803 compared with working capital of $282,913 at November 30, 2001, which includes cash of $3,025. Operating activities provided approximately $54,737, primarily from increases in accounts payable, accrued expenses and other current liabilities and collections of accounts receivable, partially offset by increases in inventory and receivable from vendors. Investing activities provided approximately $14,021, primarily from the issuance of subsidiary shares. Financing activities used approximately $70,775, primarily from repayments of bank obligations.

The Company's principal source of liquidity is its revolving credit agreement which expires July 27, 2004. The credit agreement provides for $250,000 of available credit, including $15,000 for foreign currency borrowings. The continued availability of this financing is dependent upon the Company's operating results which would be negatively impacted by a decrease in demand for the Company's products.

Under the credit agreement, the Company may obtain credit through direct borrowings and letters of credit. The obligations of the Company under the credit agreement are guaranteed by certain of the Company's subsidiaries and is secured by accounts receivable, inventory and the Company's shares of ACC. The Company's ability to borrow under its credit facility is a maximum aggregate amount of $250,000, subject to certain conditions, based upon a formula taking into account the amount and quality of its accounts receivable and inventory. The credit agreement also allows for commitments up to $50,000 in forward exchange contracts. In addition, the Company guarantees the borrowings of one of its equity investees at a maximum of $300.

The credit agreement contains several covenants requiring, among other things, minimum levels of pre-tax income and minimum levels of net worth. Additionally, the agreement includes restrictions and limitations on payments of dividends, stock repurchases and capital expenditures.

At November 30, 2001 and the first quarter ended February 28, 2002, the Company was not in compliance with certain of its pre-tax income covenants. The Company obtained a waiver for the February 28, 2002 violation, which also deleted reference to the pre-tax income covenant for the two consecutive quarters ended May 31, 2002, however, as of the date the Company filed its Form 10-K, the Company had not yet received a waiver for the November 30, 2001 violation related to pre-tax income. Accordingly, bank obligations of $86,525 were classified as a current liability on the accompanying consolidated balance sheet as of November 30, 2001. The Company obtained a waiver on March 22, 2002 for the November 30, 2001 violation. Based upon the recent approvals of 1X technology and the expected sales of such models, the Company believes that they will not violate their covenants throughout the next year. However, there can be no assurances that the covenants will be met as they are dependent upon the timing of customer acceptance and shipments. While the Company was able to obtain waivers for such violations in 2001 and for the first quarter ended February 28, 2002, there can be no assurance that future negotiations with the lenders would be successful, therefore, resulting in amounts outstanding to be payable upon demand. This credit agreement has no cross covenants with the other credit facilities described below.

The Company also has revolving credit facilities in Malaysia, Brazil and Venezuela to finance additional working capital needs. The Malaysian credit facility is partially secured by the Company under three standby letters of credit and are payable upon demand or upon expiration of the standby letters of credit. The obligations of the Company under the Malaysian credit facilities are secured by the property and building in Malaysia owned by Audiovox Communications Sdn. Bhd. The

Venezuelan and Brazilian credit facilities are secured by the Company under standby letters of credit and are payable upon demand or upon expiration of the standby letter of credit.

The Company has certain contractual cash obligations and other commercial commitments which will impact its short and long-term liquidity. At May 31, 2002, such obligations and commitments are as follows:

Contractual Cash Obligations	Payments Due By Period Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 years
Capital lease obligations	$14,484	$ 555	$ 1,663	$1,147	$11,119
Operating leases	7,972	2,218	4,182	883	689
Other current obligations	5,294	5,294	--	--	--
Long-term debt	8,122	--	8,122	--	--
Total contractual cash obligations	$35,872	$8,067	$13,967	$2,030	$11,808

Other Commercial Commitments	Amount of Commitment Expiration per period Total Amounts Committed	Less than 1 Year	1-3 Years	4-5 Years	Over 5 years
Lines of credit	$12,968	$ 3,605	$9,363	-	--
Standby letters of credit	7,912	7,912	--	-	--
Guarantees	300	300	--	-	--
Commercial letters of credit	10,589	10,589	--	-	--
Total commercial commitments	$31,769	$22,406	$9,363	-	--

The Company regularly reviews its cash funding requirements and attempts to meet those requirements through a combination of cash on hand, cash provided by operations, available borrowings under bank lines of credit and possible future public or private debt and/or equity offerings. At times, the Company evaluates possible acquisitions of, or investments in, businesses that are complementary to those of the Company, which transaction may requires the use of cash. The Company believes that its cash, other liquid assets, operating cash flows, credit arrangements, access to equity capital markets, taken together, provide adequate resources to fund ongoing operating expenditures. In the event that they do not, the Company may require additional funds in the future to support its working capital requirements or for other purposes and may seek to raise such additional funds through the sale of public or private equity and/or debt financings as well as from other sources. No assurance can be given that additional financing will be available in the future or that if available, such financing will be obtainable on terms favorable to the Company when required.

Related Party Transactions

The Company has entered into several related party transactions which are described below.

Leasing Transactions

During 1998, the Company entered into a 30-year capital lease for a building with its principal stockholder and chief executive officer, which is the headquarters of the Wireless operation. Payments on the lease were based upon the construction costs of the building and the then-current interest rates. In connection with the capital lease, the Company paid certain costs on behalf of its principal stockholder and chief executive officer in the amount of $1,301. During 2000 and 2001, $800 was repaid to the Company.

During 1998, the Company entered into a sale/leaseback transaction with its principal stockholder and chief executive officer for $2,100 of equipment, which has been classified as an operating lease. The lease is a five-year lease with monthly payments of $34. No gain or loss was recorded on the transaction as the book value of the equipment equaled the fair market value.

The Company also leases certain facilities from its principal stockholder. Rentals for such leases are considered by management of the Company to approximately prevailing market rates. Total lease payments required under the leases aggregate $3,898 and extend to March 31, 2009.

Amounts Due from Officers

On December 1, 2000, the Company obtained an unsecured note in the amount of $620 for an advance to an officer/director of the Company. The note, which bears interest at the LIBOR rate, to be adjusted quarterly, plus 1.25% per annum, was due, principle and interest, on November 30, 2001. Subsequently, the note was reissued for $651, including accrued interest, under the same terms and repaid during June 2002. In addition, the Company has outstanding notes due from various officers of the Company aggregating $235 as of November 30, 2001 and May 31, 2002, which have been included in other assets on the accompanying consolidated balance sheet. The notes bear interest at the LIBOR rate plus 0.5% per annum. Principle and interest are payable in equal annual installments beginning July 1, 1999 through July 1, 2003.

Transactions with Shintom and TALK

The Company engages in transactions with Shintom and TALK. TALK, which holds world- wide distribution rights for product manufactured by Shintom, has given the Company exclusive distribution rights on all wireless personal communication products for all countries except Japan, China, Thailand and several mid-eastern countries. Through October 2000, the Company held a 30.8% interest in TALK. The Company no longer holds an equity interest in TALK. Transactions with Shintom and TALK include financing arrangements and inventory purchases. At November 30, 2001 and May 31, 2002, the Company had recorded a receivable from TALK in the amount of $265 and $6, respectively, a portion of which is payable with interest, which is reflected in receivable from vendors on the accompanying consolidated financial statements.

Transactions with Toshiba

On March 31, 1999, Toshiba purchased 5% of the Company's subsidiary, ACC, a supplier of wireless products for $5,000 in cash. The Company then owned 95% of ACC; prior to the transaction ACC was a wholly-owned subsidiary. In February 2001, the Board of Directors of ACC, declared a dividend payable to its shareholders, Audiovox Corporation, a then 95% shareholder, and Toshiba, a then 5% shareholder. ACC paid Toshiba its share of the dividend, which approximated $1,034 in the first quarter of 2001. There were no dividends declared during 2002, due to the net loss of ACC during 2001. During the second quarter of 2002, Toshiba purchased an additional 20% ACC. Under the terms of the transaction, Toshiba acquired, in exchange for $23,900 cash, the additional shares of ACC in addition to an $8,100 convertible subordinated note (the Note) from ACC. The Note bears interest at a per annum rate equal to 1 3/4% and interest is payable annually on May 31st of each year, commencing May 31, 2003. The unpaid principle amount shall be due and payable, together with all unpaid interest on May 31, 2007 which will automatically renew for an additional five years. In accordance with the provisions of the Note, Toshiba may, at any time, convert the balance of the Note into additional shares of ACC in order to maintain a 25% maximum interest in ACC. The cost per share of the note is equal to the per share cost for the $23,900 cash payment of 20% of ACC's shares.

In connection with the transaction, ACC and Toshiba formalized into a distribution agreement whereby ACC will be Toshiba's exclusive distributor for the sale of Toshiba products in the United States, Canada, Mexico, and all countries in the Caribbean and Central and South America through May 29, 2007. Also, in accordance with the terms of the stockholders agreement, upon the termination of the distribution agreement in accordance with certain terms of the distribution agreement, Toshiba maintains a put right and Audiovox Corp. a call right, to repurchase all of the shares held by the other party for a price equal to the fair market value of the shares as calculated in accordance with the agreement. Audiovox's call right is only exercisable if Toshiba elects to terminate the distribution agreement after its initial five (5) year term.

Additionally in connection with the transaction, ACC entered into an employment agreement with the President and Chief Executive Officer (the Executive) of ACC through May 29, 2007. Under the agreement, ACC is required to pay the Executive an annual base salary of $500 in addition to an annual bonus equal to 2% of ACC's annual earnings before income taxes. Audiovox Corp., under the employment agreement, was required to establish and pay a bonus of $3,200 to key employees of ACC, including the Executive, to be allocated by the Executive. The bonus was for services previously rendered in connection with the Toshiba purchase of additional shares of ACC, and, accordingly, the bonus has been included in general and administrative expenses in the accompanying statements of operations for the three and six months ended May 31, 2002. The Executive was required to utilize all or a portion of the bonus allocated to him to repay the remaining outstanding principal and accrued interest owed by the Executive to the Company pursuant to the unsecured promissory note in favor of Audiovox Corp. Subsequent to May 31, 2002, the Executive was paid $1,800 less the amount outstanding under the promissory note of $651.

As a result of the issuance of ACC's shares, the Company recognized a gain of $15,825 ($9,811 after provision for deferred taxes). The gain on the issuance of the subsidiary's shares has been recognized in the accompanying consolidated statements of operations.

Inventory on hand at November 30, 2001 and May 31, 2002 purchased from Toshiba approximated $99,816 and $145,515, respectively. During the quarter ended November 30, 2001, the Company recorded a receivable in the amount of $4,550 from Toshiba for upgrades that were performed by the Company in 2001 on certain models which Toshiba manufactured. The amount was received in full during the first quarter of 2002. During the quarter ended May 31, 2002, the Company recorded a receivable in the amount of $16,750 from Toshiba primarily for software upgrades and price protection.

Recent Accounting Pronouncements

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" (Statement 143). Statement 143 is effective for fiscal years beginning after June 15, 2002, and establishes an accounting standard requiring the recording of the fair value of liabilities associated with the retirement of long-lived assets in the period in which they are incurred. The Company does not expect the adoption of Statement 143 to have a significant effect on its results of operations or its financial position.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment of Long- Lived Assets" (Statement 144), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", while retaining the fundamental recognition and measurement provisions of that statement.

Statement No. 144 requires that a long-lived asset to be abandoned, exchanged for a similar productive asset or distributed to owners in a spin-off to be considered held and used until it is disposed of. However, Statement No. 144 requires that management consider revising the depreciable life of such long-lived asset. With respect to long-lived assets to be disposed of by sale, Statement No. 144 retains the provisions of Statement No. 121 and, therefore, requires that discontinued operations no longer be measured on a net realizable value basis and that future operating losses associated with such discontinued operations no longer be recognized before they occur. Statement No. 144 is effective for all fiscal quarters of fiscal years beginning after December 15, 2001, and will thus be adopted by the Company on December 1, 2002. The Company has not determined the effect, if any, that the adoption of Statement No. 144 will have on the Company's consolidated financial statements.

Forward-Looking Statements

Except for historical information contained herein, statements made in this release that would constitute forward-looking statements may involve certain risks such as our ability to keep pace with technological advances, significant competition in the wireless, mobile and consumer electronics businesses, quality and consumer acceptance of newly-introduced products, our relationships with key suppliers and customers, market volatility, non-availability of product, excess inventory, price and product competition, new product introductions, the uncertain economic and political climate in the United States and throughout the rest of the world and the potential that such climate may deteriorate further and other risks detailed in the Company's Form 10-K for the fiscal year ended November 30, 2001 and the Form 10-Q for the first quarter ended February 28, 2002. These factors, among others, may cause actual results to differ materially from the results suggested in the forward-looking statements. Forward-looking statements include statements relating to, among other things:

- growth trends in the wireless, automotive and consumer electronic businesses
- technological and market developments in the wireless, automotive and consumer electronics businesses
- liquidity
- availability of key employees
- expansion into international markets
- the availability of new consumer electronic products

These forward-looking statements are subject to numerous risks, uncertainties and assumptions about the Company including, among other things:

- the ability to keep pace with technological advances
- significant competition in the wireless, automotive and consumer electronics businesses
- quality and consumer acceptance of newly introduced products
- the relationships with key suppliers
- the relationships with key customers
- possible increases in warranty expense
- the loss of key employees
- foreign currency risks
- political instability
- changes in U.S. federal, state and local and foreign laws
- changes in regulations and tariffs
- seasonality and cyclicality
- inventory obsolescence, availability and price volatility due to market conditions

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of Audiovox Corporation ("the Company") was held on May 9, 2002 at the Smithtown Sheraton, 110 Vanderbilt Motor Parkway, Smithtown, New York.

Proxies for the meeting were solicited pursuant to Regulation 14 of the Act on behalf of the Board of Directors to elect a Board of nine Directors.

There was no solicitation in opposition to the Board of Directors' nominees for election as directors as listed in the Proxy Statement and all of such nominees were elected. Class A nominee, Paul C. Kreuch, Jr. received 16,041,467 votes and 386,045 votes were withheld. Class A nominee, Dennis F. McManus received 16,041,587 votes and 385,925 votes were withheld. Class A nominee, Irving Halevy received 16,038,187 votes and 389,325 votes were withheld.

Class A and Class B nominee, John J. Shalam received 37,850,457 votes and 1,186,595 votes were withheld. Class A and Class B nominee, Philip Christopher received 37,850,390 votes and 1,186,662 votes were withheld. Class A and Class B nominee, Charles M. Stoehr received 37,852,637 votes and 1,184,415 votes were withheld. Class A and Class B nominee, Patrick M. Lavelle received 37,850,487 votes and 1,186,565 votes were withheld. Class A and Class B nominee, Ann M. Boutcher, received 37,853,020 votes and 1,184,032 votes were withheld. Class A and Class B nominee, Richard A. Maddia received 37,852,987 votes and 1,184,065 votes were withheld.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

For the second quarter of fiscal 2002, the Company filed three reports on Form 8-K.

The first report on Form 8-K dated March 15, 2002 and filed on March 19, 2002, reported that the Company had revised its' previously released results for fiscal 2001.

The second report on Form 8-K dated March 21, 2002 and filed on April 4, 2002, reported that the Company and its Lenders had executed a Waiver to the Company's Fourth Amended and Restated Credit Agreement. Annexed to the Form 8-K as Exhibit 1 was a copy of the Waiver.

The third report on Form 8-K dated May 29, 2002 and filed on June 6, 2002, reported that Toshiba Corporation had increased its minority interest in the Company's wireless subsidiary, Audiovox Communications Corp., to 25% in consideration of $23.9 million in cash and an $8.1 million Subordinated Convertible Note. In addition, the Company reported that it had entered into the Sixth Amendment and Consent to the Fourth Amended and Restated Credit Agreement. Annexed to the Form 8-K as exhibits were the following documents: a press release dated May 29, 2002; a Securities Purchase Agreement; a Distribution Agreement; a Non-Negotiable Subordinated Convertible Promissory Note; an Employment Agreement; a Trademark License Agreement; a Non- Negotiable Demand Note; an Amended and Restated Certificate of Incorporation of Audiovox Communications Corp.; and the Sixth Amendment and Consent to the Fourth Amended and Restated Credit Agreement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AUDIOVOX CORPORATION

By:s/John J. Shalam

John J. Shalam
President and Chief
Executive Officer

Dated: July 15, 2002

By:s/Charles M. Stoehr

Charles M. Stoehr
Senior Vice President and
Chief Financial Officer